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Clausen's - Country Files: India

Vol 3



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A1990-013 Other #: 10 209493B

India Country Files - Presidents Papers - A W Clausen - Correspondence - Volume 3

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ANNUAL MEETING BRIEF

Name of Country: INDIA

Date: September 5, 1986

Meeting with: (1) Vishwanath Pratap Singh, Minister of Finance
(2) R. N. Malhotra, Governor, Reserve Bank of India
(3) S. Venkitaramanan, Finance Secretary

Population: 765 M (1985) Estimated Growth Rate 2.3% p.a. (1985)

GNP per capita: \$260 (1985)

	(\$ million)		(\$ million)
Total Commitments to date:	24,223	FY86: Commitments:	2,368
of which:		Disbursements:	1,366
Bank: 98 projects, totalling	10,228	Amortization:	162
IDA : 185 projects, totalling	13,995	Commitments from	
Total Undisbursed:	10,576	Special Facility:	0
Lending Program FY87-88:	4,929	Commitments from	
		Special Joint	
		Financing:	0

<u>Summary Data</u>	<u>Average FY86</u>	
	<u>FY83-FY85 (est)</u>	

GDP growth (% p.a.)	4.3	5.0	Aid Group Meeting :	Consortium
Export growth (% p.a.)	4.2	6.8	Last meeting:	6/16-17/86
Import growth (% p.a.)	2.5	5.8	IMF Status as of:	March 6, 1986
Current Account Deficit(% GDP)	-1.4	-1.2	Art.IV-Active/Lapsed:	Active
Gross Debt Service Ratio (% exports)	15.1	20.9	Standby, EFF:	EFF, fully
Inflation Rate (% p.a.)	7.3	7.0		disbursed

Issues likely to be raised by delegation:

1. Future of the Bank -- a discussion (Paragraph 3)
2. India's voting power in the Bank/IDA (Paragraph 4)

Issues to be raised by Bank Management:

1. India's Program for Liberalization (Paragraphs 5-7)
2. Disbursements (Paragraphs 8-10)

Attachments:

FIVE-YEAR LENDING PROGRAM FY86-90 (FY86 actual)

Biographical Information

India - Annual Meeting Brief

Economic Background

1. India's long-term growth in the 1960-80 period was a relatively slow 3.5% per annum (p.a.). The pace of economic growth quickened during India's Sixth Five Year Plan (1980-1985). Actual growth in GDP was good at over 5.4% p.a., and was in excess of the Sixth Plan target of about 5% p.a.. Despite the 1979 oil crisis and significant import liberalization, India maintained a viable balance of payments position and remained creditworthy for a substantial level of foreign borrowing. The high rates of savings (22.5%) and investment (24.5%) achieved during the 1970s were successfully maintained. Inflationary pressures were kept in check. However, industrial performance continued to be weak. The growth in industrial value added at 5.3% was only marginally higher than the growth rate during the previous two decades. Despite its small share in world trade (0.4%), India's exports grew by only 2.8% p.a. during the period. The continued weak export performance is a matter of concern to us. The inadequacy of India's basic infrastructure also continued to be a key constraint to accelerated development.

2. The Seventh Five Year Plan (1985-1990) aims at maintaining the overall growth rate of the economy at about 5% p.a. mainly through accelerated industrial growth (6.6% p.a.). In our view, the 5% GDP growth target is well justified since it will allow the government to deal more effectively with the challenge of eliminating poverty by ensuring significantly larger employment opportunities for the rapidly growing labor force. Its attainment, however, will tax India's resources to the maximum and place heavy demands on policy adjustment, particularly in the area of trade and industrial policy. The Bank's dialogue with the Government on these issues will have to continue to be most sensitively handled as it calls into contention many of the most cherished and fundamental economic policies pursued by India's political, business and bureaucratic leaders of the post-independence period.

Issues to be Raised by the Indian Delegation

3. We have not yet had any formal indication from GOI as to the issues that the delegation will raise. However, we believe that, with Mr. Stern visiting New Delhi in late October, the list of Indian-specific topics is likely to be small. Topics are more likely to be general and may include:

- (i) a discussion of your views on the future of the Bank; and

- (ii) an expression of strong support for the report of the Development Committee Task Force on Concessional Aid, concern at India's low share of IDA and support for a GCI. The delegation could be expected to note that in the Bank's lending (and rhetoric), equal weight should be given to the problems and needs of the debt-ridden middle income countries, Sub-Saharan Africa, and other low income countries (like India).
4. While the Minister is unlikely to raise the matter specifically, it is nevertheless much on the Government's mind that India's voting power not be reduced as a result of any redistribution of shares arising out of a GCI.

Issues to be Raised by Bank Management

India's Program for Liberalization

5. You may want to ask about the status of the Government's liberalization program and its plans for the next year or so in this area. There are some indications that recent economic and political developments are putting pressure on government policy makers to slow, for a time at least, the as yet nascent process of accelerated policy and institutional reform. In our view, continued efforts to reform trade and industrial policy in order to increase efficiency and competitiveness are vital to the maintenance of a higher economic growth rate.
6. The Government is concerned that liberalization will produce, at least temporarily, a substantial increase in the size of the current account deficit. It therefore wants larger amounts of assistance from the Bank Group, preferably in a quick disbursing form, to help finance the increased deficit. But it wants the assistance with minimal conditionality!
7. You may want to indicate that we would be prepared to modify the level and composition of our assistance, but we must have tangible evidence of progress on the liberalization front - either in the form of policy actions prior to Board presentation or explicit understandings on actions to be taken during project implementation.

Disbursements

8. You should remind GOI at the same time that to maintain the current levels of IBRD lending of about \$1.8 billion a year, let alone increase IBRD lending, India's disbursement performance also will have to continue to improve markedly.

9. At the opening of FY87, the undisbursed balance of IBRD/IDA commitments to India totaled US\$10.6 billion. Despite continuing high levels of commitments, however, disbursements to India declined substantially during FY85, reaching their lowest level since FY81. As a result, the causes of declining disbursements and measures to bring about improvements have been under analysis and discussion within the Bank and with GOI officials during the past year. Disbursements in FY86 were \$1,366 million, a considerable improvement (31%) over the FY85 level of \$1,046 million. Nevertheless, the FY86 disbursement level was inadequate.

10. You may wish to:

- stress that the Bank shares India's interest in maximizing, through project implementation, the transfer of Bank resources to India; but also
- stress that despite recent improvements in disbursement performance, considerable scope for further progress exists and we hope to see a continuation of the efforts by GOI, its implementing agencies, and the Bank to identify and resolve remaining constraints to expeditious project implementation. Without continued improvements in disbursements, it will be very difficult to continue lending at existing levels.



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Withdrawn by Chandra Kumar	Date 30-Mar-15			

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8/21/86

INDIA
FY 86-90 LENDING PROGRAM

FY 86	PROJECT	APPRAISAL	BOARD APPROVAL	US \$ million		IDA (SDRs)	TOTAL (US\$m)
				BANK	IDA		
1	W. Bengal Irrigation	09/10/84 A	07/02/85		99	101.0	99
2	Maharashtra Irrigation	08/30/84 A	07/16/85		160	164.2	160
3	Kerala Water Supply	05/28/84 A	07/16/85		41	42.7	41
4	W. Bengal Population	11/05/84 A	07/23/85		51	51.5	51
5	NARP II	10/22/84 A	10/22/85		72	69.6	72
6	Ind. Exp. Dev. Fin.	08/24/84 A	10/29/85	250			250
7	Gujarat Urban	10/29/84 A	12/17/85		62	58.5	62
8	NABARD	11/25/84 A	02/25/86	375			375
9	Cement Energy Savings	05/07/85 A	03/20/86	200			200
10	A.P. Irrigation II	03/16/85 A	03/20/86	131	140	127.5	271
11	Combined Cycle Power	05/09/85 A	04/01/86	485			485
12	Cooperative Fertilizer	07/18/85 A	06/26/86	302			302
TOTAL				1743	625	615.0	2368
NUMBER OF PROJECTS				6	6		12


FY 87	PROJECT	APPRAISAL	BOARD APPROVAL	US \$ million		IDA (SDRs)	TOTAL (US\$m)
				BANK	IDA		
1	Bihar Tubewells	09/03/85 A	10/28/86		70	58.0	70
2	NAEP III	03/04/85 A	01/20/87		85	70.4	85
3	Gujarat Rural Roads	11/16/84 A	10/28/86		100	82.8	100
4	Bombay III Water Supply	02/00/85 A	10/14/86	100	70	58.0	170
5	Gevra Thermal Coal	02/17/85 A	12/16/86	340			340
6	National Capital Power I	01/15/86 A	12/02/86	350			350
7	Telecommunications IX	04/15/85 A	01/13/86	300			300
8	Talcher Thermal	01/20/86 A	03/03/87	300			300
9	Karnataka Power	04/09/86 A	06/02/87	270			270
10	Dil India Limited Petroleum	07/07/86 A	12/11/86	150			150
11	National Water Management	04/27/86 A	12/16/86		113	93.6	113
12	U.P. Urban Development	06/18/86 A	12/16/86		108	89.4	108
13	National Dairy	NS	06/09/87	35	117	96.9	152
TOTAL				1845	663	548.9	2508
NUMBER OF PROJECTS				8	5		13

INDIA
FY 86-90 LENDING PROGRAM

FY 88	PROJECT	APPRAISAL	BOARD APPROVAL	US \$ million		IDA (SDRs)	TOTAL (US\$m)
				BANK	IDA		
1	Forestry Res. Educ. & Trng.	06/02/86	06/02/87		80	66.2	80
2	National Agric. Extension IV	10/00/86	09/00/87		85	70.4	85
3	(S) Cauvery Delta	09/15/86	03/10/87		90	74.5	90
4	Karnataka Irrigation II	05/05/86	01/06/87	30	170	140.7	200
5	Automotive Industry	06/14/86	05/05/87	250			250
6	Industrial Sector Loan	05/05/86	09/09/87	300			300
7	Railways Modernization	02/15/87	12/08/87	300			300
8	Power Finance Corporation I	08/20/86	06/02/87	300			300
9	U.P. Power (Srinagar)			250			250
10	Tamil Nadu Urban	11/00/86	07/00/87	30	170	140.7	200
11	Madras Water Supply	09/00/86	05/00/87	56			56
12	(S) U.P. Population II	11/00/86	06/16/87		60	49.7	60
13	(S) Western Gas Development	04/15/86	07/00/87	250			250
TOTAL				1766	655	542.3	2421
RESERVES: NUMBER OF PROJECTS				9	4		13
1	National Seeds II	04/20/86	11/25/86		50		50
3	Narmada M.P. Dam & Power	02/22/85 A	10/28/86	350			350
4	Narmada M.P. R & R	03/16/85 A	10/28/86		70		70
5	Northwest Irrigation & Drainage	08/15/87	05/03/88	50	150		200
TOTAL				400	270		670
FY 89	PROJECT	APPRAISAL	BOARD APPROVAL	US \$ million		IDA (SDRs)	TOTAL (US\$m)
				BANK	IDA		
1	(S) Resource Conservation	05/01/87	12/12/87		125	103.5	125
2	M.P. Composite Irrigation			50	150	124.2	200
3	Bihar Composite Irrigation			25	175	144.9	200
4	(S) Electronics	07/00/86	07/00/87	150			150
5	National Highways II			200			200
6	(S) Nathpa Jhakri Hydroelectric			350			350
7	(S) Haldia Water Supply			25	100	82.8	125
8	Kerala Urban	08/00/87	04/00/88		50	41.4	50
9	(S) Bombay & Madras Population	01/00/87	10/00/87		50	41.4	50
10	(S) Fertilizer Distribution	06/00/87	07/00/87	250			250
11	Technology Development			200			200
12	(S) Steel Energy Savings	06/15/86	07/00/87	200			200
13	Coal Efficiency	07/00/86	07/00/87	300			300
TOTAL				1750	650	538.2	2400
RESERVES: NUMBER OF PROJECTS				9	4		13
1	Maharashtra Irrigation			50	150		200
2	Distribution New Delhi (DESU)			300			300
3	M.P. Water Supply	10/00/86	07/00/87	50	50		100
4	Telecomms. Equipment			100			100
TOTAL				500	200		700

INDIA
FY 86-90 LENDING PROGRAM

FY 90	PROJECT	APPRAISAL	BOARD APPROVAL	US \$ million		IDA (SDRs)	TOTAL (US\$m)
				BANK	IDA		
	1 NABARD II			300			300
	2 National Agric. Extension V				100	82.8	100
	3 Orissa Composite Irrigation			50	150	124.2	200
	4 Gujarat Composite Irrigation			50	150	124.2	200
	5 (S)Ind. Exp. Dev. Fin. II			250			250
	6 Transport Unidentified			250			250
	7 Karnataka State Power II			250			250
	8 Rural Water Supply				150	124.2	150
	9 Bombay Urban Transport			100		0.0	100
	10 Population - National Training				100	82.8	100
	11 East Coast Gas Development			150			150
	12 Capital Goods			150			150
	13 Telecommunications X			250			250
	TOTAL			1800	650	538.2	2450
	NUMBER OF PROJECTS			10	3		13
RF	RES:						
	1 National Water Management II				100		100
	2 Hyderabad Urban/Water			50	50		100
	3 Power Finance Corporation II			300			300
	4 Textiles			200			200
	2 Nutrition				60		60
	5 Crop Development				40		40
	TOTAL			550	250		800
	NUMBER OF PROJECTS			11	2		13
	TOTAL LENDING AMOUNT			8904	3243	2783	12147
	NUMBER OF PROJECTS			42	22	0	64



December 2, 1983

Dear Madam Prime Minister:

We are most grateful for your message conveyed to Mr. Clausen in the letter of November 29 from your Ambassador in Washington. I am writing to you in the absence of Mr. Clausen who is presently visiting Africa.

The passage on IDA, that was included in the New Delhi Statement by the Commonwealth Heads of Government, is most important and lends great weight in the further negotiations on IDA VII. These negotiations have now entered a very critical situation and we are most pleased with the support you have provided us in issuing the New Delhi Statement.

We are conveying your message to all donor countries through their Executive Directors. It will also be read at the December meeting of the IDA Deputies.

I would be honored if you would convey to your Commonwealth colleagues our deepest appreciation for the contribution made in this important effort.

Sincerely,

Ernest Stern
Acting President

Her Excellency
Indira Gandhi
Prime Minister of India
New Delhi, India

VJRiley/SJBurki:rd

12/1/83

TO: Mr. Benjinh
CC. Aureshi.

We have ^{also} received
notice of this statement
from Mr. Rampbad.
How should we respond
to Mr. Rampbad,
Prime Minister Chandel,
and Ambassador
Narayanan. Your guidance
please.

Thanks
Roy



भारत का राजदूत
वाशिंगटन

AMBASSADOR OF INDIA
WASHINGTON

WAS/AMB/83

November 29 1983

Dear Mr. Clausen,

I have the honour to convey to you the following message from Mrs. Indira Gandhi, Prime Minister of India, addressed to you:

" We all wanted you to know that the New Delhi Statement on economic action adopted on November 28 1983 by the Commonwealth Heads of Government meeting in New Delhi, contains the following passage on IDA:

'We unite in calling for prompt and substantial additional resources to be made available to the international financial institutions, and in particular to IDA under the seventh replenishment. We stress the need for the negotiations on the replenishment to be completed urgently to ensure that IDA VII becomes effective by 1st July 1984. The negotiations should take into account the need to accommodate an expanded recipient community and the critical importance of enhancing the growth prospects of developing countries. We pledge our commitment to play a positive role to this end. We invite the Commonwealth donor countries to convey to all other donor countries the strength of our support for the IDA VII replenishment.'

I should be grateful if you could convey a message accordingly to all donor countries and to the December meeting of IDA Deputies."

With warm regards,

Yours sincerely,

Narayanank.R.

(K. R. NARAYANAN)

Mr. A. W. Clausen
President
The World Bank
Washington D.C.

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Phone: (202) 473-7431
Hellmut Hartmann
Chief Information Officer

Room #12-525
Phone: (202) 473-7066
Tun Thin
Director, Asian Dept.
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Bruce J. Smith
Assistant Director, Asian Dept.
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Uerich Baumgartner
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Susan Schalder
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GOVERNMENT OF INDIA TOURIST OFFICES

UNITED STATES

New York: 30 Rockefeller Plaza
North Mezzaine, Room #15
New York, New York 10020
Phone: (212) 586-4901

Regional Director: Kanta Thakur
Chicago: 201 North Michigan Avenue
Chicago, Illinois 60601
Phone: (312) 236-6899
Manager: A. C. Sharma

California:
3550 Wilshire Boulevard, Suite 204
Los Angeles, California 90010
Phone: (213) 380-8855
Director: K. B. Singh

CANADA

P.O. Box 342
Royal Trust Tower, Suite 1016
Toronto-Dominion Centre
Toronto, Ontario, Canada M5K 1K7
Phone: (416) 362-3188
Manager: Manmohan Verma

ENGINEERING EXPORT PROMOTION COUNCIL OF INDIA

Chicago Office:
333 North Michigan Avenue, Suite 2014
Chicago, Illinois 60601
Phone: (312) 236-2162
Regional Manager: P. K. Banerjee

California Office:
727 West 7th Street, Suite 658
Los Angeles, California 90017
Phone: (213) 622-8548
Regional Manager: S. K. Misra

ELECTRONICS TRADE AND TECHNOLOGY DEVELOPMENT CORPORATION, LTD.

3001 Redhill Avenue
Building One, Suite 219
Costa Mesa, California 92626

Phone: (714) 557-2703
Branch Manager: K. S. Sridharan

INDIAN INVESTMENT CENTRE

445 Park Avenue
New York, New York 10022
Phone: (212) 753-3600
Resident Director: S. V. S. Sharma

STATE TRADING CORPORATION OF INDIA, LTD.

445 Park Avenue
New York, New York 10022
Phone: (212) 753-0770
General Manager: Shivaram Singaravelu

TRADING DEVELOPMENT AUTHORITY OF INDIA

445 Park Avenue
New York, New York 10022
Phone: (212) 753-6655
Resident Director: V. S. Bharucha

OFFICE OF THE DIRECTOR OF TEA PROMOTION

445 Park Avenue
New York, New York 10022
Phone: (212) 838-4150
Director: R. Bedi

HANDICRAFTS & HANDLOOMS EXPORT CORPORATION OF INDIA, LTD.

29 West 38th Street
New York, New York 10018
Phone: (212) 354-5370
General Manager: P. Balakrishnan

SHIPPING CORPORATION OF INDIA

2 Rector Street
New York, New York 10006
Phone: (212) 553-7700
Representative: Captain Devender Singh

JUTE MANUFACTURERS DEVELOPMENT COUNCIL, INC.

19 West 44th Street
Suite 503
New York, New York 10036
Phone: (212) 869-5640
President: T. C. Zachariah

OVERSEAS PRIVATE INVESTMENT CORPORATION

1129 20th Street, N.W.
Washington, D.C. 20527
Phone: (202) 653-2920
Insurance Officer, Asia:
Margaret Herdeck
Phone: (202) 653-2952

EXPORT-IMPORT BANK OF THE UNITED STATES

811 Vermont Avenue, N.W.
Washington, D.C. 20571
F. Jene Capets
Senior Loan Officer — India
Room #1113
Phone: (202) 566-8956

TRADE ORGANIZATIONS IN THE UNITED STATES

INDIA-U.S. BUSINESS COUNCIL

Chamber of Commerce of the U.S.

1615 "H" Street, N.W.
Washington, D.C. 20062
Phone: (202) 463-5492
Executive Secretary: Kathryn Young
International Affairs Assistant:
Judy Merkel.

INDIA CHAMBER OF COMMERCE OF AMERICA, INC.:

445 Park Avenue
New York, New York 10022
Phone: (202) 755-7181
Executive Secretary: Pat Erdman

INDIA-AMERICAN CHAMBER OF COMMERCE:

P.O. Box 64217
Los Angeles, California 90064
Phone: (202) 826-3512
Executive Secretary: Jo Ann Sheik

INDO-AMERICAN CHAMBER OF COMMERCE:

c/o Bank of India
10 South LaSalle Street
Chicago, Illinois 60603
Phone: (312) 621-1200

TRADE ORGANIZATIONS IN INDIA

FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY (FICCI)

Federation House, Tansen Marg
New Delhi — 110001
Phone: 388815/389921
Telex: 031-2548
Secretary-General D. H. Pai Panandiker

THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA:

Allahabad Bank Building
17 Parliament Street
New Delhi 110001, India

Phone: 310779

BOMBAY CHAMBER OF COMMERCE AND INDUSTRY

Mackinnon Mackenzie Building
Ballard Estate
Bombay 400038, India
Phone: 264681
Secretary: B. P. Gunaji

INDIAN MERCHANTS' CHAMBER

76 Veer Nariman Road
Churchgate, Bombay 400-020
Phone: 296633
Telex: 011-5195
Secretary-General: Ramu Pandit

INDO-AMERICAN CHAMBER OF COMMERCE

Head Office — Bombay

1-C Vulcan Insurance Building
Veer Nariman Road
Bombay 400 020
Phone: 221413/221485
Telex: 011-3891
Secretary General: Dr. Arun C. Vakil

Regional Offices:

c/o I'nal Data Management Pvt. Ltd.
28 Camac Street, Calcutta 700 016
Phone: 224301
Office Secretary: J. Antony

PHD House

4/2 Siri Fort Institutional Area
(Behind Hauz Khas)
New Delhi 110-017
Phone: 664525/650803
Telex: 031-3733
Executive Secretary: Harish Tandon

73 Mowbray's Road

Madras 600-018
Phone 445406
Regional Secretary: P. S. Sundaram

56 Embassy Market

Near Dinesh Hall
Ashram Road
Ahmedabad 380 009, Gujarat
Office Secretary: K. A. Turakhia

Ramair-India

32 Cunningham Road
Bangalore 560 052
Phone: 24296, Telex: 0845-771
Member Secretary: Rashid M. Minocher

FEDERATION OF INDIAN EXPORT ORGANIZATIONS

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4/2 Siri Fort Institutional Area
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Executive Secretary: N. Krishnan

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Nancy Adams
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David Demarest
Director, Public Affairs
Room #113
Phone: (202) 395-4647

DEPARTMENT OF STATE

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Bureau of Near Eastern and
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Victor Tomseth, Director
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Sri Lanka and Maldives
Bureau of Near Eastern and
South Asian Affairs
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John S. Blodgett
Deputy Director
Economic and Commercial Relations
Office of India, Nepal, Sri Lanka and
Maldives

Bureau of Near Eastern and
South Asian Affairs
Room #5251
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Al Easton
Political Officer for India
Phone: (202) 632-1289

continued on page 22

India at a Glance

Official Name: Republic of India

Area: 1,269,346 sq. miles

Population: 713 million (1981 figures)

Capital: New Delhi (301,801)

Main Cities: Bombay, 5.97 million; Delhi, 3.2 million; Calcutta, 3.1 million; Madras, 2.4 million; Hyderabad, 1.6 million; Ahmedabad, 1.5 million; Bangalore, 1.5 million

Largest Metropolitan Areas: Calcutta, 8.3 million; Bombay, 7.6 million; Delhi, 4.89 million; Madras, 3.1 million

Languages: Hindi, English and 14 other official languages

Ethnic Groups: 72% Indo-Aryan, 25% Dravidian, 2% Mongoloid, others

Religion: Hindu 83%, Muslim 11%, Christian 2.6%, 3.4% Sikh, Jain, Buddhist, Parsi and others

Government:

Type: Federal republic

Independence: August 15, 1947

Constitution: January 26, 1950

BRANCHES:

Executive — President: Zail Singh; Prime Minister: Indira Gandhi

Legislative — Bicameral Parliament — consists of the Council of States (Rajya Sabha) and the House of the People (Lok Sabha)

Judicial — Supreme Court

Political Subdivisions: 22 states, 9 union territories

Economy

GNP: \$167 billion

Real growth rate: 4%

Per capita GNP: \$245

Real per capita GNP growth rate: 2%

Annual inflation rate (1982): 9%

Natural Resources: Coal, iron ore, manganese, mica, bauxite, chromite, limestone, barite

AGRICULTURE (43% of GNP):

Products: textiles, jute, processed food, steel, machinery, transport equipment, cement, aluminum, fertilizers

FOREIGN TRADE

Exports: \$9.1 billion: engineering goods, cotton apparel and fabrics, precious stones, handicrafts, tea

Imports: \$16.1 billion: petroleum, edible oils, machinery and transport equipment, fertilizer

Major trading partners: U.S.A., U.S.S.R., Japan, U.K., Iraq, Iran

Currency: Rupee, divided into 100 paise

Fiscal year: April 1 — March 31

Exchange Rate: 1 U.S. Dollar equals to about Rupees 10.25

GOVERNMENT OF INDIA MEMBERS OF THE UNION CABINET

Prime Minister..... Indira Gandhi
(also in charge of Atomic Energy Department and the Science and Technology Portfolio)

Cabinet:

Minister of Finance..... Pranab Kumar Mukherjee
Minister of External Affairs..... P. V. Narasimha Rao
Minister of Home Affairs..... P. C. Sethi
Minister of Energy..... Shiv Shankar
Minister of Defense..... R. Venkataraman
Minister of Railways..... A. B. A. Ghani Khan Chaudhuri
Minister of Planning..... S. B. Chavan
Minister of Law, Justice and Company Affairs..... Jagannath Kaushal
Minister of Labor and Rehabilitation..... Veerendra Patil
Minister of Shipping & Transport..... A. Vijaya Bhaskara Reddy
Minister of Chemicals and Fertilizers..... Vasant Sathe
Minister of Health and Family Welfare..... B. Shankaranand
Minister of Agriculture..... Rao Birendra Singh
Minister of Parliamentary Affairs, Sports and Works & Housing..... Buta Singh
Minister of Commerce and of the Department of Supply..... Vishwanath Pratap Singh
Minister of Industry..... Narayan Datt Tiwari

Ministers of State (independent charge)

Education and Social Welfare..... Shiela Kaul
Rural Development..... Harinath Mishra
Irrigation..... R. N. Mirdha
Steel and Mines..... N. K. P. Salve
Information, Broadcasting, and Parliamentary Affairs..... H. K. L. Bhagat
Food and Civil Supplies..... Bhagwat Jha Azad
Tourism and Civil Aviation..... Khursheed Alam Khan
Communications..... V. N. Gadgil
Commerce..... Ram Dulari Sinha
Science and Technology, Atomic Energy, Space, Electronics and Ocean Development..... Shivraj Patil
External Affairs..... A. A. Rahim
Finance..... Pattabhi Rama Rao
Shipping and Transport..... Z. R. Ansari
Petroleum..... Gargi Shanker Mishra
Health and Family Welfare..... Mohsina Kidwai
Home..... Nihar Ranjan Laskar
Agriculture..... Yogendra Makwana
Chemicals and Fertilizers..... R. C. Rath
Railways..... C. K. Jaffar Sharief
Coal..... Dalbir Singh
Industry..... Virabhadra Singh
Home..... P. Venkatasubbaiah
Industry..... S. M. Krishna
Defence..... K. P. Singh Deo
Agriculture..... Arif Mohammad Khan
Labor and Rehabilitation..... Dharam Vir
Energy..... Chander Shekhar Singh
Parliamentary Affairs..... Kalpnath Rai

Deputy Ministers:

Works and Housing..... Mohammed Usman Arif
Law, Justice and Company Affairs..... Ghulam Nabi Azad
Tourism..... Ashok Gehlot
Health and Family Welfare..... Kumudben Joshi
Parliamentary Affairs, Information and Broadcasting..... Mr. Mallikarjun
Communications..... Vijay N. Patil
Finance..... Janardhana Poojary
Electronics..... Dr. M. S. Sanjeevi Rao
Commerce..... P. A. Sagma
Environment..... Digvijay Singh
Education, Culture and Social Welfare..... P. K. Thungon

UNITED STATES GOVERNMENT—EXECUTIVE BRANCH

President Ronald Reagan
 Vice President George Bush

Members of Cabinet:

Secretary of Agriculture John R. Block
 Secretary of Commerce Malcolm Baldrige
 Secretary of Defense Caspar W. Weinberger
 Secretary of Education Terrel H. Bell
 Secretary of Energy Donald P. Hodel
 Secretary of Health and Human Services Richard S. Schweiker
 Secretary of Housing and Urban Development Samuel R. Pierce
 Secretary of Interior William P. Clark
 Department of Justice Attorney General William French Smith
 Secretary of Labor Raymond J. Donovan
 Secretary of State George P. Schultz
 Secretary of Transportation Andrew L. Lewis, Jr.
 Secretary of Treasury Donald T. Regan

U.S.A. and India: Economic Indicators A Quick Glance at Comparison

Item	Unit	U.S.A.	India
Gross national product 1982			
Aggregate	Thousand Million dollars	\$ 2,582	\$ 167
Per capita	dollars	\$ 11,360	\$ 245
Population			
Total 1982 (Mid-year estimate)	Million	230	713
Average annual growth (1971-81)	Per cent	1.1	2.2
Density	Persons per sq km	25	208
Urban population (1980)	Per cent	73	22
Structure of employment 1979 (Percentage share of each sector in total employment)			
Agriculture	Per cent	2	71
Industry	Per cent	32	11
Services	Per cent	66	18
Area			
Total geographical area	Thousand sq km	9,363	3,288
Arable land as per cent of total geographical area	Per cent	20.2	50.0
Yield per hectare of principal crops of 1981			
Wheat	Kilogram	2,321	1,649
Rice (Paddy)	Kilogram	5,462	2,005
Maize	Kilogram	6,898	1,207
Barley	Kilogram	2,812	1,231
Fertilizer (NPK) consumption 1979-80	Kg/hectare of arable land	110.6	29.6
Production of principal crops 1981			
Wheat	Million tons	76.0	36.0
Rice (Paddy)	Million tons	8.0	78.0
Maize	Million tons	208.0	7.0
Cotton (lint)	Million tons	3.4	1.4
Groundnut in shell (1980)	Million tons	1.0	6.4
Production of principal minerals 1981			
Coal	Million tons	732.8	109.0(a)
Crude petroleum	Million tons	421.0	15.0
Iron ore (1980)	Million tons	70.4	41.0
Copper ore (1980)	Thousand tons	1,175.3	24.5
Foreign Trade 1981			
Exports	Million dollars	233,739	7,300
Imports	Million dollars	273,352	13,907
Trade balance	Million dollars	-39,613	-6,607

Note: (a) — 1980

U.S.A. at a Glance

Area: (50 states and the District of Columbia) 3,618,770 sq. miles; (plus Puerto Rico, territories and possessions): 3,623,420 sq. miles

Population: 233 million (1983 estimate)

Capital: Washington, D.C.

Main Cities: New York, Chicago, Los Angeles, Philadelphia, Houston, Detroit, Dallas, San Diego, Phoenix, Baltimore, San Antonio, Indianapolis

Ethnic groups: White, 83.2%; black, 11.1%; Spanish descent, 6.4%

Religions: Protestant, 66%; Roman Catholic, 26%; Judaic 3%

Flag: Adopted June 14, 1777

National Anthem: *The Star Spangled Banner*, adopted March 3, 1931

Principle Manufactures: Machinery, cement, electricity, steel, paper, automobiles, aircraft, food, chemicals, electronic equipment

Chief crops: Wheat, barley, corn, cotton, hay, oats, potatoes, rice, rye, sorghum, soybeans, tobacco, citrus fruits, tomatoes

Major minerals: Coal, iron ore, copper, gold, uranium, lead, zinc, petroleum, natural gas

States: Largest — Alaska (591,004 sq. mi.); smallest — Rhode Island (1,212 sq. mi.)

ECONOMY:

GNP: \$3,363 billion (annual rate — third quarter, 1983)

Real GNP growth: 7.9% (annual rate — third quarter, 1983)

Prime Rate: 11% (as of October 30, 1983)

Unemployment Rate: 8.8% (September, 1983)

TRADE: 1981 (in million dollars)

Exports: \$233,739

Imports: \$273,352

Balance: -39,613

U.S. -India Export/Import Trade

For years: 1977 - 1983 (June)

(Figures in million dollars)

Year	India's Exports to U.S.A.	India's Imports from U.S.A.	India's Trade Balance with U.S.A.
1977	781	774	+ 7
1978	979	941	+ 38
1979	1037	1159	- 122
1980	1098	1678	- 580
1981	1202	1748	- 546
1982	1404	1582	- 178
1983	1027	1117	- 90

(January-June)

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INDO-U.S. JOINT ECONOMIC & COMMERCIAL SUBCOMMISSION

c/o John S. Blodgett
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AGENCY FOR INTERNATIONAL DEVELOPMENT (A.I.D.)

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Washington, D.C. 20523
George Carver
Desk Officer for India
Bureau of Asia
Phone: (202) 632-2076
Charles W. Greenleaf, Jr.
Assistant Administrator
Bureau of Asia
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U.S. INFORMATION AGENCY
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Washington, D.C. 20547
Phone: (202) 724-0016
Acting Director: James A. Bryant

U.S. EMBASSY IN INDIA

Shantipath, Chanakyapuri
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Telex: USCS-IN 031-4589
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Counselor for Economic Affairs:
George Kenney
Counselor for Commercial Affairs:
Hallock R. Lucius
Agricultural Attache: W. Garth Thorburn
Defense Attache: Col. Robert A. Farr
Counselor for Scientific and
Technological Affairs: Robert A. Stella
Resources Attache: G. Gene Griffiths
Chief Marketing Advisor:
Devinder S. Sahi

OFFICES OF CONSULATE GENERAL OF THE UNITED STATES IN INDIA

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Consul General-Designate:
Harry A. Cahill
Economic and Commercial Officer:
James Becker

Calcutta:
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Calcutta 700 711
Phone: 44-3611-6
Consul General: George Sherman
Economic and Commercial Officer:
Michael E. McNaull

Madras:
Mount Road
Madras — 6-00006
Phone: 83041
Consul General: Daniel Waterman
Economic and Commercial Officer:
Lloyd D. Davis

Directory of American Business Concerns in India

The Foreign Commercial Service at the U.S. Embassy in New Delhi, India, is planning to update the Directory of American Concerns in India.

The directory, which was last compiled in 1978, attempts to provide, in consolidated form, the names and addresses of American firms with affiliations in India. The directory is cross-referenced by name of U.S. firm, name of Indian associate and product category.

The Indian firms with links to U.S. firms are expected to receive in the near future a questionnaire from the U.S. Embassy in New Delhi and the U.S. Consulates General in Bombay, Calcutta and Madras. However, Indian firms with American affiliates not receiving such questionnaires are requested to procure one from the nearest U.S. Foreign Commercial Service office — in the U.S. Embassy in New Delhi or the Consulates General in Bombay, Calcutta and Madras — and provide the requested information to the Embassy in New Delhi as soon as possible.

The firms making such request to the U.S. Embassy and Consulates in India,

are urged to mention the source of this information, namely the Indo-American Business Times.

American Export Register Lists 40,000 U.S. Companies

The 1983 edition of the *American Export Register* lists approximately 40,000 U.S. companies which offer their products and services for sale overseas under 3,300 product classifications in nearly 3,000 pages — in two volumes.

This publication is sold in more than 150 countries throughout the world to assist business in locating the products and services it needs from sources in the United States. The publication is available at U.S. \$95 per set, which includes the cost of shipping, from Thomas International Publishing Company, One Penn Plaza, New York, New York 10119, U.S.A. Phone: (212) 695-0500.

IFC Opens Representative Mission in India

The International Finance Corporation (IFC) has established a Representative Mission in New Delhi at the request of the Government of India.

Athishdam Tharmaratnam, a Sri

Lanka national, has been appointed IFC representative in India. His responsibilities will include Bangladesh as well as India.

Mr. Tharmaratnam's assignment includes facilitating government contacts and establishing and strengthening relationships with industrial enterprises and financial institutions in order to develop new business opportunities and maintain close contacts with projects in the International Finance Corporation's portfolio.

IFC, an international organization that assists the economic growth of developing nations by supporting their private sectors, is affiliated with the World Bank. Its New Delhi office location is at 55 Lodi Estate, New Delhi, India.

Fuller Awarded Big Cement Plant Contract

Fuller International, Inc. of Allentown and Bethlehem, Pa., has been awarded a contract by the Cement Corporation of India Ltd. to supply \$8.6 million (about Rupees 8.6 crores) in U.S. equipment and services to expand the Neemuch Cement Plant, located in Madhya Pradesh State, India. Construction is expected to be completed by the end of 1986.

Rupee Value in Foreign Currencies

Country	Currency	Unit	Middle Rate in Rupees
Afghanistan*	Afghani	100	15.5547
Australia	Dollar	1	9.4696
Austria	Schilling	100	56.0506
Bahrain	Dinar	1	27.2927
Bangladesh*	Taka	100	41.3420
Belgium	Franc	100	19.3308
Brazil*	Cruzeiro	1	0.0132
Burma*	Kyat	1	1.2791
Canada	Dollar	1	8.3382
China*	Renminbi Yuan	1	5.2246
Cyprus*	Pound	1	19.1303
Denmark	Krone	1	1.0884
Egypt*	Pound	1	12.3446
Ethiopia	Birr	1	5.0163
Fiji Islands*	Dollar	1	9.9322
Finland	Markka	1	1.8203
France	Franc	1	1.2907
West Germany	Deutsche Mark	1	3.9409
Greece	Drachma	1	0.1112
Hong Kong	Dollar	1	1.3199
Indonesia*	Rupiah	100	1.0430
Iran	Rial	100	N/A
Iraq*	Dinar	1	33.0186
Italy	Lira	100	0.6477
Japan	Yen	100	4.4050
Kenya	Schilling	1	0.7605
Kuwait	Dinar	1	35.5000
Lebanon*	Pound	1	1.9899
Libya*	Dinar	1	34.6454
Luxembourg*	Franc	1	0.1933
Malaysia	Dollar	1	4.3887
Mauritius*	M. Rupee	1	0.8475
Mexico*	Peso	1	0.0680
Nepal*	Rupee	1	0.7263
Netherlands	Guilder	1	3.5083
New Zealand	Dollar	1	6.8239
Norway	Krone	1	1.3999
Pakistan	Rupee	1	0.7857
Philippines*	Peso	1	0.7429
Portugal	Escudo	1	0.0825
Qatar*	Ryal	1	2.8141
Saudi Arabia	Ryal	1	2.9568
Singapore	Dollar	1	4.8204
South Africa	Rand	1	9.0962
Spain	Peseta	100	6.7710
Sri Lanka	Rupee	1	0.4248
Sweden	S. Krone	1	1.3188
Switzerland	Franc	1	4.8500
Taiwan*	New Taiwan	100	25.5176
Tanzania*	Shilling	1	0.8406
Thailand*	Baht	100	44.7802
Turkey*	Lira	100	4.1697
Uganda*	Shilling	1	0.0562
United Kingdom	Pound	1	15.4000
United States	Dollar	1	10.2687
United Arab Emirates*	Dirham	1	2.7903
U.S.S.R.*	Rouble	1	13.6961
Yugoslavia*	New Y Dinar	100	9.3942
Zambia*	Kwacha	1	7.8974

*Based on London Market rate in the third week of October 1983.

Note: Rates are indicative of the London Market and should not be taken as applicable to any particular transaction or specific quotation by banks, inclusive of service charges.

U.S. Direct Foreign Investment in India (in million dollars)

	India	
	1981	1980
Total manufacturing	322	291
Food products	3	N.A.
Chemicals, allied	165	157
Primary, fabricated		
metals	25	24
Machinery,		
non-electrical	55	N.A.
Electrical and electronic		
equipment	33	33
Transport equipment	7	7
Other manufacturing	34	N.A.
Petroleum	44	N.A.
Mining	0	0
Trade	6	10
Finance, insurance, real		
estate	N.A.	N.A.
Banking	15	13
Other sectors	N.A.	N.A.
Total all sectors	431	398

Note: N.A. — means not available due to investment being the book value of assets.

Figures cannot be added due to rounding.

Source: U.S. Department of Commerce

India: Foreign Collaborations

(Period: 1957-1982; countrywide figures*)

Country	Number approved 1957-1982
U.K.	1,617
U.S.A.	1,391
West Germany	1,253
Japan	593
Switzerland	427
France	337
Italy	247
Sweden	134
East Germany	123
Netherlands	112
Czechoslovakia	77
Denmark	69
Austria	64
Belgium	57
Canada	43
Hungary	39
Poland	33
Finland	26
Yugoslavia	22
Others	392
TOTAL	7,056

*Compiled up to September 1982.

Calendar for Business Events

For the benefit of the readers of the Indo-American Business Times, following is the list of some of the important events pertaining to conferences and conventions, seminars and meetings, trade missions, exhibitions and trade fairs.

As a service to our readers, Indo-American Business Times will be happy to publish events concerning Indo-American business relations. Details of the events should be sent to The Editor, Indo-American Business Times, P.O. Box 33364, Farragut Station, Washington, D.C. 20006, U.S.A.

Indo-U.S. Conference on Joint Tendering and Sub-Contracting in Third Country Projects at Houston, Texas, November 17-18, 1983: The Engineering Export Promotion Council of India in co-sponsorship with the India-U.S. Business Council, Washington, D.C., has organized a 2-day conference on joint tendering and sub-contracting in third-country projects. Representatives of about 200 leading engineering companies in India and the United States are expected to participate in this seminar. Details of the seminar can be obtained from Engineering Export Promotion Council, 333 North Michigan Avenue, Chicago, Illinois 60601, U.S.A., Phone: 312-236-2162; Telex: 025-4638.

Operation Opportunity To Help U.S. Business: A Videoconference and Seminar on November 16, 1983: A live two-hour videoconference from 12 noon to 2 p.m. that will be beamed from Washington, D.C. to thousands of business executives attending at selected sites in 50 U.S. cities. The videoconference is designed to explain exactly how American companies can find and use the various services and programs of the U.S. Government to compete effectively in overseas markets. Operation Opportunity is a joint effort of eight U.S. Government agencies and numerous private firms and non-profit organizations. For further information write: Operation Opportunity, 1129 20th Street, N.W., Washington, D.C. 20527, U.S.A. or Phone toll-free: 800-424-6742.

U.S. Plastic Production Machinery Catalog Exhibition at New Delhi, Calcutta, and Bombay from December 8 to 16, 1983: Excellent opportunity for U.S. firms to sell various kinds of plastic production machinery to the rapidly expanding plastic industry of India. For details contact Grace Wiggins, U.S. Department of Commerce, Washington, D.C. Phone: (202) 377-3973

U.S. Metalworking Equipment and Machine Tools Catalog Exhibition in India, Pakistan, Thailand and Malaysia, from February 6 to March 1, 1984: Catalogs of U.S. companies will be displayed at Bombay, Bangalore and Calcutta. India's machine tool industry has grown from \$121 million (approx. Rupees 1.21 billion) to \$260 million (approx. Rupees 2.6 billion). Domestic consumption of machine tools is currently \$330 million (approx. Rupees 3.3 billion) and is expected to reach \$590 million (approx. Rupees 5.9 billion). Machine tool imports were \$120 million in 1982 and are expected to increase to \$160 million by 1986. U.S. firms currently hold 12% of the market for imported machine tools. For details on this event call Elizabeth Ausberry or Louis Quay, U.S. Department of Commerce, Washington, D.C., Phone: (202) 377-3973.

U.S. Railroad and Equipment Trade Mission to India: November 12-19, 1983. The team will visit Calcutta November 12-14; Bombay November 15-16; and New Delhi November 17-19.

Indo-U.S. Economic and Commercial Subcommittee meeting in New Delhi, December 12-13, 1983.

India-U.S. Business Council: Ninth Annual Meeting in New Delhi in February 1984.

1984 Seminars on Doing Business in India: The district offices of the International Trade Administration, U.S. Department of Commerce, will sponsor the following nine seminars on doing business in India from April 16 to April 27, 1984:

PLACE	DATE
Chicago	April 16
Milwaukee	April 17
Minneapolis	April 18
Seattle, Washington	April 19
Portland, Oregon	April 20
San Diego	April 23
Phoenix	April 24
Las Vegas	April 25
Salt Lake City	April 27

The main feature of the half-day program will be panels on trade, investment and socio-economic conditions in India. Panelists will include U.S. business executives and a delegation of Indian businessmen from the Indo-American Chamber of Commerce.

U.S. Electronics Team to Visit India: A delegation of The Electronic Association of California is expected to visit India early next year with a view to exploring tie-ups with their Indian counterparts.

Oils and Gas Field Equipment: A U.S. Trade Mission will visit India in March 1984.

Food Processing and Packaging Machinery: A U.S. Trade Mission will visit India in March 1984.

"Environment and Development: The Future for Consulting Firms in Asia" — The World Environment Center will hold an international conference in Singapore from February 14 to 17, 1984. Good business opportunity for development consulting firms. For details contact Frederica Capshaw, Conference Coordinator, World Environment Center, 605 Third Avenue, New York, New York 10158, U.S.A. Phone: (212) 986-7200; Cable: ENVIROCENT, NEW YORK.

6th World Energy Engineering Congress: "Advances in Energy Cost-Saving for Industry and Buildings" will be the theme for this year's congress, which is sponsored by the Association of Energy Engineers, a non-profit professional society of over 4,500 members from 21 countries. For details write: World Energy Engineering Congress, 4025 Pleasantdale, Suite 340, Atlanta, GA 30340.



सचिव
SECRETARY

D.O. No: 5558/FS/83

1236

Original to Mr. Kaul
भारत सरकार
वित्त मंत्रालय
आर्थिक कार्य विभाग
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
Department of Economic Affairs
नई दिल्ली/New Delhi.

August 26, 1983

Dear Mr. President,

I am grateful for your letter of August 15, 1983 and for the warm words of welcome. I look forward to meeting you in Washington next month at the time of the Annual Meetings.

with warm regards

Yours sincerely,


(P.K. Kaul)

Mr. A.W. Clausen,
President,
The World Bank,
Washington D.C. 20433
U.S.A.

August 15, 1983

Dear Mr. Secretary:

It is indeed good to know that you have been appointed Alternate Governor for India on the Board of Governors of The World Bank. Congratulations!

The Executive Directors, Officers and Staff join me in extending to you a warm welcome. We look forward to your participation in the affairs of the Bank.

On a personal note, I hope to have the opportunity of greeting you here in Washington at the time of the Annual Meetings.

Sincerely,



Mr. P. K. Kaul
Finance Secretary
Department of Economic Affairs
Ministry of Finance
North Block 11
New Delhi 110 011, India

cc: Mr. Ray
Mr. Wiehen
Mr. Stephansen

HMFleming/ek



OFFICE MEMORANDUM

1261 TO: Mr. A. W. Clausen

DATE: June 18, 1982

FROM: Michael H. Wiehen, Acting VP, South Asia

SUBJECT: INDIA - Mr. L. K. Jha's Visit

1. Mr. L.K. Jha, Chairman of the Economic Administration Reform Commission, has an appointment to call on you on Tuesday, June 22 at 3:00 p.m. Notes on the Commission and Mr. Jha's biography are attached.

2. Mr. Jha is now visiting Washington in preparation for Mrs. Gandhi's visit to the US in July. In this connection, he will be meeting various high-level US officials including the US Secretary of the Treasury.

3. You may remember that Mr. Jha met with you in New Delhi during your India visit in January. He was one of the key senior Indian officials responsible for getting Mrs. Gandhi to convince the British Prime Minister to "delink" the UK's contribution to IDA.

4. I understand that he has no specific point to raise with you at this time, but he would like to exchange views on "the World Bank family, its problems, perspectives, etc." He feels that a meeting with you will be most useful before he meets senior US officials and, subsequently, to brief Mrs. Gandhi on the Bank Group related issues.

cc: Mr. Hopper (o/r)

JUpadhyay:ns

RECEIVED

1982 JUN 18 PM 6:33

OFFICE OF THE PRESIDENT

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Meeting with Mr. L. K. Jha

Chairman, Economic Administration Reforms Commission

Background

A biographical note on Mr. L. K. Jha is attached.

Work of the Commission

The Economic Administration Reforms Commission was established in March 1981 to deal with major economic issues and ensure a more rapid implementation of Government decisions. Its principal areas of study were:

1. tax administration, its rationalization and improvement;
2. the use of non-tax devices for raising the level of savings;
3. the examination of proposals under consideration in international bodies for the establishment of new economic order with a view to formulating a well coordinated national approach to them; and
4. the examination of rent control laws in force in different States and recommendations regarding a model law.

As an Advisory body the Commission is under the administrative control of the Cabinet Secretariat and reports to the Prime Minister. The term of the Commission is two years.

So far it appears to have concentrated its investigations and recommendations in two areas of procedural reform: taxation and industrial control policy. The Commission was expected to present a report, in time to incorporate in 1982/83 finance Bill, on the simplification and rationalization of direct tax laws to make them more equitable and easier to administer, without changing the rates of taxation. An interim report is understood to have been submitted, but the actual timing of the final report is not yet known. The Commission presented a report proposing changes in procedures relating to approvals for companies coming under the Monopoly and Restrictive Trade Practices (MRTP) Act, a Bill incorporating those proposals is before the Parliament for its consideration. The Commission has also considered questions of procedural improvements in cases involving industrial licensing, capital goods imports and foreign collaboration. As a result, a number of significant changes in imports and industrial licensing policies have been announced.

Biographical Data

Mr. L. K. Jha - Chairman, Economic Administration Reforms Commission

Age 69. Educated at Banaras Hindu University and Trinity College, Cambridge, Mr. Jha joined the Indian Civil Service in 1936. He came to the Central Government in 1942 as a Deputy Secretary in the Supply Department. He served as Chief Controller of Imports and Exports (1947-50); Secretary, Ministry of Heavy Industries (1950-56); Secretary, Department of Economic Affairs (1960-64); Secretary to two Prime Ministers, Mr. Shastri and Mrs. Gandhi (1964-67); Governor, Reserve Bank of India (1967-70); and Ambassador to the United States (1970-73).

During these tenures, Mr. Jha was also given a number of responsibilities with international organizations, especially in the field of economic relations. He served as Chairman, GATT (1957-58), represented India at GATT, IMF and IBRD Meetings and was for many years India's main spokesman at the India Consortium Meetings. He was also Governor, IMF, from 1960-70. Besides this he was a member of the UN Committee on Multi-national Corporations, one of India's delegates to the Non-Aligned Conferences in Cairo and Tashkent, and Leader of the Indian Mission to discuss Nuclear Non-Proliferation. He was a member of Brandt Commission (1978) and is rated very highly in both national and international affairs, and known to be consulted by the Prime Minister on economic matters. After his retirement from the Civil Service, Mr. Jha was appointed Governor of Jammu and Kashmir State in 1973, a post he relinquished in February 1981. At that time, he returned to New Delhi to head the Economic Administration Reforms Commission with the same rank as Deputy Chairman, Planning Commission; this gives him the status of a Cabinet Minister without being a Member of the Government. A note on the Commission is attached.

Mr. Jha is the author of a number of books on Economic Development, India's Foreign Trade, Shortages and High Prices and Tax Reforms.

Mr. Jha is married to a social worker who has worked for the cause of lepers in India. They have three children.

OFFICE MEMORANDUM

OK
28
4/25/83

TO: Mr. A.W. Clausen, President DATE: April 25, 1983
FROM: W. David Hopper, RVP, South Asia
SUBJECT: Visit of India's Secretary of Economic Affairs -
Mr. M. Narasimham

1. This is a briefing note for your meeting with Mr. Narasimham, scheduled for Tuesday, April 26, 1983 at 4:00 p.m. Mr. Narasimham, who is 56 years old, has held his current post since October 1982. For four years previously, he was successively Executive Director to the Bank and the IMF. Prior to that, he held senior posts in the Government's Ministry of Finance, and the Reserve Bank of India, including a brief tenure in 1977 as the latter's Governor. We understand that Mr. Narasimham has no particular issue to raise with you, so that the discussions are likely to be of a general nature covering Bank/India relations in general and Bank Group transfers to India in particular.

The Economy

2. India suffered a poor monsoon in 1982, causing agricultural production to fall by 4%-6%. This set in motion strong contractionary pressures in the domestic economy. Industrial growth was 4%, down from 8.6% in the previous year, but still encouraging compared to previous years in which droughts were severe. Wholesale prices rose by only 2.4% in 1982/83, reflecting restrictive fiscal and monetary policies, and successful management of the domestic supply of goods and services. Overall, GDP growth was about 2% compared to over 5% the previous year. Policies aimed at raising additional resources for investment, reducing administrative controls of the economy and promoting efficiency have continued. Strains on the balance of payments persisted as India followed a policy of liberalized imports required for its adjustment program. However, India's fiscal year ended more favorably than had previously been anticipated, with imports and the current account deficit declining in absolute terms and exports rising modestly. Our projections show strong short- and medium-term pressures on the current account. Yet India's ability to meet its development objectives and sustain its adjustment effort will require policies that ensure relatively free access to imports. Since domestic savings rates are already very high, foreign savings will become particularly important in the effort to protect investment levels against adverse pressures. While India has taken advantage of substantial commercial borrowings to raise additional external resources, its economic managers are naturally concerned to maintain adequate flows of concessional assistance so as to maximize the economy's capacity to adjust flexibly.

Bank/India Relations

3. In this context, the most pressing issue at the moment for India is its wish for higher capital transfers from the Bank Group than we are currently able to indicate. India is concerned about its share in IDA and, of course, about the total IDA funding levels. India also believes that IBRD lending is being kept artificially low because of portfolio considerations, and should be raised.

RPBrigish:gb

X-tra
March 28, 1983

Dear Mr. Secretary:

It is indeed good to know that you have been appointed Alternate Governor for India on the Board of Governors of The World Bank. Congratulations!

The Executive Directors, Officers and Staff join me in extending to you a warm welcome. Your experience as a member of the Executive Boards of both the Bank and the Fund will, I am sure, be of value to us and we look forward to your participation in the affairs of the Bank.

On a personal basis, I hope to have the opportunity of greeting you here in Washington in the near future.

Sincerely,



A. W. Clausen

Mr. M. Narasimhan
Secretary
Department of Economic Affairs
Ministry of Finance
North Block 11
New Delhi 110 011
India

cc: Mr. Ray
Mr. Wiehen
Mr. Stephansen

HMFleming:ets



Record Removal Notice

File Title India Country Files - Presidents Papers - A W Clausen - Correspondence - Volume 3		Barcode No. 1774868		
Document Date 23 March, 1983	Document Type Memorandum			
Correspondents / Participants To : Mr. T. T. Thahane, Vice President and Secy. From : H. N. Ray, Executive Director				
Subject / Title Representation on the Board of Governors				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
		<table border="1"><tr><td>Withdrawn by Chandra Kumar</td><td>Date 30-Mar-15</td></tr></table>	Withdrawn by Chandra Kumar	Date 30-Mar-15
Withdrawn by Chandra Kumar	Date 30-Mar-15			

ROUTING SLIP		DATE: 2/10
NAME		ROOM NO.
Mr Southworth		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
FROM: M. Choksi	ROOM NO.: H-5071	EXTENSION: 32267

February 2, 1983

*Logged
2/14/83
12/7*

Mr. A. Sanjiva Reddy
Branch Manager
Union Bank of India
Koru Uppalapadu
Kandukuru (Taluk)
Prakasam District, A.P.
India 523279

Dear Mr. Reddy:

On behalf of Mr. Clausen, I would like to thank you for your letter of November 25, 1982. We are glad to know of the successful inauguration of the Koru Uppalapadu Branch of the Union Bank of India and wish you continued success in its operations. We are also pleased to note your keen interest in the welfare of the farmers in your area, and your bank's efforts to assist them with their farming and household needs.

As you mention, the World Bank is indeed committed to providing assistance to rural populations of developing countries to help them improve their living standards. To this end, during our fiscal year 1982, nearly 25% (over US\$3 billion) of our total lending was devoted to agriculture and rural development projects. An additional US\$1 billion was lent in support of education, health, nutrition, and water supply projects. In India, specifically, the World Bank lent nearly US\$700 million in the fields of agricultural credit, forestry, irrigation, and rural development, including funds to reorganize and strengthen agricultural extension services in Andhra Pradesh. I have enclosed a pamphlet which describes the principles on which the extension system is based, which should be of particular interest to farmers in your area.

I also enclose, per your request, several other publications related to agricultural and rural development. I would draw your attention in particular to those describing the Consultative Group on International Agricultural Research, a group of 13 international research centers devoted to improving food production in developing countries. One of the Centers, the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), is located in Hyderabad. After reviewing the enclosed pamphlets, you may wish to contact ICRISAT directly, as it may be an excellent source of information on local agricultural practices and potential for improving them.

I appreciate your interest in the work of the World Bank, and hope that the enclosed materials will be helpful to you.

Sincerely,

Mary Choksi
Loan Officer
India Division

Enclosures
1

5231

A. Sanjiva Reddy
Branch Manager
Union Bank of India
Korn Uppalapadu
Kandukurru (Taluk)
Prakasam (District) A.P.
India 523279

To

November 25, 1982

Mr. A.W. Clausen
President
World Bank, U.S.A.

Respected Sir,
Namaste!

Thank you very much for your kind message sent through Mr. M.W. Messiter letter dated November 3, 1982.

I am glad to inform you that the inaugural function of our new branch at Korn Uppalapadu on October 22, 1982 was grand success.

You may be pleased if I say that I have taken keen interest and convinced farmers in nearby villages to construct 'Biogas plants' (producing 'gas' from cattle dung) for cooking and other purposes (lighting). This plants will go a long way in not only giving comfort to housewives but also in energy saving.

Another thing within one month of branch opening I have advanced cultivators (Agriculturists) to meet cultivation expenses to grow potato (FCV) crop. I am in the first step in banking ladder and hope to do needful for rural areas according to our Government of India policies.

I think under your leadership The World Bank will definitely extend maximum help to rural people in Asia and other developing countries to utilise local resources for economic uplift. May I request you to allot more funds for agricultural and rural progress. (Education, Energy, Drinking Water and Shelter)

I will be glad if you can send your best wishes to me. Before closing may I request you to send various reports, studies, photos from the Division of Rural Development Section of World Bank mainly to inspire rural people in this area. Hoping an early reply.

Thanking you,
Yours sincerely
Shetty

FIRST FOLD

No Enclosures Allowed
एन एन के अन्तर्गत प्रेषित न होवे

RECEIVED
1982 DEC -7 PM 2:58
OFFICE OF THE PRESIDENT

INCOMING MAIL UNIT

1982 DEC -7 PM 12:42

RECEIVED
Sender's Name and Address:-
प्रेषक का नाम और पता:-

द्वितीय फोल्ड

Mr. A.W. Clausen, President
The World Bank
Washington, D.C.
U.S.A. 20433



A

भारत विश्वीय खेल
IX ASIAN GAMES
DELHI 1982



एग्राम्मे
एशियन खेल

February 1, 1983

Mr. P.R. Rao
Parijat Lodge
Room 11
67 Railway Lines
Sholapur 413001
Maharashtra
India - 4

Dear Mr. Rao:

Thank you for your recent letter to the President of the World Bank and your suggestions for improved technologies for housing construction. The provision of adequate shelter is clearly a high priority need and one which we support actively through our lending. We will review your suggestions carefully; but unfortunately we have no research funds available at the moment for a program such as you propose.

Sincerely,

Mary Choksi
Loan Officer
India Division

LSunderland:jl

TO HIS EXCELLENCY / THE PRESIDENT
WORLD BANK.

YOUR MAJESTY,
Placed below are some research ideas in civil engineering for your kind perusal. Printed solutions may be made available in INDIA! I hope that if this should meet approval of world famous experts there can be a CRASH HOUSING PROGRAMME if only in TROPICAL COUNTRIES. It is imperative that PHYSICISTS of the world gather together and develop SOLAR HEATERS which will generate temperatures upto 3000°C!!

A) BURNT-IN-SITU CONSTRUCTION.

Steel forms are erected. Silica bricks are overlain dry. clay is then tamped to the required thickness and the mass is electrically burnt to form the horizontal and structural RED-BRICK-SLAB. If electrical energy is costly then flames (Stoves!) of oxygen/acetylene/liquid fuels can be used. If a SOLAR HEATER can develop the temperatures (upto 3000°C) then this method is of immense use in the tropics! When large blocks cool (even if slowly) they develop intensive cracking (as per experts of National Bureau of Standards) hence I humbly suggest: -

- ① GLASS POWDER for uniform strength
 - ② SULFIDE YEAST sewage of paper mills
 - ③ Mineral grains with high coefficient of expansion can be tried.
- If burnt clay is weak in tension then
- ① GLASS RODS dipped in sodium silicate
 - or ② Titanium can be used. Variation in the quality can be controlled

--- by additives ① Organic and Inorganic stabilisers ② FLYASH (pulverised) It is by nature siliceous material. ③ Slag waste which is powdered ④ GLASS POWDER AGAIN! for uniform strength if not high strength! Domestic shells are similarly done BUT THE THEORY OF DOMEST SHELLS ON ELASTIC FOUNDATIONS can be developed by experts in structural engineering all over the world! Please refer to "MOMENT DISTRIBUTION" by Dr. Edgar Lightfoot's book EFN SPON LTD 1963 LONDON chapter on "Interaction of Domes on cylindrical walls of water tank".

B) GLASS CONCRETE: - Should be used in buried conditions like underground tanks/blankets, cutoff walls of earth dams Even the earth dams can be under-burnt brick masses and of height upto 400 metres (1300 feet) If overburnt they can be easily prestressed by glass fibre cables. Molten glass concrete/magnesium vapours/molten glass can be poured down the boreholes to burn the soil mass into brick mass. Slag resists corrosion and magnesium has no other uses! Then the bearing capacity is 6 tons per sqft instead of 2 tons/sqft. Fifteen storied LOADBEARING structures can be erected, provided all the loadbearing walls are prestressed vertically as well as horizontally. DEEP BEAM THEORY coupled with theory of beam on elastic foundations can be used. Deep Beam theory publications the other one is by TIMOSHENKO of Stanford University of U.S.A!

C) PRESTRESSED BURNT CLAY RAFT: -

On weak beds of alluvium and badly drained sands. I wish to suggest erection of raft with holes left to accommodate the glass fibre cables. Prestressing is done in two directions at right angles in horizontal

planes The bearing capacity at top skin of the raft is 12 to 15 tons/sqft and the raft is supported on piles. Well-designed clay mortar is poured in boreholes and is burnt-in-situ. If energy is wasted then PREBURNT BULKY PILES are driven and the IMPACT RESISTANCE IS NOTED.

D) BURNT-IN-SITU CLAY JOINTS.

Ashtar and coursed rubble be done with clay mortar. Titanium/mild steel fabric is inserted in each and every joint. All the fabrics of all joints are interconnected for electrical continuity. Shrinkout pierce are connected to Titanium/mild steel rod. Electricity (heat) is passed till the joint becomes very hard brick. Stone is an insulator with reference to clay hence all the electricity and heat is conserved in the joint. Resins and sodium silicate are used to develop bond between the Stone and burnt clay joint!

E) ELECTRONIC STONE CRUSHER CONTROL.

At present major quantity of the produce of a Stone crusher is 65mm to 40mm. Also produced are 20mm/12mm/6mm and Stone dust. If we wish to produce only one sized aggregate then electronic signals will have to be given to the crusher or else system of stone crushers should be computerised. ARTIFICIAL SAND should be produced this way. I am told that 2mm grain size impairs maximum strength to the concrete 11200 lbs/ft² (800 kg/sqcm) Maybe grain size from 2.5mm to 4.5mm (of artificial coarse sand!) will impart still higher strength of 20000 lbs/ft² (2000 kg/sqcm) At present super tensile steel of the calibre of 120 tons/ssin. is being produced in USA/UK/FRG/JAPAN hence the need of producing super high grade concrete bridges (prestressed concrete) of the spans upto 2500' are now distinctly in the realm of possibility!!!

एरोग्राम्मे
Aerogramme

SUBJECT:-
THE ANATOMY
OF A
CRASH
HOUSING
PROGRAMME!
The Program
of funding!

TO HIS EXCELLENCY
THE PRESIDENT /
IBRD



INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT / 1818 H. Street NW
WASHINGTON D.C. 21433 (IBRD).
THE UNITED STATES OF AMERICA!

पत्रादि अंगे SECOND FOLD

RECEIVED
1983 JAN 14 PM 1:27
INCOMING MAIL UNIT

भेजने वाले का नाम और पता:-
Sender's Name and Address:-

MR. P. R. RAO / PARIJAT LODGE,
ROOM 11 / 67 RAILWAY LINES,
SHOLAPUR (413001) MAHARASHTRA
INDIA - 4
(INDIEN - Nr. 4)

RECEIVED
1983 JAN 14 PM 2:22
OFFICE OF THE DIRECTOR

भेजने वाले के अंग्रेजी पते पर प्रेषित
No Enclosures Allowed

F) SUPERHEATED CLAY:- Whatever happens to the clay when it is heated to the temperatures of (1) 1100°C (2) 1600°C (3) 2000°C (4) 2200°C (5) 2500°C (6) 3000°C! The ceramic experts of the world may kindly print the reply!

THE SOLUTION OF THESE PROBLEMS WILL MEAN CRASH HOUSING ALL OVER THE WORLD! I HOPE SOLAR HEATER WILL BE INVENTED BY THE WORLD FAMOUS PHYSICISTS LIKE DR. VICTOR WEISSKOPF (of U.S.A.) and DR. C. COLE (of AUSTRALIA) to generate temperatures upto 3000°C!

Financing Research is stupendous task hence ENTIRE GATES of the WORLD CUP MATCHES IN BASEBALL FOOTBALL/ BADMINTON/ VOLLEYBALL BASKETBALL MAY HAVE TO BE DIVERTED FOR RESEARCH!!!

I thank ALL AMERICANS BRITISHERS / CANADIANS / AUSTRALIANS FOR THEIR MILLIONS OF KINDNESSES!
YOURS VERY FAITHFULLY
प. र. राव

(P. R. RAO)
MR. P. R. RAO / PARIJAT LODGE,
ROOM 11 / 67 RAILWAY LINES
SHOLAPUR (413001)
(MAHARASHTRA)
INDIA - 4
(INDIEN - Nr. 4)

OFFICE MEMORANDUM

837 ✓
TO: Mr. A. W. Clausen, President
THROUGH: Mr. Ernest Stern, SVP, Operations
FROM: W. David Hopper, VP, South Asia *WDH*
SUBJECT: INDIA - Your Meeting with Dr. Manmohan Singh

DATE: February 9, 1982



1. You are scheduled to meet Dr. Manmohan Singh at 2:45 p.m. tomorrow. As you will recall, you had lunch with him (and Dr. I. G. Patel) in your hotel suite on the first day of your visit to India. A copy of the biographical data which we prepared for that occasion is attached.

2. Dr. Singh is here to advise Helen Hughes on how to make her department's work program more relevant to the Bank's borrowers. As far as we are aware, his meeting with you will be only a courtesy call. The attached copy of the briefing note for your recent meeting with the Indian Planning Minister provides some background.

Att.

AOHamilton:gb/bd

OFFICE OF THE SECRETARY

RECEIVED - FEB 11 1982

SECRET

RECEIVED

1982 FEB -9 PM 5: 31

OFFICE OF THE PRESIDENT

Meeting with the Planning Commission

Plan Implementation

2. The focus of your discussion should be on the implementation of the Sixth Plan's investment program. The core elements of this investment program, consisting principally of infrastructure (particularly power, coal, railways, ports and irrigation) and basic intermediate industrial goods (such as steel and cement), are essential to alleviate the supply bottlenecks which are constraining the economy. It would be helpful if you could ask how well the Plan's physical targets have been achieved to date and enquire about ways and means of protecting the real level of investment in these areas against possible slippages in resource availability and/or implementation.

3. To insure timely Plan implementation, the Government is undertaking periodic (quarterly or semi-annual) reviews of progress towards Plan objectives. You should ask how well this procedure is working and what have been the major results of these reviews so far in terms of identifying and removing bottlenecks and/or making adjustments in the Plan programs. You could ask in particular about the upward revisions being considered in the petroleum investment program which now seem to be virtually approved. In addition, the Plan suggests the possibility of an upward revision in railway investments. You should enquire what consideration is being given to this possibility.

4. You should repeat the concerns about the availability of adequate Plan resources you expressed in your meeting with the Finance Minister. You should ask what the Planning Commission's view is on the adequacy of resources for the Plan.

Energy Planning

5. Another area of concern in planning is that while a large number of Government agencies, as well as public and private institutions, are involved in energy planning, development and management, there is no on-going analysis and coordination of the different elements of India's energy program. While ad hoc groups are set up from time to time to investigate particular aspects of the energy sector or to prepare background material for Five-Year Plans, there appears to be scope for greater continuity so that the plans can be adequately reflected in policies and can be modified as circumstances change. There would thus

seem to be a case for establishing a permanent body which would be responsible for (i) preparation of a long-term national energy plan; (ii) coordination of the activities of the numerous institutions working on various areas of energy development (coal, power, oil and renewable energy resources); and (iii) coordination and monitoring of energy research, data collection and dissemination of information at the national level. The Bank has no fixed views as to the precise organizational structure for such a planning group. You could enquire about the Planning Commission's views on the need for such a group and what the current thinking is on the best way to organize it within the Government.

OFFICE MEMORANDUM

TO: Mr. Olivier Lafourcade, EXC

DATE: February 9, 1982.

FROM: Helen Hughes, Director, EPD

SUBJECT: Panel Evaluating Economic Support Functions of EPD

Mr. Clausen may be interested to know that we have this week in the Bank a panel reviewing the effectiveness of the economics work done in this Department. It consists of:

Wouter Tims - a former Bank staff member, now at the Free University, Amsterdam, and advising the Netherlands Government on aid policy;

Robert Slighton - Vice President, Economic Group, Chase Manhattan Bank; and

Manmohan Singh - Secretary and Member of the Planning Commission, Government of India.

The terms of reference are attached. A draft report will be prepared by the end of the week.

HHughes/lb

February 4, 1982.

Terms of Reference for the Panel Evaluating
Economic Support Functions of the
Economic Analysis and Projections Department

1. The primary task of the Panel is to evaluate the priorities to be followed by EPD in disseminating economic data and providing analytical support to the Bank Group, member countries, other international organizations, commercial enterprises with developing country interests, and other users. The Panel will, in particular, evaluate:

- a) the appropriateness of ongoing plans for further developing the global analytical framework and its components (country modelling and comparative country analysis and the work on debt and international merchandise, service, labor and capital markets) for Bank Group and other development requirements;
- b) the appropriateness of the ongoing work program for improving the coverage, quality and operational utility of internationally comparable data managed by the Economic Analysis and Projections Department; and
- c) the adequacy of present and planned dissemination of data and analysis within the Bank Group and more broadly to the development community.

2. Support to Bank and other development users cannot, of course, be separated from related data management and computing services, and research. In its recommendation, the Panel will therefore not restrict itself to the improvement of analytical and data services per se, but will also evaluate the directions in which data management is moving, and the research work required to improve these services over time, taking into account the proposals for improving Bank-wide management of information resources. The Panel will concern itself with organizational parameters where these are relevant to the efficient carrying out of tasks identified as having high priority.

3. The Panel consists of:

Wouter Tims, Chairman
Manmohan Singh and
Robert Slighton, members

The Panel will be supported by Mrs. Suarez (OPD) on a full-time basis. It will call on a wide range of staff throughout the Bank to collect the information it requires. The Panel will submit a draft report to the Vice President, Development Policy, and the Director, OPD, by February 15, 1982 and finalize this report after taking into account their comments.

cc and cleared with: Messrs. Chenery, VPD
Rohrbacher, OPD

WTims/lb

5267
R.C. Shah
Chairman & Managing Director

November 25, 1982.

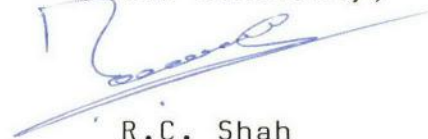
Dear Mr. Clausen,

I cannot thank you adequately for the warmth and graciousness with which you received me and my colleague, Kalyan Banerji, at your office on Thursday, November 11. Your expressions of approbation in respect of our Bank's role will be a rich source of inspiration for our institution. Today's press reports carry excerpts of your address at the opening session of the GATT. In this context, I well recall your comments on the global trade background in the face of which our bank has commenced functioning.

In closing, may I express my renewed thanks for seeing us at such short notice. We do look forward to working with World Bank in the interest of enlarged international trade and specifically to promote and finance Indian exports to World Bank assisted projects. Your inclination to offer assistance from the World Bank in improving not only our Bank's capacities, but also in general, our country's export capabilities is of enormous value to us.

With expressions of greetings for the on-coming New Year,

Yours sincerely,



R.C. Shah

Mr. A.W. Clausen
President
The World Bank
1818 H Street, N.W.
Washington D.C. 20433
United States of America



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OFFICE OF THE PRESIDENT



Record Removal Notice

File Title India Country Files - Presidents Papers - A W Clausen - Correspondence - Volume 3		Barcode No. 1774868		
Document Date 01 November, 1982	Document Type CV / Resumé			
Correspondents / Participants				
Subject / Title Biographical Statement - Ram N. Malhotra				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Chandra Kumar</td><td>Date 30-Mar-15</td></tr></table>	Withdrawn by Chandra Kumar	Date 30-Mar-15
Withdrawn by Chandra Kumar	Date 30-Mar-15			

OFFICE MEMORANDUM

TO: Mr. A. W. Clausen

FROM: Hans A. Wuttke

SUBJECT: Your meeting with Mr. J.R.D. Tata of the Tata Industrial Group, India on Wednesday, November 10th, at 2:30 p.m.

DATE: November 9, 1982

Even though I assume Mr. J.R.D. Tata is well known to you, I thought I would provide you with the following information:

Now 78 years old, Mr. Tata is still actively involved in the affairs of the industrial group that his great uncle founded a century ago. The Tata Group has an unparalleled reputation in India for professionalism. The Tata family (J.R.D., his cousin by adoption, Naval, and Naval's son, Ratan) own only minor percentages of companies managed by the group. The major shareholders are the Indian financial institutions and the general public. Mr. Tata is chairman of ten Tata companies, including Tata Iron and Steel Co. Ltd. (TISCO) and Indian Hotels Co. Ltd. (IHC). IFC arranged a \$39 million loan syndication for TISCO (IFC/R 80-91), to help finance the modernization of its steel plant at Jamshedpur in Bihar State; we also arranged \$20 million in syndicated loan and equity for the Taj Lanka Hotel (IFC/R 81-15), which is being built in Colombo, Sri Lanka. Future projects under discussion for possible IFC financing are a new bar and rod mill to be built by TISCO and a second IHC hotel in Sri Lanka (Bentota Beach).

Mr. Tata holds the first pilot's license granted in India (1929). In 1932 he founded Tata Airlines, now the nationalized Air India, and piloted its inaugural service from Bombay to Karachi. Last month, the 50th anniversary of the inaugural flight, he piloted a version of the original plane over the same route. He made this journey to set an example for the younger generation, and the trip received wide press coverage throughout India.

Attachment

cl with & cc: Messrs. Kaffenberger/Tan
cc: Mr. Stephansen (o/r)
Mr. Kassum

File- India- General

^{RAM}
RHirst/app

ANNEXURE

TATA, JEHANGIR RETANJI DADABHOY, D. Sc. (Hon. Causa), (Allahabad Univ.) (1947). Hons. Air Vice-Marshal, I.A.F., Officer of the Legion of Honour, Paris, France (1954). Knight Commander of the Order of St. Gregory the Great (1964). Industrialist. b. July 29, 1904, in Paris. Chmn.: Tata Sons Ltd., Tata Iron & Steel Co. Ltd., Tata Oil Mills Co. Ltd., Tata Chemicals Ltd., Indian Hotels Co. Ltd., Tata Ltd., London and Tata Incorp., New York, Tata A. G. Zug., Tata Instt. of Fundamental Research, National Centre for the Performing Arts, Mg. Council, Homi Bhabha Fellowships Council, Family Plng. Foundation: Dir.: Tata Engg. & Loco. Co. Ltd.; Pres., Court of the Indian Instt. of Science, Bangalore; Chmn.: Sir Dorabji Tata Trust, J.N. Tata Endowment; Trustee: Gandhi Smarak Nidhi and Kasturba Gandhi National Memorial Trust: Jawaharlal Nehru Memorial Fund; first pilot to qualify in India holding a private licence from 1929-75.; Solo flight India-England, 1930; founded Tata Airlines, 1932 and piloted inaugural service Karachi-Bombay. Oct. 1932.
Address: Office: Bombay House,
Homi Mody St.
Bombay 400 023

Res: The Cairn
Altamount Rd.
Bombay 400 026

OFFICE MEMORANDUM

TO: Mr. A.W. Clausen *OKES*

DATE: November 11, 1982

FROM: W. David Hopper, VP, South Asia *W.D.H.*SUBJECT: INDIA - Your Meeting with Mr. R.C. Shah on November 11, 1982

1. You will be meeting Mr. R.C. Shah, Chairman and Managing Director of the Export-Import Bank of India at 5:15 p.m. today. Mr. Shah was, until recently, the Chairman of the Bank of Baroda - one of the largest commercial banks in India. He has recently been appointed to the position of Chairman and Managing Director of the newly formed Export-Import Bank of India.
2. The Export-Import Bank was established in January 1982 to finance and promote foreign trade. A brochure explaining its activities is attached.
3. The call is primarily a courtesy call. Mr. Shah has been in the United States for discussions with banks, Government agencies, IFC and IBRD staff and others. His conversations with Bank staff have touched upon (a) the possibility of IBRD financing of the Export-Import Bank's operations through some form of project and (b) the possible co-financing by the Export-Import Bank with IBRD on some operations in third world countries, including those in Africa. On the former, we have indicated that we are reviewing our lending strategy in the industrial sector and are examining how such a project could best be developed. (For your information, we do not have such a project in our FY83 or FY84 lending program.) On the latter, we simply offered our encouragement and said that we would keep him informed of any possible co-financing opportunities.

Attachment

WJGriffith:jl

OFFICE MEMORANDUM

TO: Mr. A.W. Clausen, President

DATE: October 4, 1982


FROM: W.P. Thalwitz  Acting VP, South Asia

SUBJECT: INDIA: Your Meeting with Mr. Arvind N. Lalbhai
on October 5, 1982

1. A prominent Indian industrialist, Mr. Arvind N. Lalbhai, will be visiting you on October 5, 1982 at 3:00 p.m. You may recall having met him at a dinner hosted by Mr. Roulet in New Delhi on January 21, 1982. Mr. Lalbhai (65) is Managing Director of the Arvind Mills Limited, and until recently was President of the Federation of Indian Chambers of Commerce and Industry. He has been Chairman of a number of companies under the Lalbhai Group, including Arvind Mills, Ashoka Mills, etc., and on the Board of several other manufacturing companies engaged in chemicals and engineering.

2. It appears that Mr. Lalbhai's visit will be a courtesy call.

RBrigish:zk



WORLDBANK WSH

ATTN SECRETARY TO MY CLAUSEN PRESIDENT WORLD BANK

THANKS FOR YOUR TLX WOULD BE VERY HAPPY TO MEET YOU

ON TUESDAY OCTOBER 5TH AT 3PM. REGARDS

ARVIND NAROTTAM LALBHAI.

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PLS PASS ON MESSAGE

+

WORLDBANK WSH

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LAL-NAROTTAM

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THE ARVIND MILLS LIMITED, AHMEDABAD,
INDIA. ATTENTION MR. ARVIND N. LALBHAI. MR. MALHOTRA HAS
PASSED ALONG YOUR LETTER OF AUGUST 24. ALTHOUGH I WILL BE
AWAY FROM WASHINGTON DURING PART OF YOUR VISIT HERE, I WOULD
BE PLEASED TO MEET WITH YOU ON TUESDAY, OCTOBER 5 AT 3 P.M.
IF THAT IS CONVENIENT. REGARDS, A. W. CLAUSEN, PRESIDENT,
WORLD BANK.

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9/16/82

NH

Myra Holsinger

cc: Mr. Malhotra

Office of the President

ROUTING SLIP		DATE:
		September 13, 1982
NAME		ROOM NO.
Miss Helen T. Higgins		E-1227
	APPROPRIATE DISPOSITION	NOTE AND RETURN
	APPROVAL	NOTE AND SEND ON
	CLEARANCE	<input checked="" type="checkbox"/> PER OUR CONVERSATION
	COMMENT	PER YOUR REQUEST
	FOR ACTION	PREPARE REPLY
	INFORMATION	RECOMMENDATION
	INITIAL	SIGNATURE
	NOTE AND FILE	URGENT
REMARKS:		
<p>Attached is a letter addressed to Mr. Clausen from Mr. Lalbhai. Am also enclosing a copy of his covering letter to me. Would appreciate your sending me a copy of your response.</p> <p>Thanks.</p>		
FROM:	ROOM NO.:	EXTENSION:
Promodh Malhotra 	1-9-132	60670

ACTION

The Arvind Mills Limited

Naroda Road, Ahmedabad-380025, India
Phone: 371371, 372267. Gram: ARVIMILLS Telex No: 012-214 ARVI IN

Arvind N. Lalbhai
Managing Director

August 24, 1982.


Dear Mr. Clausen,

It was a privelege for me to meet you in Delhi last year when I was the President of Federation of Indian Chamber of Commerce and Industry.

I am going to be in Washington from 4th October to 8th October. It would be a pleasure for me to call on you on any of the above dates, provided you are in Washington.

With kind regards,

Yours sincerely,


(Arvind N. Lalbhai)

Mr. A.W. Clausen,
President,
World Bank,
Washington.
U.S.A.

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He was at
the time
Offered by
Jean-David
Roulet?*

A

The Arvind Mills Limited

Naroda Road, Ahmedabad-380025, India
Phone: 371371, 372267. Gram: ARVIMILLS Telex No: 012-214 ARVI IN

Arvind N. Lalbhai
Managing Director


23rd August, 1982.

Dear Mr. Malhotra,

I am going to be in Washington from 4th to 8th October, 1982. I will be staying at Hotel Washington during the above dates. While I am in Washington I would like to call on the President of ~~XXXXXX~~ World Bank, I would be happy if you kindly fix up an appointment with him for me during any one of the above dates. I am going to be in New York on 28th September, 1982, when I will try to talk to you in this connection.

With kind regards,

Yours sincerely,


(Arvind N. Lalbhai)

Mr. Pramodh Malhotra,
International Finance Corporation,
1816, H. Street, N.W.,
Washington - 25 DC.
U.S.A.

September 20, 1982

Dear Mr. Ambassador:

Thank you for sending the copy of "India: The Turning Point." It does an excellent job of chronicling India's economic and social progress since independence.

I certainly enjoyed talking with you during Prime Minister Gandhi's visit and look forward to seeing you again soon.

Sincerely,



A. W. Clausen

His Excellency K. R. Narayanan
Ambassador of India
Embassy of India
2107 Massachusetts Ave., N.W.
Washington, D.C. 20008

HHiggins:vc

3911
K.R. NARAYANAN
AMBASSADOR



EMBASSY OF INDIA
2107 MASSACHUSETTS AVE. N.W.
WASHINGTON, D. C. 20008

August 19, 1982.

Dear Mr. Clausen,

India and the United States are committed to the ideals and processes of democracy. The recent official visit of Prime Minister Mrs. Indira Gandhi to the United States has once again highlighted this bond between the two largest democracies in the world today.

As part of our continuing effort to promote a better understanding of contemporary India, I take pleasure in enclosing a copy of the booklet, "India: The Turning Point". I trust you will find it interesting.

Yours sincerely,

(K.R. Narayanan)

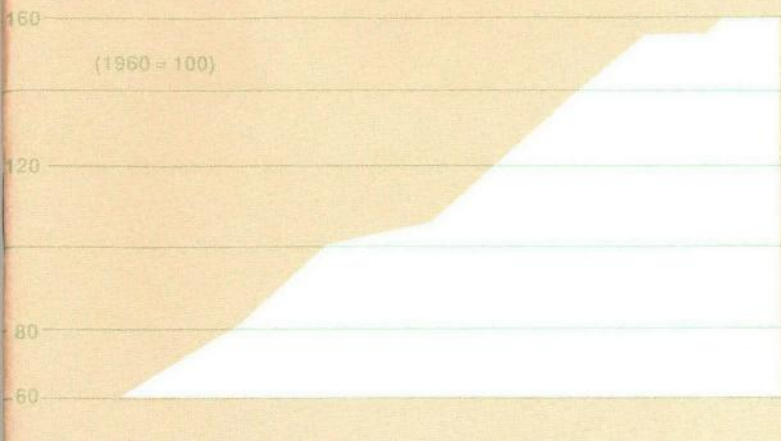
The Honorable A. W. Clausen
President, International Bank for
Reconstruction and Development

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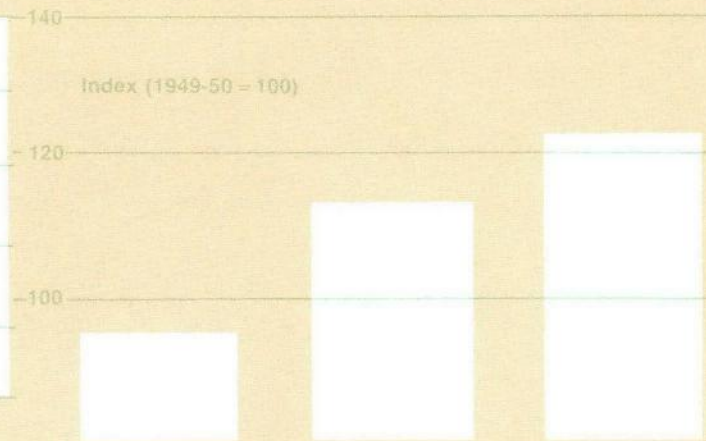
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OFFICE OF THE PRESIDENT

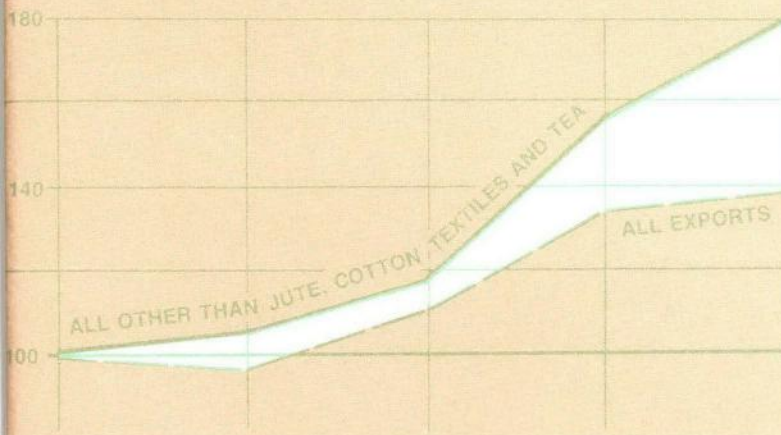
GAINS IN INDUSTRIAL PRODUCTION



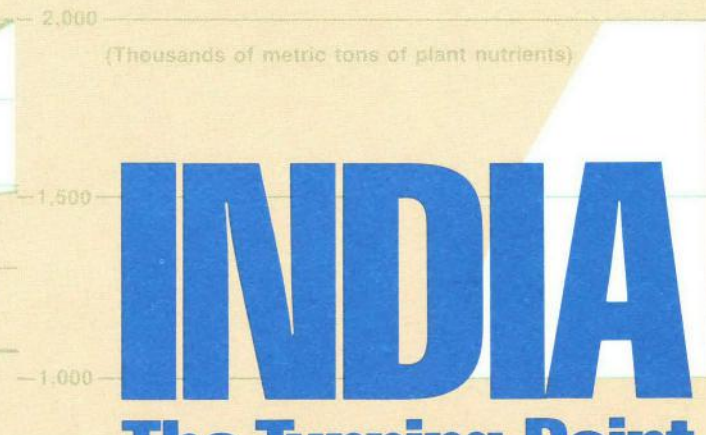
GAINS IN AGRICULTURAL PRODUCTION



GAINS IN EXPORTS (Index Numbers)



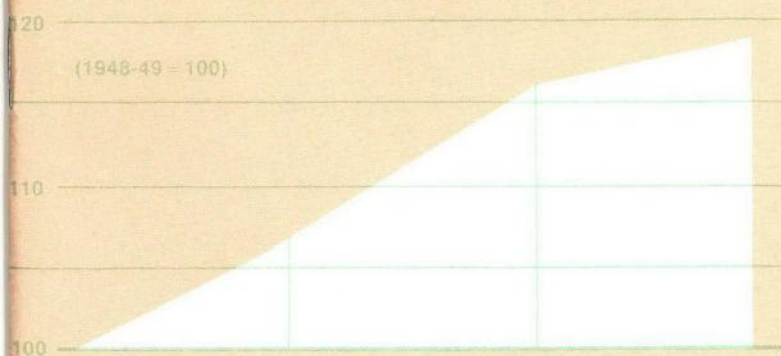
GAINS IN AVAILABILITY OF FERTILIZERS



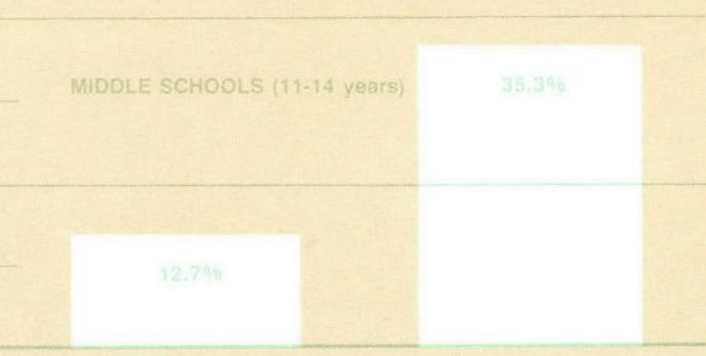
INDIA

The Turning Point

GAINS IN REAL PER CAPITA INCOME



GAINS IN EDUCATION





INDIA

The Turning Point

INTRODUCTION:

The Turning Point 3

AGRICULTURE:

A New Peak 5

INDUSTRY:

New Directions 10

SCIENCE AND TECHNOLOGY:

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“The prosperity of any single country is linked with that of the rest of the world. Such interdependence between free nations, of benefit to all, presupposes the self-reliance of every nation, as well as the recognition that the small and the weak also can and should contribute to the common cause.”

—Indira Gandhi
Prime Minister of India

The Frank McDougall Memorial lecture at
the Biennial Conference of the FAO,
Rome, November, 1981



THE TURNING POINT

It has been just 35 years since India ended centuries of colonial status and embarked upon the awesome task of bringing a poverty stricken nation into the 20th Century.

When British rule ended, India was torn by partition and its tragic aftermath. Imbued with hope and a new-found purpose for its future, the country first had to confront the grim reality of its present:

- eight million refugees within its borders;
- half its irrigated farmlands lost;
- established industries cut off from their raw materials;
- transportation and other vital services drastically curtailed.

Thus, in the earliest period of independence, India had few physical or technical assets to draw upon. In addition, the problems in the social sphere were seemingly equally insurmountable. Despite a centuries-long tradition of art and learning, illiteracy was extensive, and social divisions threatened to tear apart the newly reborn nation.

Yet beneath this outward perception of physical want and societal agony, there remained a determined commitment to overcome these negative remnants of history; to improve the lot of each and every citizen, and to make a respected place for India among the world's family of nations.

And the manner in which all of this could be accomplished would be by

democratic means. Only through the democratic process could the country fully develop its physical, technical and moral possibilities while at the same time preserve the age-old traditions expressed in its village life and culture and the right to own property—traditions that had been the bedrock of India's national experience, and that would become the foundation of her success in the future.

By *any* measure, the combining of ancient cultural tradition with the theory and practice of the modern democratic process has been a proven success. In agriculture, in industry, in education—in virtually every aspect of the society, India has made remarkable advances in just one-half of the average human lifetime. No other country of comparable size and complexity has successfully applied democratic methods to the development of its economy and society.

The first, and perhaps, most readily apparent of India's successes has been achieved in the field of agriculture. Self-sufficiency in food grains was the primary goal of the newly independent nation. Relying mainly on her own resources, but with significant outside help—particularly that of the United States—India's "Green Revolution" swept across the breadth of the subcontinent, realizing a centuries-old dream—a stable and self-sufficient supply of food grains.

Concurrently, through a careful and rational husbanding of resources, both domestic and foreign, India also

developed and greatly expanded a modern industrial infrastructure. Again, it is nothing short of remarkable that the India of 35 years ago, still dependent on the water buffalo and buffeted constantly by flood, drought and famine, would become a nation capable of launching space vehicles, undertaking scientific experimentation and technological research of the most sophisticated kind . . . or, that in the same relatively short span of years, the country would be exporting machine tools, producing television and x-ray tubes and transistors, setting up joint industrial enterprises in other countries, and at the same time increasing and improving its traditional products like cotton, textiles, jute, sugar and handicrafts.

Who would have predicted, just 35 years ago, that the India of today would be the eighth industrialized nation in the world. India's future is a future of unparalleled opportunity and accomplishment, underwritten by present success and past history.

In addition to agricultural and technological breakthroughs, significant progress has been made in the economic sphere. Inflation was reduced from a crippling 23.4 percent rate in 1979 to half that in 1980. By April of 1982, the rate was zero on a point-to-point basis.

With the liberalization of licensing laws and the modification of many of



the restrictive rules and regulations, foreign investment has increased substantially—most importantly, from the United States.

A situation vitally important to the continuing growth of the Indian economy, from the point of view of both Indians and foreign investors alike, is the state of employer-employee relations. In India they are quite good and improving steadily. For example, the country, in the first nine months of 1979 had 37.6 million man-days lost to work stoppages and absenteeism. This was cut to 9.89 million man-days in the same period in 1980. There are few nations that can match the progress India has made in this extremely important area.

India is indeed at the turning point. The era of stark scarcity is at an end. The rationing of scarce resources and the concomitant restrictions constraining foreign investment have now been substantially eased. Thus the way to an increased participation, on a partnership basis, for foreign investment has been opened, offering a glowing future to all who are willing to work, to produce and to share in the evergrowing success of democratic India.

Nearly 40 years ago, the late Prime Minister Nehru, in marking the end of India's colonial past said, "... the initiative comes to our people now, and we shall make the history of our choice ... The door is open, and destiny beckons all." India has now passed through that door, but that is only the beginning ... The journey has just begun.



Chapter 1.

AGRICULTURE: A NEW PEAK

"It was with the use of the plough that the human species first became conscious of the earth as the bountiful mother and touched it with sanctity."

—Indira Gandhi

The Frank McDougall Memorial lecture at the Biennial Conference of the FAO, Rome, November, 1981

Overview

The most immediate problem facing India at Independence was food production. In 1951–52 output of food grains was only 52 million tons. It has since increased to 134 million tons—a 162 percent increase in rice output, a 461 percent jump in wheat production and a 100 percent gain in coarse grains.

These immense gains in Agriculture were accomplished by the application of technology and the willingness of the individual farmers to adapt and persevere through difficult and changing circumstances. The problems were many—adverse weather; lack of machinery, insecticides and fertilizers; land holdings too small to



be economically viable; insufficient irrigation and poor seed strains.

With India now being able to maintain a food reserve, these problems have been largely overcome, and it has all been accomplished through the democratic process. It is the Indian people who made the plans and worked the fields. Through technology, the Green Revolution is a true agricultural revolution, yet it has all been accomplished without compromising the ideal of private ownership of land, or of destroying the enduring ways of village life. In democratic India, the past endures, and the future opens up a boundless promise.

U.S. Assistance

However, despite her own efforts, the truly remarkable gains made in In-

dia's agricultural efficiency would have been impossible or at least greatly delayed without the help of the United States. During the period from 1957 through 1971 India purchased grain from the U.S. under a unique currency arrangement that allowed her also to invest at the same time in building local support facilities, the training of scientists and technicians, and the new hybrid grains, all necessary to the achievement of her Green Revolution. This program was a success for both India and the United States, and remains a primary example of the immense benefits that can be accomplished when the two largest democracies work together for their common good.

New Technology

Scientific Training

The Indian peasant has always been intelligent and hard working. But until now, he has not had the tools needed to get the most from his native soil. In the current five-year plan, which runs through 1985, the government will spend some \$1.3 billion to enhance agricultural productivity—more than was spent in the previous 30 years. In addition to these general agricultural funds, the proposed outlays for 1980–85 specifically for irrigation development, far outstrip similar allocations of the previous 30 years, as well.

India, upon Independence, was a technological backwater, woefully short of agricultural scientists and



technicians. To overcome this and get at the problem of enhancing the country's food supplies, the Green Revolution was launched, and with help from the United States government as well as the Rockefeller and Ford Foundations, a considerable number of people were trained in the most modern scientific agricultural methodologies.

Today, there are 22 universities specialising in agriculture, some established on the U.S. land-grant system. From these universities, there flows a continuous stream of technical innovation and innovators. New and better seed strains and cultivation techniques are made known and available throughout the country.

Thus, the necessary scientific and technological basis for a modern agriculture has been established. In fact, Indian agriculture has developed to the point that a serious drought, such as the one in 1978, affected agricultural production only marginally.

Fertilizer Development

Of all the many activities vital to agriculture, few are more important than the production of fertilizers. Upon Independence, output of fertilizers hardly existed—a reported 27,000 tons in 1951. In the ensuing 30 years, output rose to 6.2 million tons annually. By end of Plan period 1985, fertilizer consumption is estimated to be 9.6 million tons.

Irrigation Development

India receives 80 percent of its annual rainfall between June and September. This means flooding and threats of flooding for a short period, and dry conditions over much of the land for longer periods. Thus, for a series of steady, dependable harvests, irrigation development has been a top priority for Indian agriculture. The results have been impressive.

Not only has the total acreage under cultivation been greatly expanded, but irrigated areas have increased from about 25 million hectares in 1950 to more than 50 million hectares in 1981—about 30 percent of all agricultural lands.

These accomplishments are im-

pressive, especially when viewed against the problems caused by the vagaries of climate and weather which still plague most developing countries.

Cooperative Development

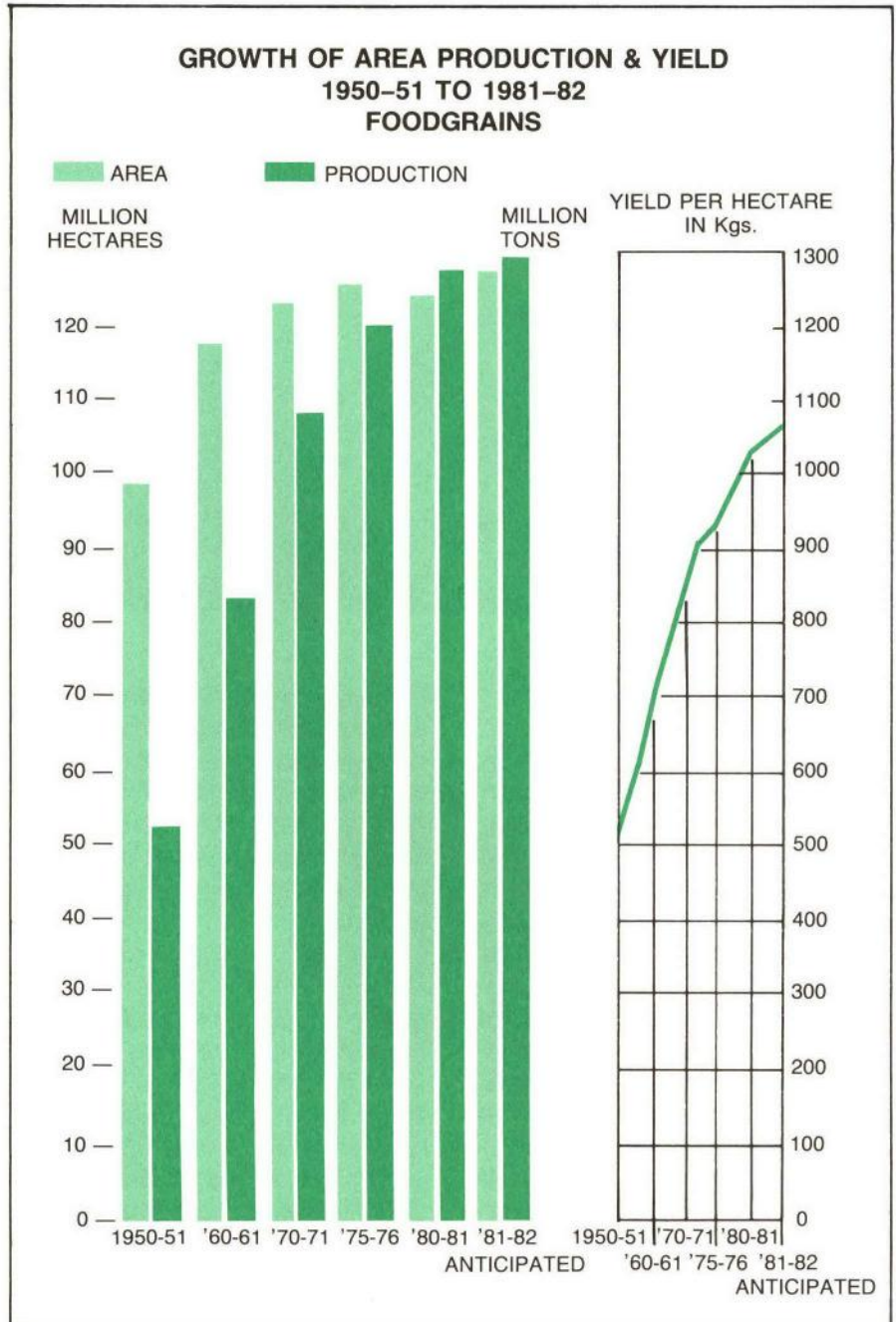
Another feature of Indian agriculture is the activity of the more than 100,000 farmer cooperatives which provide loans for purchase of fertilizer, seed, equipment, pesticides, wells, and land development. The credit extended by these cooperatives has increased a hundredfold since 1950.

20-point Economic Program

India has now embarked upon a new 20-point economic program. This includes stepping up the expansion of irrigation and disseminating technology for dry land agriculture. Special emphasis is also placed on cultivating oil seeds and various edible seeds, afforestation, social and farm forestry, and the development of bio-gas and other alternative energy sources.

U.S. Cooperation

These new departures signal the arrival of a mature, robust high-tech agricultural program, and its advent has brought about new prospects of energetic collaboration with foreign agencies, especially those of the United States. As an example of the possibilities of this cooperation, priority areas for such work have just



recently been identified by the joint Indo-U.S. Subcommittee on Agriculture:

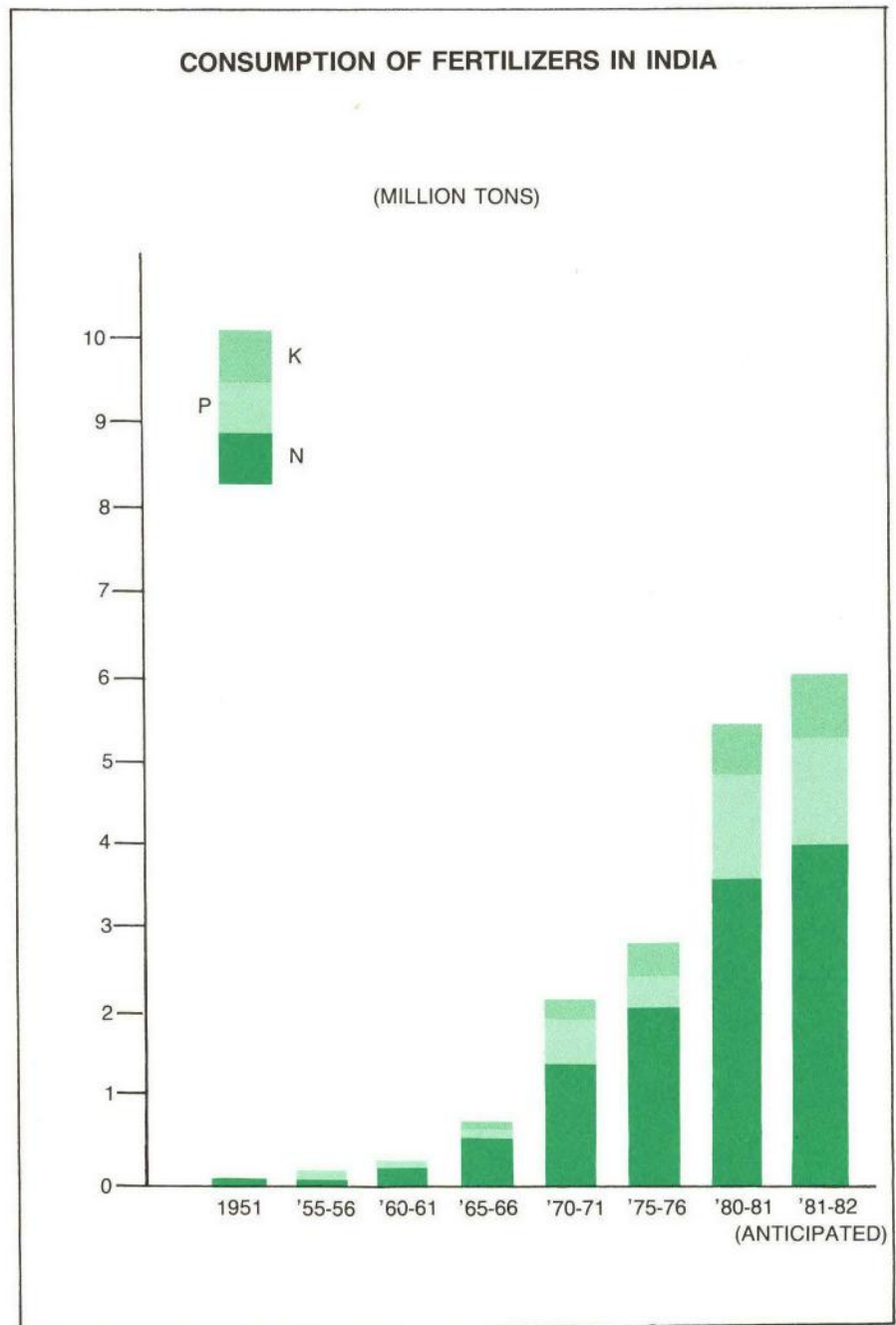
- integrated plant nutrient management;
- haemoprotozoan diseases;
- embryo transplantation in livestock;
- microbial degradation of lignocellulose for livestock feeding;
- bio-technology.

Remaining Problems

Although progress in Indian agriculture has been remarkable, many problems still remain to be tackled. Among these problems, the most critical is not strictly agricultural, but social.

Exigencies of climate and geography add to the problems facing agricultural production on the subcontinent. Too much rain, too little wind, and water erosion—all must be dealt with by coordinated, constant effort. These mark the dimensions of the challenge being faced.

But the success of India's Green Revolution cannot be denied. It has alleviated the heretofore everpresent threat of famine, and it provides the foundation for continuing success in this most basic of national priorities—the meeting of the nutritional needs of all of India's citizens.



CHAPTER 2.

INDUSTRY: NEW DIRECTIONS

Overview

India is now firmly established as an industrial power. It has developed the kind of power, transport and industrial base so vital to a modern, emerging industrial nation . . . especially one which must support one-seventh of the world's population.

Today, India is an exporter of a wide range of industrial and technical products; machine tools, iron and steel, railway cars, petroleum products, plastic and consumer durables such as television sets, refrigerators, sewing machines and electronic calculators. All have "Made in India" stamped on them.

Total exports have soared from \$1,386 million in value in 1961 to \$2,042 million in 1970-71; by 1980-81 they had leapt to an incredible \$7,454 million. But this is only the beginning; an export target of three times the 1981 figure has been set for the mid-1980s.

The Role of Democracy

Industrial progress has been marked by a skillful blend of the traditional and the modern—the village and the city; social values and technology—and it has been accomplished within the structure of a democratic system. This system is based upon government taking the initiative in developing a base for its industrial infrastructure, thus creating an environment for the private sector to grow and develop.

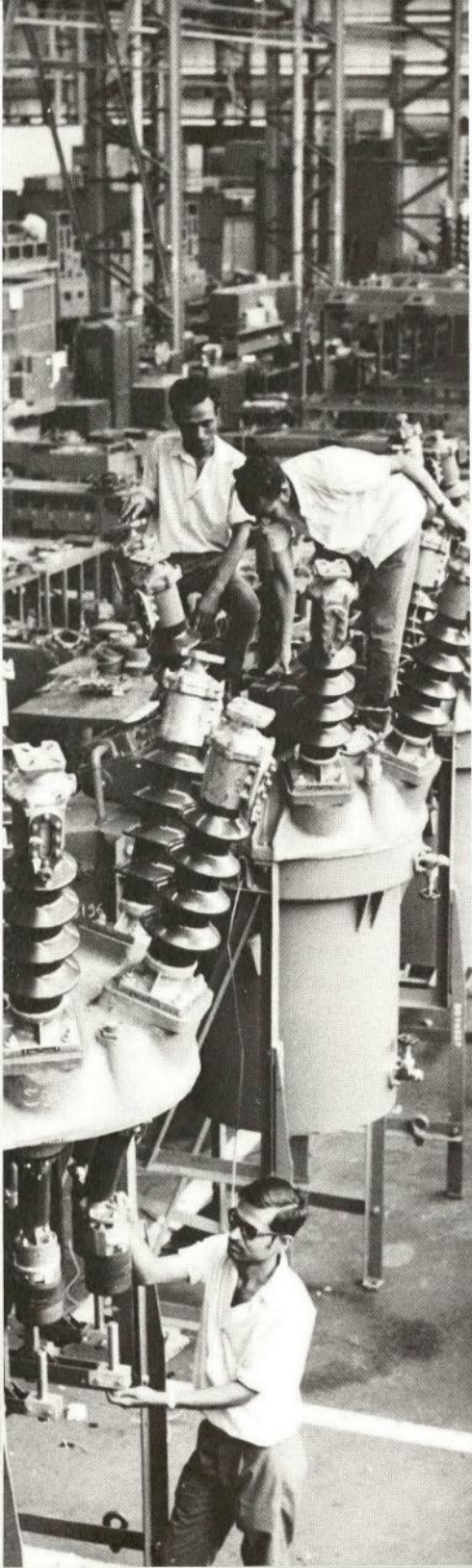
Industrial Policy

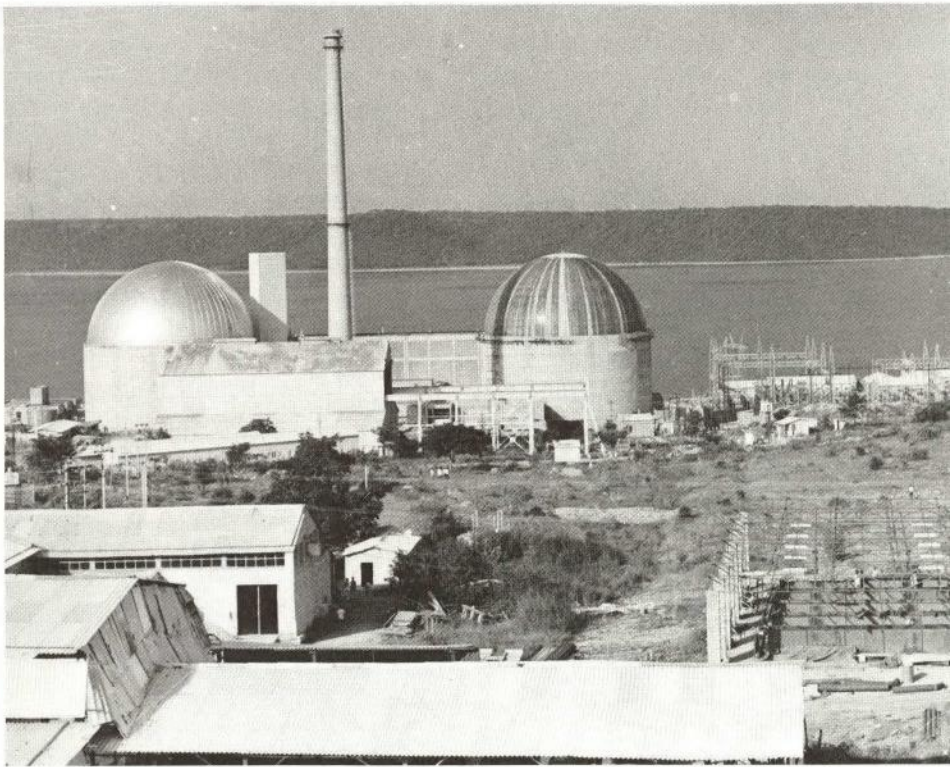
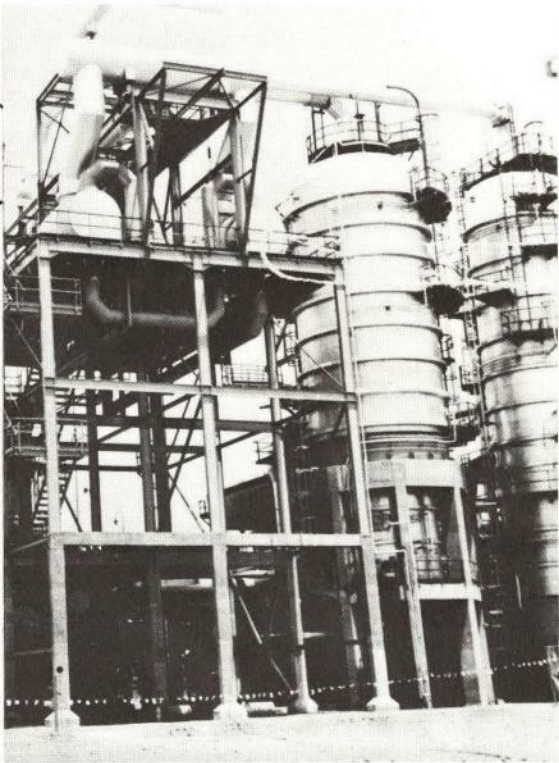
Industrial policy of India aims not just at boosting output with greater productivity, but also at job creation, optimum use of existing facilities, protection of traditional crafts and cottage industries, promotion of export-oriented businesses, consumer protection against high prices and poor quality, and support for agro-related industries.

In addition, special programs for rural and backward areas are being developed to ensure balanced regional development. There has also been a consistent effort to reserve areas of development for smaller, privately-owned business with ever more liberal licensing and financing policies.

This new industrial policy has produced the following specific strategies:

- boost investment in small industry;
- strive for a five percent yearly growth for basic industry;
- make licensing procedures for private sector business more efficient;
- relax import restrictions on capital goods;
- end licensing for export productive capacity;
- ease industry location restrictions to provide for more natural development.





"Having reached a stage of self-reliance, we can and should avail ourselves of more advanced foreign technology without jeopardising self-reliance."

—Indira Gandhi

address to the 69th Annual Session of the Indian Science Congress, January, 1982

Foreign Participation

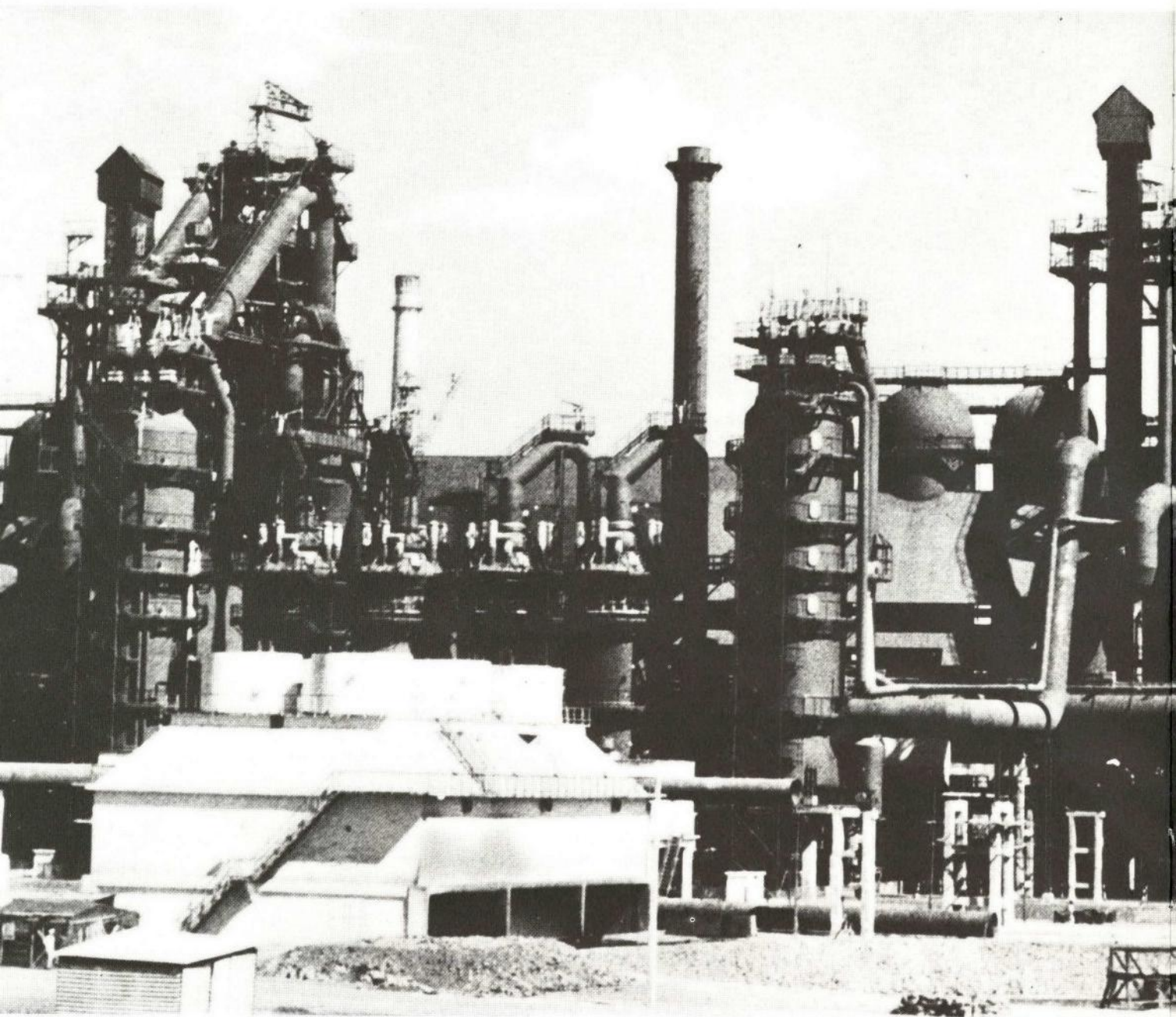
International cooperation has been an integral part of India's industrial success story. With the government's more liberal approach, the role of foreign capital and technology will expand much further.

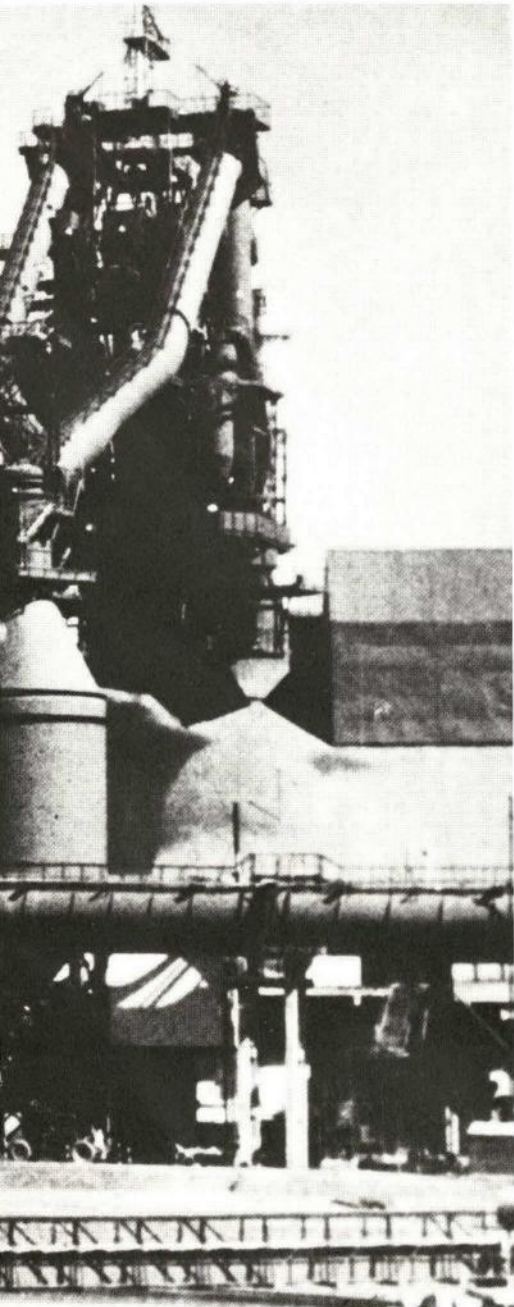
India welcomes and encourages concrete proposals for the introduction of foreign technology and investment. Inflow of technology may or may not be linked to foreign investment. This is left to the parties to the agreement to decide.

In the area of high technology, as well as in predominantly export

oriented ventures, majority share holding of up to 100 percent can be obtained. Foreign investors are, of course, allowed payment for technical know-how, either in the form of a lump sum amount, recurring royalty, or both. Full facilities are given for repatriation of royalties, dividends and other earnings. The same is the case with capital repatriation. Also, there is no minimum period for which an investor must remain in India.

India has also enlarged the list of industries open to foreign investors. The revised list includes metallurgical





industries, electrical equipment, transportation, fertilizers and chemicals, industrial machinery, cement, and certain drugs and pharmaceuticals.

In all, more than 1,000 foreign companies are operating currently in India, either as part of joint ventures or through license arrangements with the government. This foreign investment now amounts to some \$3 billion.

U.S. Industrial Investment

Today, the United States is the second largest overall investor in India. At the end of 1980, U.S. investment was \$396 million—up 16 percent over the previous year. By the end of 1981, it had jumped an additional 26 percent, totalling close to \$500 million.

Another sign of the rapidly increasing American presence is the total of collaborative projects. For 1980-81 they are the largest in number of any foreign country—210 out of a total of 915.

Another measure of the mutual importance of the U.S. and India to each other as trading partners is the level of new technological transfers and equity investments. Here, again, the U.S. has been India's largest business partner since 1980.

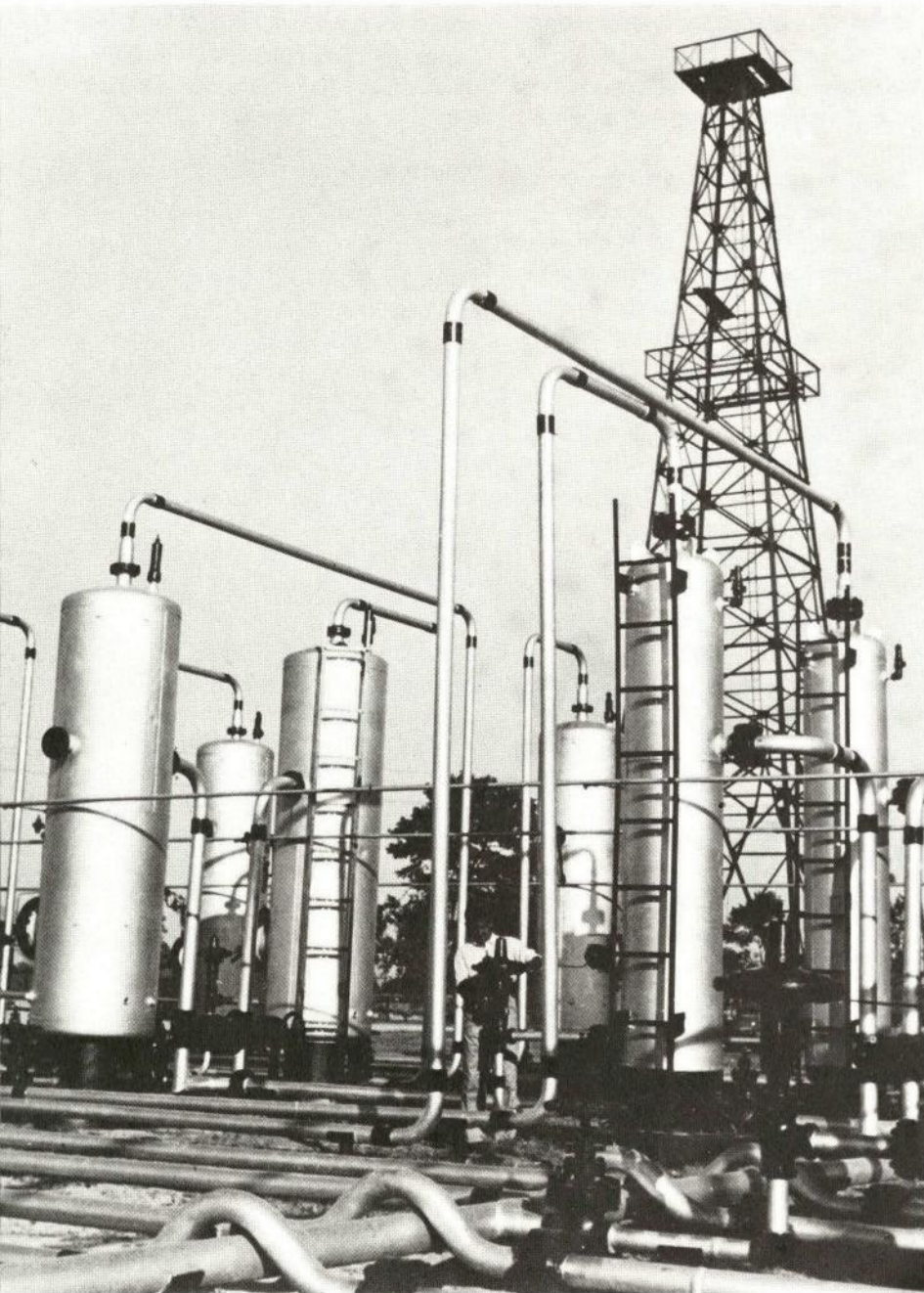
One final note . . . it should be stressed that India's giant economic strides have been made within a well-defined democratic framework and a stable political climate. With legal and

administrative continuity, and an independent judicial system, India exhibits all the hallmarks of a modern, democratic, industrial state.

Industrial Gains

The growth of India's economy has been both rapid and broad-based. Following are some of the more important examples:

- electricity generated in 1960 was 5 billion kilowatt hours, in 1980 it was over 111 billion;
- exports of engineering goods, machinery and equipment have soared from \$9 million in 1950 to \$875 million in 1978-79;
- oil production was nonexistent until well after Independence—domestically produced crude now contributes some 45 percent of India's petroleum needs; refinery capacity is 32 million tons, and more onshore and offshore development is beginning;
- there are 40,000 miles of modern railways, the largest in Asia and fourth largest in the world;
- coal output has tripled since 1950—from 35 million tons to more than 120, making India the world's fifth largest producer;
- the highway system has increased from 250,000 miles in 1950 to about 760,000 miles today;
- India is now Asia's second largest ship-owning nation, with 5.3 million tonnage capacity, and a developing shipbuilding industry;
- at Independence, steel production



was less than one million tons; today capacity exceeds 15 million with additional capacity on the way; India is now self-sufficient in most steel products, even exporting a small surplus.

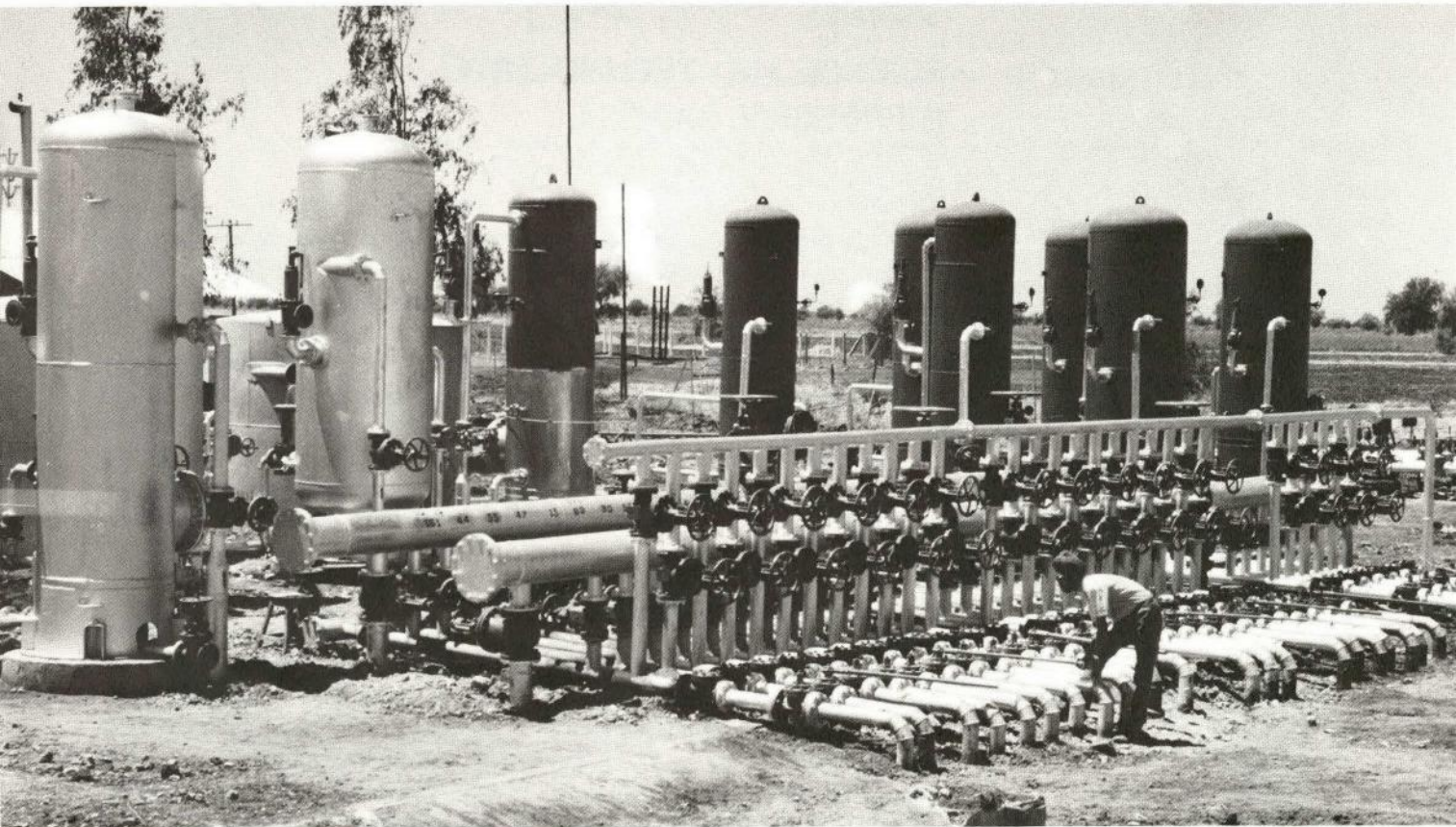
India hasn't abandoned her traditional industries:

- a fading activity at Independence, handicrafts have risen to more than \$635 million annually, about half of which is exported;
- cotton yarn output has doubled since Independence to a total of 2.5 billion pounds, and the output of cotton cloth exceeded 8.5 billion yards in 1980;
- substitutes for jute have cut into its output, but in 1980-81 it still brought in \$270 million from exports.

The electronic and telecommunication fields are also growing rapidly:

- India's telephones and much of its exchange equipment are internally produced, along with teleprinters and certain microwave equipment;
- the electronics industry has grown from virtually nothing to the point where it can turn out the most sophisticated equipment including radar transistors, diodes, X-ray tubes and television picture tubes.

Additional industrial gains may be noted by India's successful manufacturing of the following products; aircraft, ships, heavy electrical generating equipment, railroad equipment, household appliances, and many other items totally beyond the country's capacity a few short years ago.



Thus, the 35 years since Independence has seen what must be one of history's most notable transformations. From an economy producing jute, cotton textiles, tea, coffee, rubber and similar raw products, India has lifted itself by its own bootstraps to a position of major industrial importance.

And all of this has been accomplished by an ancient, traditional and highly diverse nation of 700 million people operating within a modern democratic system.

SCIENCE AND TECHNOLOGY: IMPRESSIVE GAINS

One of the major objectives of science should be to evolve technologies and induce life styles which use the minimum energy and material, to get more from less, for the benefit of humankind not just in terms of material well-being but for a heightening of consciousness that makes of every happening an enriching creative experience."

—Indira Gandhi

from a speech at the Science Policy Foundation, London, March 26, 1982

Overview

From the very start, independent India's leaders understood that science and technology were the twin keys to the future. However, the foundation for such an effort was minimal since there were few trained personnel. It wasn't until 1958 with the government's adoption of the Science and Technology Policy Resolution, that real progress could begin to take place.

Now, nearly 25 years later, science and technology permeate India's industrial and agricultural life. In fact, today, India has the third largest scientific establishment in the world. It consists of more than 2.4 million scientists and technicians, and is being added to by the country's institutions at a rate of about 160,000 graduates each year.

Most are employed in some 130 laboratories and institutions under the aegis of the Indian Council of Agricultural Research; the Council of Scientific and Industrial Research; the Indian Council of Medical Research; the Department of Atomic Energy, Space, Electronics, Science and Technology; and the Defense Research and Development Organization.

Also, since 1981, there has been a Scientific Advisory Committee to the Cabinet, further underlining the official high estimate of the real worth of science and technology.

That scientific establishment has made it possible for the country to become the sixth nation to launch its own satellite into orbit. In fact, India's annual research budget has increased 150-fold since such spending began 30 years ago.

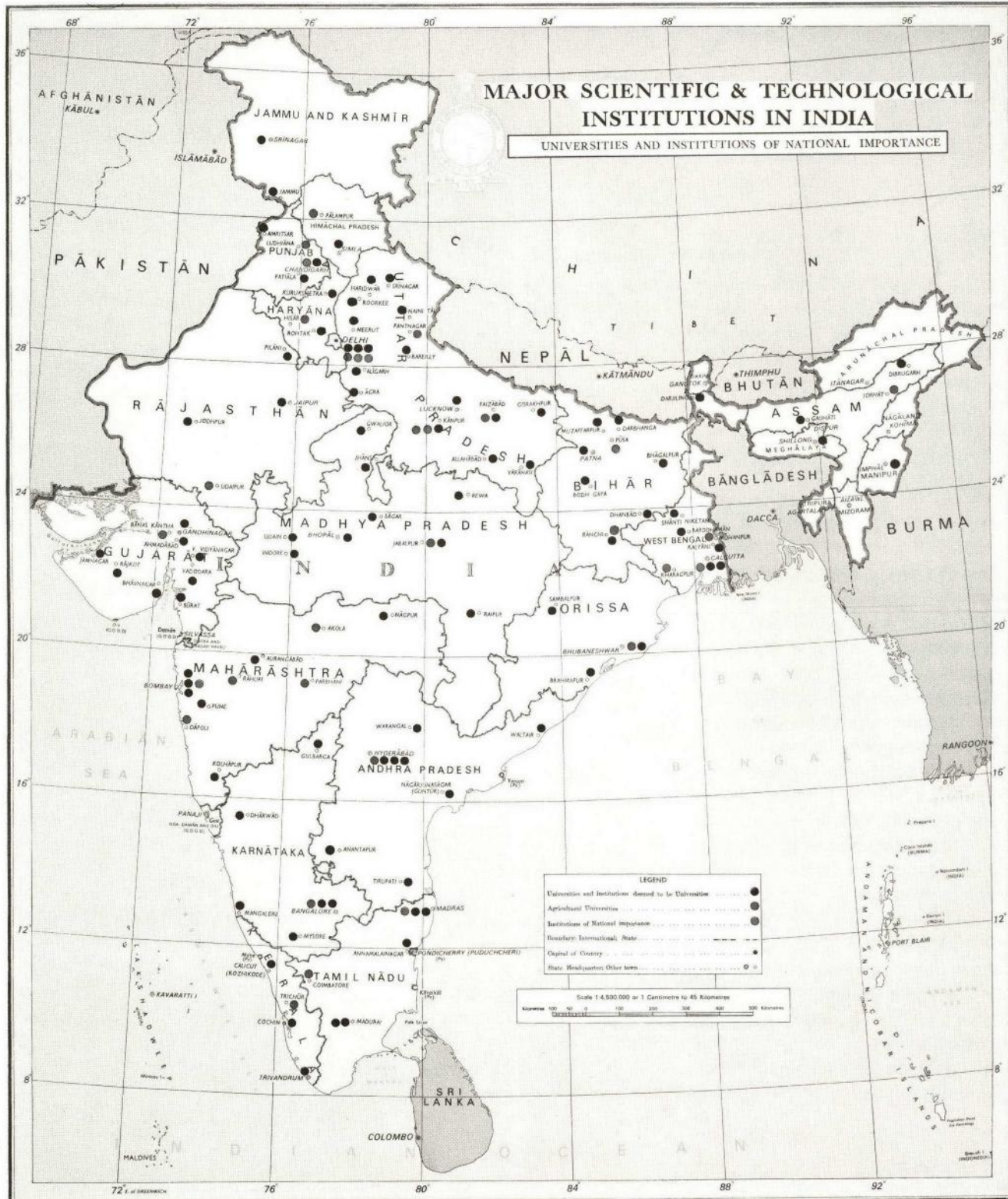
Energy

Energy plays a pivotal role in human development and welfare. However, energy requirements and conditions present in India are substantially different from the industrially developed countries, especially when considering India's relatively isolated rural areas. There is a tremendous need for renewable energy sources such as solar energy, wind and bio-mass to meet the decentralized requirements of this huge country.

But there are additional arguments for increasing the use of renewable energy sources, both practical as well as philosophical. In this instance, it is relevant to quote from Prime Minister Mrs. Indira Gandhi's address to the United Nations Conference on New and Renewable Sources of Energy, held in Nairobi in August 1981: "We are searching for new and renewable

MAJOR SCIENTIFIC & TECHNOLOGICAL INSTITUTIONS IN INDIA

UNIVERSITIES AND INSTITUTIONS OF NATIONAL IMPORTANCE



resources only because the fossil fuels on which we had grown dependent are fast and recklessly being depleted, and are in the control of a few. What we have to understand is that nothing will work in the long term unless there is change in our thinking, unless we see ourselves not as masters of the universe, but as tiny parts of an exceedingly complex system in which the smallest has a specific role."

"... We have disturbed and continue to disturb this marvellous equilibrium, and yet we are astonished at the dangers which confront us and which we ourselves have created. We must view energy in its entirety, for problems of survival and progress are not pieces to be put together, but are inseparable parts of an integrated whole."

There is no doubt that a considerable proportion of energy requirements can be met through new and renewable sources of energy. In some cases, the technology is already available, while in others it is still under development.

Development and Conservation

Of course, for a program of rapid energy development, with an important part being renewable sources, methods of conservation must be equally attended to. India has historically shown a great tradition of environmental conservation, as is evident from the references to this subject found in its ancient scriptures. Mrs. Gandhi has also made note of this

heritage: "The interest in conservation is not a sentimental one, but the rediscovery of a truth well-known to our ancient sages. The Indian tradition teaches us that all forms of life—human, animal and plant—are so closely interlinked that disturbance in one gives rise to imbalance in the others."

Even in modern times, India can count itself among the few countries of the world that has made specific reference in its Constitution to the need for promoting ecological harmony. The Indian Constitution, in Article 48 of the Directive Principles of State Policy states this idea as follows: "The State shall endeavor to protect and improve the environment and to safeguard the forests and wildlife of the country."

Thus, once again, India has been able to successfully combine an ancient tradition of respect for life, with the modern appreciation, techniques and practices of conservation.

Nuclear Energy

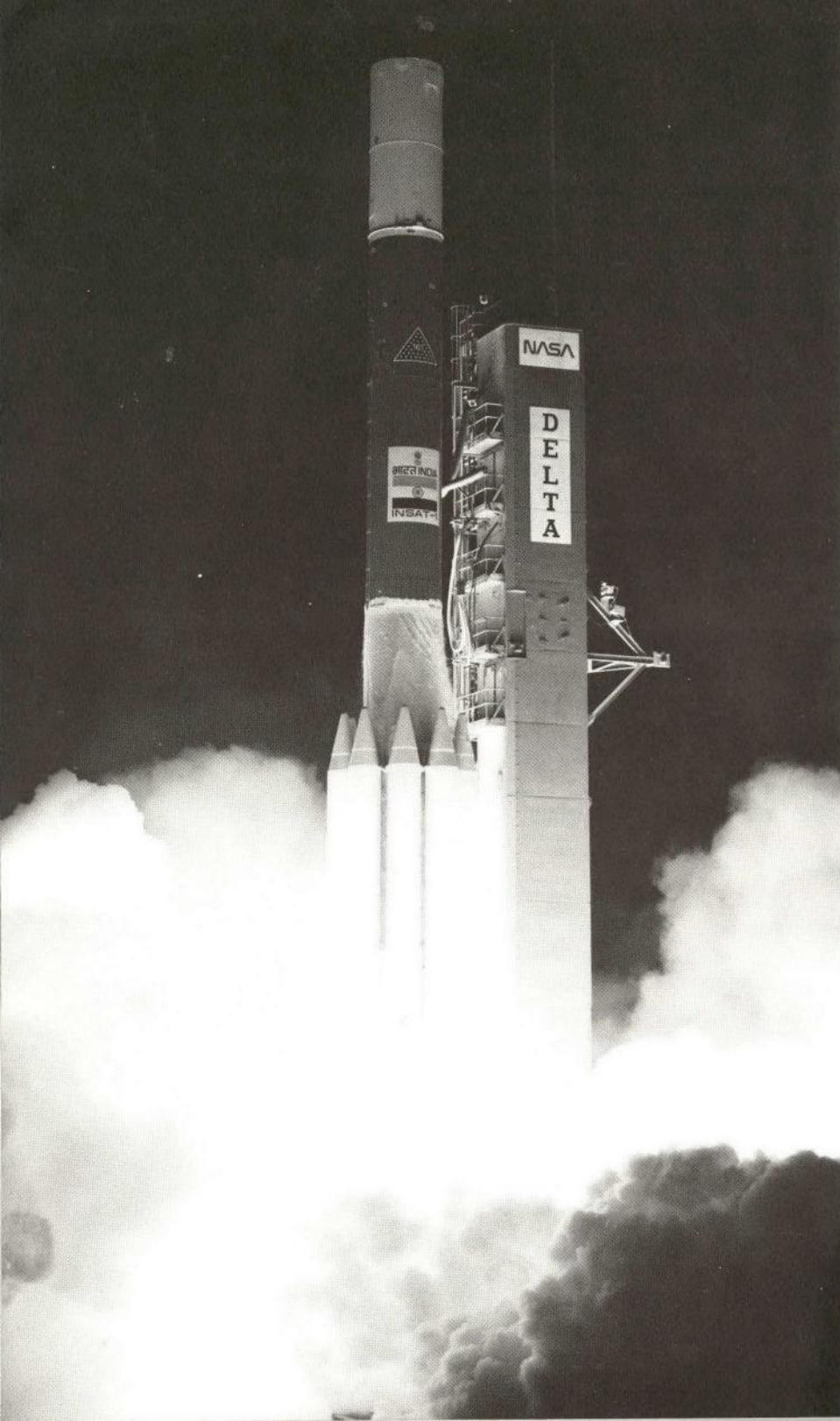
Of course, in this modern era of scarce and expensive energy sources, all possibilities must be thoroughly explored. Despite many lingering questions, without doubt, one of the most promising sources is nuclear energy.

The internationally known physicist, Homi Bhabha, early on saw the value of nuclear energy for India. In the post-Independence period he was instrumental in initiating the first studies

"Technology has an impact on society—the mode of living and the relationship between people and institutions. Technological change cannot be abruptly imposed. It has to be a process of evolution. However modern, however beneficial a technology, it has to fit in with indigenous culture and capabilities and harmoniously transform tradition into modernity."

—Indira Gandhi

The Frank McDougall Memorial lecture at the Biennial Conference of the FAO, Rome, November, 1981



of this newly possible energy source for his country.

With the world's largest reserves of thorium, that element was chosen to fuel India's reactors. Two reactors are currently producing electricity, and four more are under construction.

Because of fuel limitations, India has decided to take another sophisticated step—development of a fast breeder reactor fueled by thorium which will stretch out the available fuel.

Space

In space, India is working to build up its ability to launch ever larger payloads—far larger than the 35 kilograms of its first domestically launched satellite, Rohini RS-1, placed in orbit two years ago. In addition, highly sophisticated experiments in cosmic ray studies, geomagnetism and solar observations are taking place.

U.S. Cooperation in Space

A significant step in India's space program occurred in 1982 when, with help from the U.S. National Aeronautics and Space Administration, INSAT-1A was put into orbit to act as a multi-purpose system for domestic communications, meteorology and direct television broadcasting.

But these are just three areas involved in India's space effort. Yet another area of Indo-U.S. collaboration in space relates to the utilization of a U.S. Remote Sensing Satellite by India.

"Scientists are citizens and should ensure that science is not used for purposes which are harmful to society or our world."

—Indira Gandhi

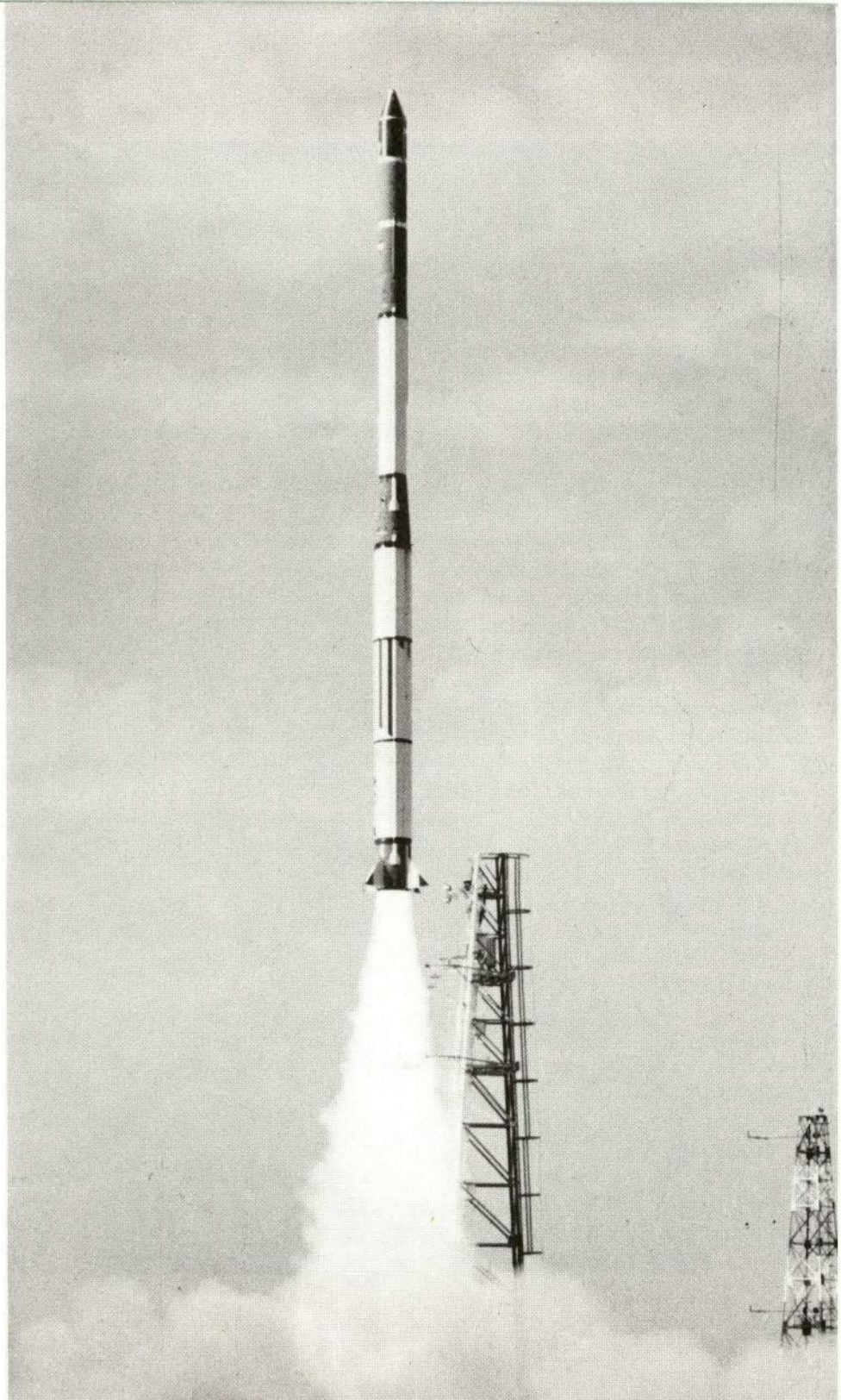
address to the 69th Annual Session of the Indian Science Congress, January, 1982

Additional Areas of Cooperation

Indo-U.S. cooperation in space is just a very small part of the growing relationship between the two countries. There have been hundreds of areas of science and technology within which the two have had a mutually rewarding relationship.

Since 1975, much of their mutual work has been channeled through an Indo-U.S. Subcommittee on Science and Technology covering a range of disciplines and institutions in both countries. Following are some areas of cooperative research they have undertaken:

- energy;
- physical sciences;
- medical and health sciences;
- environment and ecology;
- information sciences;
- agricultural sciences;





The Human Condition

Apart from self-sufficiency in grains, a better diet and tangible improvements in living conditions, India's attention to science in human terms can be readily measured.

Within the past 25 years, life expectancy has risen from slightly more than 32 years to more than 50. Although far higher than desired, the infant mortality rate has declined markedly since the turn of the century. It is now about 125 per thousand live births. And, for the first time ever, population growth—thanks to the government's active family planning program—is showing a slight decline compared with the preceding decade.

India's first Prime Minister, Jawaharlal Nehru, once noted that science was mankind's lone hope to solve hunger and poverty. Prime Minister, Mrs. Indira Gandhi, echoes that view when she said the task now of "... leaders of science and the moulders of national and international policies is how to direct the removal of hunger, want and disease of privation. "

CHAPTER 4.

INDIANS IN AMERICA: PERMANENT AMBASSADORS

"The twentieth century has brought about substantive migrations of people from one continent to another. India's progeny has travelled to distant lands. Wherever they have gone Indians have established themselves in an impressive manner. They have adapted and adjusted and yet preserved a small corner in their hearts for India. India is proud of its permanent ambassadors to the rest of the world."

—Indira Gandhi

message to the Second Convention of Asian Indians in North America, Chicago, May, 1982

While most of the Indian immigrants to the former British colonies in Asia, Africa and the Caribbean were drawn from the labor forces of the plantation and railway workers, those who came to the United States were usually men and women of learning and intellect.

Altogether, this community has grown from a mere 200 or so in the early nineteenth century, to about 362,000 as enumerated in the 1980 census. They can be found in significant concentrations in the tri-state area of New York, New Jersey and Connecticut as well as Chicago, Houston and on the West Coast.

Their respect for the law, devotion to their professions, their civic consciousness and above all, their loyalty to their adopted country places them in a position of high esteem among their friends and neighbors.

Many hold high positions of honor and trust in their new country. There are scientists like Dr. Har Gobind Khorana and Dr. S. Chandrasekhar who have made outstanding discoveries in the fields of genetics and astrophysics. Great artists such as Zubin Mehta and Ravi Shankar have attained national and world prominence.

Numerous other Indians living in the U.S. have brought honor to both their adopted country and their homeland. Some of the more outstanding include Dr. Satyabrata Nandi, a leading authority on cancer and the head of the cancer laboratory at the University of California; Dr. C.K.N. Pate, who revolutionized communications processes through his discoveries and contributions in the field of laser technology; Dr. Rustom Roy, who has made great contributions in various areas of chemistry; Mr. Kundan S. Singwi, noted theoretical physicist; Dr. S. Subramanian, an eminent cardiovascular surgeon; Dr. E.C.G. Sudarshan, an eminent physical scientist; distinguished mathematicians like Raj Chandra Bose and Dr. Harish Chandra; writers of English literature such as Raja Rao, A.K. Ramanujan and Santha Rama Rau. These are just a few of the thousands of outstanding Indians now living in the United States.

While there has been a general tendency to view the migration of people such as have been mentioned as a brain drain, this is not really the case. The Indian emigrants are really India's investment abroad. They are an important source that India should continue to benefit from. In-

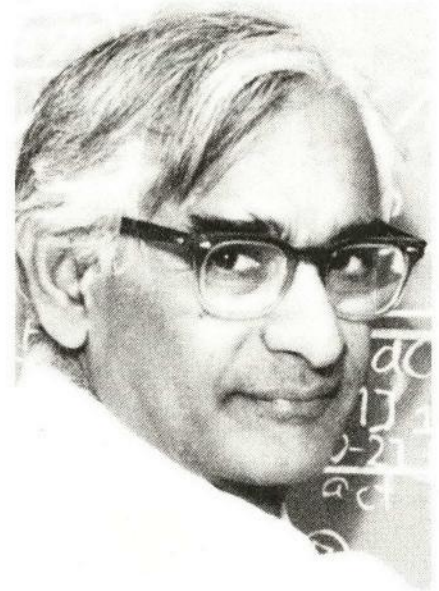
deed, beyond technological or management expertise the emmigrés offer a vital bridge of understanding between the two largest democracies in the world.

Both India and the United States, despite sharing so many basic values, often find themselves having different perceptions of the world. A number of difficulties arise through the simple inability to comprehend the rationale of a particular act or comment. Both countries need a bridge to span the gulf of misunderstanding that often divides them. The Indians in America must be that bridge.



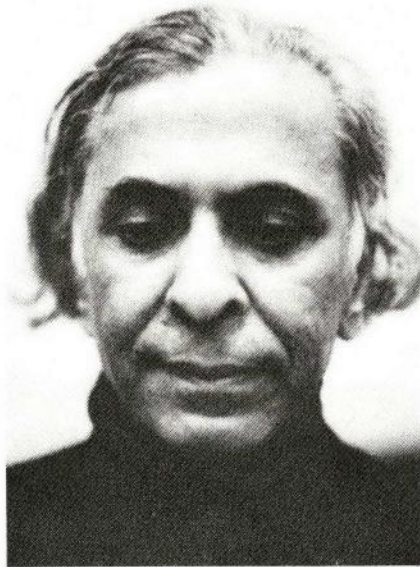
Zubin Mehta

Throughout the world of music, Zubin Mehta is a household word. He attained meteoric fame when he was still in his twenties and today he is acclaimed as one of the greatest conductors of our times.



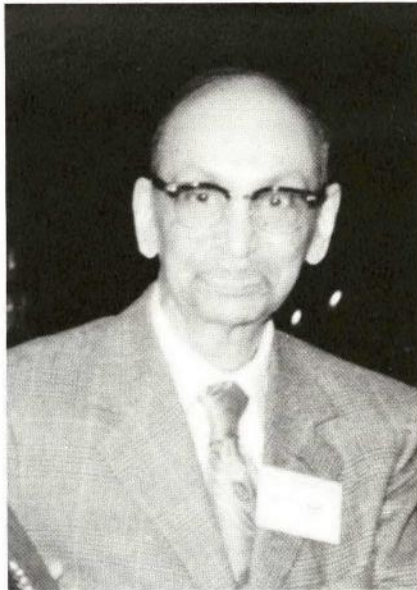
H. Gobind Khorana

Professor H. Gobind Khorana is a scientist of world renown, whose outstanding contributions in the domain of biological chemistry have won him the Nobel Prize.



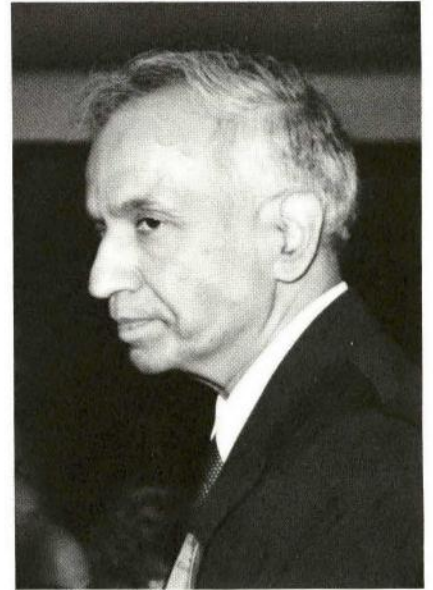
Raja Rao

Raja Rao's eminence among contemporary Indian novelists is indisputable.



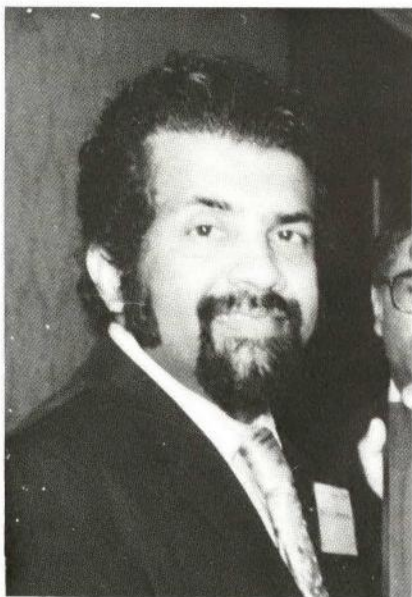
Raj Chandra Bose

Presently Professor of Mathematics and Statistics at the Colorado State University and one of the 75 newly elected members of the National Academy of Sciences (NAS), Professor Raj Chandra Bose attained national prominence in India even before migrating to the USA in 1949.



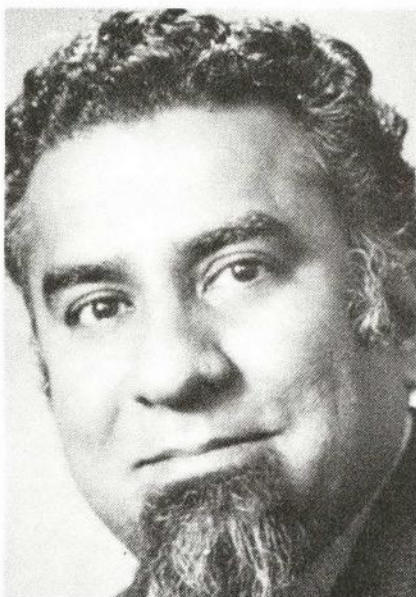
Dr. Subrahmanyan Chandrasekhar

India feels justifiably proud that one of its talented sons, Dr. Subrahmanyan Chandrasekhar, is one of the world's leading authorities on astrophysics today.



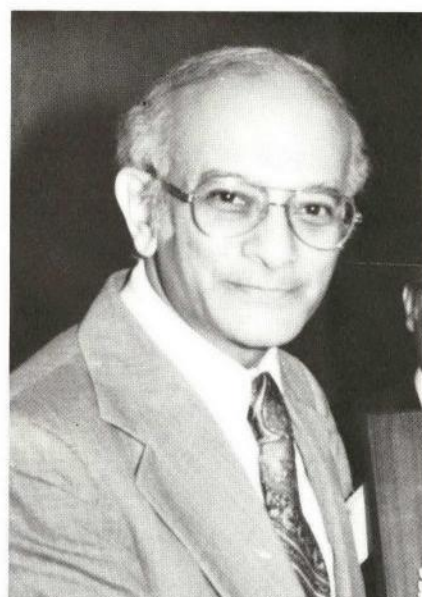
E.C.G. Sudarshan

In the galaxy of Indian scientists in the U.S.A., Dr. E.C.G. Sudarshan has made unique contributions in the field of physical sciences including, notably, quantum mechanics, the particle theory and in allied fields of mathematical physics.



S. Subramanian

In an era when cardiovascular surgery is witnessing notable advances in the U.S., all Indians can be justifiably proud that Dr. S. Subramanian, Chief of the Division of Cardiovascular Surgery and Professor of Surgery at the State University of New York and Buffalo is playing a notable role in this vital area of contemporary surgical practice.



Rustum Roy

An outstanding man of science, Dr. Rustum Roy has made signal contributions in the fields of chemistry, geochemistry, crystal chemistry, ceramics technology, and especially the study of the solid state.



Dr. Harish-Chandra

Dr. Harish-Chandra, who is a Fellow of the Royal Society of London and presently Professor of Mathematics at the Institute for Advanced Study, Princeton has played a notable role in enriching the world's knowledge of complex mathematical problems.

"If the good and the best are not sought simultaneously, the one can become the enemy of the other. Opportunities for intellectually challenging work must be provided within the country to keep our talented persons at work to serve their own people. Many of the young scientists and technologists go to affluent countries, tempted by higher pay, greater comfort or better facilities for pursuing their specializations. They constitute the reverse economic aid given by the weak to the strong. But the larger number of the talented do remain and it is our obligation to help them to participate in the adventure of transforming our society."

—Indira Gandhi

lecture at the Science Policy Foundation,
London, March, 1982

The Democratic Imperative

Both India and the United States are committed to the ideals and processes of democracy. Thus, no matter what their differences on particular issues may be, in the final analysis, each reinforces the other.

In a world where the very meaning of the word “democracy” has been twisted almost beyond recognition, the United States in the West and India in the East, remain beacons of light.

India and America are the keepers of that flame—the flame of freedom, of humanity itself.

The speed with which India's farmers and scientists, with some materials and counsel from the outside, suddenly gave their country an approach to an abundant food supply has never been duplicated on an equal scale anywhere else in the world, including the agriculturally sophisticated United States.

Some of the story can be told in bushels and tons, dollars and rupees, but perhaps the most important phase of it is beyond measurement. . . . the real revolution is the one that has happened, not to farming, but to farmers — the revolution of hope.

Special Report From The
Rockefeller Foundation



INDIA

The Turning Point

Published for
THE EMBASSY OF INDIA
2107 Massachusetts Avenue
Washington, D.C. 20016

A. W. CLAUSEN
President

August 3, 1982

Dear Madam Prime Minister:

It was indeed a pleasure to meet with you again last week. As I mentioned at that time, we are particularly grateful to you for your efforts on behalf of IDA. The support you expressed during your talks with U.S. officials and your public statements could be very influential in assuring a future for IDA. And we are deeply appreciative of your country's generous contribution to the McNamara Fellowship Fund.

Mrs. Clausen and I were pleased to be included in your dinner for George Bush, which was a most enjoyable evening for us. We would also like to thank you for the lovely gifts. They will serve as a reminder of your visit to Washington and our pleasant association with the people of India.

Warm regards.

Sincerely,



The Honorable Prime Minister
Mrs. Indira Gandhi
Government of India
New Delhi, India

MH:ml

3684

KEDAR NATH MODI
CHAIRMAN
MODI ENTERPRISES



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MODINAGAR, U.P.

5th August '1982.

Dear Mr. Clausen,

I am in receipt of your letter dated the 19th July '82 and thank you very much for the same.

It was indeed a great pleasure to have the privilege of meeting you in Washington on the 12th July '82. You were kind enough to give me much time inspite of your being extremely rushed with urgent engagements.

The role played by the World Bank in the development of less developed countries is widely recognised and appreciated. The credit for this goes mainly to initiative and drive shown by you. I am sure that under your able and dynamic guidance, the World Bank will continue providing increasing assistance to the less developed countries.

Among the developing countries fortunately India has been the biggest recipient of the World Bank assistance. Inspite of substantial progress made by the country in all fields, it still faces problems of large scale unemployment and poverty. Large number of people are below poverty line. There are certain pockets in the country which are very very backward. Solution of these problems calls for massive investments and I hope, as usual, assistance of World Bank would be forthcoming in an increasing measure.

We hope you would be visiting India in the near future; such a visit will immensely benefit the country through your mature advice.

With best regards for you and Mrs. Clausen,

Yours sincerely,


(K.N. MODI)

Mr. A.W. Clausen,
President,
World Bank
1818, H. Street N.W.
Washington DC 20433,
U.S.A.

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OFFICE OF THE PRESIDENT

A. W. CLAUSEN
President

July 19, 1982

Dear Mr. Modi:

It was good seeing you last week and meeting your son and Mr. Shah, as well as being brought up to date on the activities of the Modi Group of Industries. You are making tremendous strides and great contributions to the economy of India.

Many thanks for the lovely jewelry set you left for Mrs. Clausen. I know she will greatly appreciate your thoughtfulness in remembering her in this way.

Warm regards.

Sincerely,

TC

Mr. K. N. Modi
Chairman
Modi Enterprises
Modigagar U.P., India

7-25-82
But we need
to put this
up for another
month to benefit
the children
A

7-25



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(K.N. MODI)

Mr. A.W. Clausen,
President,
World Bank
1818, H. Street N.W.
Washington DC 20433,
U.S.A.

OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: August 9, 1982

FROM: W. David Hopper, ASNVP

SUBJECT: Discussions between Mrs. Gandhi, Prime Minister of India, and Mr. A. W. Clausen on July 30, 1982.

1. The meeting took place at 3:30 p.m. at the Madison Hotel, Washington, D.C. Attending were Mrs. Gandhi, Dr. Aurjun Sengupta (Economic Advisor to the Prime Minister), Mr. H. N. Ray (Executive Director to IDA/IBRD), Mr. A. W. Clausen, Mr. W. D. Hopper.
2. It began with Mr. Clausen thanking Mrs. Gandhi for responding to his request to meet her, and he extended these opening pleasantries with an expression of his personal thanks for what she did for IDA. Mrs. Gandhi replied that she hoped that her efforts on behalf of IDA would extend to further help from IDA for India. Mr. Clausen responded that her interventions had been most effective, that he appreciated her undertaking and the spirit of supporting IDA but that IDA was still in trouble, particularly because of its difficulties with the U. S. Mrs. Gandhi pointed out that there were difficulties that she has discussed with other leaders in France and elsewhere, and that they are all finding it difficult to expand assistance for IDA but that she hoped if more IDA were available, India would be a significant beneficiary. She expressed the view that African nations are unlikely to be able to absorb the amounts of IDA money presently scheduled for their help. Mr. Clausen pointed out that in his discussions with Chancellor Schmidt that he had been told that support for IDA was not a budgetary problem in Germany but a matter of principle based on burden-sharing arrangements among the IDA donors, especially with the U. S. Mr. Clausen indicated that he and his colleagues at the Bank would continue their efforts to secure additional resources for IDA and that he hoped Mrs. Gandhi would also continue her efforts.
3. Mr. Clausen then shifted the discussion to an examination of India's economic progress with the statement that he was most pleased with India's performance on Bank Projects and under the Fund's EFF. Mrs. Gandhi pointed out that because of this progress it now appeared that India would be penalized, many are saying that concessionary funds were no longer needed and that India should now secure its borrowing requirements from commercial sources. Mr. Clausen indicated that the Bank was sensitive to India's needs but that in view of India's requirements and the difficulty of securing concessionary funds it was going to be necessary to alter the mix of resources available to India that the good progress of the economy would permit India to obtain more funds from harder sources.
4. At that point Mr. H. N. Ray intervened to point out that although total IBRD resources in this fiscal year would increase by approximately 11 percent the share that India would receive from the Bank

would decline over the share they received in the past fiscal year. Mr. Clausen indicated that last year there was a more than 25% increase in Bank Group support for India and that had he known India expected an increase every year, perhaps the increase last year could have been phased over a longer period of time. He reiterated that each year both the IBRD and IDA had significant constraints relative to the borrowing needs of member countries and that India received a large amount last year, an amount that would be at about the level that could be sustained from the World Bank Group this year and perhaps in 1984.

5. Dr. Sengupta then indicated that the IDA share for India dropped last year from its customary level to about 32 to 33%. He pointed that he would like India's share to rise this fiscal year. That the mix was important but the access to additional concessionary resources was also important to India. Mr. Clausen said that he recognized that there is a substantial difference between IDA and IBRD monies and that he knew of India's concern for a larger share of IDA. Dr. Sengupta indicated that in their discussions with the United States that they had raised the question of the share to India and had been told that the share was entirely a question for Mr. Clausen and the Bank's Management. Mr. Clausen indicated that certainly if IDA resource were to expand, and he felt that there would be an expansion this year to about \$3.3 billion but that he hoped it would be larger, then it would be possible to allocate a larger amount of money to India. He felt that there was a merging of the differences between India and the Bank on the appropriate level of IDA resources that would be available to India.
6. Mrs. Gandhi indicated that one of the problems India confronted was that individual States in India were larger than many countries of the world and that if some of these states were independent nations, they would be classed among the 'least developed' countries of the world and eligible for large IDA assistance. Mr. Clausen said that he appreciated this point. He then asked Mrs. Gandhi about her assessment of the outlook for the Indian economy.
7. Mrs. Gandhi responded that much depended upon the monsoon rains, that there had been unseasonable early rains but there was a significant delay in the onset of the main rains. This could mean a poor crop year although when she left India the rains appeared to have started and she hoped they would be good. There then ensued a discussion on the nature of Indian agriculture and the energy dependence of modern agricultural practices. Mrs. Gandhi made the point that Indian agriculture was now more vulnerable to the availability of energy than it had been when using traditional farming practices.
8. Mr. Clausen congratulated Mrs. Gandhi on the excellent progress made by Indian agriculture in recent years and discussed at length the new

Retrospective Study of IDA that has been produced by the Bank. He expressed the hope that this study, in which IDA's role in the development assistance for India was prominently featured, would provide the basis for an enlargement of IDA resources in the future. He used the term that he expected it to be a 'selling tool' for IDA. Mrs. Gandhi responded with considerable interest in the Study and especially the comment that Mr. Clausen made that he felt there was a misperception, at least in the U. S., of the good use India had made of concessional resources. Mr. Clausen said he hoped that Mrs. Gandhi's visit and the IDA Retrospective Study would bring a better perception among those concerned with IDA funding about the important return IDA assistance has generated through its use by India and other countries. Dr. Sengupta added that he hoped the World Bank would continue to play a significant role in extending its studies of development and in the sharing of development experience among countries. Mr. Clausen indicated that this is why the IDA Study was done and it was important that IDA contributors recognize that the Association has made a significant difference in the development of Third World Nations over the past 20 years.

9. Mrs. Gandhi returned to the emphasis that has been placed during her discussions with U. S. Officials on the importance of India utilizing more commercial credit. She indicated that while India was borrowing in commercial markets there were substantial concerns in her Government about the implications of such borrowing for future debt service obligations. She said that it was important for India to approach cautiously any increase in external borrowings at this time of high rates of interest. Mr. Clausen repeated that he felt India was deserving of concessional resources and that the IDA replenishments of the future would meet part of India's needs, but that India was going to have to harden its blend of externally acquired finance.
10. Mrs. Gandhi pointed out that the World Bank and the IMF wanted India to liberalize its imports and access to foreign exchange, but that India could only do this if funds were available to support the liberalized program. She argued that as purchasing power rose in India as a result of its economic progress, people wanted to buy more imported goods; that already she was receiving delegations from the business community who are upset about the level of imports now permitted in the country. Many Indian business leaders regarded these goods as unwarranted and as unnecessary competition for home-produced commodities. Mr. Clausen responded that the Bank and the Fund applauded the liberalization program and that while he understood the position of Indian industry it was also important that Indian industry become more competitive against internationally traded goods. Nevertheless, Mr. Clausen added, insofar as possible the World Bank Group would try to help. He mentioned the close relation between the Bank staff and the staff of the Fund and reiterated again how pleased he was the Fund program was going well.
11. Mr. Ray reminded Mr. Clausen that last year a reduction in India's 40% share of IDA was necessary to protect more vulnerable countries,

but he said he hoped that as more IDA money became available this year it would be possible to restore India's share at the previously agreed level. Mr. Ray pointed out that last year the IDA expectations were \$2.6 billion, that Mr. Clausen had indicated this year's expectation was approximately \$3.3 billion and that Mr. Clausen had said that perhaps even more would be available. Mr. Ray repeated the point that if IDA resources should grow as Mr. Clausen hoped, India would expect to expand its share of these resources. Mr. Clausen responded that all countries have taken a cut in the IDA resources even the very poor countries in Africa and Asia who could not turn to commercial markets. In the past year the Bank Group did increase India's access to IBRD funds; that the question confronting Bank Management now was whether India could expect to receive approximately a \$1.0 to \$1.1 billion annually from IBRD over a longer period of time with possibly a softer blend. Mr. Clausen added that last year India received sizeable additional support but this size of increase could not be sustained on more than a one-year basis. Dr. Sengupta said that the requirements for India at the present time could be answered only by the growth in Indian access to both IBRD and IDA resources. He added that India needed more now not in the years ahead.

12. Mrs. Gandhi picked up this theme by stressing that India needed help now; that the economy was on the move; that assistance was required over the next few years; and that if this assistance were forthcoming the burden of India upon the World Bank Institutions would decline in the future. Mr. Clausen accepted the point saying that he was sensitive to India's immediate needs but that there were significant constraints on Bank Group resources and there were other demands upon these resources.
13. Mr. Clausen ended the discussion by thanking Mrs. Gandhi for the time she had given him and assuring her the Bank Group understood India's needs and would try to respond to these needs.
14. The meeting adjourned at 3:56 p.m.

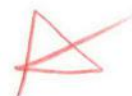
cc. Mr. Clausen
Mr. Stern
Mr. Wiehen
Mr. Thalwitz
Mrs. Hamilton

1362

Briefing Paper

Meeting with Prime Minister Indira Gandhi

July 30, 1982



1. The following brief is organized in two sections. The first provides an update on the performance of the Indian economy, reviews what we see as the ~~basic economic challenges~~ currently facing India, and highlights particular points you may wish to pursue with Mrs. Gandhi. The second discusses more specific operational issues which might be raised in your conversation with the Prime Minister. You may, of course, choose to proceed directly to these issues. We have also attached a biographical sketch of Mrs. Gandhi (Attachment 1) and a short paragraph on recent political events (Attachment 2).

The Economy

(FROM
DAVID
HOPPER)

2. Background. The performance of the Indian economy in 1981/82 showed considerable strength and resilience. Real GDP grew by 5%-6%, with industrial output rising by 8% and agricultural output increasing by about 4%, despite weather-related difficulties. Improved performance in key infrastructure sectors (especially electricity generation, coal production, and railway transport) led to improved capacity utilization, production, profitability and investment incentives across a wide range of industries. Private investment reflected these developments with substantial increases in new capital issues, term lending, and other indicators of investment activity. The year saw significant progress in India's efforts to increase exports, reduce the growth of imports of goods India produces efficiently itself, and slow POL imports through increased domestic production and dampened demand. Export volume grew by about 9% following several years of little growth, increased domestic production of cement, steel, and fertilizer substantially reduced import requirements of these commodities, and domestic oil production rose by 55%, thereby reducing import requirements and contributing to an easing of the nation's trade deficit. Finally, the improvement in supplies of essential commodities, combined with cautious fiscal and monetary policies, led to a sharply reduced rate of inflation, with annual average wholesale prices rising by less than 9% in 1981/82, compared with 17% to 18% in each of the two preceding years.

3. A number of recent policy measures have been introduced to help sustain this momentum. Steps have been taken to ~~liberalize imports~~, which will help ensure a more reliable supply of imported inputs and raw materials required to improve capacity utilization and profitability in industry. ~~Licensing policies~~ for a broad range of industries have been reformulated to allow firms to invest in new capacity more rapidly. Constraints on the range of industrial activities that can be undertaken by large companies and companies with substantial foreign participation

have been eased. Administered prices of crude oil and oil products, railway services, power, cement, and coal have been increased substantially, in order to raise more resources for investment and provide more accurate signals to the economy. And finally, steel prices have been decontrolled and cement prices partially decontrolled, increasing profitability and investment incentives substantially in these industries. India's economic adjustment program, as you know, has been assisted by an extended arrangement with the Fund, which has just approved India's program for the second year.

4. Issues. The performance of the Indian economy during the last year has been quite good and we feel the Government deserves commendation for its management of the economy. Against this background, our general concern is that the Government continue its efforts to enhance the efficiency of the public and private sectors, to expand infrastructure and industrial capacity and improve capacity utilization, to spur export performance and production of import-substitutes for which India has a comparative advantage, and to mobilize increased domestic and external resources to finance and facilitate the adjustment process. A considerable amount of momentum has been generated through recent investment outlays, fiscal measures and trade and industrial policy liberalization, and it is important that that momentum not be lost.

5. On a more specific level, we are particularly concerned about foreign and domestic resource mobilization. India's external account has come under strong pressure in the past two years, despite increased domestic production of oil and key commodities such as steel, cement, and fertilizer. Foreign exchange reserves fell from US\$6.86 billion in March 1981 to US\$4.5 billion in March 1982, bringing the reserve level down to the equivalent of three months' imports. Our projections indicate continued, strong short- and medium-term pressures on the current account. Yet India's successful adjustment to the changed external environment will require policies that ensure relatively liberal access to imports, policies which will be difficult to sustain if there is a further erosion of the nation's foreign reserves. Thus, further measures to increase export capacity and efforts to raise funds, both on concessional terms and in foreign commercial markets, assume particular importance. In this context, you might commend India's maintenance of a relatively liberal import policy and its efforts over the past two years to spur exports and to take advantage of financing available on commercial and concessional terms, and inquire what further steps are being contemplated in each of these areas.

6. As for domestic resource mobilization, despite considerable efforts in this regard (e.g., increases in interest rates, new savings instruments, increased tax deductions for interest and dividend income, increases in prices of commodities produced by public sector enterprises), it is clear that additional resources need to be mobilized in the public

sector, particularly by the State Governments. In several key sectors--notably power and irrigation--real investment levels in the first two years of the Plan suggest that substantial increases in outlays will be needed if Plan objectives are to be met. The mid-term Plan review now being carried out is addressing this issue. You might ask Mrs. Gandhi what measures are under consideration to increase public sector savings and what the prospects are for increased savings and profits from public sector enterprises. You might also ask what measures the Government intends to take to maintain real investment levels in the core sectors (e.g. power, irrigation, and other infrastructure) in the event of a shortfall of resources.

7. Finally, an important question for the performance of the economy this year, as in every year, is the progress of the monsoon. Our reports from India indicate that the monsoon has thus far been a disappointing one, rainfall in many areas, as of mid-July, falling short of the level reached at that point even in 1979, a year of serious drought. While the last week appears to have brought some increase in rainfall, you might express our concern over the weather reports and ask about the Government's evaluation of the monsoon thus far, and any measures underway to limit the possible adverse impact of the monsoon on foodgrain production and the balance between power generation and demand.

Bank/India Relations

8. As you are well aware, Mrs. Gandhi's intercessions with donor countries (particularly the U.K.) on behalf of IDA were instrumental in effecting the release by a number of countries of more than their pro-rata share of last year's IDA contribution. Mrs. Gandhi is expected, during her meetings with President Reagan, to speak once again in favor of concessional assistance through IDA, as an important element of a cooperative strategy to strengthen the international economy. This would be a good opportunity to thank Mrs. Gandhi for her efforts on behalf of IDA.

9. On her part, the Prime Minister may well raise the question of the allocation of Bank Group resources, particularly with regard to India. She may request a larger capital transfer from the Bank Group as a whole over the next two to three years than that indicated in the planning figures you mentioned in your meeting with L. K. Jha (roughly \$1.0-1.1 billion each, IBRD and IDA, for FY83 and FY84). The next two to three years are of particular concern to India's policymakers, as they will be critical years in terms of India's effort to work its way through the adjustment process. Mrs. Gandhi may focus in particular on IBRD availabilities for India, as it is the Government's hope to avoid a decline from the roughly 12% of total IBRD commitments which went to India in FY82, to the 8.5-9.5% implicit in our current planning figures for next year and the further decline to about 6% anticipated for 1985 and 1986.

10. Mrs. Gandhi may also use this opportunity to discuss the Bank Group's prospective role in easing the growth and adjustment process currently facing the developing countries. As you know, the Indian Government holds relatively strong views on a number of Bank Group-related policy issues or perceived operational trends (e.g., levels of Bank and IDA lending, energy lending, conditionality related to co-financing, proposals for varying IDA terms across Borrowers, allocation of Bank Group funds). While she may not raise particular policy issues, we would not be surprised if Mrs. Gandhi sought to discuss the appropriate general direction of the Bank Group's role and policies.

11. On a more specific matter, should the opportunity arise, you might indicate to the Prime Minister the Bank's potential interest in assisting in the development of the eastern rivers. Recent moves by Bangladesh have raised a hope that the dispute over use of these waters may be on the way to resolution, and Bangladesh has asked for Bank assistance in addressing several technical questions related to development of the eastern rivers.

Biographical Data

Mrs. Indira Gandhi - Prime Minister of India

Age 64. Born in Allahabad into a Kashmiri Brahmin family, Mrs. Gandhi was the only child of Pandit Jawaharlal Nehru, India's first Prime Minister. She has had a wide and cosmopolitan education, having been educated in Switzerland, Poona, Bombay, Bristol, Tagore's University at Shantiniketan in West Bengal and Sommerville College, Oxford. Married to Feroze Gandhi, a Parsee, in 1942, Mrs. Gandhi had two sons - Rajiv Gandhi, now 36, and Sanjay Gandhi, who died in an airplane crash in 1980 at the age of 33.

Deeply involved in the Indian political scene from childhood, Mrs. Gandhi witnessed the struggle for independence from command posts in the houses of her grandfather and father. As a teenager, she formed the "Vanar Sena" (Monkey Brigade) of children to help the Congress party during the Non-Cooperation Movement. She joined the Congress Party in 1938, was imprisoned in 1942, and worked in the riot-affected areas of Delhi under Mahatma Gandhi's direction in 1947, after the partition of India and Pakistan. Her close association with Indian politics continued as she served as official hostess and confidante to her widowed father after he became the first Prime Minister of India in 1947.

Elected to the Rajya Sabha (Upper House of Parliament) in 1964, Mrs. Gandhi first joined the Cabinet that same year as Minister for Information and Broadcasting under Prime Minister Lal Bahadur Shastri, her father's successor. She became Prime Minister of India in 1966 after Shastri's sudden death. A legal challenge to her election precipitated her declaration of Emergency Rule in the country in June 1975. She called for mid-term elections in March 1977 and was defeated by a coalition of parties which formed the Janata Government. In 1980, when fresh elections were ordered, she campaigned vigorously, promising economic stability, a "Government that works", and law and order, and guided her party to an overwhelming victory, becoming Prime Minister again from January 14, 1980. Concurrently, she holds the portfolios of Minister for Atomic Energy, Science and Technology, and Space and chairs the Planning Commission.

Political Situation

Midway into her term, with general elections due in 1985, Mrs. Gandhi is still firmly in control, facing an opposition which remains very divided. Recent State Assembly elections in four States, combined with by-elections for vacant seats in the Lok Sabha (Lower House of the Parliament), did bring some disappointments for her party (the Congress (I)). These elections have been interpreted as a mid-term caution to the Congress (I), which is in some disarray, but are generally not regarded as indications of a significant weakening of Mrs. Gandhi's hold on the Government. The chief domestic political issues facing Mrs. Gandhi at the moment are: (i) the agitation in the northeastern States, particularly Assam, over the status of Bengali migrants into the area, (ii) Sikh-Hindu religious clashes in the Punjab, and (iii) a controversial resettlement bill recently passed in the State of Jammu and Kashmir, which would allow Pakistanis who were residents of Jammu and Kashmir (J&K) before May 1954 and migrated to Pakistan after 1947 to be recommended for resettlement in J&K.


This month saw the election of a new President in India, on the expiry of the five-year term of ex-President Neelam Sanjiva Reddy. The new President, Giani Zail Singh, was sworn in on July 25. Formerly Mrs. Gandhi's Home Minister and one of her staunchest supporters, Mr. Singh takes on a largely ceremonial position as President. The outcome of the election was never really in doubt, as the Congress (I) held a healthy majority in the electoral college. However, Mrs. Gandhi's nomination of a clearly partisan candidate for the Presidency did engender considerable criticism, her opponents maintaining that the post is intended to be filled by an impartial senior statesman who could be expected to see as his chief task the defense of the Constitution, rather than by a man so clearly identified with a particular political camp.

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OFFICE MEMORANDUM

TO: Mr. A. W. Clausen

DATE: May 14, 1982

FROM: Ernest Stern *ES*SUBJECT: INDIA - IDA Availability for FY82 

1. I had understood from Munir's phone call that you wanted the IDA allocation for India increased for FY82. Your subsequent cable however says to increase India's availability to a "maximum of one third". To date, we have approved \$840 million in credits to India, which is 32.3% of the total IDA program for the year. One third would be \$858 million. An additional \$18 million would make India's share equal to exactly one third, but such a small increase could not be of much significance to India given that total World Bank lending this year will be \$2,080 million.

2. The factors which bear on the decision are:

- (i) As of May 11, according to Finance (copy attached), total available commitment authority was only \$2,555 million, which includes the full U.K. contribution. Of the listing of prospective additional commitment authority, the only firm commitment releases are those of Italy and Austria which together just barely bring the level up to the \$2.6 billion program which we are planning on (if the reference in your cable is to a \$120 million, in addition to the U.K.'s \$120 million, this will help, but total availability will depend on further exchange rate changes).
- (ii) The last date on which I can send projects to the Board for consideration is June 4, unless we wish to utilize June 29 for which at the moment no projects are planned; in that case the India project could be issued on June 10. Clearly we would have to have the additional commitment authority by then; and
- (iii) assuming we can commit \$2,600 million, India's 32.3% share of IDA in FY82 has been more than offset by Bank lending.

3. While I understand that Mrs. Gandhi would like to see some direct results of her efforts with Mrs. Thatcher, and we would like very much to give some tangible expression of our appreciation for her efforts, it is also important that she, and the Government, understand the issue. Getting the full Second Tranche released by the U.K. helped to break the deadlock on procedure and created a substantially different climate in which discussions on additional resources are now possible. However, until a supplementary package is agreed upon, the IDA VI total is all we have through fiscal 84. We cannot therefore consider commitments

May 14, 1982

in any one fiscal year without considering the total -- what we commit in FY82 we won't have in FY83. The U.K. decision has not yet led to the creation of additional commitment authority for the whole IDA VI period.

4. What I had arranged before your messages - and still plan on - is to have ready for Board circulation one standby project for India, which I propose to blend with up to \$40 million of IDA but only if available commitment authority exceeds \$2,600 million by June 4. The only way to increase the India total in the absence of such an increase in commitment authority would be to pull one or more of the projects for Africa or the least developed countries out of the schedule to accommodate the increase for India, and that not only would be politically suicidal but also could not be justified on economic grounds.

Attachment

ES:dpw

OFFICE OF THE DIRECTOR
MAY 14 1982
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1982 MAY 17 AM 8:49

OFFICE OF THE PRESIDENT

A. W. CLAUSEN
President

July 19, 1982

Dear Mr. Modi:

It was good seeing you last week and meeting your son and Mr. Shah, as well as being brought up to date on the activities of the Modi Group of Industries. You are making tremendous strides and great contributions to the economy of India.

Many thanks for the lovely jewelry set you left for Mrs. Clausen. I know she will greatly appreciate your thoughtfulness in remembering her in this way.

Warm regards.

Sincerely,

TC

Mr. K. N. Modi
Chairman
Modi Enterprises
Modigagar U.P., India

7-25-82
But please
to put this
up for attention -
needed to benefit
Bachchanthel
projects.
A

7-25

OFFICE MEMORANDUM

TO: Mr. A.W. Clausen

DATE: July 9, 1982

FROM: Wilfred P. Thalwitz ^W Acting VP, South AsiaSUBJECT: INDIA - Mr. K.N. Modi's Visit

1. Mr. Kedar Nath Modi, Chairman of Modi Group of Industries, has an appointment to call on you on Monday, July 12, 1982, at 3 pm. I understand that he has no specific point to raise with you and this will be mainly a courtesy call.
2. You may remember meeting Mr. Modi at Mr. Roulet's dinner in New Delhi during your India visit in January. Mr. Modi, age 60, together with his brother, the late Sir Gujarmal Modi, was responsible for the building up of the Modi Group of Industries, operating in the UP region, which consists of some 13 companies with total assets of nearly US\$200 million. Their interests are largely in textiles and rubber. Other interests include steel, sugar, vegetable oils, industrial gases, paints/varnishes and tufted carpets. There are three townships consisting of the employees of various Modi enterprises. Mr. Modi is a former President of the Federation of Indian Chamber of Commerce and Industry and continues to take an active interest in the affairs of the Federation.
3. In June 1982, IFC approved a loan of US\$16.3 million equivalent to the Modi Group for the establishment of a one-million-ton cement plant in Madhya Pradesh in collaboration with a British firm. IFC is also considering assistance to the Group for a soybean oil and protein extraction plant based on a very modern US technology.

cc: Mr. Hopper (o/r)

J.Upadhyay:br

3233

U.S. - INDIA ENTERPRISES

**P.O. BOX 10175
TOWSON, MARYLAND 21204
U.S.A.**

**(301) 321-4465
TELEX: 908041 BAL**

July 7, 1982

Mr. A.W. Clausen
President
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433

Dear Mr. Clausen:

Thanks for the copy of your telex of June 30 to Mr. K.N. Modi, Chairman, Modi Group of Industries, Modinagar, India.

Mr. Modi appreciates the fact that despite a very full schedule, you have kindly consented to spare some time for him on July 12. Mr. Modi has asked me to convey the message that he would be delighted to meet you at 3.00 p.m. on Monday, July 12.

With regards,

Sincerely yours,

Hasmukh Shah

Hasmukh Shah,
President

RECEIVED

1982 JUL -8 PM 5:25

OFFICE OF THE PRESIDENT

WORLD BANK OUTGOING MESSAGE FORM Telegram, Cable, Telex

URGENT—PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM

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MESSAGE NUMBER

TEST NUMBER
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TO:

BOOK OF TWO

1) MR. K. N. MODI
CHAIRMAN
MODI GROUP OF INDUSTRIES
GHAZIABAD, U. P., INDIA
TELEX NO.: 31 3403 MODI IN

2) MR. HASMUKH SHAH
PRESIDENT
US - INDIA ENTERPRISES
TOWSON, MARYLAND
TELEX NO.: 908041 BAL

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22
END
OF
TEXT

NOT TO BE TRANSMITTED

CLASS OF SERVICE:

TELEX NO.:

DATE:

SUBJECT:

DRAFTED BY:

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

DEPARTMENT:

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CHECKED FOR DISPATCH

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1982 JUN 24 AM 3:51
1982 JUN 24 AM 3:51
COMMUNICATIONS DIVISION
COMMUNICATIONS DIVISION

MR AW CLAUSEN , PRESIDENT WORLD BANK

HOPE THIS TELEX FINDS YOU IN BEST OF HEALTH AND SPIRITS .
I AM PLANNING TO VISIT WASHINGTON AND WILL BE HAVING LUNCH
WITH TOP OFFICIALS OF IFC ON TWELVETH JULY . I WOULD LIKE
TO TAKE THIS OPPORTUNITY TO CALG ON YOU AND PAY MY RESPECTS
. IF YOU RECALL I HAD MET YOU IN SANFRANSISCO WHEN YOU
WERE CHAIRMAN OF BANK OF AMERICA . I ALSO HAD PLEASURE
OF MEETING YOU AT DINNER HOSTED BY MR JEAN DAVID ROULET IN
NEW DELHI ON TWENTYFIRST JANUARY . PLEASE INDICATE YOUR
CONVENIENCE SO THAT I MAY HAVE PRIVILEGE OF MEETING YOU .
MY POINT OF CONTACT IN USA WILL BE MR HASMUKH SHAH PRESIDENT
US - INDIA ENTERPRISES POST BOX 10175 TOWSON MARYLAND USA TELEPHONE
NUMBER (301) 321-4465 TELEX NUMBER 908041 BAL . A COPY OF
YOUR REPLY MAY PLEASE BE SENT TO MR HASMUKH SHAH AT ABOVE
ADDRESS . REGARDS .

KN MODI CHAIRMAN
MODI GROUP OF INDUSTRIES , INDIA

⊕

~~31 3403 MODI IN~~

WORLDBANK440099

31 3403 MODI IN

OFFICE MEMORANDUM

TO: Mr. A.W. Clausen
(Through Mr. Warren C. Baum, Acting SVPOP)
FROM: Wilfred P. Thalwitz, Acting VP, South Asia
SUBJECT: INDIA - Mr. K.N. Modi's Visit

DATE: July 9, 1982

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cc: Mr. Hopper (o/r)

J.Upadhyay:br

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MNR / OS / CHO - 7244 24 6 82 .

1982 JUN 24 11 3 51 AM
COMMUNICATIONS DIVISIONMR AW CLAUSEN , PRESIDENT WORLD BANK

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 . IF YOU RECALL I HAD MET YOU IN SANFRANSISCO WHEN YOU
 WERE CHAIRMAN OF BANK OF AMERICA . I ALSO HAD PLEASURE
 OF MEETING YOU AT DINNER HOSTED BY MR JEAN DAVID ROULET IN
 NEW DELHI ON TWENTYFIRST JANUARY . PLEASE INDICATE YOUR
 CONVENIENCE SO THAT I MAY HAVE PRIVILEGE OF MEETING YOU .
 MY POINT OF CONTACT IN USA WILL BE MR HASMUKH SHAH PRESIDENT
 US - INDIA ENTERPRISES POST BOX 10175 TOWSON MARYLAND USA TELEPHONE
 NUMBER (301) 321-4465 TELEX NUMBER 908041 BAL . A COPY OF
 YOUR REPLY MAY PLEASE BE SENT TO MR HASMUKH SHAH AT ABOVE
 ADDRESS . REGARDS .

KN MODI CHAIRMAN
 MODI GROUP OF INDUSTRIES , INDIA

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June 21, 1982

Dear Mrs. Bapna:

Thank you for your letter of May 24 and for your kind invitation to address the seminar on North South Cooperation in Jaipur on August 27.

I am sorry to have to decline. A heavy schedule of previous commitments will make it impossible for me to leave Washington at that time.

Please accept my best wishes for what will clearly be a stimulating conference.

Sincerely,

A handwritten signature consisting of a stylized, angular shape with a horizontal line extending to the right.

A.W. Clausen

Mrs. Usha Bapna
Project Director
Jaipur Jaycees
C-114, Savitri Path
Bapu Nagar, Jaipur 302004
Rajasthan, India

cc: Mr. Lafourcade ✓
Mrs. Hamilton
Mr. Blinkhorn
Mr. Blackman

HB/md

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June 8, 1982

Mr. Narottam Shah
Centre for Monitoring Indian
Economy
110-120 Kalliasdas Udyog Bhavan
Worli, Bombay 400 025
India

Dear Mr. Shah,

I am replying on Mr. Clausen's behalf to your letter of April 30th. A copy of your letter of May 7th to Mr. Timberg has also been sent to me.

I have consulted with my colleagues about your suggestion, and it seems to us that the solution to the problem would be for the Centre for Monitoring Indian Economy to participate in The World Bank's Depository Library Plan. Under this arrangement, we send without charge to selected libraries and institutions in the developing countries copies of whichever World Bank publications are of interest to them. To ensure that distribution of this kind is effective, we attach a few conditions as follows:

- (1) That all World Bank publications received should be catalogued and shelved.
- (2) That the availability of World Bank publications should be advertised both inside and outside the institution concerned, in the form of "books received" lists or public notices or announcements.
- (3) That access to the library concerned should not be restricted to members of the institution.
- (4) That the library should periodically respond to a questionnaire from The World Bank which enables us to monitor the use of our materials.

I shall shortly send you a brief questionnaire about the Depository Library Plan, and when this is returned to me I shall arrange for you to receive in future those publications of ours in which you are interested.

In addition to the Depository Library Plan, we are improving the effectiveness of distribution of our publications by means of existing commercial book trade channels and we are in the process of appointing commercial distributors in India and elsewhere. This will overcome the objection you raised in your letter to Mr. Timberg that "no bookseller in India would undertake to procure ... any publication of The World Bank from The World Bank."

You may be sure that we shall cooperate in any way we can, and I am grateful to you for bringing this problem to my attention.

Yours sincerely,

James Feather
Director
Publications Department

cc: Mr. T. Timberg
Mr. V. Bhatt
Mr. S.J. Burki
Mr. J.P. Gittinger
Mr. D.C. Rao
Mr. Roulet (New Delhi)

bc: Mr. Lafourcade ✓

JFeather:lrd