McNamara Papers

Travel briefs – India and Pakistan, March 28 - Apr. 1, 1981/82 (India)

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F. Delhi Visit

7/8/12/16

Latest Cabinet Line-Up

Cabinet Ministers

1. Mrs. Indira Gandhi ..... *Prime Minister*
2. Mr. R. Venkataraman ..... *Finance*
3. Mr. Zail Singh ..... *Home*
4. Mr. Rao Birendra Singh ..... *Agriculture*
5. Mr. B. Shankaranand ..... *Health & Family Welfare*
6. Mr. P.V. Narasimha Rao ..... *External Affairs*
7. Mr. A.B.A. Ghani Khan Chaudhury ..... *Energy*
8. Mr. V.P. Sathe ..... *Information & Broadcasting*
9. Mr. P. Shivshankar ..... *Law, Justice & Company Affairs*
10. Mr. A.P. Sharma ..... *Tourism & Civil Aviation*
11. Mr. Bhishma Narain Singh ..... *Parliamentary Affairs*
12. Mr. P.C. Sethi ..... *Petroleum, Chemicals & Fertilisers*
13. Mr. Pranab Mukherjee ..... *Commerce*
14. Mr. C.M. Stephen ..... *Communications*
15. Mr. Veerendra Patil ..... *Shipping and Transport*
16. ~~Mr. Vidya Charan Shukla ..... *Civil Supplies*~~
17. Mr. Narain Dutt Tiwari ..... *Planning*
18. Mr. Kedar Pandey ..... RAILWAYS ~~*Irrigation*~~
19. Mr. S.B. Chavan ..... *Education & Social Welfare*

(Prime Minister Indira Gandhi is also holding charge of the portfolios of Defense, Atomic Energy, Science & Technology and Space.)

Additional Portfolios being held:

1. Mr. Pranab Mukherjee ..... *Steel & Mines*
2. Mr. Narain Dutt Tiwari ..... *Labor & Employment*
3. Mr. Bhishma Narain Singh ..... *Works & Housing*
4. ~~Mr. Kedar Pandey ..... *Railways*~~

4 RAO BIRENDRA SINGH ..... IRRIGATION AND CIVIL SUPPLIES

Ministers of State:

1. Mr. R.V. Swaminathan ..... *Agriculture & Rural Reconstruction*
2. Mr. Nihar Laskar ..... *Health & Family Welfare*
3. Mr. P. Venkatasubbiah ..... *Home & Parliamentary Affairs*
4. Mr. Yogendra Makwana ..... *Home*
5. Mr. Jaffar Sharief ..... *Railways*
6. Mr. Kartik Oraon ..... *Communications*
7. Mr. C.P.N. Singh ..... *Science & Technology, Electronics*
8. Mr. Z.A. Ansari ..... *Irrigation*
9. Dr. Charanjit Chanana ..... *Industry (Independent charge)*
10. Mr. Sitaram Kesari ..... *Parliamentary Affairs*
11. Mr. Dalbir Singh ..... *Petroleum & Chemicals*
12. Mr. Buta Singh ..... *Shipping & Transport*
13. Mr. Chandulal Chandrakar ..... *Tourism & Civil Aviation*
14. Mr. Vikram Mahajan ..... *Energy & Coal*
15. Mrs. Ram Dulari Sinha ..... *Labor*
16. Mr. Bhagwat Jha Azad ..... *Supply & Rehabilitation (Independent charge)*
17. Mr. Khurshid Alam Khan ..... *Commerce*
18. Mrs. Sheila Kaul ..... *Education & Social Welfare*
19. Mr. S.S. Sisodia ..... *Revenue & Expenditure (in the Ministry of Finance)*
20. Mr. Shivraj V. Patil ..... *Defence*
21. Mr. Baleshwar Ram ..... *Agriculture & Rural Reconstruction*

Deputy Ministers:

1. Mr. Mallikarjun ..... *Railways & Parliamentary Affairs*
2. Mr. P. Venkata Reddy ..... *Labor*
3. Mr. Mohammed Usman Arif ..... *Works & Housing*
4. Mr. Maganbhai Barot ..... *Finance*
5. Mr. Vijay N. Patil ..... *Communications*
6. Mr. P.K. Thungon ..... *Supply and Rehabilitation*
7. Mr. Brij Mohan Mohanty ..... *Civil Supplies*
8. Miss. Kumudbehn M. Joshi ..... *Information & Broadcasting*
9. Miss. Kamala Kumari ..... *Agriculture & Rural Reconstruction*
10. Mr. P.A. Sangma ..... *Industry*

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Biographical Data on the following officials being prepared by the New Delhi Office

The Prime Minister

Ministers: Finance
Planning
Agriculture & Irrigation
Energy
Commerce
State for Industry

Governor of Uttar Pradesh
Chief Minister, Uttar Pradesh
Irrigation Minister, Uttar Pradesh
LK Jha
BK Nehru
And other Secretaries, officials as determined by schedule

Bio-data of Shri R. Venkataraman, Finance Minister of India

Mr. R. Venkataraman enrolled as an Advocate of the Madras High Court in 1935 and later as an Advocate of the Supreme Court of India. Participated in the Quit India Movement and detained under the Defence of India Rules from 1942 to 1944. In 1946 was deputed by the Government of India as one of the panel of lawyers to defend the Indian nationals charged with offences of collaboration during the Japanese occupation of Malaya and Singapore. Secretary, Madras Provincial Bar Federation from 1947 to 1950. Founder and Editor of the Labour Law Journal since 1949.

Elected to provisional Parliament in 1950 and to the House of People in 1952 and 1957. Secretary, Congress Party in Parliament 1954-1955, Member, Standing Finance Committee, Member, Privileges Committee, Member, Estimates Committee, Member, Public Accounts Committee of Parliament.

Member of the Working Committee of the Tamil Nadu Congress Committee, Secretary, Tamil Nadu Congress Committee, Secretary of the Reception Committee of the Avadi Congress Session, Member, A.I.C.C., Leader of the House in Madras Legislative Council.

1957 to 1967 Minister for Industries, Labour, Co-operation, Power, Transport and Commercial Taxes in Tamil Nadu Government. 1967 to 1971 Member, Planning Commission in charge of Industry, Labour, Power, Transport, Communications, Railways, etc.

Represented India in the Commonwealth Parliamentary Conference in New Zealand in 1950. Represented the Workers in the I.L.O. Committee on Metal Trades in Geneva in 1952. Delegate to the United Nations General Assembly, 1953, 1955, 1958, 1959, 1960 and 1961. Leader of the Indian Delegation to the 42nd Session of the International Labour Conference at Geneva. Represented India in the Inter-Parliamentary Conference in 1978 in Vienna. Elected Member, United Nations Administrative Tribunal from 1955 to 1979. President of the Tribunal from 1968 to 1979.

Also visited United States, Canada, Western Europe, Eastern Europe, Soviet Union, South East Asia, Far East, Australia, New Zealand and Fiji on official duties.

Chairman, Major Ports Commission, Chairman, Indian Institute of Foreign Trade, Chairman, National Research Development Corporation and Chairman, Committee on Automation. Chairman of the Committee of Inquiry into the Working of State Electricity Boards.

Social Service: Trustee, Jawaharlal Nehru Memorial Fund. Trustee, Gandhi Gram Trust, Chairman of the Trust of Minakshi College for Women, Chairman of the Society of Sankara Secondary School, Vice Chairman, Kalakshetra, Chairman of the Society of the Malai Mandir Temple, New Delhi.

Awards: Tamra Patra for participation in Freedom Struggle, Soviet Prize for Travalogue on Shri K. Kamaraj's visit to the Socialist Countries. Souvenir by the Secretary-General of the United Nations for Distinguished Service as President of the United Nations Administrative Tribunal. Title "SAT SEVA RATNA" by His Holiness SHANKRACHARYA for service to the temple.

Hobby: Photography.

Special Interest: Arts, music and cultural activities.

Games: Tennis.

BIO - DATA

Mr. R.N.Malhotra, who is at present Secretary in the Department of Economic Affairs, Ministry of Finance, Government of India, has been a member of the Indian Administrative Service since 1951. After serving in the districts of Uttar Pradesh, Rajasthan and Madhya Pradesh for about 9 years, he served as a Deputy Secretary in the Department of Finance and Revenue (3 years), Commissioner of Sales Tax (3years) and Secretary, Finance, Revenue & Planning (5 years) in the Government of Madhya Pradesh. He then served as a Fiscal Adviser in the International Monetary Fund from October 1970 to November 1975 and worked for the Fund in Indonesia, Tanzania and Washington. After his return to India, he has been serving in the Department of Economic Affairs. His area of responsibility includes multilateral and bilateral aid relationships, technical assistance, international trade in so far as it relates to Economic Affairs, foreign investment, banking, insurance, internal finance and budgeting, etc.

Born on 3rd February 1926, he graduated from the Punjab University in Physics and mathematics and did his post-graduation in literature from the Lucknow University. He is also a Bachelor of Laws. His interests are economics, public finance, planning and development banking. In various ex-officio capacities, he has been Chairman of a district co-operative bank (short-term agricultural lending), Chairman of Madhya Pradesh State Finance Corporation (term lending to medium and small industry), Director, M.P. State Industrial Development Corporation, Director, M.P. State Industries Corporation and Member, M.P. State Electricity Board, Government director on the State Trading Corporation of India, Minerals and Metals Trading Corporation of India and the Punjab National Bank, Member, ONGC, Director on the Boards of Reserve Bank of India, Industrial Development Bank of India Alternate Governor on the Boards of International Bank for Reconstruction and Development, Washington and Asian Development Bank, Manila.

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BIO DATA

I. Mrs Indira Gandhi, Prime Minister

II. Mr R. Venkataraman, Minister of Finance
Mr Narayan Datt Tiwari, Minister of Planning & Labour
Mr Rao Birendra Singh, Minister of Agriculture & Irrigation
Mr Prakash Chand Sethi, Minister of Petroleum, Chemicals & Fertilizers
Mr Pranab Mukerjee, Minister of Commerce
Mr Charanjit Singh Chanana, Minister of State for Industry
Mr Abdul Ghani Khan Chowdhury, Minister for Energy

III. Mr L.K. Jha, Chairman, Economic Administration Reforms Committee
Mr B.K. Nehru, Governor, Jammu & Kashmir

IV. Mr C.P.N. Singh, Governor of U.P.
Mr Vishwanath Pratap Singh, Chief Minister of U.P.
Mr Vir Bahadur Singh, Minister of Irrigation, U.P.

V. Mr R.N. Malhotra, Secretary, Department of Economic Affairs
Mr Surjit Singh Puri, Secretary, Ministry of Agriculture
Mr C.C. Patel, Secretary, Ministry of Irrigation
Mr D.V. Kapur, Secretary, Power, Ministry of Energy
Mr Lovraj Kumar, Secretary, Ministry of Petroleum, Chemicals & Fertilizers
Mr R.P. Khosla, Additional Secretary, Department of Coal
Mr R. Bhandari, Secretary, Ministry of External Affairs
Prof M.G.K. Menon, Secretary, Department of Science & Technology
Mr T.R. Satish Chandran, Adviser (Energy), Planning Commission

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. Educated at Switzerland, Poona, Bombay, Bristol, Tagore's University, Shantiniketan and Sommerville College, Oxford, Mrs Gandhi has had a wide and cosmopolitan educational base. Married to Feroze Gandhi, a Parsee, in 1942, Mrs Gandhi had 2 sons - Rajiv Gandhi, now 36 and Sanjay Gandhi who, at the age of 33, died in an airplane crash in 1980. Rajiv is married to an Italian, Sonia Gandhi and they have 2 children, Priya age 10 and Rahul age 8. Sanjay's widow Menaka comes from a Sikh family and her son Varun Feroze Gandhi is now 1 year old. Since Sanjay Gandhi's death, they all live with Mrs Gandhi.

Deeply involved in the Indian political scene from childhood, Mrs Gandhi witnessed the struggle for independence from command posts in the house of her grandfather and father. She was present at the birth of independent India, and served as chatelaine, official hostess and confidante to her widowed father after he became the first Prime Minister of India in 1947. Deeply influenced in her formative years by people like Mahatma Gandhi, Krishna Menon, Rabindra Nath Tagore and Harold Laski, she was actively involved in the struggle for freedom. As a teenager, she formed the 'Vanar Sena' (Monkey Brigade) of children to help the Congress party during the Non-Cooperation Movement. She was imprisoned in 1942 and worked in the riot affected areas of Delhi under Gandhiji's direction in 1947 after the partition.

Mrs Gandhi joined the Congress Party in 1938, and from 1955 she was a member of the Congress Working Committee, became President All India Youth Congress 1956 and President Indian National Congress 1959-60, and has been President of the Indian National Congress (I) since January 1978. Mrs Gandhi first joined the Cabinet as Minister for Information and Broadcasting in 1964 after her father's death and when Lal Bahadur Shastri was Prime Minister. She became Prime Minister of India after Shastri's sudden death, from 1966 - March 1977. In 1975, a legal challenge to her election precipitated 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, Space and Defence, and Chairman, Planning Commission.

Internationally recognized as one of the leaders of the third world, Mrs Gandhi holds a number of Honorary Degrees and awards, both National and International. On the national front, she has been associated with a large number of organizations and institutions - some of which reflect her personal interests like Sangeet Natak Akademi, National Integration Council, Himalayan Mountaineering Institute, Nehru Memorial Museum & Library, the Jawaharlal Nehru University, the Jawaharlal Nehru Memorial Fund, Central Social Welfare Board and the Indian Council for Child Welfare. Children's welfare activities are very close to her heart and she is Founder and Chairman, Bal Bhavan and Children's National Museum

Mr R Venkataraman, Finance Minister

Age 71. A lawyer by training, Mr. Venkataraman was educated at Madras University (M.A.L.L.B.) He practised law in the Madras High Court, specialising in labour law. A veteran Congress Party leader, Mr. Venkataraman has had a long political career. He was active in the Quit India Movement (jailed from 1942-44), was a member of the Provisional Parliament of 1950, and was elected to the first Lok Sabha in 1951, where he served until 1957. From 1957-67, he was Minister of Industry in the Madras State Government, while holding intermittently a number of additional porfolios. In 1967, when the Congress Party was defeated in Tamil Nadu, Mr. Venkataraman was appointed as a member of the Planning Commission. In 1971, he returned to Madras and was politically inactive until he was elected to the Lok Sabha in 1977 after which he was appointed Union Finance Minister in January 1980.

Mr. Venkataraman has been involved in the trade union movement for more than 30 years. He was the Managing Editor of the Labour Law Journal. During the Emergency, he was editor of Swarajya (Freedom). In that capacity he challenged the censorship regulations before the Madras High Court. Despite his unease with the Emergency, Mr. Venkataraman has remained close to Mrs. Gandhi. During his career, in addition to taking a particular interest in labour and trade union affairs, he has also been active in a number of international organizations. In particular, he served as a leader of India's delegation to the ILO in 1958, as delegate to six sessions of the UN General Assembly between 1953 and 1961, and President of the UN Administrative Tribunal from 1968-79.

Mr. Venkataraman enjoys the reputation of being an upright, quietly efficient administrator who shuns publicity. He is known as a conservative and religious man. Mr Venkataraman is married and has three children.

Mr. Narayan Datt Tiwari - Minister of Planning & Labour

Age 56. Mr. Tiwari holds an MA in Diplomacy and International Affairs from Allahabad University and was a scholarship holder. Inducted into UP politics at an early age by his father. Active in the Youth Congress where he came in close contact with the Nehrus and worked with Mr. Feroze Gandhi. At 26, he was the youngest socialist member to be elected to the UP Assembly in 1952. From 1969 - 1975 he held various ministerial portfolios in State and was Deputy Chairman of the State Planning Commission. Appointed Chief Minister of UP in January 1976, he was handpicked by Sanjay Gandhi to replace Mr. Bahuguna. He held that post till April 1977 when President's rule was proclaimed in the State by the Janta Government. Re-elected to the Assembly he became leader of the opposition as the elected leader of the UP Congress (I) Legislative Party. Elected to the Lok Sabha in the January, 1980 elections, he was appointed Minister of Planning and was later in the year given the Labour portfolio. Concurrently, he is also Deputy Chairman of the Planning Commission.

Mr. Tiwari is known for being able and intelligent, articulate, hard working and persevering. Mr. Tiwari is married to Sushila Tiwari.

Rao Birendra Singh - Minister of Agriculture, Rural Reconstruction & Irrigation

Age 60. Educated at St Stephens College in Delhi, Rao Birendra Singh is an agriculturist and landowner from fairly backward area in the Rewari Distt of Haryana. He served in the Indian Army as a commissioned officer from 1942-1947, before entering politics. Originally a member of the Congress Party 1954-1967, he was a Member of the Punjab Legislative Council and the Haryana Legislative Assembly and Cabinet. After disagreements with some Congress colleagues, he founded the Vishal Haryana Party, and became Chief Minister of Haryana in 1967. He went into brief political eclipse after the institution of Governor's rule, but surfaced in 1968 as Leader of the Opposition in the Haryana Assembly. Since 1971 he has been a Member of the Lok Sabha, and in 1978 merged his Vishal Haryana Party with Congress (I). Rao Birendra Singh has the reputation of being somewhat unpredictable. It appears that he was appointed to the crucial Ministry of Agriculture as part of Mrs Gandhi's strategy to keep Bansi Lal (former CM of Haryana whose overbearing measures brought her so much unpopularity during the Emergency) out of the political limelight.1/

Rao Birendra Singh is founder and patron of a number of educational institutions. He is widely travelled, is married and has three sons and one daughter.

1/ On March 20 Mr Singh was given the additional charge of Civil Supplies after Mr Shukla was dismissed from the Cabinet.

Mr Prakash Chand Sethi - Union Cabinet Minister for Petroleum, Chemicals and Fertilizers

Age 51. An active Congress politician and also a social worker, Mr Sethi first entered parliament through Rajya Sabha and became Deputy Minister in 1962, first for Steel and Heavy Industries, then Steel & Mines, and later Iron and Steel. From 1967-1968, he was Union Minister of State and later full Minister for Steel, Mines and Metals. Thereafter, he was Minister for Revenue and Expenditure in the Finance Ministry 1969-1970, Minister for Defence Production 1970-1971, and Union Minister of Petroleum & Chemicals for a short spell of 6 months in 1971. In 1971, he was appointed Chief Minister of Madhya Pradesh, a post he held until December 1975, when he returned to the Centre as Minister for Chemicals and Fertilizers and Minister without Portfolio. When Congress lost the general elections in 1977, inspite of being close to Mrs Gandhi, he chose to remain with Congress (O). When Mrs Gandhi returned to power in January 1980, he returned to Congress (I) and rejoined the government as Minister of Works & Housing holding the additional charge of Petroleum, Chemicals and Fertilizers (this particular portfolio was taken away from Mr Sethi from March to June 1980 during which time it was handled by Mr Veerindra Patil).

Mr. McNamara

Mr R P Kapoor - Jt. Secretary, Department of Economic Affairs
Ministry of Finance

Age 48. Educated as a Mathematician, Mr Kapoor joined the Indian Administrative Service in 1956 in the Madhya Pradesh cadre. Until 1975 Mr Kapoor worked with the Government of Madhya Pradesh as Collector in the Districts of Chattarpur, Raipur and Indore (1961-67), all areas in which there was intensive agricultural and industrial development activity. From 1968-72 he was Registrar of Cooperative Societies in Madhya Pradesh, and also became Director of Agriculture from 1969-72. From 1972 he worked as Secretary in Departments of Commerce, Industries, Mineral Resources and Labor and Employment and Training, taking over as Textile Commissioner India for the period 1975-77. In 1978 Mr Kapoor returned to his home state and worked as Commissioner, Raipur Division, a period during which his division was affected by one of the worst droughts of the State. He was responsible for organizing relief and employment programs as well as being actively involved in the field of modernizing the irrigation water supply system. Following this, for 6 months in 1980 he became Agriculture Production Commissioner for Madhya Pradesh State, and moved to Delhi in 1981 to the present assignment, which is to handle Bank Fund and matters relating to Foreign Aid Policy Coordination in the Ministry of Finance.

Mr Kapoor is married.

Mr. Pranab Mukerjee - Minister of Commerce.

Age 46. Educated at the University of Calcutta. He spent the first ten years of his career as a University Lecturer (History and Political Science) and Journalist. In 1967, he joined the "Bangla Congress", a breakaway Congress group in Bengal, founded by Ajoy Mukherjee. In 1971, however, with the merging of Bangla Congress with the main body, he was elected to the Parliament as a member of the Rajya Sabha (Upper House). In 1973, he was appointed Deputy Minister of Industrial Development under Mr. C. Subramaniam. He served as a Minister of State for shipping and Transport during the greater part of 1974. In October 1974 he was shifted to the Finance Ministry where he was responsible for the Departments of Revenue and Banking under the overall charge of Mr. C. Subramaniam. However, in December 1975, these departments were delinked from the Finance Ministry, and Mr. Mukherjee was placed in independent charge. Mr. Mukherjee was a close associate of the late Sanjay Gandhi which, coupled with his drive and pragmatism made him an influential member of the Cabinet.

During the Janata regime, 1977-80, Mr. Mukherjee again served as Member of the Rajya Sabha. With Mrs. Gandhi's return to power he was appointed Minister for Commerce, and Steel and Mines since January, 1980. He is also Leader of the Rajya Sabha.

Mr. Mukherjee is married and has one son and one daughter.

Mr Charanjit Singh Chanana - Minister of State for Industry

Age 49. Educated at the Delhi School of Economics, Mr Chanana has been an academic and authored many publications on Agriculture, Finance, Economic Development, Environmental Studies and Research in social systems. He has been involved in a mass Habitat movement in India and attended the UN Habitat Conference in Vancouver in 1976. Mr Chanana was elected on a Congress (I) ticket from one of the Delhi constituencies in the January 1980 elections. A close associate of the late Mr Sanjay Gandhi, Mr Chanana is reported to be actively supporting the search for foreign collaboration for the heavy industry sector.

Mr Chanana is married and has one son and one daughter.

Mr Abdul Ghani Khan Choudhury - Minister for Energy

Age 54. Educated in Calcutta, London and Geneva, he received training in Law & International Affairs. Active in West Bengal politics, elected to the Legislative Assembly 6 times, served in the State as Minister of Fertilizer and Power from 1971 - 1977. Widely travelled, he was twice member of the Indian delegation to the UN, including a visit in connection with Farakka Water Dispute. Serving as a Central Minister for the first time since 1980.

Mr L K Jha, Chairman - Economic Administration Reforms Committee

Age 68. Educated at Banaras Hindu University and Trinity College, Cambridge, Mr. Jha joined the ICS in 1936. He served initially in his home State Bihar and 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 from 1967-70, Ambassador to the US 1970-73.

During these tenures, Mr. Jha was also given a number of responsibilities with international organisations 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 spokeman 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 high in both national and international affairs, and known to be consulted by the Prime Minister on economic matters. After his retirement from the ICS, 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 Reforms Administrative Panel 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.

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.

Mr Braj Kumar Nehru - Governor, Jammu and Kashmir

Age 72. Educated in Allahabad, London School of Economics, Balliol College, Oxford, he also studied law at the Inner Temple and joined ICS in 1934. In his early years with the Government, he worked with the Reserve Bank and the Finance Department. He was appointed India's Executive Director with the World Bank in 1949 and between 1954 and 1958 he handled relations with the World Bank first as Joint Secretary and then as Secretary, Department of Economic Affairs. He was Indian Ambassador to the US from 1961-1968, Governor of Assam 1968-1973, High Commissioner to Britain 1973-1977. From 1977 until 1981 when he was appointed Governor of Jammu and Kashmir, Mr. Nehru settled down to retired life in Chandigarh. During this period he continued to serve as Chairman, UN Investments Committee. A polished seasoned statesman, Mr Nehru is influential domestically as well as internationally. Mr Nehru is a Fellow of London School of Economics and holds two honorary LLD degrees from American Universities.

Born in one of the Kashmiri Pandit families who settled in Allahabad, he is a close friend of the Nehru family and related to Mrs Gandhi. Mr Nehru is married to Shobha "Fori" (who is a native of Hungary) and has 3 sons.

Mr C P N Singh - Governor of Uttar Pradesh

Age 80. Mr Singh comes from Bihar and has an MA from Calcutta University. Elected to the Bihar Legislative Council (1927) and to the District Board of Muzaffarpur, he was the moving force in organising the assistance programme for the earthquake victims after the great Bihar Earthquake of 1934. In 1945, he became the youngest ever Vice-Chancellor of Patna University. After independence he was appointed by Mr. Nehru to become India's Ambassador to Nepal. It was during his tenure that the King of Nepal sought refuge at the Indian Embassy in 1950. In 1953, he was appointed the Governor of un-divided Punjab. During this time the city of Chandigarh and the Bhakra-Nangal Dam were built. In 1958, he was appointed Ambassador to Japan receiving an honorary doctorate from Ohtani University. Thereafter, for a period Mr Singh retired from active public service due to ill health.

Mr Singh is a distinguished educationalist and consummate politician holding the signal honor of being awarded a knighthood by the British when he was a freedom fighter. Mr Singh is a widower and has three sons and three daughters. His eldest daughter is a Member of the Rajya Sabha.

Mr Vishwanath Pratap Singh - Chief Minister, Uttar Pradesh

Age 50. Educated in Allahabad and Poona Universities, Mr Singh has been active in politics since his student days. He took active part in the Bhoodan land gift movement, donating his lands to the movement, and established educational institutions in U.P. A member of the Legislative Assembly in U.P. (1969 - 1971) and whip of Congress Legislative Party in U.P. (1970 - 1971), he was also member of the All India Congress Committee during this period. Mr Singh was appointed Deputy Minister Commerce in the Central Government which was vacated in 1977. He was sworn in as Chief Minister of U.P. on June 9, 1980.

He is known for straight forwardness and affability in his dealings. Mr Singh is the younger brother of Sant Bux Singh, for many years a Congress MP.

Mr Vir Bahadur Singh - Minister for Irrigation, UP

Age 46. Born and educated at Gorakhpur, Mr Singh became a Member of the Congress Party in 1951 and was active in district level politics. He was elected in 1967 to the legislature and again elected in 1969 during the mid-term polls. Under the leadership of Mr Charan Singh, he was appointed Deputy Minister in the Public Works Department, UP. In 1980, he was elected in the mid-term polls to the Vidhan Sabha from Paniyara (Gorakhpur) constituency, and on June 9, 1980, was appointed Minister in Mr Vishwanath Pratap Singh's cabinet.

Mr. Lafourcade

Mr R P Kapoor - Jt. Secretary, Department of Economic Affairs
Ministry of Finance

Age 48. Educated as a Mathematician, Mr Kapoor joined the Indian Administrative Service in 1956 in the Madhya Pradesh cadre. Until 1975 Mr Kapoor worked with the Government of Madhya Pradesh as Collector in the Districts of Chattarpur, Raipur and Indore (1961-67), all areas in which there was intensive agricultural and industrial development activity. From 1968-72 he was Registrar of Cooperative Societies in Madhya Pradesh, and also became Director of Agriculture from 1969-72. From 1972 he worked as Secretary in Departments of Commerce, Industries, Mineral Resources and Labor and Employment and Training, taking over as Textile Commissioner India for the period 1975-77. In 1978 Mr Kapoor returned to his home state and worked as Commissioner, Raipur Division, a period during which his division was affected by one of the worst droughts of the State. He was responsible for organizing relief and employment programs as well as being actively involved in the field of modernizing the irrigation water supply system. Following this, for 6 months in 1980 he became Agriculture Production Commissioner for Madhya Pradesh State, and moved to Delhi in 1981 to the present assignment, which is to handle Bank Fund and matters relating to Foreign Aid Policy Coordination in the Ministry of Finance.

Mr Kapoor is married.

Mr R N Malhotra - Secretary, Department of Economic Affairs
Ministry of Finance.

Age 55. Graduated from the Punjab University in Physics and mathematics and did his post-graduation in literature from the Lucknow University. He also holds a Bachelor of Law. He entered the India Administrative Service in 1951. After serving in the districts of Uttar Pradesh, Rajasthan and Madhya Pradesh for about 9 years, he served as a Deputy Secretary in the Department of Finance and Revenue (3 years), Commissioner of Sales Tax (3 years) and Secretary, Finance, Revenue & Planning (5 years) in the Government of Madhya Pradesh. He then served as a Fiscal Adviser in the international Monetary Fund from October 1970 to November 1975 and worked for the IMF in Indonesia, Tanzania and Washington. After his return to India, he entered the Department of Economic Affairs. His area of responsibility includes multilateral and bilateral aid relationships, technical assistance, international trade in so far as it relates to Economic Affairs, foreign investment, banking, insurance, internal finance and budgeting. He is Alternate Governor on the Boards of International Bank for Reconstruction and Development, Washington and Asian Development Bank, Manila.

Mr Surjit Singh Puri - Secretary, Ministry of Agriculture

Age 54. Mr Puri holds a BA (Punjab University) and LLB (Delhi University) as well as a Masters in Public Administration from Harvard. A member of the IAS, Mr Puri belongs to the Punjab cadre and spent from 1954-1959 as Registrar of Cooperative Societies in the Punjab. Thereafter he moved to the Central Government holding various positions in the Ministry of Community Development and Cooperation, the Ministry of Food and Planning Commission where he dealt with agriculture, rural development and irrigation. In 1975 he became Additional Secretary, Civil Supplies and Cooperation, and was Secretary, Department of Textiles 1976-1977. In 1977 he returned to the Punjab as Chief Secretary. He was appointed Secretary Planning in 1979 before taking over his current assignment in April 1980. Specializing in the areas of Cooperative Development and Rural Development, Mr Puri has served on a number of national and international committees and commissions. In 1974 he also participated in a World Bank Training Program in Iraq. At present, he is also Vice Chairman, NCDC and member of Board of Directors of ARDC.

Mr C C Patel - Secretary, Ministry of Irrigation

Age 55. Educated at Bombay, Mr Patel has had a distinguished career in Engineering. Starting as an Assistant Engineer in 1948, he spent the next 25 years as Executive Engineer, Superintending Engineer, and Chief Engineer in Gujarat State working on infrastructure and irrigation projects. In 1973 he was appointed Additional Secretary, Government of India in the Ministry of Irrigation and Power, and since October 1976 he has been holding his present position. One of the few technocrats in the top echelons of the bureaucracy, Mr Patel is involved with policy making negotiations, implementation and review both of all projects in Water Resources including Development of Waters of Inter-State and International Rivers, Water Management and Command Area Development projects. He was Chairman of the Indo-Bangladesh Joint Rivers Commission 1974 - 1978. He has travelled extensively and has participated in negotiations with the World Bank and UN.

Mr D V Kapur - Secretary, Power, Ministry of Energy, and
Chairman, National Thermal Power Corporation Ltd

Age 57. An Engineer by profession, Mr Kapur is a polished, articulate technocrat, who has spent thirty years in the field of Dam construction and the establishment of power systems. His first major assignment after ten years with the Hirakud Dam Project of the Punjab Electricity Board was with BHEL where he rose to Chief of project coordination. From 1966-1971 he was First Secretary/Counsellor with the Indian Embassy in Moscow looking after BHEL's Soviet Collaboration Projects. He returned to work at BHEL's Hardwar plant from 1971-1974 and had the task of setting up the Jhansi plant, a totally indigenous transformer factory, from 1974-1976. In 1976 he was selected to head the National Thermal Power Corporation, established by the Central Government to construct and operate large thermal stations and associated transmission systems. The construction of NTPC's four "Super" thermal projects - all financed by the Bank Group - are all on schedule. In 1980 he was given the additional responsibility of Secretary, Power. Mr Kapur was recently nominated as Member of the newly established 'Commission for Additional Sources of Energy'.

Mr Kapur is married.

Lovraj Kumar - Secretary, Ministry of Petroleum Chemicals and Fertilizers

Age 55. Mr Lovraj Kumar had a brilliant academic career and was the first Indian Rhodes Scholar in 1947, reading Chemistry at Magdalan College. He started his career in the petroleum industry in England joining the Shell Oil Group. He was sent to India as a Sales and Planning Executive 1950-53. From 1953-56, he worked with Shell Refineries (Planning and Programming) when the 1st Refinery was being designed, and continued with the Management of the Company from 1957-1963, attended their Executives Development Course in England and Holland in 1959. He visited oil exploration areas and refineries in Venezuela, USA, France, Italy, Holland and Iran. From 1963-1965, he was seconded from Burmah Shell to the Government of India, becoming Adviser, Petrochemicals in the Ministry of Petroleum and Chemicals in 1972. In addition, he was in charge of the Petrochemicals Division of the ONGC and later also of the Indian Petrochemicals Corporation. From 1972-1977, Mr. Kumar was Adviser in the Planning Committee heading a new division created especially to handle Project Appraisals in Petrochemicals.

In 1977, appointed Chairman Bureau of Industrial Costs and Prices and in February 1981 as Secretary, Ministry of Petroleum and Chemicals. Mr. Kumar is highly regarded in Indian Government and academic circles as a specialist in petrochemicals. His economic views are considered somewhat leftist. He is married to Dr. Dharma Kumar an Economist who is currently at the Institute for Advanced Study at Princeton and was a consultant with the World Bank in 1974. They have one daughter.

Mr R P Khosla - Additional Secretary, Department of Coal
Ministry of Energy

Age 51. Educated in pre Partition Lahore and England, Mr Khosla attended Emmanuel College, Cambridge. He joined the Indian Administrative Service 1953 and spent two years as District Collector and Magistrate followed by five years in the Ministry of Food and Agriculture of the Government of India dealing with procurement and imports. From 1963-1968, he handled training of new entrants into the Indian Administrative, Foreign, Police and other Senior Services of the Government of India. From 1968-1976 he was in charge of policy and development in the sugar industry in Uttar Pradesh as Secretary in the Department of Sugar and Cane Development and then as Chairman and Managing Director of the UP State Sugar Corporation, a Government Company managing 20 sugar factories. In 1976 he was appointed to his present position. In addition, he has been holding the charge of the Department of Coal for about a year.

Mr Ramesh Bhandari, Secretary, Ministry of External Affairs

Age 53. Born in Lahore (Pakistan), Mr Bhandari has an M.A. from Cambridge and joined the Indian Foreign Service in 1950. His first post was Vice Consul in New York, 1952-55. He was then seconded to the Government of India, 1956-61, part of which time he was Private Secretary to the then Defence Minister, Mr Krishna Menon. From 1961-63, he was Deputy Secretary, Ministry of External Affairs and then Divisional Manager, Minerals and Trading Corporation, 1963-65, and, later, Director, Ministry of External Affairs, 1965-68. In 1969, after 14 years in Delhi, he was posted abroad again as Minister in the Indian Embassy in Moscow, in 1971 going as Ambassador to Thailand and Permanent Representative to ESCAP; then again, after being Ambassador to Iraq, 1974-76, he joined the Ministry of External Affairs in Delhi as Additional Secretary in charge of West Asia.

Mr Bhandari took over in 1979 as one of the three senior Secretaries in the Ministry of External Affairs in charge of economic relations. He has been travelling and negotiating on oil matters for India.

Mr Bhandari is the son of Justice Bhandari and is married to the Princess of Patiala.

Mr M G K Menon - Secretary, Department of Science and Technology

Secretary, Department of Environment

Age 58. Trained as a physicist, he holds an M.Sc. from Bombay University and a PH.D from Bristol (UK) 1955. Has been the recipient of many scientific and national awards and a fellow of both national and international Science academies and societies. He started his career with the Tata Institute of Fundamental Research, first as a Reader and ending as Director, from 1955-75. From 1974 - 78 he was Scientific Adviser to the Ministry of Defence: Director General, Defence Research and Development Organization, and Secretary for Research and Development, in the Ministry of Defence, from 1971-78 he also held the position of Chairman, Electronics Commission and Secretary, Department of Electronics. He was appointed as Secretary, Department of Science and Technology in 1978, and in addition made Secretary in the newly-created Department of Environment in November 1980.

On March 13 he was given yet another change, viz that of heading the newly-formed Commission for New Sources of Energy. Mr Menon is thus currently actively associated with and in many cases running most of the leading scientific bodies in the country. Mr Menon is married.

Mr T.R. Satish Chandran, Adviser (Energy), Planning Commission

Age 52. Educated in Madras and London School of Economics, Mr Satish Chandran joined the Indian Administrative Service in 1952. He spent the early years of his career with the Government of India in the National Institute of Community Development, moving in 1968 to his state, Karnataka, first as Director of Industries, then Secretary for Industries and Finance and, later, as Secretary, Government of Karnataka. In 1976, he moved to the Central Government as Adviser (Energy) in the Planning Commission. During the last five years, he has been Chairman of the Committee formulating the policy on Bombay High Gas, Member of the high-level Working Group on Energy Policy headed by Mr N.B. Prasad, the former Power Secretary, and actively associated with the preparation of the Rajadhyaksha Report on power which came out in 1980.

Mr Satish Chandran is married.

718./2/14

List of Invitees to be provided

by

the New Delhi Office

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

7-18 /2/13

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Through: Mr. E. Stern, SVPO
FROM: W. David Hopper, VP, South Asia

DATE: February 2, 1981

SUBJECT: Background Note for Your February 3 Meeting
With Mr. R. N. Malhotra, Secretary, Finance, GOI

1. We understand Mr. Malhotra's meeting with you is intended essentially as a courtesy call, during which he will once again extend the Government's invitation to you to reschedule your visit to India for some time later this year. During the course of the meeting, however, Mr. Malhotra may be expected to seek reassurance regarding India's access to her "full share" of IDA VI and IDA VII. Mr. Malhotra will likely make reference to India's low per capita income, low per capita aid transfers, and current and projected energy deficit in urging continued allocation of the maximum amount possible of IDA resources to India.

2. Mr. Malhotra may also stress the importance of increasing allocations of Bank resources to India, in view of the severity of the overall resource constraint and the unavoidable necessity of increased commercial borrowing. He can be expected to resist the notion of a trade-off between Bank and IDA funds, arguing that India requires the maximum amount possible from both Bank Group facilities. In this connection, Mr. Malhotra may inquire about the Bank's creditworthiness criteria, although he is likely to maintain that the primary consideration in allocation of Bank funds must be resource needs.

3. Finally, the Secretary is likely to raise the subject of the Extended Fund Facility India is seeking from the IMF. He may inquire into the arrangements for Bank/Fund coordination and, in particular, the likely implications of the EFF for structural adjustment lending from the Bank. The Fund mission has just returned from India and our own economic mission is still in the field, looking into, among other things, structural adjustment requirements. We can only say that we will work closely with the Fund and will, of course, take into account any EFF agreement reached in evaluating a program for structural adjustment.

4. From our perspective, it would be helpful if you could, in your conversation with the Secretary, stress the critical importance of improved export performance and the related necessity of attention to relieving the severe infrastructure bottlenecks that have plagued the economy. After a marked improvement in export performance between 1970/71 and 1976/77 (volume growth averaging 8.6% p.a.), export volume has stagnated, with an average growth rate of less than 1% p.a. in the years since 1976/77. This disappointing performance stems from factors affecting the economy as a whole as well as from inadequate trade policies. The simultaneous presence of strong domestic demand and serious

supply bottlenecks, particularly in the non-tradeable sectors of power and transport, has reduced both the need to export (as slack capacity is taken up by more profitable domestic sales) and the ability to export (timely production and movement of goods being essential to export production). Thus, improved trade policies are required to help overcome the dominating pull of the domestic market and better performance in the infrastructure sectors to allow increased production of exportable goods.

5. The specific trade policy reforms required are currently being investigated by an economic mission in the field. Indications are, however, that no major overhaul of either exchange rate or general trade policies is required. Improvements in export profitability in the range of 15-20%, which could be accomplished through a variety of measures, would appear, at least at this stage, to provide adequate stimulus. In particular, greater availability of imported inputs (facilitated by tariff relief) would be one crucial area of reform; another focus could be on domestic policies, particularly taxation, affecting exporters.

6. As for improvements in infrastructure performance (particularly power, coal and transport), more efficient utilization of existing capacity is crucial. Labor troubles and management deficiencies contributed to serious power and coal shortages and transportation bottlenecks in 1979/80. Although there has been some improvement in 1980/81, the railways are still having difficulty moving goods, and power generation (which continued to fall below the previous year's level through July 1980, picking up significantly only after October) is expected to be 10% below requirements for this fiscal year, despite an expected 8.7% increase in installed capacity.

7. The strategy we would urge is by no means export-led or export-dominated growth. Under even the most optimistic assumptions, exports are unlikely to constitute more than 8-12% of GDP through the 1980s. More rapid export growth (assisted by infrastructure improvements) can, however, help ensure that policies for general economic development in India, with a continuing focus on agriculture, rural poverty alleviation, and basic industrial infrastructure, will not be frustrated due to a recurring foreign exchange constraint. At the moment, due to poor export performance combined with a sharp rise in the POL import bill, India's balance of payments position is deteriorating rapidly, with reserves falling at a rate of US$200 million per month. Moreover, our projections indicate a balance of payments deficit on the order of 2-2.25% of GDP by the mid-1980s, even in the presence of reasonable structural adjustment initiatives. While GOI has not made their own projections available to us as yet (indeed, you might inquire about their BOP forecasts), they have not taken issue with our figures. Clearly, early and effective efforts to improve export performance are essential if India is to sustain a reasonable growth rate, supported by the required level of international borrowing.

8. Finally, you might inquire about the nature of the Sixth Five-Year Plan, still under finalization. We are particularly interested in the likely foreign exchange and foreign financing requirements implied in the Plan and in the implications of planned investment in terms of India's capital/output ratio, which has in the past been very high, due both to a relatively heavy concentration on capital-intense investment and to inefficiencies in capital utilization.

cc: Mr. Wiehen and Mrs. Hamilton (ASA)

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718/12/12

Memorandum for the Record

October 7, 1980

Ann O. Hamilton, Chief, ASADB

INDIA - Meeting of Annual Meeting Delegation with Mr. McNamara

1. The Indian Finance Minister met with Mr. McNamara at 8:30 a.m. on October 2, 1980. Also present were Messrs. R.N. Malhotra, M.D. Godbole, M. Narasimham and D. Das Gupta of the Government of India and Messrs. W. David Hopper, Michael H. Wiehen, Olivier LaFourcade and Mrs. Ann O. Hamilton of the Bank staff.

2. The Minister pointed out that the Indian economy seemed to have turned the corner. Last year's drought had led to a decline in foodgrain production to 115 million tons; industrial production had not grown at all; and infrastructure -- especially coal, power and transport -- had been severely constrained. In the current year, by contrast, foodgrain production was expected to reach 136 million tons, which would permit buffer stocks to regain the 20-million-ton level; industrial production was picking up; the hydro-electricity reservoirs were full; and a 10% increase in coal production should lead to increased thermal power generation. As a result of all these factors, GNP was expected to grow by at least 5%.

3. In response to a question by Mr. McNamara regarding exports, the Indian delegation indicated that they were expected to grow by about 8% in the current year. This performance was expected to result both from enhanced incentives to exporters (a 5% automatic expansion of capacity, drawbacks, etc.) and from the increased availability of export items, as the scarcities which had imposed a serious constraint on exports last year were removed. The Sixth Plan would include an export growth target averaging 9-10% over the five-year period, although the rate would necessarily be somewhat lower in the initial years. The steps so far announced to achieve this included import replenishment facilities for exporters (10% in excess of what had been exported), the usual drawbacks, and assistance in respect of sales tax and local taxes. Some of the recommendations of the interim report of the Tandon Committee, which was established to propose a medium-term export strategy, had already been accepted; specifically, efforts to promote exports of agricultural commodities (sugar, coffee, vegetables), especially to the Gulf States, would be undertaken. The Finance Minister pointed out, however, that the world trading environment could inhibit export promotion efforts. Mr. McNamara commented that, although the trading environment appeared unlikely to improve in the near term, there were huge markets which could be penetrated, and that an expansion of India's exports was essential to meet the country's import bills. The Indian delegation agreed, pointing out that POL imports are already equivalent to 70% of export receipts, and the import bill is likely to rise in the near term since 11 million tons of India's 16 million tons of crude imports come from Iran and Iraq. Mr. McNamara said that he would like to learn more about the export position and prospects during his next visit to India.

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4. Turning to the subject of China and the impact of its entry into the Bank, Mr. McNamara pointed out that the Bank had made no commitment to China about lending levels and nothing had yet been included for China in the five-year lending program. However, it was obvious that China would have a lending program which would be substantial once the project pipeline was full. Although the size had not been determined, it was reasonable to assume that, if India had a lending program of US$2.25 billion by 1985 with a population of 750 million people, China, with a population of one billion people, might have a program of US$3 billion. This lending level could be attained either by reducing the funds available to other large borrowers or by increasing the total available. In this context, he urged India to do everything possible to help organize a consensus in support of the various measures being proposed to increase the volume of resources available to the Bank Group for channelling to the developing world, including efforts to accelerate the flow of funds while the debate on longer-term issues is going on. He explained that such increases were essential, since the private market would not be able to carry the full burden of intermediation which would be necessary to distribute the large surpluses which would be accumulating in the oil-exporting countries. For this reason, the Bank relied on India to help deflect negative positions on any of the proposals under consideration (the energy affiliate, the gearing ratio, the capital increase, etc.)

5. Mr. McNamara pointed out that, in order to avoid putting an argument in the hands of those who wished to cut back on India's program, it was important that India develop a strong list of financing possibilities. In this connection, he noted that real difficulties were emerging in the FY81 lending program, which was seriously behind schedule. He urged that every effort be made to accelerate the decision-making necessary for project approval.

6. In conclusion, Mr. McNamara congratulated the Government on the acceleration of disbursement of Bank Group funds, and complimented Mr. Malhotra on his performance at the recent meeting of the India Consortium. He pointed out that he hoped to visit India at the end of January or in February, noting that he should have his schedule worked out in about three weeks. The Finance Minister said the Sixth Plan should be finalized by the last week of December or the first week of January, and Mr. McNamara would be welcome whenever it suited his convenience.

cc: Messrs. Stern (VPO), Hopper (ASNVP), LaFourcade (EXC), Wiehen (ASA), Thalwitz (ASP), Roulet (NDO), India Division

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5. DISCUSSION TOPICS FOR MEETINGS IN NEW DELHI

The following topics are suitable for discussion with the various Ministers. References are made to the Briefing Notes where a fuller discussion of the topic is given.

MONDAY PM: Meetings with Mr. R. Venkataraman, Minister of Finance and Mr. Narain Dutt Tiwari, Minister of Planning and Manmohan Singh, Member/Secretary, Planning Commission

(a) Sixth Five-Year Plan

You may wish to note the expeditious completion of the Plan and its generally realistic assessment of India's situation and prospects. The following points highlight issues which have been identified on the basis of an initial, necessarily brief review.

(i) The Sixth Plan implies a significant shift from private to public investment which could be a major disincentive to residual private investment.

	Fifth Plan (1974-79)	Sixth Plan (1980-85)
Share of Public Sector in Investment	45%	53%

(ii) Public sector outlay program involves ambitious targets for additional resource mobilization, particularly from State public enterprises (State Electricity Boards and Road Transport Corporations). What progress has been made on raising these resources?

Additional Public Sector Resource Mobilization in Sixth Plan
(Rupees Billion)

Center	122.9	(12.6% of total resources for public sector outlay)
of which:		
Taxes	51.4	
Reduced Subsidies	32.5	
Public Enterprise Profits	39.0	
States	90.1	(9.2% of total)
Public Enterprise Profits (estimated in Plan)	52.0	
Other measures including taxation	38.1	

(iii) Given the poor performance of infrasructure sectors in recent years, you may wish to raise the question of adequacy of Plan investment levels in transport and power (see (d) below).

(b) General Bank-India Relations

(i) Review current situation of IDA VI and VII replenishments and the effect of China's entry on the level of lending to India (refer to Section D.3 - Analysis of Creditworthiness).

(ii) India: membership in the CGIAR and the suggestion that India contribute a minimum of US$500,000 to join the CG (see attached material).

(c) Agricultural Credit Situation

The Agricultural Refinance and Development Corporation (ARDC) refinances the bulk of institutional agricultural credit in India. ARDC has so far been associated with about 40 Bank Group projects in India involving loans and credits of over US$2 billion, of which about US$1.2 billion is directly channelled through ARDC.

While ARDC has developed into an efficient organization contributing very significantly to the agricultural development needs of the country, its channels of lending (Land Development Banks and Commercial Banks' agricultural portfolio) are facing very serious problems of overdue loans. Overdues range from below 5% in Haryana, Punjab and Kerala to 60% and over in Tamil Nadu, Gujarat and Bihar. The reasons for such unacceptably high overdues include drought, floods and other natural calamity, but willful defaults, encouraged by the politicians during the political instability of the past two or three years, were very significant. Some encouraging signs of improvement on collection of dues have appeared recently, although the State-by-State data will be available only after June 1981. ARDC lines-of-credit are complementary to practically all other agricultural projects supported by the Bank Group. Indeed, they occupy a very high priority in GOI's overall program. We are considering appraisal of a fourth ARDC credit project in April, and we should ask GOI for clear evidence of improvement in the overdues situation before the IDA Board considers the next project.

(d) Role of Indian Railways

Bank staff are currently preparing two projects for the IR on electrification, workshop modernization and imports of components. There are differences of opinion, however, within the Government on what levels of investment should be made by IR to ensure adequate growth. IR and the Bank staff believe that investments at a greater level than provided for in the Sixth Plan would be desirable. Elsewhere in the Government (specifically Finance and Planning) there is the feeling that IR is being too "lavish" in its capital expenditure program and should improve its efficiency. Given the Plan's financial constraints, it is not clear how any additional investment in IR could be financed if the Government were

convinced of the additional needs. In any discussion of this issue, we should explain that the Bank staff are adopting the official Plan investment figures and the projects being prepared are "time slices" of that Plan investment program. The Bank is also strongly endorsing efforts by IR at improving utilization of existing assets by improved management tools and techniques.

(e) Establishment of Economic Administration Reforms Commission

To be chaired by L.K. Jha (attached telex refers). This commission will be concerned with such items as tax administration rationalization and improvements, use of non-tax devices for raising the levels of savings and other matters of economic policy. You may wish to ascertain whether the Commission is intended to have an operational role in policy-making.

(f) Structural Adjustment Lending

The Finance Minister may raise the issue of structural adjustment lending or other forms of non-project assistance. You may wish to stress that, in the case of large countries such as India, the scope for structural adjustment lending is less clear given the complexity of macro-economic and sectoral issues. With respect to India, much will depend on the results of the upcoming negotiations with the IMF and the review of India's new Five-Year Plan, which has only recently been published. India may wish to consider the possibility of various sectoral operations in which a significant policy dialogue could take place and agreement reached on sectoral programs which would contribute to India's overall adjustment efforts.

MONDAY PM: Meeting with Mr. Rao Birendra Singh, Minister, Agriculture and Mr. Kedar Pandey, Minister, Irrigation

(a) Foodgrains (Briefing Note Tab E.4A)

You may wish to note the general balance which has been achieved over the past five years between supply of and demand for foodgrains. Real foodgrain prices fell 1.9% per year between 1970 and 1978, imports were eliminated and buffer stocks built up. The 1979/80 drought brought production down sharply to 109 million tons. Using the buffer stocks (and no doubt private stocks built up during the record 1978/79 harvests), India was able to withstand the effects of this drought relatively well, while exporting 0.6 million tons of rice. Production during 1980/81 is expected to recover to about 130 million tons, though it is clearly too early to be certain about this figure.

(b) Agriculture and Irrigation in the Sixth Plan (Briefing Note Tab E.9)

India's long-term commitment to agriculture is continued in the Sixth Plan. Foodgrain production is projected to increase from a 1979/80 weather-corrected base of 128 million tons to 149-154 million tons. Such growth is ambitious but feasible and implies a substantial surplus over domestic demand at present real prices. You may wish to explore present Government thinking on how such surpluses, should they arise, might be used: for exports, to earn badly needed foreign exchange; or for increased domestic consumption at lower real prices.

Fert. figures ?

You may wish to note the Sixth Plan's irrigation target (13.6 million ha) and express the hope that it can be met despite the shortages of crucial raw materials (cement, coal, steel) and transport which have been slowing construction of ongoing projects. You might also wish to express approval of the Plan's emphasis on improving the efficiency of existing irrigation facilities through promoting systematic water distribution procedures and better on-farm water management practices.

(c) Agricultural Credit

The problem of overdues in repayments of loans by Land Mortgage Banks and Commercial Banks for Agriculture (see (c) above) could also be raised in your discussion with the Minister of Agriculture.

TUESDAY AM: Meeting with Mr. Chaudhury, Minister, Energy

(a) Pricing in the Energy Sector (Briefing Note Tab E.2)

A major policy issue in the energy sector is pricing. Both coal and electricity prices do not reflect long-term marginal costs of production and are subsidized by the Central or State Governments. Higher coal and electricity prices would not only promote greater economy and efficiency in the use of coal and electricity which are in short supply, but would also enable these sectors to generate resources to meet their own investment requirements, which has now reached close to a quarter of total Plan outlay.

The energy pricing policy advocated by the Sixth Plan reflects this view: "An appropriate energy pricing policy would have to be followed in order to induce economies in the use of energy in all sectors and encourage the desired forms of inter-fuel substitution. In the past, the pricing of energy has not always reflected either the true costs to the economy or helped to ensure the financed viability of the energy industries. This situation cannot be allowed to continue for long".

In the past, the Central and State Governments have been hesitant to raise coal and electricity prices mainly because of their likely

inflationary effects. We should indicate our strong support for the Sixth Plan's energy pricing policy and inquire about GOI's plans for implementing it.

(b) Capacity Utilization There has been a declining trend in capacity utilization in thermal power plants (from 56% in 1976/77 to 45% in 1979/80) that has contributed significantly to power shortages especially in the last two years. What steps are being taken to improve capacity utilization in thermal power plants?

(c) Oil Exploration

GOI is planning to accelerate its oil exploration program by both increasing its own exploration capabilities and opening up prospective areas to foreign exploration firms. We actively encourage this and there is an exploration project in the pipeline for FY82 (Krishna-Godavari US$150 million).

TUESDAY AM: Meeting with Mr. Pranab Mukherjee, Minister, Commerce

Policies for Accelerating Export Growth (Briefing Note Tabs E.3 and E.6)

While export growth during the 1970s, at 7-8% volume growth per annum, was a distinct improvement over India's long-term export performance (3% volume growth p.a., 1950-1978), the performance of the past two years has been less adequate (an estimated 4-5% volume growth). You may wish to note that GOI has accorded high priority to improving recent performance and that several policy measures have been implemented.

Issues which you may wish to discuss (include the following):

(i) The relative importance of supply constraints and infrastructure bottlenecks versus profitability on export production.

(ii) To the extent that supply constraints have been binding, the adequacy of imports to alleviate at least some of these constraints (particularly iron and steel, the major input for engineering goods exports).

(iii) The extent to which recent concessions to 100% export oriented units can be extended generally to exporters (e.g., duty-free imports under replenishment licenses).

(iv) Delays in the preparation and publication of trade data. Official trade statistics for 1978/79 have only recently become available and volume indices are seriously out of date (1968/69 base, with two-year publication delay).

With increased attention to creditworthiness issues as India enters commercial credit markets, improvements in data collection and publication are crucial.

(v) Progress on further streamlining the procedures associated in duty-drawbacks (refunds of customs duties on imported inputs for exports), import licensing, and other trade policies.

(vi) Any anticipated changes on foreign collaboration and imports of technology.

TUESDAY AM: Meeting with Dr. Chanana, Minister of State for Industry (Briefing Note Tab E.6)

Industrial production has recovered more slowly than expected from the drought-induced fall in 1979/80, rising by only aout 4% for 1980/81 as a whole. Performance in the secord half of 1980/81, however, has improved and industrial production in 1981/82 is expected to be much stronger.

Manufactured exports accounted for over 54% of Indian exports in 1977. Given the importance of growth in industrial exports for India's foreign exchange earnings, you may wish to explore the measures under consideration for promoting the growth of manufactured exports, in particular, measures to improve profitability of export sales relative to the protected domestic market.

Given the Plan's ambitious resource mobilization targets, you may wish to explore what incentives are under consideration to raise the level of private corporate savings, which are expected to account for only 6% of domestic savings during the Plan period.

FRIDAY PM: Meeting with Mr. P.C. Sethi, Minister for Petroleum, Chemicals and Fertilizers (Briefing Note Tab E.2)

(a) Gas Exploration and Utilization. You may wish to discuss prospects for natural gas. What does the Government plan to do with the additional quantities of natural gas now known to exist? Is there a long term gas utilization strategy being developed?

(b) Fertilizers. In view of the fertilizer supply constraints likely to emerge during the Plan period, you may wish to explore the steps being taken to ensure better capacity utilization of existing fertilizer plants and the prompt commissioning of new plants.

(c) Thal Fertilizer Project

The annexed Board statement by Mr. Hopper sets out the sequence of events which led to our refusal to declare this US$250 million loan effective on December 31, 1980. There was a mixed response to our action by the Indian press. Government reaction was expectedly tough. The Prime Minister, speaking to the press at Calcutta airport, alleged "interference" by the Bank in India's internal affairs, presumably referring to our refusal to accept the Danish firm Messrs. Haldor Topsoe, selected by GOI, as the ammonia plant engineering consultants. Mr. P.C. Sethi, the Minister of Petroleum and Chemicals, has been a more persistent and vociferous critic of the Bank's action. Mr. Sethi has visited Europe recently to try to raise the foreign funds now required to execute the project. Recent press reports of a statement he made in the Lok Sabha (February 12, 1981) indicate that Denmark (US$30 million), Japan (US$69.8 million), Italy (US$20 million) and the UK 1/ (US$67.5 million) are expected to help out with financing the project, and a French commitment is expected shortly. Costs have, however, increased due to the delay in placing foreign orders and the foreign exchange gap is now considerably higher than the US$250 million originally pledged by the Bank.

2. In the meanwhile, we have negotiated the Hazira Fertilizer Project, which was also held up pending appointment of ammonia plant engineering consultants. For this project, we have accepted GOI's selection of Messrs. M.W. Kellog (USA) as the ammonia plant engineering consultants because they have the required qualifications and experience to construct large plants of this size (-1,350 tpd). A US$400 million Credit for the Hazira project is due to be considered by the Board on March 31, 1981.

SATURDAY AM: Final Meeting with Prime Minister

In addition to issues that arise in the course of discussions with the various Ministers you may wish to raise the following additional points.

(i) The apparent gaps in the Sixth Five-Year Plan between today's levels of performance and the Plan expectations, and how the "gaps" are to be filled. Specific gaps include:

- policies to improve export performance while preserving the import liberalization of recent years (you may wish to note the Prime Minister's direct involvement as Chairman of the Cabinet Committee on Exports).
- the funding of the public sector outlays proposed in the Sixth Plan, paticularly the steps that States must

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1/ It is not clear whether this amount excludes the US$45 million of British assistance committed to the Thal project at the time of negotiations.

undertake to meet targetted additional resource mobilization (projected at Rs 123 billion from Central Government measures and Rs 90.1 billion from the States).
- current energy pricing policy and the steps to be taken for the implementation of the energy pricing policy advocated in the Sixth Plan.
- the adequacy of Plan allocations to overcome India's infrastructure bottlenecks.

(ii) India's membership in the CGIAR.

(iii) India's balance of payments prospects and likely levels of IBRD and commercial lending.

Balance of Payments Estimates
(US$ millions)

	Estimates		Projections
	1980/81	1981/82	1984/85
Merchandise Exports	9,050	10,300	16,200
Merchandise Imports	-15,000	-16,150	-25,600
Trade Balance	- 5,950	- 5,850	- 9,400
Net Invisibles	2,600	2,850	3,600
Current Account Balance	- 3,350	- 3,000	- 5,800
Net Aid	1,413	1,718	2,055
Other Borrowing (net)	317	612	4,910
Capital n.e.i.	100	-	-
IMF Credit	1,035	-	-
Change in Reserves (- equals increase)	485	529	- 1,169
End of Year Reserve Level	7,094	6,465	7,730
(Months of Import Coverage)	(5.3)	(4.4)	(3.2)

Source: World Bank estimates.

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18. GOVERNMENT OF INDIA HAS CONSTITUTED AN ECONOMIC ADMINISTRATION REFORMS COMMISSION UNDER THE CHAIRMANSHIP OF L. K. JHA, FORMER GOVERNOR OF JAMMU AND KASHMIR. OTHER TWO MEMBERS OF COMMISSION WILL BE R. TRUMALAI, SECRETARY (COORDINATION), CABINET SECRETARIAT AND C. H. HANUMANTHA RAO, INSTITUTE OF ECONOMIC GROWTH, DELHI.

19. A SECRETARY TO BE APPOINTED BY GOVERNMENT WILL ASSIST THE COMMISSION.

20. COMMISSION IS AUTHORISED TO CO-OPT AD HOC MEMBERS ON A PART-TIME BASIS AND ALSO ENLIST ASSISTANCE OF EXPERTS AND INSTITUTIONS WITH THE APPROVAL OF GOVERNMENT.

21. COMMISSION WILL BE AN ADVISORY BODY AND WILL DEAL WITH SUCH MATTERS REGARDING THE ECONOMIC ADMINISTRATION AND ITS REFORMS AS MAY BE REFERRED TO IT BY GOVERNMENT FROM TIME TO TIME. IT WILL ALSO CONSIDER SUCH RELATED CHANGES IN ECONOMIC POLICIES AS WOULD FACILITATE THE IMPLEMENTATION OF ITS RECOMMENDATIONS REGARDING IMPROVEMENT IN ADMINISTRATIVE EFFICIENCY.

22. IN THE FIRST INSTANCE COMMISSION WILL TAKE UP FOR CONSIDERATION THE FOLLOWING MATTERS:

1) TAX ADMINISTRATION, ITS RATIONALISATION AND IMPROVEMENT;
2) THE USE OF NON-TAX DEVICES FOR RAISING THE LEVEL OF SAVINGS;
3) 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) EXAMINATION OF RENT CONTROL LAWS IN FORCE IN DIFFERENT STATES AND RECOMMENDATIONS REGARDING A MODEL LAW.

23. COMMISSION WILL BE UNDER THE ADMINISTRATIVE CONTROL OF CABINET SECRETARIAT AND WILL SUBMIT ITS REPORT TO PRIME MINISTER. THE TERMS OF THE COMMISSION WILL BE FOR TWO YEARS.

24. A RESOLUTION CONSTITUTING THE COMMISSION WAS ISSUED IN NEW DELHI ON MARCH 05.

March 6, 1981

Note on India as a Donor Member of the CGIAR

1. The Consultative Group on International Agricultural Research (CGIAR) was organized in May 1971 to bring together countries, public and private institutions, international and regional organizations, and representatives from developing countries in support of a network of international agricultural research centers and programs. The basic objective of this effort was then, and is now, to increase the quantity and improve the quality of food production in the developing countries. The research supported by the Group concentrates on those critical aspects of food production in the developing countries that are not adequately covered by other research facilities, and which are of wide usefulness, regionally or globally. Currently, the CGIAR network is involved in research on all of the major food crops and farming systems in the major ecological zones of the developing world.

2. The international centers' research and training activities deal with crops and livestock that encompass three-quarters of the food supply of the developing countries. These centers have already made significant contributions toward increasing food production in the developing countries.

3. There are today forty-six members of the CGIAR. Thirty-four of these are donor members and ten, each serving a term of two years, are countries elected to represent the countries of the five major regions of the developing world. The donor members have pledged about $140 million in 1981 to support the thirteen international centers and programs in the CGIAR system.

4. About three years ago it was decided to provide a stronger developing country voice in the Group by inviting a few developing countries to become continuing donor countries. The aim was to include within the continuing membership of the Group a selection of countries which, because of the advances they had made in agricultural research and its application to agricultural development, could make a substantive contribution to the deliberations of the Group. These countries would at the same time be able to make a significant financial contribution to the Group's resources, for which there was an increasing demand.

5. Four countries -- Brazil, India, Mexico and the Philippines -- were invited. Mexico and the Philippines have accepted and are already contributing. Brazil has accepted to join as a donor member in 1982. In 1981 Mexico is contributing $1 million and the Philippines $500,000. In 1982 Brazil will contribute $1 million.

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6. Discussions have been going on with India for almost three years. We understand that India would, in principle, like to become a donor member. The main point of discussion has been the amount India would contribute each year. This question has been discussed a number of times in various places. It was first discussed in Delhi in the summer of 1979. It was discussed in January 1981 by Sir John Crawford and by Dr. Hopper of the World Bank shortly thereafter.

7. India has been asked to contribute a significant amount. With a need for $140 million in 1981 and over $170 million in 1982, something more than a token is needed from each of the donors. All new donors are being asked to contribute at least $500,000. There is concern that if a country as large and important as India gives less, then others also would give amounts which would not significantly add to the Group's resources. When India was first approached it drew attention to the fact that New Zealand was contributing only $25,000 and Italy not a great deal more. However, because it did not wish to give more, New Zealand is no longer a donor member. In 1982 Italy is giving $1 million.

8. India gives high priority to agricultural research. With its experience it can be a valuable member of the CGIAR. This is the main reason it has been asked to become a donor member entitled to continuing membership. At the same time the Group needs additional resources and a substantial financial contribution from India would be greatly welcomed and would encourage other developing countries to become donor members at a significant level.

9. Sir John Crawford left with Indian authorities a note on "India's Relations with CGIAR." It is attached as Annex I. Also attached, as Annex II, is a list of the contributions to the CGIAR for 1982 pledged at its annual meeting last November.

Attachments

January 27, 1981

INDIA'S RELATIONS WITH CGIAR

India has been invited to join the Consultative Group for International Agricultural Research (CGIAR) as a donor member. I have been asked to present the matter to the Government of India. I do this willingly as I strongly believe in the appropriateness of the invitation.

My reasons are several:

(1) In agricultural research India is the leading Third World user and developer of advanced agricultural technology based on research in the relevant agricultural sciencies. It has a mutually profitable two-way relation with the Internatinal Research Institutes now financed by the donor members of the CGIAR to the tune of US$140 million in 1981. India's scientific experience is used by the Research Institutes, but the value of its experience would be greatly enhanced if it could, as a member, contribute in the forum of CGIAR to the debate and policy decisions made by donor members. A quite modest annual donation would secure this right.

(2) Up till recently the financial cost of membership was, for some, a matter of a token only. This is no longer the position. New Zealand which contributed a few thousand dollars only is no longer a member. France which for long contributed extremely little to the pool of CGIAR resources now

contributes over a million dollars. Italy had been a minor contributor, but now provides US$800,000 1/

(3) More important is the dramatic change which reflects recognition of the value of the system by developing countries. Thus the Philippines is giving US$500,000; Mexico US$1,000,000; Nigeria, just under US$1,000,000 2/ Brazil will be a donor member in 1982 and will contribute US$1,000,000.

It is suggested that India could contribute US$500,000 which represents considerably less than 1% of this year's total of US$140,000,000 by all donors. It is worth bearing in mind also that the United States automatically contributes 25% of the total of other donors and the World Bank 10%. A contribution of US$500,000 by India would thus yield another US$175,000 to the total.

(4) I am aware of the present difficult balance of payments situation and do not in any way belittle the importance of this fact. Nevertheless, I do believe the case is solid for immediate Indian participation. It is not irrelevant to note that in balance of payments terms India is presently a considerable beneficiary because of the relative large sums of foreign exchange contributed by the donors who support ICRISAT.

(5) I invite the Government's earnest consideration of this matter.

J.G. Crawford
Adviser to World Bank and
formerly Chairman of the Technical Assistance
Committee to the CGIAR

1/ Increased to $1 million in 1982
2/ Increased to over $1 million in 1982

ANNEX II

CONSULTATIVE GROUP ON INTERNATIONAL AGRICULTURAL RESEARCH

Estimated Contributions for 1981
(Indicated as of October 1980)

	(US$ Millions equivalent)
African Development Bank	(.050)
Asian Development Bank	(.350)
Australia	3.315
Belgium	4.045
Canada	7.620
Denmark	1.175
Commission of the European Communities	5.460
Ford Foundation	1.300
France	1.095
F.R. of Germany	10.800
Inter-American Development Bank	7.400
International Development Research Centre	1.075
International Fund for Agricultural Development	6.490
Ireland	.200
Italy	1.000
Japan	8.400
Mexico	(1.000)
Leverhulme Trust	.585
Netherlands	3.070
Nigeria	.955
Norway	2.000
OPEC Fund	1.100
Philippines	.500
Rockefeller Foundation	1.000
Spain	.500
Sweden	3.525
Switzerland	2.580
United Kingdom	7.140
United Nations Development Programme	4.990
United States	35.000
World Bank/IDA	14.600
TOTAL	138.620

Note: The amounts in this table were indicated by each donor at the meeting of the Consultative Group held in October 1980, or confirmed subsequently, and in most cases are subject to legislative or similar approval by the authorities concerned. Exchange rates used are as of November 6, 1980. Figures in parentheses indicate the amount has not yet been confirmed and is still tentative.

G. Uttar Pradesh
Visit

718 12/10

THE STATE OF UTTAR PRADESH

1. An Overview

General

1. The State of Uttar Pradesh (UP) is the most populated State in India. It has a population of about 100 million (1979), accounting for 15% of total Indian population, and a geographical area of 298,000 km^2 or 9% of India's total area. The population density is high at 340 persons per km^2 (compared to the national figure of about 200 per km^2). And about two-thirds of all farm holdings in UP are below one hectare (compared to about 50% for the nation).

The Economy

2. The economy of UP is predominantly agrarian, with agriculture contributing about 55% of the State income and employing about 78% of the working force. Between 1960/61 and 1976/77, the growth rate of the primary sector, including agriculture, forestry, fishing and mining was only 1.7% per annum (p.a.) compared to an all-India average of 2.0%. Similarly, the secondary sector, including manufacturing, construction, electricity, gas and water supply (15% of the State income) only grew at 2% p.a., which was half the national rate of 4%. The performance of the tertiary sector, including transport, trade, finance and services (30% of the State income) fared better at 4% growth p.a. However, since tertiary sector activities started from a relatively small base and were concentrated mostly in the urban areas, their rapid growth only contributed marginally to the welfare of the 85% of the population living in the rural areas.

3. As a result of the poor performance of the primary and secondary sectors, State income grew at an annual rate of only 2.2% p.a., well below the national rate of 3.1%. Per capita income increased by only 0.5% p.a. and at Rs 870 in 1976/77, which was lower than the national average of Rs 1,015. Since agriculture is the main activity in the State and has close links to other sectors, economic progress is largely dependent on the removal of constraints to further agricultural growth, particularly through increasing productivity and expanding of irrigation.

Employment and Rural Poverty

4. The labor force constitutes about 30.9% of the UP population. Its participation rate is higher in rural areas (31.4%) than in urban areas (27.7%). Cultivators and agricultural laborers account for 66% and 23% of

the rural labor force, respectively. Because of the slow growth of agriculture and manufacturing, productive employment has failed to keep pace with population growth. An attempt was made in 1978/79 to quantify the unemployment rate as follows:

	Number of Unemployed ' 000 jobs	% of Rural Labor Force	% of Urban Labor Force	% of Total Labor Force
Rural	2,381	9.0	-	7.8
Urban	272	-	6.6	0.9
Total	2,653	9.0	6.6	8.7

5. The poor performance of the agricultural sector also resulted in a deterioration in the proportion of rural population living below the poverty line (US$75 per capita per annum) from 33% in 1960/61 to 40% in 1970/71. These figures were still about 20% below the national average. However, over the period 1957/58 to 1973/74 there was no discernible trend in the incidence of poverty. Agricultural laborers account for a substantial part of the poor. It is estimated that 90% of the agricultural laborers in Uttar Pradesh lived below this poverty level. A series of programs have been created to raise standards of living of this group, including measures to secure tenants rights, land redistribution and public works program. These programs so far have been largely unsuccessful due to faulty planning and poor implementation.

6. Public Services. The literacy rate 36% in 1976) is lower than the national average of 46.5%. The number of doctors and health centers per 1,000 persons is the lowest in India. Although the State is well connected to the rest of India through national highways, railways and airways, the intra-State communication is inadequate. In 1975/76, the road length per 100 km^2 was only 24 km compared to the national average of 36 kms. The provision of safe, and adequate drinking water has been slow. At present, water supply schemes are being implemented in about 20% of the villages with no adequate source of drinking water. The Bank Group has supported GOUP in water supply schemes through the ongoing Uttar Pradesh Water Supply and Sewerage Project (Cr. 550-IN, US$50 million).

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2. The Agricultural Sector

Climate

1. Uttar Pradesh has a tropical monsoon climate, but there are great variations in temperature in accordance with changes in altitude. On the Gangetic plain, the average temperature ranges from a minimum of 3-4°C in January to a maximum of 43-45°C in May and June. The Himalayan region of the State is much cooler with snowfalls from December through March. The mean annual rainfall ranges from about 700 mm in the western part of the plain to about 1,200 mm in the east. It exceeds 1,800 mm in the Himalayan foothills. About 87% of the rainfall occurs during the June-September monsoon period. However, there are considerable variations in both amounts and distribution. Variability is directly related to the mean annual precipitation; thus the eastern part of the Gangetic plain is subject to the greatest variation (±30 to 35% of mean annual rainfall). The times of onset and end of the monsoon are uncertain, and long dry spells may occur within the rainy season. Uncertainty regarding amount and distribution of rainfall makes irrigation important for successful crop production even during the monsoon season.

Topography and Regional Division

2. The State divides naturally in three physical regions: the Himalayas, the Gangetic plain and the Central Indian Plateau. The Himalayan region is of rugged topography, with high mountains intersected by deep valleys. A large proportion of the land is not suitable for agriculture. The Gangetic plain is an area of subdued topography, which slopes to the south east. This is the most heavily populated and cultivated area in the State. The southern edge of Uttar Pradesh rises onto the Central Indian Plateau. This is an area of low hills and plateau lands; part of the region is unsuitable for agriculture due to the undulating topography and thin soils. All the major rivers originate in the Himalayas and flow south eastwards across the Gangetic plain in deeply incised channels. Only some of the minor tributaries of the Yamuna and Ganges Rivers originate in the Central Plateau.

3. For planning purposes, the State is divided into five regions: the Hills comprising mainly the Himalayas; the Western region consisting of a small strip of sub-Himalayas and the western part of the Gangetic plain; the Central region covering the central Gangetic plain; the Eastern region extending over the eastern part of the Gangetic plain; and the Budelkhand lying in the Central Indian Plateau.

Soils

4. A wide variety of soils occurs in different parts of the State. The soils of the Himalayan region are generally thin, occur in pockets or along valleys, and are absent on steep slopes. They are usually immature and exhibit many of the characteristics of the parent rocks. The soils of the Gangetic plain are alluvial of different ages. The western part of the plain is characterized by shallow loams and sandy loams. The west central plain has thick, heavy loam soils, while the central area and eastern plain have loam or sandy loam soils. The soils of the Central Plateau region are categorized mainly into black or red varieties. The former are heavy and calcareous, occurring mainly on the valley floor. The red soils are light and occur on the plateau tops and on the upper slopes of hills. Thickness of soil profile is variable, and soils may be absent on steeper slopes. Some areas of saline soils occur on the Gangetic plain, but neither salinity nor alkalinity is a common problem. Fertility levels are low to medium.

Land Use

5. About 18.2 million ha (61% of the 29.8 million ha of reported area for land utilization in the State) is under cultivation. The forest area of 5.1 million ha (17%) is less that what is required to maintain a healthy ecological balance. About 3.4 million ha (11%) are either barren, uncultivable or put to non-agricultural use. Cultivable waste land accounts for 1.5 million ha (5%). The remaining 1.6 million ha (6%) are either fallow or used as permanent pastures and groves. Since 1960/61, the net cultivated area has remained stagnant, and there is little scope for increasing it in the future.

Farm Size and Land Tenure

6. The average farm size in UP is 1.2 ha, but there are large variations from one region to another. As noted below, the farm size distribution is largely determined by local agro-climatic conditions as well as population density:

Region	Annual Rainfall	Population Density	% of Farms in Size Group (ha) 0-1	1-3	3-5	5-10	10+	Average Size
	(mm)	(no/km^2)	----------%----------					(ha)
Hill	1600-1800	85	68	26	4	1	1	1.1
Western	700-900	428	59	29	8	3	1	1.4
Central	900-1000	381	66	27	5	2	1	1.1
Eastern	1000-1400	424	75	19	3	2	1	0.9
Bundelkhand	1200-1400	164	37	34	12	10	4	2.7
Uttar Pradesh		334	67	24	5	3	1	1.2

7. The smallest average farm size is in the Eastern region, where rainfall is relatively high and the area is densely populated. In contrast, in another high rainfall region, Bundelkhand, the average size of holdings is larger, about 2.7 ha. This is due to sparse population, difficult topography and infertile land.

8. A variety of land tenure arrangements exist. In the early 1950's, an Act was passed abolishing intermediate tenancy and providing security of tenure to erstwhile tenants. In 1961, a second Act imposed a ceiling on rural landholdings, with the specific aim of achieving greater equality in the landholdings of individual cultivators. However, the existence of legal loopholes, coupled with ineffective enforcement, resulted in a failure of this second Act to achieve its objective. In 1971, the land reform issue was reopened, but so far, has remained unresolved. Crops and Cropping Patterns

9. Cropping intensity for the whole State (133%) has not changed since 1970/71. The intensity is generally high in the Hills, Western and Eastern regions and low in the Central Region and Bundelkhand. The Hills have a high cropping intensity (157%) due to high rain fall and adequate soil moisture. Western UP is well provided with irrigation facilities, and agricultural technology is better developed here than elsewhere in the State. Consequently, the cropping intensity is as high as 140%. The high intensity in the eastern UP plain (135%) is mainly in response to the high pressure of population on cultivable land in these areas. These districts are densely populated, with 400-500 persons per km^2, and a large majority of the population depends on agriculture for its sustenance. The less developed state of agriculture in the Central and Bundelkhand regions results in low cropping intensities (129% and 100%, respectively).

10. Cereals -- paddy, maize, bajra and sorghum in the kharif season and wheat and barley in the rabi season -- account for two-thirds of the cropped area. Pulse crops, which occupy about 12% of the cropped land, include pigeon peas, moong and moth in the kharif and gram, peas and masur in the rabi. Non-food crops are grown only on 22% of the crop land including various types of oilseeds (15%), sugarcane (6%), and the remaining 1% under miscellaneous crops such as fruits, vegetables, fiber crops, green manure and condiments.

11. Cropping patterns vary with the changing physical and social conditions in different parts of the State. In the Western region, particularly in the Upper Ganga-Yamuna Doab, sugarcane and forage are the important crops in the kharif season. Bajra, maize and rice are more dominant in the Central Region, and jowar in Bundelkhand. During the rabi season, wheat occupies most of the land in all regions, followed by gram and barley.

Agricultural Production Trends

12. From the commencement of the First Five-Year Plan (1950-51) up to 1977/78, foodgrain production grew only at about 2% p.a., barely keeping pace with the population growth. Rice and wheat production accounted for most of this growth, while coarse grains remained stagnant and pulse production declined. The performance of non-food crops such as oilseeds, sugarcane and potatoes, fared better at 3.2%, 3.5% and 5.5% growth p.a., respectively. However, since these crops only occupy a small portion of the total cropped area, their rapid rates of growth do not significantly affect the overall performance of the agricultural sector.

13. The early years after Independence were characterized by both area expansion and yield increases for most crops. Between 1950/51 and 1960/61, production of both rice and wheat, major cereals in the State, grew at respectable rates of 5.1% and 2.5% p.a., respectively. In the sixties, the agricultural scene changed significantly. Increases in production of most crops during this period were largely the result of rising yields. Rice production, however, stagnated. While wheat and sugarcane production only grew at 3.7% and 1.0% p.a., respectively. The gain in potato production was spectacular. It grew at a rate of 10% p.a., resulting from both area expansion (4.4% p.a.) and yield increases (5.6% p.a.). The impressive performance of most crops, except rice and sugarcane, during this period was largely due to the introduction of improved high yielding varieties and accelerated development of private tubewells in the latter part of the sixties.

14. The agricultural transformation in rice crops seemed to lag a few years behind wheat. From 1971/72 to 1977/78, rice production improved significantly, growing at a rate of 4.7% p.a., slightly above wheat production (4.1%). Areas under other major cereal crops, such as maize

and barley, suffered a major setback, and their production showed a declining trend. Cash crops still performed well, growing at a rate of 4-5% p.a. Production of oilseeds and sugarcane improved significantly, growing at 4.2% and 4.4% p.a., respectively. Potato production maintained its earlier momentum, growing at a rate of 9.5% p.a. Area expansion under this crop slowed down, however, to a rate of 1.6% p.a. compared to 4.3% during the sixties. Greater use of high yielding potato seeds resulted in a yield increase of 8.0% p.a.

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3. Irrigation and Power

Water Resources and Utilization

1. Surface Irrigation. Uttar Pradesh lies within the catchments of four great tributaries of the Ganges river system. These are, from west to east, the Yamuna, Upper Ganga, Ghagara and Gandak Rivers. Most of the streams which feed these rivers have their sources in the Himalayas, though right bank feeders to the Yamuna and to the Ganges below the confluence with the Yamuna originate on the Central Plateau. The Himalayan streams are fed by both run-off from monsoon rainfall and by snow-melt during the spring through fall period. The streams originating on the plateau are fed only by monsoon run-off. The river reaches within the Gangetic plain are generally deeply incised into the regional water table and function as a drainage line for groundwater. The combination of run-off from snow-melt and groundwater drainage ensure perennial flows in the main river courses. However, there is a marked difference of discharge rate between early spring (before the onset of snow-melt run-off) and during the height of the monsoon. Though no proper survey has been undertaken, it is estimated that the total water resource of the Ganges basin is about 510,000 Mm^3 per annum. Approximately 70% of this passes through Uttar Pradesh. The ultimate irrigation potential 1/ in UP is estimated at 12.4 million ha. At present about 6.2 million ha or 50% of the resources available to the State has been utilized. Thus, there is ample scope for further development.

2. Groundwater. The Gangetic plain is underlain by a rich aquifer system formed of alluvial deposits. The alluvial deposits form a single though heterogeneous, aquifer system which exceeds 1,000 m in thickness in some parts of the plain. Aquifers are formed by beds of sand which inter-finger with beds of silt, clay and kankar. The aquifer system is recharged mainly by infiltration of rain falling on the area or collected by local run-off into pools and lakes. Another important source of recharge is deep percolation of canal and on-field losses from surface water irrigation systems. Parts of the plain are subject to flooding by river water in some years, and infiltration of flood water forms an important source of recharge in such areas. Discharge is by seepage to the main natural drains, which are deeply incised and form line-sinks for groundwater drainage, evaporation from shallow water tables and extraction by wells. Underflow under the regional hydraulic gradient forms a relatively small part of the water balance.

1/ This is expressed in terms of gross irrigated area.

3. The State Groundwater Directorate of the Ministry of Irrigation in UP has estimated a mean annual net recharge available to the State at 58.000 Mm^3. Net extraction by various types of tubewells and dugwells amounted to 29,000 Mm^3 in 1976/77 or about 50% of the groundwater resources. Thus, the prospect for further groundwater development in UP is good, and demands for tubewell water appear to be strong.

General Trends in Irrigation Development

4. The State is well endowed with water resources. Nevertheless, only about 8.3 million ha (46% of the total net cultivated are of 18.2 million ha or 74% of the potential irrigable land area) was irrigated in 1976/77. Between 1950/51 and the onset of the Green Revolution, surface and groundwater development contributed equally to the expansion of irrigated areas in UP. However, since 1965/66, groundwater development has accounted for virtually all the increase in net irrigated area. In 1976/77, about 4.8 million ha, or 58% of the total net irrigated area, was supplied with groundwater, compared to 34% provided by surface irrigation schemes. The remaining 8% is served by storage tanks or by pump lift schemes of varying scales. Progress of irrigation development in terms of net irrigated area in the State since 1950/51 is shown below.

	1950/51	19650/61	1965/66	1970/71	1976/77	Increase 1950/51-1976/77 Total in Million ha	Increase 1950/51-1976/77 % Yearly Increase
	Million ha						
Major and Medium	1.8	2.0	2.3	2.5	2.8	+1.0	+ 1.7
Tubewells	0.2	0.5	0.9	2.3	3.6	+3.4	+11.5
Dugwells	1.9	1.8	2.0	1.7	1.2	-0.7	- 1.3
Others	0.8	0.7	0.7	0.7	0.6	-0.2	- 1.7
Total	4.8	5.0	5.9	7.2	8.2	3.4	+ 2.1

5. The significant increase in areas irrigated by tubewells after 1965/66 was mainly due to private groundwater development. Tubewells also replaced many traditional dugwells. This stemmed from the introduction of high yielding varieties (HYV) which offered higher profits and required

higher and more reliable water supply and the increasing availability of rural electricity. However, most of the private groundwater development during the Green Revolution period occurred in the western part of the State, where farmers were more progressive and familiar with irrigation provided by surface canals. At present, there are about one million private tubewells and about 25,000 public tubewells in operation in the State. GOUP plans to accelerate the development of both sectors at rates of 100,000 private tubewells per annum. Progress of development of private and public tubewells since 1960/61 is illustrated below:

	1960/61	1965/66	1970/71	1976/77	Increase 1950/51-1976/77 Total in Million ha	% Yearly Increase
	--Net Irrigated Area in '000 ha--					
Public tubewells	495	721	809	859	0.4	3.5
Private tubewells	48	184	1,522	2,707	2.6	28.7

Private groundwater development has been rapid and at present about three quarters of the areas served by tubewells are irrigated by private tubewells.

6. About 40% of the gross cropped area (24.8 million ha) is presently irrigated. Wheat has accounted for the largest share of the expansion of the irrigated area since Independence. The general trend for the major crops in irrigated areas was:

	1950/51	1960/61	1965/66	1970/71	1976/77	% of Total Crop Area Under Irrigation 1976/77
	Area Irrigated in '000 ha					
Wheat	1,627	1,780	2,223	3,988	5,270	80
Paddy	409	502	614	745	980	21
Maize	36	68	150	251	201	15
Gram	402	369	547	433	355	21
Mustard	25	21	35	65	131	47
Sugarcane	693	874	965	902	1,099	75
Potato	77	100	135	152	173	95

Power Supply and Demand

7. Present Situation. The State of Uttar Pradesh is well endowed with natural resources for generating power. The Himalayan rivers in the northern region of the State have a hydro-power potential in the order of 20,000 MW and the recently developed Singrauli coal fields in the southern part can offer a thermal power potential of about 10,000 MW. Due to the lack of financial resources, the State has only installed about 3,500 MW of which about one-third is provided by hydel schemes and the balance by thermal stations. The energy is transmitted through 431,000 km of main transmission and sub-transmission lines of 33 to 400 KV. There is, in addition, an extensive 11 KV network dispersed throughout the State.

8. Per capita generation of electricity was about 130 Kwh in 1979/80 compared to an all-India average of 164 Kwh. Per capita consumption of electricity rose from 7 Kwh at the commencement of the First Five-Year Plan (1951) to about 80 Kwh by 1979/80. This still lagged behind the national average of 122 Kwh per capita. To assist GOUP in its drive to increase the standard of living of the rural population, the Bank Group is supporting rural electrification in UP through a line of credit to the Rural Electrification Corporation.

9. Future Situation. Under the revised Sixth Five-Year Plan (1980-85), an additional plan for about 1,800 MW has been approved and is under construction. If the targets of the plan are achieved, the total installed capacity in 1985/86 would be about 5,300 MW. Improvement of the transmission in accord with the additional generation capacity is also planned. The Bank Group has participated in augmenting power supply in UP through the First and the Second Singrauli Thermal Power Projects.

10. The power supply and distribution will still fall short of

potential demand even if the targets of the Sixth Plan are achieved. Given historical growth rates and the latent demand for energy, it may not be possible to avoid some rostering during peak demand periods for years to come.

Rural Electrification in Uttar Pradesh

11. Of the approximately 112,500 villages in UP, about 40,000 (36%) were connected to the State grid by August 1980, providing the opportunity to obtain electricity for about 45% of the State's rural population. This compares to all-India figures of 43% of villages "electrified" (i.e. connected to the grid with at least some consumer connections in each) and 65% of rural population potentially served in the same year. The national objective is to achieve a minimum of 50% village electrification in each State by 1988. The Sixth Five-Year Plan 1980-85 provides for the electrification of an additional 16,600 villages in UP, bringing the electrification percentage to the target minimum by 1985.

12. UP is estimated to have about 30% of all Indian ground water potential for irrigation. As of September 1980, there were about 370,000 electric irrigation pumps installed in the State, i.e. about 9% of the Indian total at that time. There is, therefore, a large scope for converting diesel pumps and expanding electricity-powered irrigation to new areas to effect economic cost savings as well as make new well irrigation possible in marginal areas. During the period 1980-85, it is planned to connect about 300,000 additional electric pumps in UP (an increase by more than 80%), increasing UP's share of the Indian total to 12%.

13. The Rural Electrification Corporation (REC), a national organization lending to State Electricity Boards (SEBs) for rural electrification schemes, has financed about 20% of village electrification and 20% of pump connections in UP to date. Its role is increasing rapidly, and it is expected to be involved in up to 70% of rural electrification financing during the Sixth Plan period. Between 1970 and 1980, REC had approved and financed about 330 rural electrification schemes with a total loan commitment of Rs 1.4 billion in UP, and is disbursing about Rs 150-200 million to the UP SEB per year. This constitutes about 10% of REC's annual disbursements. Under the presently committed REC lending program to UP, about 17,600 villages will benefit, and more than 100,000 new irrigation pump and rural industry connections are envisaged. The total cumulative REC lending program in UP to date (partly implemented) covers about 720,000 consumer connections.

14. During the Fifth Plan period (1974/75-1978/79), UP achieved about 60% of targets in terms of village electrification, and about 80% in terms of new pumps connected. Performance since 1978/79 has increased substantially in both categories, with target achievement in pump

connections exceeding 100%. In 1979/80, this has been achieved at a much lower cost in terms of REC disbursements than anticipated.

15. Sample evidence shows that the main beneficiaries from rural electrification are farmers with sufficient land to irrigate profitably, and small rural entrepreneurs. The increased agricultural and industrial output benefits the lower-income groups by creating additional employment opportunities.

7 98/2/7

4. POPULATION AND FAMILY PLANNING IN UTTAR PRADESH

1. With an estimated population of 106 million on March 1, 1981, Uttar Pradesh (UP) is the most populous state of India, accounting for 15.7% of India's estimated 672 million population on the same date. As an independent political entity, UP would rank eighth largest in world population rankings, just behind Japan (114 million) and ahead of Bangladesh (93 million).

2. Table 1 below shows selected demographic indicators for UP, India and Bangladesh.

Table 1: Selected Demographic Indicators

	UP	India	Bangladesh
Population (mid year 1981)	106 mln.	672 mln.	93 mln.
Crude Birth Rate (1976)			
Urban	32.5/1000	28.3/1000	n.a.
Rural	41.2/1000	35.8/1000	n.a.
Combined	40.0/1000	34.4/1000	43/1000 1/
Crude Death Rate (1976)			
Urban	12.9/1000	9.5/1000	n.a.
Rural	21.7/1000	16.3/1000	n.a.
Combined	20.5/1000	15.0/1000	17/1000 1/
Infant Mortality Rate (1973)			
Urban	132/1000	89/1000	n.a.
Rural	182/1000	143/1000	n.a.
Combined	176/1000	134/1000	139/1000 2/
% Urban (1971)	14%	20%	11%

1/ 1978.
2/ 1980.

In all respects, the demographic indicators are more extreme in UP than India. The crude birth rate approaches that of Bangladesh whilst the crude death rate is higher. The annual rate of natural increase is about 2%. This is relatively low but can be expected to increase if fertility, which is the highest of any of the major India states (Total Fertility Rate in 1972 was 7.45), does not decline commensurately with the death rate.

3. Unfortunately, UP's family planning activities are weak. Of India's 15 most populated States, UP had the lowest percentage of couples effectively protected -- 11.4% in June 1979. Of these, 80% were protected by sterilization, 14% by IUDs and 6% by other methods. UP's performance in family planning has fluctuated with national performance as Table 2 shows. In 1976-77, 927,500 equivalent sterilizations were recorded; in the following year, only 70,362. Performance doubled in 1978-79 to 134,000 and again increased to 148,500 in 1979-80. UP was particularly affected by the intensive drive in 1976-77. In that year 690,000 vasectomies and 148,000 tubectomies were performed; the corresponding figures for 1977-78 were 1,290 and 12,200. Performance improved to 9,400 vasectomies and 47,000 tubectomies in 1979-80 but is still well below that of the immediate pre-Emergency years. IUD acceptors have shown a gradual upward trend since the introduction of this method in 1965-66 and reached their highest peak last year. Of the estimated 11 million couples effectively protected by IUDs in India in August 1980, about 31% were attributed to the UP program. Legal abortions have also risen steadily from 700 in 1973-74 to 84,4000 in 1979-80.

TABLE 2: UTTAR PRADESH--ABSTRACT OF PERFORMANCE OF FAMILY PLANNING METHODS ('000)

Family Planning Methods	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81[1]
Sterilizations	28.5	50.7	128.7	838.1	13.5	29.3	56.4	15.9
Vasectomies	10.3	22.6	54.0	690.1	1.3	4.6	9.4	1.5
Tubectomies	18.2	28.1	74.7	148.0	12.2	24.7	47.0	14.4
IUD Insertions	80.0	107.2	165.3	160.2	78.4	195.2	222.4	61.3
O.P. Acceptors[2]	-	-	-	-	-	11.2	11.3	3.2
Equiv. CC Users[3]	137.1	146.6	349.9	261.9	226.1	349.3	301.7	124.4
% of Couples Effectively Protected	n.a.	8.3	11.0	14.1	12.8	11.9	11.6	11.1[4]
Equiv. Sterilizations	88.9	109.0	213.0	927.5	70.4	134.4	148.5	-
Medical Terminations of Pregnancy	0.7	11.7	48.1	50.0	44.0	66.5	84.4	38.1

1/ To September 30, 1980.
2/ Calculated on numbers of cycles of oral contraceptives distributed.
3/ Calculated on numbers of condoms distributed.
4/ As of August 31, 1980.

5. Bank Group Activities in Uttar Pradesh

1. Bank Group's direct assistance to Uttar Pradesh (UP) started in 1961 with the UP Tubewell Irrigation Project. Since then, UP has benefitted from a number of Bank-Group assisted projects in the fields of population, agriculture, forestry, irrigation, water supply, fertilizer and power. In addition, UP has benefitted significantly from all-India projects in railway and telecommunication sectors; a large diesel locomotive factory in Varanasi and the telecommunication equipment factores in Naini (near Allahbad) and Rae Bareli provide UP with additional benefits of the Bank-Group's railway and telecommunication operation. The list of the projects in the State of UP include the following:

Project		Amount (US$ million)	Date of Signing	Completion Date
Cr. 8	UP Tubewell	6.0	September 1961	Sept. 1964
Cr. 279	Gorakhpur Fertilizer 1/	10.0	January 1972	March 1976
Cr. 312	*Population Project 2/	21.2	June 1973	June 1980
Cr. 392	UP Agricultural Credit Project	38.0	June 1973	Dec. 1973
Ln. 1079	IFFCO Fertilizer 1/	109.0	January 1975	Dec. 1980
Cr. 585	UP Water Supply and Sewerage 3/	40.0	September 1975	June 1981
Cr. 816	*Second National Seed	16.0	July 1978	Dec. 1984
Cr. 871	*National Cooperative Development	30.0	February 1979	Dec. 1984
Cr. 685	Singrauli Thermal Power	150.0	April 1977	Dec. 1983
Cr. 925	UP Social Forestry 4/	23.0	June 1979	Dec. 1984
Cr. 963	*Inland Fisheries	20.0	January 1980	Sept. 1985
Cr. 981	*Second Population Project	46.0	April 1980	Dec. 1985
Cr. 1004	UP Public Tubewells 5/	18.0	May 1980	March 1983
Cr. 1027	Second Singrauli Power	300.0	June 1980	March 1988
Ln. 614	Terai Seeds	13.0	June 1969	Dec. 1977

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* Part of a multi-State project.

1/ See Annex 1
2/ See Annex 2
3/ See Annex 3
4 See Annex 4
5/ See Annex 5

FERTILIZER PROJECTS

1. Three of the eleven fertilizer plants financed by the Bank Group in India so far are located in Uttar Pradesh. IDA approved a US$10 million credit in 1972 for a nitrogen fertilizer plant at Gorakhpur. The project was completed in December 1975 and is operating satisfactorily. In 1975, a Bank loan of US$109 million was approved for a large nitrogen fertilizer plant at Phulpur owned by a cooperative society (IFFCO). This project was completed in March 1980 and after prolonged shutdowns due to lack of feedstock started production earlier this year; our next fertilizer project in India -- Hazira Fertilizer -- scheduled for Board presentation on March 31 is sponsored by an offshoot of IFFC. The third Bank supported nitrogas fertilizer project in the State is located in Kanpur and financed by IFC in 1967. It was completed in 1970 and has operated satisfactorily.

Our future operations in the fertilizer sector would also refect the importance of UP in fertilizer consumption in the country. The first fertilizer distribution project, scheduled for FY82, is designed to improve fertilizer transportation, storage, handling and distribution facilities in the States of UP, Punjab and Haryana. We also expect to consider financing, during the next 2-3 years, a large nitrogen fertilizer project based on the Bombay High and Bassein gas to be located on a yet to be selected site in Western UP.

FIRST AND SECOND POPULATION PROJECTS

1. UP was one of two States selected for the first India population project, in essence an attempt to demonstrate that family planning performance would be improved if all the necessary inputs (facilities, staff, vehicles, etc) were in place. The project became effective on May 19, 1973 and the credit was closed on June 30, 1980. It was well implemented in terms of physical implementation. To monitor and evaluate performance in the six selected districts, a Population Center was created in Lucknow and this has subsequently been taken over by the State. Because of the time taken, to put the infrastructure in place (which was not inordinately long), it is only now possible to begin to measure the performance impact of the project but too soon to assess its demographic impact. There is evidence, however, that performance is superior to that of comparable control districts. (See Tables 1 and 2).) Monitoring is being continued by the Population Center. The project successfully introduced basic management concepts, a much improved management-information-evaluation-system, and more practically oriented training for paramedical workers.

2. UP was also selected as one of the two states for the second population project, the objective of which is to lower infant and child mortality, improve the health status of mothers and children, and lower fertility. The project is part of an acceleration in family welfare program development targeted towards 32 districts in seven states with foreign assistance from IDA, UK, USAID, DANIDA and the UNFPA. In addition to improvements in the coverage and quality of services, the project focuses attention on improved management, a communications program oriented towards much greater community participation than hitherto attempted, the involvement of community health voluntees and traditional birth attendants, and the introduction of effective monitoring and evaluation procedures. In the six districts of eastern UP which it covers, the project is expected to raise the contraceptive prevalance rate from 11-13% to 24-26% by 1985, to increase antenatal service coverage from 10% to 50%, and raise the coverage of deliveries by trained staff from 15% to 75%. Disastrous floods in the project districts in the summer of 1980 and unstable political conditions in the State slowed initial project implementation expectations, but momentum is now being regained.

3. Because of its size, the remoteness of many rural areas where communications are difficult and facilities lacking, cultural constraints exacerbated by low levels of income and literacy, family planning performance in UP as a whole will lag behind that of India until socio-economic conditions improve substantially. Family Welfare performance, however, can be improved substantially provided:

(a) the State Government gives the program recognition and commitment;

(b) responsibility for program implementation is further decentralized to division and district level;

(c) reasonable continuity of staff is maintained at all levels; and

(d) attention to effective management is intensified.

TABLE 1: FAMILY PLANNING ACHIEVEMENTS OF PROJECT DISTRICTS COMPARED WITH REMAINING DISTRICTS IN U.P. STATE

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
Sterilizations per 1,000 population							
Project	0.35	0.84	1.86	11.31	0.23	0.46	0.79
Non-Project	0.32	0.55	1.41	9.36	0.14	0.31	0.63
IUD Insertions per 1,000 population							
Project	1.03	1.67	1.85	2.19	1.87	3.76	3.73
Non-Project	0.90	1.13	1.89	1.71	0.78	2.06	2.38
Condom's Distribution (millions)							
Project	1.03	1.04	3.05	3.02	3.02	3.03	2.09
Non-Project	8.01	9.03	21.05	15.03	13.03	62.01	18.08
MTU per 1,000							
Project		0.24	0.99	0.99	1.92	1.67	2.07
Non-Project		0.12	0.49	0.52	0.45	0.64	0.87

TABLE 2: EQUIVALENT STERILIZATIONS OF PROJECT DISTRICTS[A/] COMPARED WITH NON-PROJECT DISTRICTS IN SAME DIVISION[B/] AND NON-PROJECT DISTRICTS IN DIFFERENT DIVISIONS[C/]

	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
A	1.5	2.7	11.3	1.0	2.3	3.1
B	1.3	2.3	8.9	0.5	1.3	1.6
C	1.0	2.2	8.9	0.7	1.7	1.6

UP Water Supply and Sewerage Project (Credit 585-IN)

Project Data

1. The salient features of this project are:

Date of Credit Agreement:	September 25, 1975
Effective Date:	February 6, 1976
Credit Amount:	US$40 million
Disbursements (as of 2/27/81):	US$22.9 million
Closing Date (Original):	June 30, 1980
Extended Closing Date:	June 30, 1981

Objective

2. The objective of this project is to assist in the reorganization of the water supply and sewerage sector in the State of Uttar Pradesh with a view to introducing better management and financial practices. The project also involves the construction of piped water supply schemes in selected rural areas, as well as improvements in the water supply and sewerage systems in the State's five largest cities known as the KAVAL towns (Kanpur, Allahabad, Varanasi, Agra and Lucknow).

Implementation Progress

3. The project caused in the formation of an autonomous Water Supply and Sewerage Development Corporation (Jal Nigam) and is the recipient of the IDA credit from GOI with powers to on-lend to urban and rural water board (Jal Sansthans) to be established under the project. The Jal Nigam succeeded the existing Local Self-Government Engineering Department and was responsible for design and construction of schemes. It also acted as sectoral adviser and had powers to borrow and provide money required to finance the sector activities.

4. The project had a slow start but picked up later and has made significant progress on the engineering design improvements and the construction of water and sewer facilities as well as on the improvement of the internal appraisal procedures. Progress on the institutional building aspects of the project have, however, been disappointing. Although consultants were appointed for management, accounting, assets valuation, tariff studies and training, no counterpart staff was assigned to the consultants with result that the work remained constrained and was not completed for all the water authorities (Jal Sansthans). In short, the consultants recommendations are being implemented slowly, if at all. Consequently, institutional building was lagging and appropriate accounting systems had not been established. In some instances, necessary tariff increases had been dropped, contrary to good commercial practice, following political pressure and revenues were insufficient to cover operational expenditures and debt service. In the urban areas, in particular KAVAL towns, there was no attempt to establish water boards

(Jal Sansthans), and municipal departments continued to operate and maintain their systems unsatisfactorily with no consideration given to financial discipline. These initial delays in implementation have resulted in a lag in disbursements.

5. We had conveyed our disappointment with the project's progress to GOI at the highest administrative level but with little appreciable success. Consequently, we proceeded to inform GOI of our inability to approve additional subprojects until pending actions were completed in accordance with an action program proposed by us. GOI's reports of project progress subsequent to this have been encouraging, and we have agreed to GOI's request to extend the credit closing date by one year to June 30, 1981 to give the project authorities adequate time to implement the decision taken as required by the action program. We have now followed this up with a supervision mission which is due back shortly. The mission is under specific terms of references to assess the progress made as expected by us and to make recommendations on future action proposed, especially with regard to extension of the credit closing date of June 30, 1981.

UP Social Forestry Project

1. Project Data:

Amount of Credit:	US$23 million
Date of Project Signing:	June 21, 1979
Effective Date:	January 3, 1980
Closing Date:	December 31, 1984
Disbursements (as of February 28, 1981):	US$1.7 million

Background

2. Forests cover 17% of the total area in UP; the per capita forest area is only 0.05 ha, compared to the all-India average of 0.14 ha and the world average of 1.04 ha. UP forests support a wide variety of industries (large- and small-scale as well as cottage industries), but the demand for forest products far exceeds the supply. The most critical gap, however, exists in fuelwoods for domestic consumption.

3. Rural households meet their energy requirements almost exclusively (95%) from non-commercial fuels, such as firewood (36%), vegetable and crop wastes (32%) and dung cake (27%). Commercial fuels are used mostly for lighting (kerosene 3.5% and electricity 0.5%). Fuelwood remains the most preferred source of rural energy but its growing scarcity in a large area has obliged the villagers to burn cattle and buffalo dung which would otherwise be profitably utilized as farm manure.

Objective

4. The main objective of existing social forestry programs is to provide forest products in rural areas where they are most needed. This objective is achieved by establishing multi-purpose tree plantations to supply fuel and small timber and to provide food, fodder, shade and the environmental stability that is necessary for continued food production. These plantations also generate income and employment, both directly, by providing jobs in planting, harvesting, and marketing, and indirectly, by providing raw materials for cottage industries. The plantations are established on presently unproductive or unused land, for example, by strip planting along road, canal and rail sides and by block planting on village commonland, wastelands and degraded forests.

Project Description

5. The UP project is located in the Gangetic Plains (70% of the State area) where the density of human population is very high at 350 person/sq.km. and forest cover is very low at 2% of the land, and composes the following:

(a) Expansion and strengthening of the Social Forestry Directorate, through the provision of additional staff, low-cost housing, equipment, transportation, and training facilities;

(b) Forest plantations on 48,600 ha - including about 45,600 ha along roads, rails and canals, on village common lands, and on degraded forests planted by the Social Forestry Directorate with varying degrees of community involvement, and a minimum of 3,000 ha of village forests planted in village common lands under community self-help programs. The planting program is labor-intensive, providing paid employment to the poorest sections of the rural population. In addition about 8 million seedlings and extension services are being provided for planting on privately-owned lands;

(c) Construction of 90 new nurseries and rehabilitation of 50 existing ones;

(d) Protection of social forest plantations; and

(e) Research, seed testing and storage, and field demonstrations.

6. Although the main focus of the project planting is on the provision of fuelwood and fodder, other species have been included to meet a variety of other local requirements, including fruit trees, trees producing small timber and oilseed, trees for raising silkworms, and trees producing other raw materials for cottage industries. Palatable grasses (for stall-feeding) are being grown within young plantations to compensate villagers for the loss of grazing until abundant fodder became available from tree foliage.

7. The ultimate objective of the social forestry program is to have the villagers establish their own village forests using voluntary labor with technical assistance from the state-wide forest extension services. Therefore, the project is initiating pilot schemes of community self-help forests in at least 3,000 ha in about 1,500 villages. In such schemes the role of the Social Forestry Directorate is limited to provision of extension services and fencing materials. Villagers provide free labor.

8. In addition to the community self-help forest plantations on commonlands, encouragement is provided to promote tree plantings on private lands. The Social Forestry Directorate provides seedlings to individuals at nominal cost, and extension services including tree planting demonstrations close to fields and homesteads. Eight 8 million seedlings are being provided, sufficient to plant trees on at least 4,000 ha of private land.

Implementation Progress

9. The project is proceeding well and the total area planted in 1980 (14,169 ha) was about double the target for the year. The most striking achievement was the distribution of some 11 million seedlings in 1980 compared to a target of 0.4 million under the private farm forestry component. This is a very desirable development since this can be a cheap and effective way of ensuring rural afforestation on a large scale. A recent supervision mission reported that the technical work reviewed was of a high standard and that the survival rate of the seedlings was over 80 percent.

10. Other components of this project are also progressing satisfactorily. The component progressing most slowly so far is the community self-help forestry component. Some modifications in benefit-sharing between the Government and the community would probably be required to expedite progress of this component.

UTTAR PRADESH PUBLIC TUBEWELLS PROJECT

Project Data

Date of Credit Signing	: May 12, 1980
Amount of Credit	: US$18 million
Project Closing Date	: March 31, 1983
Disbursement (as of February 28, 1981)	: US$476,000

Background

1. The public tubewell, each commanding about 100 hectares or more, are constructed in areas where gravity irrigation is not feasible and where the potential for construction of shallow tubewells is limited due to the deep aquifer. Public tubewells are preferred to overcome the underutilization of groundwater resources in certain areas where fragmented and small holdings make private tubewells unattractive to small farmers. Furthermore, since proper spacing in private tubewells is difficult to enforce, properly constructed and managed public tubewells are found desirable to prevent excessive extraction of the groundwater resources.

2. To support these endeavors, the Bank Group financed the construction of 800 public tubewells in UP between 1961 and 1964 (Cr. 8-IN, US$6 million). While the construction program was satisfactory, post-project performance fell short of expectations due to deficient design and construction standards, poor management, inadequate maintenance, and power shortages. The present project introduces significant changes in technical design, management and operational standards to overcome these shortcomings.

Project Objectives

3. The improvements to be introduced under the project are aimed at:

(a) reducing water losses to a minimum by conveying water in underground pipes to outlet valves commanding about 3 to 5 ha;

(b) providing facilities to protect pumps and motor from frequent electrical breakdowns;

(c) providing facilities for automatic operation of the system and thus increasing the security of water supply to individual cultivators (except when power is not available);

(d) improving water allocation procedures to ensure reliable water supply to each individual cultivator through better organization of operational staff and farmers' groups;

(e) providing facilities for better preventative maintenance and emergency repairs of the water points; and

(f) speedy construction of each tubewell system (about 6 months compared to 2 years at present) which would be feasible by minimizing land acquisition problems.

Project Description

4. The project is designed to demonstrate and evaluate the relative merits of a number of technical and operational improvements to the design of existing public tubewell systems in UP. The project supports construction of 500 public tubewells of three basic alternative designs to be implemented in 12 out of the 56 Districts of UP, representing the full range of agro-climatic conditions of the State. The tubewells are to be located in areas where no alternative irrigation system exists and where development of private tubewells is inhibited due to financial or technical constraints.

5. Tubewell and Distribution System Design. The principal design improvements to be introduced in project-financed tubewells are summarized below.

(a) Command areas for wells with a discharge of 150 m^3/h (the discharge of most existing public tubewells in Uttar Pradesh) would be reduced to 75-100 ha, as against a current average of 150-200 ha, to permit a change from the use of irrigation as a simple protection against drought to the use of irrigation for more intensive agriculture. In addition, 40% of project wells would be designed for increased discharge levels (i.e., 225 and 300 m^3/h) with proportionately larger command areas. The expected effect of this innovation would be a significant reduction in the cost of tubewell system investment per hectare irrigated (from Rs 3,900/ha for smaller wells to Rs 3,300/ha for the proposed larger wells).

(b) Pumps would be automated to obviate the necessity for a pump operator to be present to start the pump or re-start it after power interruptions. Pumps would also be fitted with protective devices to prevent damage to the motors due to voltage fluctuations or power cuts and with electronic meters to permit continual monitoring of pump operation.

(c) Elevated regulating tanks would be installed at 90% of project wells to permit automatic starting and stopping of the pumps in response to the level of water in the tank and, in turn, the rate of offtake in the distribution system. This would prevent spillage at times when the distribution system was operating at less than the full discharge of the well.

(d) Finally, water would be conveyed from the well to outlets serving no more than 3-5 ha each through underground pipes, in order to prevent the excessive water loss occurring in existing tubewell systems and the delay in tubewell construction which typically occurs due to disputes over right-of-way for distribution channels. Individual farmers' plots would be no more than 150 m from outlets of the piped system and would be connected to these outlets by properly designed earthen channels constructed under the project.

6. Water Allocation. A rotational system of water allocation, designed by the engineer in charge of each tubewell, would govern delivery of water to individual outlets (serving 3-5 ha and approximately 5 farmers each). Only one outlet per distribution system loop would be open at any one time, thus fixing the rate of water delivery and allowing the quantity delivered to be defined on a time basis. Water deliveries would be allocated to each outlet according to the size of the command area of the outlet. Assisted by the tubewell engineer and an agricultural officer, farmers within each outlet would form a committee and elect a leader to supervise water distribution within the outlet command on the basis of an agreed schedule. Leaders of all outlet committees would select, from among their ranks, five representatives to sit on the Tubewell Committee, which would be responsible for coordination and cooperation among outlet committees, adjudication of disputes, and oversight and adjustment, in concert with the tubewell engineer, of the rotational schedule.

7. Operation and Maintenance. The operation and maintenance function would be separated from the task of well construction for the project-supported tubewell program. The Government of Uttar Pradesh would provide one skilled mechanic plus assistants for each cluster of approximately 20 wells, would establish a properly equipped workshop (including adequate means of transport and spare parts stock) for each Operations and Maintenance Division, and would carry out regular (semi-annual) checks of pump discharge and well drawdown at all tubewells to ensure adequate preventive maintenance.

The State Electricity Board would provide power to each tubewell pump unit no more than two months after the completion of the piped distribution system.

8. Training. In order to ensure proper construction and operation of the new-design tubewell systems, the project would support in-service training of the engineering staff in charge of well construction as well as short training courses conducted at the State's G.P. Pantnagar University of Agriculture and Technology for staff of the Operation and Maintenance Divisions. In-service training for construction engineers would place particular emphasis on the design and layout of the proposed piped distribution system.

9. Monitoring and Evaluation. Monitoring and evaluation would be a critical element of the proposed project, due to the importance of evaluating the relative merits of the design alternatives incorporated in the tubewell systems to be constructed under the project. Therefore, a special Monitoring and Evaluation Division has been established in the Department of Irrigation. The Division would gather and analyze information on (i) the actual investment, supervision, and operation and maintenance costs of each construction alternative, as compared with the costs of existing tubewell systems; (ii) water use and water losses for each new construction alternative and for existing tubewell systems; (iii) well yield and water table fluctuations; (iv) power availability at well sites and running hours of each pumping unit; (v) irrigation practices in each tubewell system and pre-project and post-project yields in tubewells commands; and (vi) farmers' reaction to water allocation procedures introduced under the project. In addition to the activities of the Monitoring and Evaluation Division, a baseline and post-project agro-economic survey of the project area and selected control areas would be conducted by the Uttar Pradesh Development Systems Corporation as the basis for a full evaluation of the impact of the project on agricultural practices in command areas of project-financed tubewells.

10. Estimated Cost.

	(US$ Millions)		
	Local	Foreign	Total
Land Acquisition	0.38	-	0.38
Tubewell Construction	22.64	1.56	24.20
Buildings	0.71	0.02	0.73
Vehicles and Equipment	0.76	0.09	0.85
Monitoring and Evaluation	0.12	-	0.12
Training	0.01	-	0.12
Administration and Engineering	2.19	-	2.19
Preparation for Stage II	0.01	-	0.01
Base Cost	26.82	1.67	28.49
Contingencies: Physical	1.95	0.12	2.07
Price	6.74	0.39	7.13
Total Project Cost	35.51	2.18	37.69
Taxes and Duties	1.69	-	1.69

Implementation Progress

11. Project implementation started from April 1980. Construction activities have been actively pursued with satisfactory progress. At the end of January 1980, 482 sites had been surveyed, selected and contoured; 204 wells had been drilled, 75 wells constructed and developed, 23 wells have been provided with the pipe distribution system and field channels, 9 tubewells have been energized. There have been delays in the establishmenet and staffing of the Maintenance Division particularly the agricultural extension staff. The State Government has been requested to expedite these pending actions.

12. Preliminary results in one tubewell which has been operated since December show that the irrigated areas are twice as much as those in tubewells with previous design standards. In addition farmers are more willing to invest in higher valued crops. In the command area of this tubewell (140 ha), about 70 ha is irrigated of which one-third is in potatoes, one-third in mustard and the remainder in wheat. In other tubewells nearby, most of the crops are wheat.

13. Encouraged by the demonstrated superiority of tubewells under the new design, the Government of Uttar Pradesh is now preparing a second tubewell project, for Bank-Group assistance, consisting of 5,000 new public tubewells and the modernization of 5,000 old ones. The Region does not plan to appraise the project before at least 20% of the tubewells under the first project have been under operation for at least one season.

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H. Bank Operations

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THE STATUS OF BANK GROUP OPERATIONS IN INDIA

A. STATEMENT OF BANK LOANS AND IDA CREDITS
(As of January 31, 1981)

Loan or Credit No.	Year	Borrower	Purpose	US$ million (Net of Cancellations) Bank	IDA	Undisbursed
43 Loans/ 65 Credits fully disbursed				1,313.2	3,807.4	
342-IN	1972	India	Education	--	12.0	4.47
378-IN	1973	India	Karnataka Agricultural Markets	--	8.0	1.12
390-IN	1973	India	Bombay Water Supply I	--	55.0	1.87
456-IN	1974	India	HP Apple Processing & Marketing	--	13.0	6.43
1011-IN	1974	India	Chambal (Rajasthan) CAD	52.0	--	14.83
482-IN	1974	India	Karnataka Dairy	--	30.0	19.56
502-IN	1974	India	Rajasthan Canal CAD	--	83.0	31.32
521-IN	1974	India	Rajasthan Dairy	--	27.7	14.36
522-IN	1974	India	Madhya Pradesh Dairy	--	16.4	6.17
526-IN	1975	India	Drought Prone Areas	--	35.0	2.29
1079-IN	1975	IFFCO	IFFCO Fertilizer	109.0	--	1.24
1097-IN	1975	ICICI	Industry DFC XI	94.8	--	1.32
532-IN	1975	India	Godavari Barrage Irrigation	--	45.0	4.81
541-IN	1975	India	West Bengal Agric. Development	--	34.0	9.22
562-IN	1975	India	Chambal (Madhya Pradesh) CAD	--	24.0	2.05
572-IN	1975	India	Rural Electrification I	--	57.0	.04
585-IN	1975	India	Uttar Pradesh Water Supply	--	40.0	17.37
598-IN	1975	India	Fertilizer Industry	--	105.0	35.16
604-IN	1976	India	Power Transmission IV	--	150.0	60.16

Loan or Credit No.	Year	Borrower	Purpose	US$ million (Net of Cancellations) Bank	IDA	Undisbursed
609-IN	1976	India	Madhya Pradesh Forestry T.A.	—	4.0	1.71
610-IN	1976	India	Integrated Cotton Development	—	18.0	11.61
1251-IN	1976	India	Andhra Pradesh Irrigation	145.0	—	90.34
1260-IN	1976	India	IDBI II	40.0	—	16.13
1273-IN	1976	India	National Seeds I	25.0	—	23.14
1313-IN	1976	India	Telecommunications VI	80.0	—	21.98
1335-IN	1976	India	Bombay Urban Transport	25.0	—	8.25
680-IN	1977	India	Kerala Agric. Development	—	30.0	25.15
682-IN	1977	India	Orissa Agric. Development	—	20.0	12.00
685-IN	1977	India	Singrauli Thermal Power	—	150.0	67.31
687-IN	1977	India	Madras Urban Development	—	24.0	9.47
690-IN	1977	India	WB Agric. Extension & Research	—	12.0	12.00
1394-IN	1977	India	Gujarat Fisheries	14.0	—	11.18
712-IN	1977	India	Madhya Pradesh Agric. Dev.	—	10.0	6.94
720-IN	1977	India	Periyar Vaigai Irrigation	—	23.0	14.68
728-IN	1977	India	Assam Agricultural Development	—	8.0	6.87
736-IN	1977	India	Maharashtra Irrigation	—	70.0	39.26
737-IN	1977	India	Rajasthan Agricultural Extension	—	13.0	9.49
740-IN	1977	India	Orissa Irrigation	—	58.0	39.11
1475-IN	1977	ICICI	Industry DFC XII	80.0	—	15.27
747-IN	1978	India	Second Foodgrain Storage	—	107.0	85.53
756-IN	1978	India	Calcutta Urban Development II	—	87.0	37.29
761-IN	1978	India	Bihar Agric. Extension & Research	—	8.0	7.33

Loan or Credit No.	Year	Borrower	Purpose	US$ million (Net of Cancellations) Bank	IDA	Undisbursed
1511-IN	1978	India	IDBI Joint/Public Sector	25.0	—	21.17
1549-IN	1978	TEC	Third Trombay Thermal Power	105.0	—	79.66
788-IN	1978	India	Karnataka Irrigation	--	117.6	88.01
793-IN	1978	India	Korba Thermal Power	--	200.0	161.27
806-IN	1978	India	Jammu-Kashmir Horticulture	—	14.0	13.79
808-IN	1978	India	Gujarat Irrigation	--	85.0	73.23
815-IN	1978	India	Andhra Pradesh Fisheries	—	17.5	16.08
816-IN	1978	India	National Seeds II	--	16.0	15.58
1592-IN	1978	India	Telecommunications VII	120.0	—	56.35
824-IN	1978	India	National Dairy	--	150.0	135.44
842-IN	1979	India	Bombay Water Supply II	—	196.0	189.33
843-IN	1979	India	Haryana Irrigation	--	111.0	59.81
844-IN	1979	India	Railway Modernization & Maintenance	—	190.0	154.33
848-IN	1979	India	Punjab Water Supply & Sewerage	—	38.0	27.12
855-IN	1979	India	National Agricultural Research	—	27.0	26.21
862-IN	1979	India	Composite Agricultural Extension	—	25.0	20.47
871-IN	1979	India	NCDC	--	30.0	19.90
1648-IN	1979	India	Ramagundam Thermal Power	50.0	—	50.00
874-IN	1979	India	Ramagundam Thermal Power	—	200.0	176.70
889-IN	1979	India	Punjab Irrigation	--	129.0	112.29
899-IN	1979	India	Maharashtra Water Supply	—	48.0	47.21
911-IN	1979	India	Rural Electrification Corp. II	—	175.0	151.91
925-IN	1979	India	Uttar Pradesh Social Forestry	—	23.0	21.32

Loan or Credit No.	Year	Borrower	Purpose	US$ million (Net of Cancellations) Bank	IDA	Undisbursed
947-IN	1979	India	ARDC III	--	250.0	145.98
963-IN	1979	India	Inland Fisheries	--	20.0	20.00
954-IN	1979	India	Maharashtra Irrigation II	--	210.0	192.52
961-IN	1979	India	Gujarat Community Forestry	--	37.0	34.03
981-IN	1980	India	Population II	--	46.0	45.97
1003-IN	1980	India	Tamil Nadu Nutrition	--	32.0	32.00
1004-IN	1980	India	U.P. Tubewells	--	18.0	17.52
1011-IN	1980	India	Gujarat Irrigation II	--	175.0	175.00
1027-IN	1980	India	Singrauli Thermal II	--	300.0	289.17
1012-IN	1980	India	Cashewnut	--	22.0	21.95
1028-IN	1980	India	Kerala Agricultural Extension	--	10.0	10.00
1033-IN	1980	India	Calcutta Urban Transport	--	56.0	56.00
1034-IN	1980	India	Karnataka Sericulture	--	54.0	54.00
1046-IN	1980	India	Rajasthan Water Supply and Sewerage	--	80.0	79.88
1843-IN	1980	ICICI	Industry DFC XIII	100.0	--	94.87
1887-IN	1980	India	Farakka Thermal Power	25.0	--	25.00
1053-IN	1980	India	Farakka Thermal Power	--	225.0	225.00
1897-IN	1980	India	Kandi Watershed and Area Development	30.0	--	30.00
1072-IN	1980	India	Bihar Rural Roads	--	35.0	35.0
1078-IN	1980	India	Mahanadi Barrages	--	83.0	83.00
1925-IN*	1980	India	Bombay High Offshore Development	400.0	--	400.0
1082-IN	1981	India	Madras Urban Dev. II	--	42.0	42.0
Total				2,833.0	8,671.6	
of which has been repaid				1,060.9	71.7	
Total now outstanding				1,772.0	8,599.9	
Amount Sold			133.8			
of which has been repaid			128.1	5.7		
Total now held by Bank and IDA 1/				1,766.3	8,599.9	
Total undisbursed (excluding*)				560.7	3,546.2	

* Not yet effective

1/ Prior to exchange adjustment.

C. PROJECTS IN EXECUTION 1/

Generally, the implementation of projects has been proceeding reasonably well. Details on the execution of individual projects are below. The level of disbursements was US$729 million in FY80, compared to US$538 million in the previous year. Disbursements in the current fiscal year through January 31, 1981 totalled US$373 million, representing an increase of about 20% over the same period last year. The undisbursed pipeline of US$4,107 million as of January 31, 1981, reflects the lead time which would be expected given the mix of fast- and slow-disbursing projects in the India program.

Ln. No. 1097 Eleventh Industrial Credit and Investment Corporation of India Project; US$100.0 million loan of April 2, 1975; Effective Date: July 1, 1975; Closing Date: June 30, 1981

Ln. No. 1475 Twelfth Industrial Credit and Investment Corporation of India Project; US$80.0 million loan of July 22, 1977; Effective Date: October 4, 1977; Closing Date: March 31, 1983

Ln. No. 1843 Thirteenth Industrial Credit and Investment Corporation of India Project; US$100.0 million loan of May 16, 1980; Effective Date: June 27, 1980; Closing Date: December 31, 1985

These loans are supporting industrial development in India through a well-established development finance company and are designed to finance the foreign exchange cost of industrial projects. ICICI continues to be a well-managed and efficient development bank financing medium- and large-scale industries, which often employ high technology and are export-oriented. Loan 1097 is fully committed and disbursements are slightly ahead of schedule. Disbursements under Loans 1475 and 1843 are also ahead of schedule.

Loan No. 1260 Second Industrial Development Bank of India Project; US$40.0 million loan of June 10, 1976; Effective Date: August 10, 1976; Closing Date: June 30, 1981

1/ These notes are designed to inform the Executive Directors regarding the progress of projects in execution, and in particular to report any problems which are being encountered and the action being taken to remedy them. They should be read in this sense and with the understanding that they do not purport to present a balanced evaluation of strengths and weaknesses in project execution.

Loan No. 1511 IDBI Joint/Public Sector Project; US$25.0 million loan of March 1, 1978; Effective Date: May 31, 1978; Closing Date: March 31, 1983

Loan 1260 is designed to assist the Industrial Development Bank of India in promoting small- and medium-scale industries and in strengthening the State Financial Corporations involved. Loan 1511 is designed to encourage the pooling of private and public capital in medium-scale joint ventures. The project also assists IDBI in carrying out industrial sector investment studies and in strengthening the financial institutions dealing with the state joint/public sector.

Cr. No. 947 Third Agricultural Refinance and Development Corporation (ARDC) Project; US$250.0 million credit of August 20, 1979; Effective Date: January 2, 1980; Closing Date: June 30, 1982

Refinancing of lending to farmers has been progressing very well.

Cr. No. 747 Second Foodgrain Storage Project; US$107.0 million credit of January 6, 1978; Effective Date: May 17, 1978; Closing Date: June 30, 1982

Satisfactory progress is being made in the construction of bag storage warehouses, despite problems of land acquisition at some sites. However, construction of flat bulk warehouses and port silos is not expected to be completed until 1985, as a result of delays in the employment of consultants and the longer time required for the preparation of technical specifications and tenders and the construction itself. The project is currently under review by the Government of India and some changes to its scope may be made in April 1981.

Cr. No. 456 Himachal Pradesh Apple Processing and Marketing Project; US$13.0 million credit of January 22, 1974; Effective Date: September 26, 1974; Closing Date: December 31, 1981

The project encountered prolonged initial delays due to managerial and technical problems. These problems have been largely resolved, but construction progress remains slow due to material shortages and severe winter conditions. Initial packing house operations were undertaken in the last two seasons with favorable response from farmers. The project is scheduled for completion by December 1981.

Cr. No. 806 Jammu-Kashmir Horticulture Project; US$14.0 million credit of July 17, 1978; Effective Date: January 16, 1979; Closing Date: June 30, 1984

The principal executing agency, J&K Horticulture Produce Marketing and Processing Corporation, is under strong management and rapid progress has been made in start-up operations with only minor slippage. The project's research activities, however, are behind the original schedule due to poor organization.

Ln. No. 1313 Telecommunications VI Project; US$80.0 million loan of July 22, 1976; Effective Date: September 14, 1976 Closing Date: March 31, 1982

Ln. No. 1592 Telecommunications VII Project; US$120.0 million loan of June 19, 1978; Effective Date: October 30, 1978; Closing Date: March 31, 1982

Both projects are progressing satisfactorily, although as of July 1980, when they were last reviewed, imports of electronic switching equipment for the sixth project were behind schedule, resulting in a reduced growth rate for the installation of direct exchange lines. Institutional improvements envisaged under the projects have been achieved, and the financial situation of the Posts and Telegraphs Department remains sound.

Cr. No. 598 Fertilizer Industry Project; US$105.0 million credit of December 31, 1975; Effective Date: March 1, 1976; Closing Date: June 30, 1981

Credit 598 is designed to increase the utilization of existing fertilizer production capacity. The project has encountered delays in sub-project preparation and investment approvals by the Government. Further, some of the sub-projects identified earlier may not materialize because of reconsideration by the Central and State governments. IDA has agreed to a list of sub-projects to replace the ones that are likely to be dropped. Because of the above, the project is likely to be delayed by about 18 months.

Cr. No. 378 Karnataka Wholesale Agricultural Markets Project; US$8.0 million credit of May 9, 1973; Effective Date: September 7, 1973; Closing Date: June 30, 1981

Progress is satisfactory. As of December 1980, construction of the 39 markets originally envisaged under the project was almost completed, and trade had shifted to more than half of these. An additional eight markets have been included in the project at the request of the State government, and these are expected to be completed by June 1981. The credit is expected to be fully disbursed by the closing date of June 30, 1981.

Cr. No. 342 Agricultural Universities Project; US$12.0 million credit of November 10, 1972; Effective Date: June 8, 1973; Closing Date: December 31, 1981

The project involves the development of the agricultural universities in Assam and Bihar. The primary aim of the AUs project is to improve the quality and practical training of undergraduates and so the spectrum of their employment opportunities; and to strengthen university structure to enable it to give an impetus to agricultural and rural development. Considerable progress has been made in achieving the latter objective; but achieving educational objectives is more slowly attainable, constrained by traditional attitudes and structures where consistent effective leadership falters. Changes to a more functional orientation are now planned. The Project Director and others responsible are aware of the constraints and are supporting efforts to remove them.

Cr. No. 390 Bombay Water Supply and Sewerage Project; US$55.0 million credit of January 22, 1974; Effective Date: March 13, 1974; Closing Date: June 30, 1981

Cr. No. 842 Second Bombay Water Supply and Sewerage Project; US$196.0 million credit of November 13, 1978; Effective Date: June 12, 1979; Closing Date: March 31, 1985

Cr. No. 848 Punjab Water Supply and Sewerage Project; US$38.0 million credit of October 27, 1978; Effective Date: January 25, 1979; Closing Date: March 31, 1983

Cr. No. 899 Maharashtra Water Supply and Sewerage Project; US$48.0 million credit of June 21, 1979; Effective Date: November 9, 1979; Closing Date: June 30, 1984

Cr. No. 1046 Rajasthan Water Supply and Sewerage Project; US$80 million credit of June 25, 1980; Effective Date: August 5, 1980; Closing Date: September 31, 1985

Having overcome earlier difficulties, including cost overruns caused by inflation (requiring project redefinition in February 1975), redesign of major project components and the addition of a supplementary study on sewage disposal, Credit 390 is now progressing satisfactorily. All works have been successfully completed except for the projects sewege pumping stations. Financial performance of the project entity is satisfactory. Implementation of Credit 842, a second stage of the ongoing Credit 390, is proceeding to schedule. Preliminary work in connection with implementation of Credit 848 is progressing satisfactorily. Implementation of Credit 1046 is proceeding satisfactorily. Detailed

construction programs have been prepared for rural schemes, and preparation of tender documents for urban schemes have been completed.

Cr. No. 585 Uttar Pradesh Water Supply and Sewerage Project; US$40.0 million credit of September 25, 1975; Effective Date: February 6, 1976; Closing Date: June 30, 1981

The Project has had a slow start due to delays in the preparation of technical reports for regional and local water authorities and in the engagement of consultants. While improvements have been made in the physical execution, other aspects of project implementation continue to lag so that disbursements under the Credit have fallen short of estimates at the time of appraisal. In order to improve the situation, arrangements have been made to closely supervise and coordinate implementation.

Cr. No. 756 Second Calcutta Urban Development Project; US$87.0 million credit of January 6, 1978; Effective Date: April 7, 1978; Closing Date: March 31, 1983

The project is proceeding quite well in most sectors, in spite of country-wide materials shortages and serious Statewide electric power shortages. Procurement is generally on schedule for equipment and consultants' services, though somewhat behind for larger civil works contracts. Staff shortages in some of the implementing agencies continue, although more extensive use of consultants has to a great degree alleviated this problem.

Cr. No. 687 Madras Urban Development Project; US$24.0 million credit of April 1, 1977; Effective Date: June 30, 1977; Closing Date: September 30, 1981

With respect to the first Madras project, physical progress is generally satisfactory and costs are within appraisal estimates on most components. However, land acquisition problems and consequent delays in construction on one of the three sites and service areas will result in about 15 months delay in the completion of the final sections of these areas. Increased attention should be turned to the financial analysis and marketing strategies required to ensure that anticipated cost recovery in the sites and services and slum upgrading components and thus replicability is actually achieved. Technical assistance is being sought to strengthen financial management and analysis.

Cr. No. 1082 Second Madras Urban Development Project; US$42.0 credit of January 14, 1981; Effectiveness Date: March 2, 1981; Closing Date: March 31, 1986.

With respect to the second project, only recently signed and declared effective, early project implementation is proceeding satisfactorily, with evidence that the lessons learned under the first project are being heeded.

Cr. No. 482 Karnataka Dairy Development Project; US$30.0 million credit of June 19, 1974; Effective Date: December 23, 1974; Closing Date: September 30, 1982

Cr. No. 521 Rajasthan Dairy Development Project; US$27.7 million credit of December 18, 1974; Effective Date: August 8, 1975; Closing Date: December 31, 1982

Cr. No. 522 Madhya Pradesh Dairy Development Project; US$16.4 million credit of December 18, 1974; Effective Date: July 23, 1975; Closing Date: June 30, 1982

Cr. No. 824 National Dairy Project; US$150.0 million credit of June 19, 1978; Effective Date: December 20, 1978; Closing Date: December 31, 1985

These four credits, totalling US$224.1 million, support dairy development projects organized along the lines of the successful AMUL dairy cooperative scheme in Gujarat State. More than 2,100 dairy cooperative societies (DCS) have been established under the three state projects (Karnataka-923, Rajasthan-926, Madhya Pradesh-272). Farmer response has been excellent and project authorities are under considerable producer pressure to speed up the establishment of DCS. Profitability in almost all of the DCS is good and construction of dairy and feed plants is now proceeding at a satisfactory pace. Limited milk processing capacity has been the major constraint to DCS formation in all three projects. Under the National Dairy Project, three subprojects with an estimated total cost of approximately Rs 1,000 million have been appraised by the Indian Dairy Corporation and a further eight subprojects are in various stages of preparation and appraisal. Advance procurement of dairy equipment is well underway though disbursements have been slow, mainly as a result in the start of project operations.

Cr. No. 532 Godavari Barrage Project; US$45.0 million credit of March 7, 1975; Effective Date: June 9, 1975; Closing Date: June 30, 1981

Both the civil works and equipment tenders have been awarded after international competitive bidding. Work is proceeding satisfactorily.

Ln. No. 1011 Chambal (Rajasthan) Command Area Development Project; US$52.0 million loan of June 19, 1974; Effective Date: December 12, 1974; Closing Date: June 30, 1981

Cr. No. 1078 Mahanadi Barrages Project; US$83 million credit of December 5, 1980; Effective Date: February 11, 1981; Closing Date: March 31, 1987

Cr. No. 502 Rajasthan Canal Command Area Development Project; US$83.0 million credit of July 31, 1974; Effective Date: December 12, 1974; Closing Date: June 30, 1981

Cr. No. 562 Chambal (Madhya Pradesh) Command Area Development Project; US$24.0 million credit of June 20, 1975; Effective Date: September 18, 1975; Closing Date: June 30, 1981

Ln. No. 1251 (TW) Andhra Pradesh Irrigation and Command Area Development Composite Project; US$145.0 million loan (Third Window) of June 10, 1976; Effective Date: September 7, 1976; Closing Date: December 31, 1982

Cr. No. 720 Periyar Vaigai Irrigation Project; US$23.0 million credit of June 30, 1977; Effective Date: September 30, 1977; Closing Date: March 31, 1983

Cr. No. 736 Maharashtra Irrigation Project; US$70.0 million credit of October 11, 1977; Effective Date: January 13, 1978; Closing Date: March 31, 1983

Cr. No. 740 Orissa Irrigation Project; US$58.0 million of October 11, 1977; Effective Date: January 16, 1978; Closing date: October 31, 1983

Cr. No. 788 Karnataka Irrigation Project; US$126.0 million credit of May 12, 1978; Effective Date: August 10, 1978; Closing Date: March 31, 1984

Cr. No. 808 Gujarat Irrigation Project; US$85.0 million credit of July 17, 1978; Effective Date: October 31, 1978; Closing Date: June 30, 1984

Cr. No. 843 Haryana Irrigation Project; US$111.0 million credit of August 16, 1978; Effective Date: December 14, 1978; Closing Date: August 31, 1983

Cr. No. 889 Punjab Irrigation Project; US$120.0 million credit of March 30, 1979; Effective Date: June 20, 1979; Closing Date: June 30, 1985

Cr. No. 954 Second Maharashtra Irrigation Project; US$210 million credit of April 14, 1980; Effective Date: June 6, 1980; Closing Date: December 31, 1985

Cr. No. 1011 Second Gujarat Irrigation Project; US$175 million credit of May 12, 1980; Effective Date: June 27, 1980; Closing Date: April 30, 1986

These projects, based on existing large irrigation systems, are designed to improve the efficiency of water utilization and, where possible, to use water savings for bringing additional areas under irrigation. Canal lining and other irrigation infrastructure, drainage, and land shaping are prominent components of these projects. In addition, provisions have been made to increase agricultural production and marketing by reforming and upgrading agricultural extension services and by providing processing and storage facilities and village access roads. Progress of these projects is generally satisfactory with the exception of the Periyar Vaigai Project (Cr. 720-IN) where cost overruns have occurred due to substantial increases of both quantities and unit cost over the original engineers' estimates. Specific efforts are now underway to redesign this project so that it can still achieve its original objectives. Difficulties had also arisen earlier in connection with the Nagarjunasagar component of Loan 1251, where water losses proved to be higher than anticipated. Additional assurances have been obtained from the State Government concerned, regarding the enforcement of cropping patterns and the sequence and timing of main canal construction and lining, which should ensure that this project will also achieve its objectives.

Cr. No. 541 West Bengal Agricultural Development Project; US$34.0 million credit of April 28, 1975; Effective Date: August 28, 1975; Closing Date: March 31, 1981

The progress of shallow tubewells is well ahead of the appraisal schedule, but progress in all other areas is slow. The project is not expected to be fully disbursed by the closing date, and GOI's request for an extension is expected.

Cr. No. 682 Orissa Agricultural Development Project; US$20.0 million credit of April 1, 1977; Effective Date: June 28, 1977; Closing Date: December 31, 1983

Cr. No. 690 West Bengal Agricultural Extension and Research Project; US$12.0 million credit of June 1, 1977; Effective Date: August 30, 1977; Closing Date: September 30, 1982

Cr. No. 712 Madhya Pradesh Agricultural Extension and Research Project; US$10.0 million credit of June 1, 1977; Effective Date: September 2, 1977; Closing Date: September 30, 1983

Cr. No. 728 Assam Agricultural Development Project; US$8.0 million credit of June 30, 1977; Effective Date: September 30, 1977; Closing Date: March 31, 1983

Cr. No. 737 Rajasthan Agricultural Extension and Research Project; US$13.0 million credit of November 14, 1977; Effective Date: February 6, 1978; Closing Date: June 30, 1983

Cr. No. 761 Bihar Agricultural Extension and Research Project; US$8.0 million credit of January 6, 1978; Effective Date: May 2, 1978; Closing Date: October 31, 1983

Cr. No. 862 Composite Agricultural Extension Project, US$25.0 million credit of February 16, 1979; Effective Date: December 14, 1979; Closing Date: December 31, 1984

Cr. No. 1028 Kerala Agricultural Extension Project; US$10 million credit of June 25, 1980; Effective Date: August 18, 1980; Closing Date: June 30, 1986

These eight credits finance the reorganization and strengthening of agricultural extension services and the development of adaptive research capabilities in nine States in India. In areas where the reformed extension system is in full operation, field results have been very good, both in terms of adoption of new agricultural techniques and of increased crop yields. In Rajasthan, Assam, Madhya Pradesh and Orissa, in particular, significant gains have been made under the projects. In West Bengal, where a change in government brought a review of the organizational principles underlying the new extension system and an accompanying hiatus in project implementation, a Cabinet decision has reaffirmed the State Government's commitment to the project, revised implementation plans have been prepared, and project activities are resuming. In Bihar, staff shortages, particularly in supervisory and managerial posts, have hampered project implementation, although progress in areas where regular extension visits are being made attests to the efficacy of the system itself. In Gujarat, Haryana and Karnataka, all covered under the Composite Agricultural Extension Project, important early administrative and financial steps have been taken to pave the way for effective operation of the reorganized extension system and field work is off to a good start. In Kerala, project implementation has just begun.

Cr. No. 855 National Agriculture Research Project; US$27.0 million credit of December 7, 1978; Effective Date: January 22, 1979; Closing Date: September 30, 1983

While the initial sanctioning of research subprojects under this project was somewhat slower than expected, due to staff shortages in the Project Unit, the pace has picked up considerably in recent months. Commitment of funds to research subprojects is proceeding satisfactorily, although corresponding disbursements may lag somewhat behind the original estimates. Additions to the staff of the Project Unit have been made to expedite further progress under the project.

Cr. No. 526 Drought Prone Areas Project; US$35.0 million credit of January 24, 1975; Effective Date: June 9, 1975; Closing Date: June 30, 1981

Overall progress of this project continues to be satisfactory. Implementation of most components is proceeding well. Dairying and dryland farming components show particular promise for the drought-prone areas.

Cr. No. 680 Kerala Agricultural Development Project; US$30.0 million credit of April 1, 1977; Effective Date: June 29, 1977; Closing Date: March 31, 1985

Project implementation started slowly due to initial staffing and funding delays. The project has now gained momentum and the planting operations, which were one season behind original schedule, have been rephased to make up for lost time.

Cr. No. 871 National Cooperative Development Corporation (NCDC) Project; US$30.0 million credit of February 2, 1979; Effective Date: May 3, 1979; Closing date: December 31, 1984

As of October 1980, when the project was last reviewed, construction of godowns was progressing well in the States of Haryana and Uttar Pradesh, although some delays had occurred in the State of Orissa. Consultants had been recruited to assist NCDC and State Cooperative Banks in strengthening their institutions, although some consultants were yet to be recruited in Haryana. Disbursements have been progressing well and are now ahead of the appraisal targets.

Cr. No. 844 Railway Modernization and Maintenance Project; US$190.0 million credit of November 13, 1978; Effective Date: January 10, 1979; Closing Date: December 31, 1984

Credit 844 was designed to help the Indian Railways reduce manufacturing and maintenance costs of locomotives and rolling stock and to improve their performance and availability. The project is still at an early stage of implementation but is progressing satisfactorily.

Cr. No. 609 Madhya Pradesh Forestry Technical Assistance Project; US$4.0 million credit of February 26, 1976; Effective Date: May 17, 1976; Closing Date: December 31, 1981

A feasibility study financed under this Credit and completed in November 1979 has recommended the establishment of two mills, one for sawnwood and one for pulp, as the basis of the development of a forest-based industry in Bastar district.

Cr. No. 925 Uttar Pradesh Social Forestry Project; US$23.0 million credit of June 21, 1979; Effective Date: January 3, 1980; Closing Date: December 31, 1984

Cr. No. 961 Gujarat Community Forestry Project; US$37 million credit of April 14, 1980; Effective Date: June 24, 1980; Closing Date: December 31, 1985

These projects, designed to expand the social forestry program in Uttar Pradesh and Gujarat, to provide a source of energy to the villages, and to supply raw materials to cottage industries, are proceeding well. The projects provide for large-scale tree plantations on public lands, primarily along roads, rails and canals, on village common lands and on degraded forest reserves.

Cr. No. 610 Integrated Cotton Development Project; US$18.0 million credit of February 26, 1976; Effective Date: November 30, 1976; Closing Date: December 31, 1981

The project's progress remained very disappointing in all areas until the 1978 season, resulting in negligible disbursements. Due to renewed interests from GOI and the States, the project has now started to progress well. Short-term credits are increasing significantly, new processing units are being established in Haryana and Maharashtra, and plant protection activities have started progressing well.

Ln. No. 1273 National Seed Project; US$25.0 million loan of June 10, 1976; Effective Date: October 8, 1976; Closing Date: June 30, 1981

Cr. No. 816 Second National Seed Project; US$16.0 million credit of July 17, 1978; Effective Date: December 20, 1978; Closing Date: Closing Date: December 31, 1984

These projects were designed to increase the availability of high quality agricultural seed, and cover nine States (four by Ln. 1273-IN and five by Cr. 816-IN). The first project started slowly due to organizational difficulties and is almost two years behind schedule. Progress in the second project States is more satisfactory. The role of various organizations (National and State) in the production and processing of seed is being reviewed.

Ln. No. 1335 Bombay Urban Transport Project; US$25.0 million loan of December 20, 1976; Effective Date: March 10, 1977; Closing Date: June 30, 1983

Cr. No. 1033 Calcutta Urban Transport Project; US$56 million credit of October 27, 1980; Effective Date: January 31, 1981 (expected); Closing Date: December 31, 1984

The bus procurement program supported by the Bombay project (Ln. 1335) has proceeded on schedule, with all 700 bus chassis and bodies having been ordered and 672 already in service. Total fleet strength has increased from 1,530 buses at the inception of the project to 1,935 buses in September 1980, in accordance with appraisal estimates. Depot capacity expansion has lagged somewhat behind fleet expansion, but caught up in November 1980. However, delays in construction of new workshop facilities have been more substantial and will not be fully recoverable. As a result, the loan closing date has been extended by three years. Traffic management civil works are also somewhat behind schedule, although now proceeding satisfactorily. Project implementation under Cr. 1033 is proceeding satisfactorily, a good start having been made on the important early procurement steps.

Cr. No. 1072 Bihar Rural Roads Project; US$35.0 million credit of December 5, 1980; Effective Date: January 15, 1981; Closing Date: June 30, 1986.

Construction is scheduled to begin in May 1981 on the firsts phase of this project designed to construct or rehabilitate 700 km of rural roads and to improve maintenance of the rural road network in Bihar as part of the State's overall rural development efforts.

Ln. No. 1394 (TW) and Cr. No. 695 Gujarat Fisheries Project; US$14.0 million loan and US$4.0 million credit of April 22, 1977; Effective date: July 19, 1977; Closing Date: June 30, 1983

Cr. No. 815 Andhra Pradesh Fisheries Project; US$17.5 million credit of June 19, 1978; Effective Date: October 31, 1978; Closing Date: September 30, 1984

As of October 1980 when these projects were last reviewed, the harbor construction works at Mangrol and Veraval in Gujarat had encountered delays, although the problem with shortages of cement supplies had been overcome. In Andhra Pradesh, the harbor works at Visakhapatnam, Kakinada and Nizampatnam were under way and the pace of implementation had increased at all three sites.

Cr. No. 963 Inland Fisheries Project; US$20 million credit of January 18, 1980; Effective Date: May 5, 1980; Closing Date: September 30, 1985

This project, which is the first of its kind in India, is designed to increase carp production in five states--West Bengal, Bihar, Orissa, Madhya Pradesh, and Uttar Pradesh--through the construction of hatcheries, improvements to fish ponds, strengthening of extension services, and the establishment of training centers. The project became effective in May 1980. The initial implementation tasks, primarily involving the establishment of State Fish Seed Development Corporations and Central and State project monitoring units, are progressing satisfactorily. Site selection and hatchery design work is under way.

Cr. No. 685 Singrauli Thermal Power Project; US$150.0 million credit of April 1, 1977; Effective Date: June 28, 1977; Closing Date: December 31, 1983

Cr. No. 793 Korba Thermal Power Project; US$200.0 million credit of May 12, 1978; Effective Date: August 14, 1978; Closing Date: March 31, 1985

Ln. No. 1549 Third Trombay Thermal Power Project; US$105.0 million loan of June 19, 1978; Effective Date: February 8, 1979; Closing Date: March 31, 1984

Ln. No. 1648 and Cr. 874 Ramagundam Thermal Power Project; US$50.0 million loan and US$200 million credit of February 2, 1979; Effective Date: May 22, 1979; Closing Date: December 31, 1985

Cr. No. 604 Power Transmission IV Project; US$150 million credit of January 22, 1976; Effective Date: October 22, 1976; Closing Date: June 30, 1981

Cr. No. 1027 Second Singrauli Thermal Power Project; US$300 million credit of June 5, 1980; Effective Date: July 30, 1980; Closing Date: March 31, 1988

Ln. No. 1887 and Cr. No. 1053 Farakka Thermal Power Project; US$25 million loan and US$225 million credit of July 11, 1980; Effective Date: December 10, 1980; Closing Date: March 31, 1987

Credits 685 and 1027 assist in financing the 2,000 MW Singrauli development, which is the first of four power stations in the Government's program for the development of large central thermal power stations feeding power into an interconnected grid. Credit 793 supports the construction of the first three 200 MW generating units at the second such station, at Korba, together with related facilities and associated transmission. Loan 1648/Credit 874 support similar investments at Ramagundam, and Loan 1887/Credit 1053, at Farakka. The National Thermal Power Corporation (NTPC) has been carrying out construction and operation of these power stations. Loan 1549 is supporting the construction of a 500 MW extension of the Tata Electric Companies' station at Trombay, in order to help meet the forecast load growth in the Bombay area. All these large-scale thermal power projects are progressing satisfactorily. For Singrauli and Korba, construction works are on or ahead of schedule, although some slippage has occurred in the implementation schedule for the Ramagundam project.

Cr. No. 911 Rural Electrification Corporation II Project; US$175.0 million credit of June 21, 1979; Effective Date: October 17, 1979; Closing Date: March 31, 1984

This project provides continued support to the Rural Electrification Corporation's lending program, and is helping to finance about 1,700 rural electrification schemes in fourteen State Electricity Boards (SEB), including the newly participating Uttar Pradesh SEB. The project is progressing satisfactorily.

Ln. No. 1925 Second Bombay High Offshore Development Project; US$400.0 million loan of December 11, 1980; Expected Effectiveness Date: March 13, 1981; Closing Date: March 31, 1984

The project is progressing satisfactorily.

Cr. No. 981 Second Population Project; US$46 million credit of April 14, 1980; Effective Date: June 26, 1980; Closing Date: December 31, 1985

The project has as its major objectives the lowering of infant and child mortality and morbidity, the improvement in the health status of mothers and children and the lowering of fertility. Implementation works have started in both project States--Andhra Pradesh and Uttar Pradesh.

Cr. No. 1012 Cashewnut Project; US$22 million credit of June 10, 1980; Effective Date: September 3, 1980; Closing Date: September 30, 1985

Implementation has started on this project which is designed to expand cashewnut production in the States of Kerala, Karnataka, Andhra Pradesh and Orissa.

Cr. No. 1003 Tamil Nadu Nutrition Project; US$32 million credit of May 12, 1980; Effective Date: August 5, 1980; Closing Date: March 31, 1987

First year's implementation in one test block is proceeding according to schedule.

Cr. No. 1004 Uttar Pradesh Public Tubewells Project; US$18 million credit of May 12, 1980; Effective Date: June 27, 1980; Closing Date: March 31, 1983

Implementation is proceeding satisfactorily on this project.

Ln. No. 1897 Kandi Watershed and Area Development Project; US$30.0 million loan of September 12, 1980; Effective Date: November 18, 1980; Closing Date: March 31, 1986.

Contract for the construction of Dholbaha dam has been awarded. Progress in other components are satisfactory.

Cr. No. 1034 Karnataka Sericulture Project; US$54 million credit of October 27, 1980; Effective Date: December 18, 1980 Closing Date: December 31, 1985

Project implementation is proceeding well with encouraging progress in all components.

I. UNDP

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Note to Files DATE: March 5, 1981

FROM: Onder Yucer, Technical Assistance Officer (IRD)

SUBJECT: UNDP/Bank Activities in India

IND/78/047 - Advisory Services in Land and Water Management Schemes

The objective of the project is to reinforce the system of hydrological and other data collection and analysis to be used for modern planning and management purposes in land and water development schemes and to introduce modern technologies through the provision of short-term specialists in related fields such as: flood and water supply hydrology, comprehensive stream flow measurement programs, application of computer programs on water management and allied fields of water resources development, as supporting technical inputs to irrigation projects in India--particularly those supported by the World Bank. The total UNDP contribution to this project is US $361,500 covering consultancies over a four-year period (1979-1982).

GLO/78/006 - Demonstration Projects in Low Cost Water Supply and Sanitation

This UNDP global project is executed by the Bank. The project has a substantial consultancy input for India including a Technical Advisory Group (TAG) and an Indian Resident Manager. The TAG consists of four Indian engineers and further local and international consultants. The program builds on the Bank-assisted research project on low cost sanitation, completed in 1978. At the request of the Indian Government, the program covers seven states and 110 towns and has an estimated population of 4.0 million. The design and feasibility studies for the low cost sanitation program are expected to be completed by mid-1981 for local and international financing. The program is basically run by the Indian experts with over-all supervision and backstopping being provided under GLO/78/006. The Government appears to be very satisfied with the programme and its expansion is under active consideration to be funded under UNDP resources (IPF) made available to India. International seminars and meetings have been held in India under the auspices of GLO/78/006 particularly as regards to ground water pollution hazards of the various low cost sanitation techniques. This project is expected to be extended by three years--from January 1982--to cover further studies. It is expected that about US $2.5 billion will be needed to establish or upgrade rural sanitation in India affecting about 20 million households.

OYucer/smm

cc: Mr. Griffith (ASA) C522

718/2/1

INDIA--A Survey of the News Media

Size

The Indian news media, with some 14,000 dailies, weeklies and periodicals claiming a cumulative total circulation of 40 million, and the Government-owned All India Radio commanding a potential audience of some 450 million, is among the largest in a developing country.

Television is yet to emerge as a major factor. Estimates are that India has a little over 800,000 TV sets mostly concentrated in big cities like Bombay, Calcutta, New Delhi, Hyderabad, Madras, Lucknow and Amritsar.

India has a large film industry. With some 9,000 "movie houses", the Indian films have a wider reach than the print media or TV. Its power and potential were exploited to advantage by the Dravida Munnetra Kazhagam in Tamil Nadu. The present Chief Minister of Tamil Nadu, Mr. M.G. Ramachandran is a film actor--a la Ronald Reagan.

India is among the ten largest book producing countries in the world.

The Print Media

Jawaharlal Nehru's biographer and editor of Indira Gandhi's family newspaper National Herald, M. Chalapathi Rau, once described the Indian press "...A magnificent illusion. Largely a subsidiary industry run by owners of other industries. It is the instrument largely of sugar barons, jute barons and cement barons."

There may be some exaggeration in Rau's description of the Indian press, which celebrated its 200th anniversary last year. But there is an element of truth in what he says about the concentration of ownership, which in the U.S. context would have created conflict of interest problems. Two of the largest publishing properties--Bennett Coleman & Co. and the Express Newspapers--bring out some 44 newspapers and magazines, including 28 dailies. The list included such big papers like the Times of India, Economic Times, Navbharat Times, Illustrated Weekly, Indian Express, Financial Express and Lok Satta. The two groups together account for about 42% of the total circulation of english language newspapers in India. Benett Coleman & Co. is owned by the Jain family and the Express Newspapers by the Goenka family. The two families have extensive interests in jute, cement, chemicals, textiles and are related to each other by marriage. The Hindustan Times and allied publications belong to the Birlas, who are

perhaps the largest of India's business entrepreneurs. The Statesman is often identified with the House of Tatas.

There is no evidence to suggest that the owners interfere with the day-to-day decisions of running the papers. Their influence is felt in the broad policy approach of newspapers. The Government of India, as a major advertiser, can influence the press indirectly.

The Indian press reveals a strong urban and middle class bias. Some 33% of newspapers published in India are concentrated in the four 'metropolitan cities' of Bombay, Calcutta, Delhi and Madras. This is understandable because the cities provide the readership and the bulk of the advertisement revenue. As for its middle-class character, Arun Shourie, Executive Editor of the Indian Express, once remarked "We are like the rest of society. We are middle class people. There really is a great distance between us, the middle class, and the broad masses of the people..." The Indian press is striving to correct the imbalance by giving more attention to the problems of India's 500,000 villages and the under-privileged sections of the society.

Importance of the Print Media

Although the print media does not enjoy a commanding position in India, it plays a crucial role in shaping opinion of the elite who set development goals and evolve the strategy to achieve these goals. In this respect, the English language press is in a dominant position. Many of the Indian language papers often get their copies from the wire services or their English language affiliates. Increasingly the Indian language press is gaining in influence, since many politicians in various State capitals rely heavily on these papers.

Variety

The Indian press covers a range of language and a cultural diversity unparalleled anywhere except in the U.S.S.R. Newspapers are published in as many as 68 languages and dialects.

Circulation--Dailies

Recent estimates are that India had some 950 dailies with a total circulation of about 12 million.

The following table gives details of circulation of dailies by major languages (1977 actuals):

Language	Number of Dailies	Circulation
English	87	2.5 million
Hindi	281	2.1 million
Malayalam	91	1.2 million
Marathi	97	1.1 million
Gujarathi	36	844,000
Tamil	60	785,000
Bengali	27	696,000
Urdu	93	415,000
Kannada	57	368,000
Telugu	22	332,000
Oriya	10	127,000
Punjabi	15	119,000
Assamese	3	41,000
Sindhi	4	15,000

The Two Wire Services

The Press Trust of India (PTI) and the United News of India (UNI) are the two major Indian wire services. In a country of India's size and diversity, the two wire services are the channels to get a national audience. In addition to providing a national news service to newspapers and commercial subscribers, the PTI and UNI serve the All India Radio. They also offer to subscribers foreign wire service copy (Reuter, AFP, Tanjug, ANSA and AP). These two wire services also help us reach a wider national audience beyond the English-speaking elite. N.R. Chandran is the General Manager of the PTI. S. Sethuraman is the Chief News Editor. Sethuraman visited the Bank in 1973 at the invitation of IPA and interviewed Mr. McNamara. G. G. Mirchandani, General Manager of the UNI, is a good friend of the Bank.

All India Radio (AIR)

In India, as in many developing countries with low literacy rates, the spoken word is a more powerful means of mass communication than the written word. The All India Radio (AIR) is by far the most important means of mass communication in India. It is in its 53rd year of service. AIR is a relatively sophisticated outfit with some 80 broadcasting stations. AIR estimates that it covers about 80% of the population and some 70% of the area of the country. AIR broadcasts daily 243 news bulletins in 19 languages and 34 dialects. There are about 20 million radio sets in the country (these are licensed; the unlicensed sets may amount between 15 to 18 million). AIR estimates its potential audience around 450 million. Mr. U.G. Tiwari is the Director of News Services.

Prominent Papers and Persons

Indian Express. With ten simultaneous editions in as many cities, the Indian Express commands a total circulation of about 600,000. Executive Editor Arun Shourie was a staff member of the Bank. He is critic of Mrs. Gandhi and is active in Janata politics. Ajit Bhattacharjee, the Resident Editor in Delhi, knows the Bank well since he covered the Bank for five

years as Hindustan Times correspondent in Washington. S. Mulguaokar is the Editor-in-Chief. T.V. Parasuram is the paper's Washington correspondent. He has covered the Bank for almost 20 years. Prem Shankar Jha, Editor of the Financial Express, visited the Bank last summer. The Marathi, Telugu and Tamil affiliates of the group use the copy provided by Express correspondents.

Times of India. The three editions of the Times of India (Bombay, Ahmedabad and New Delhi) commanded a combined circulation of about 390,000. Girilal Jain is the Editor-in-Chief. Inder Malhotra and K.C. Khanna are the editors of the Delhi and Bombay editions respectively. Hannan Ezekiel, the Editor of Economic Times, visited the Bank last summer. M.V. Kamath, editor of the Illustrated Weekly (circulation around 300,000) used to be the Washington correspondent of the Times of India. Another important affiliate is the Hindi daily Navbharat Times (Delhi and Bombay) with a combined circulation of 360,000.

Hindustan Times. S. Khushwant Singh is the Editor-in-Chief of this daily with circulation of 200,000 plus. At IPA's invitation, he spent a day at the Bank last year. He is considered a close friend of the Indian Prime Minister. He is also a member of the upper House of the Indian Parliament. Eastern Economist is a weekly belonging to this group. The Chief Editor, V. Balasubramanian, is expected to come to Washington as the correspondent of the Hindustan Times, replacing N.C. Menon who is returning to occupy a senior editorial position in the paper.

Hindu. Published from Madras has a circulation of over 250,000. G. Kasturi, the Editor and part-owner of the paper called on Mr. McNamara some 10 years ago. N. Ravi the correspondent carried favorable interview with the Bank President early this year. N. Ram, part-owner of the paper, is currently correspondent in Washington.

The Statesman. Has a circulation of 200,000 plus. Last year, the paper's Assistant Editor of Economic Affairs, N.S. Jagannathan spent a day in the Bank.

The Amrita Bazar Patrika, published from Calcutta, has a circulation of 100,000 and the Ananda Bazar Patrika, also from Calcutta, claims a circulation of 350,000. T.K. Ghosh and A.K. Sarkar are the publishers of the Amrita Bazar and Ananda Bazar Patrika respectively.

Weeklies and Magazines

The Economic and Political Weekly, published from Bombay, has an influential following both in India and abroad. Its editor, Krishna Raj, is known to several people in the Bank. The other weeklies devoted to economics and finance, are Commerce, Bombay (Editor Vadilal Dagli) and Capital, Calcutta (Editor Bidyut Sarkar). Both Dagli and Sarkar have covered a number of Bank Annual Meetings. A new magazine, India Today (Editor Suman Dubey), published from New Delhi is said to have crossed the 100,000 market. It is modeled after News Week. Swraminathan Iyer, Editor of the Eastern Economist has visited the Bank three years ago.

Bank-Indian Media Relations

On the whole the Indian news media has been very good to Mr. McNamara and the Bank. They have given extensive news and editorial coverage to the Bank's Annual Reports, McNamara speeches and other events. Through the Resident Mission in Delhi, the Bank's operations in India are simultaneously announced in Delhi. The Indian press is conscious of the growth in the volume and range of Bank assistance to India, particularly IDA assistance. There is growing speculation about India's future share of IDA funds in the context of the needs of China. The Bank's philosophy of economic growth with social justice has been an important theme with the Indian news media. Both the Government of India and the Indian press were favorably impressed by results of the international press tour of Indian development projects organized by the Information and Public Affairs Department in 1977. IPA has good friends in most major newspapers, the two wire services and the All India Radio.

The controversy over the Thal Fertilizer Project may not have any major adverse impact on Bank-India news media relations. By and large, the mainstream press has been very understanding of the issues involved. Bank-India relations have survived more serious setbacks like the adverse publicity during the devaluation of the Indian currency in 1966 and the critical speech of George Woods in 1968. Since the Bank under McNamara approved loans and credits to India at the height of the Nixon-Kissinger "tilt" during the Bangladesh War, the Bank is seen by knowledgable observers as an independent institution interested in India's economic development.

Information Officials

H.Y. Sharada Prasad is the Information Adviser to the Prime Minister. A journalist of repute, Sharada Prasad had previously served Mrs. Gandhi as Deputy Information Adviser for a number of years. He was also for two years, Director, Indian Institute of Mass Communications.

Wilfred Lazaruz is the Principal Information Officer, Press Information Bureau, Government of India. He was previously General Manager of the Press Trust of India.

SSankaran:sb

March 5, 1981

THE HINDU
MADRAS
3 Jan. 1981

World Bank Loan for Thal: Has India Muffed It?

From N. Ram

WASHINGTON, Jan. 2.

Despite Mr. P. C. Sethi's statement in New Delhi that "the World Bank has extended by one month the time for taking a decision on proposals for a loan of $250 millions for the Thal project", there is virtually no chance of saving the loan in the absence of a turnabout by the Government of India.

The Bank has rejected the Government of India's brief, inspired by Mr. P. C. Sethi's Ministry, seeking to justify the switch of consultants from C. F. Braun Ltd., of the United States to Haldor Topsoe, the Danish-based firm 50 per cent of whose shares are owned by the Italian firm, Snam Progetti.

As the December 31, 1980, deadline for meeting the conditions of effectiveness of the loan was crossed, there appeared to be no formal communication here on the Government of India's request for yet another extension.

It is known that the bank management is unwilling to prolong through these means a negotiating process that is already exceptionally protracted. It is not clear how the "one-month extension" will be used and whose process of decision-making Mr. Sethi referred to.

So far as the World Bank is concerned, its decision to reject the Government of India's justification of the switch of consultants for the ammonia process is final.

Consequently, its support for the project in western Maharashtra — supposed to be commissioned in 1983 and planned to produce 2700 tonnes of ammonia and 4500 tonnes of urea per day at full capacity — has fallen through whatever the technicality at this moment. This assumes, of course, there will not be a cancellation of its switch by the Government of India.

Meanwhile, expectations have been raised that a very substantial World Bank loan can be secured for the Hajira project for which Pullman-Kellogg have been chosen consultants. With the appraisal over, negotiations for this are expected to be conducted in February-March.

Besides being responsible for the cost escalation and other types of losses resulting from its decision-making in relation to an expensive venture based on Bombay High gas, the Government of India is left with the job of finding other sources of major external financing for Thal.

The 20-year World Bank loan (including five years of grace) bearing an annual interest of 7.9 per cent was cleared by the Bank's Board of Executive Directors in June, 1979, and the loan and project agreement were concluded a couple of months later.

From then on, it has been a story of footdragging on the part of New Delhi in making it effective, a sudden switch on the choice of consultants overruling the recommendations made by expert committees, a demand by the Bank to justify the procedures for the decision, and the seeking of repeated extensions from the Bank of the deadline for resolving the differences.

The conditions of effectiveness of the loan included the specific requirement in Section 2.02 (A) of the project agreement that the Rashtriya Chemicals and Fertilizers Ltd. (RCF), the implementing organisation, "shall obtain licences and plant designs and employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank."

The firm originally chosen for the ammonia plant process for both Thal-Vaishet in Maharashtra and Hajira in Gujarat—C.F. Braun—and recommended for the Thal project by the B. B. Singh expert committee is recognised worldwide as the possessor of a very advanced and proven technology that is way ahead of the competition, including Kellogg.

Banker's Standpoint

It also happened to be the lowest bidder. The World Bank gave crucial weightage to the fact that Braun offered a 20 per cent saving in energy consumption.

The Bank, while maintaining it is not casting aspersions on the firm chosen in the face of reported opposition by the former Petroleum Minister, Mr. Veerendra Patil, and the Finance Minister, Mr. R. Venkataraman, takes the position "from a banker's standpoint" that it is not convinced that the Government of India has got a consultant with a proven technology to offer.

Bank officials have not been coy with their informal opinion that accepting Topsoe as consultants for Thal would amount to participation in an arrangement that turns the first in a series of new fertilizer plants in India into a "guinea pig."

The Government of India's not very serious defence of the switch stood no chance of acceptance in any technical or financial evaluation of procedures.

Apart from the intrinsic technical and financial merit in its objection, the Bank has been able to demonstrate, by choosing to make a firm stand on this, that U.S. interests are safe in its hands. This is a message that will be well received in this country at a time when congressional sentiment is very sticky about U.S. participation in the expanded activities of IDA and IMF.

The brightest retort Indian officialdom has in this context seems to be, "would the Bank have chosen to make such an issue of this if, say, a West German or Japanese firm had been involved?" But this is a poor substitute for justification on merits.

The choice of consultants for Thal and Hajira are important, not so much for the consultant's fee which will be a relatively minor proportion of the project cost, as for the fact that the design specifications determine the source of supplies in a highly lucrative field.

Even more important, the multinational chosen for the initial projects will have the big advantage of exposure in a most attractive market for fertilizer plant and technology over the next several years. In fact, given the implications of the new programme of offshore and onshore exploration of hydrocarbons adopted by New Delhi, the attraction of the Indian fertilizer market for multinationals cannot be overstated.

Important Factors

From India's standpoint, the terms immediately offered in a period of quite rapid cost escalation, the suitability and sophistication of the plant and technology, the relative energy-efficiency offered, and the issue of willingness or otherwise of the foreign firm to transfer technology to the Fertilizer Planning and Development India Limited (FPDIL) are said to be important.

The set of extensions secured from the World Bank for satisfying the conditions of effectiveness has demonstrated what is regarded here as clumsiness. Bank sources, after an initial exhibition of raw feelings (which featured an angry outburst by the U.S. alternate Executive Director), are now making the point that this unprecedented termination of a loan agreement before the loan became effective can perhaps be treated as a localised or individual dispute which could not be resolved.

They are saying in effect that: after all, there is a lot of other business to be transacted with a member that is the Bank group's largest borrower by far over the short as well as long terms.

Nevertheless, while formally the issue can be presented as one of divergent technological assessments that could not be reconciled, there is no hiding the reality that there has been much embarrassment in this for the Government of India.

This is certainly the first instance of a major project loan being withdrawn in this fashion. In the case of many other countries, it is being pointed out here, items of business such as the choice of consultants would have had to be cleared in advance of the formal decision by the Bank's Executive Board.

The clearance of the project loan without clinching the choice of consultants is regarded as some kind of tribute to India's technical procedures. It is that which has been brought under a cloud.

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FUDGING ISSUES

It is somewhat disingenuous of the Prime Minister to seek to fudge the real issues behind the choice of a technical collaborator for the Thal fertilizer project in Maharashtra by stirring up hoary prejudices against the World Bank's motivations and methods. Neither have been entirely blameless in the past. But one does not have to hold a brief for the World Bank as an institution, or for its aid policies and appraisal procedures, to reject as a non-sequitur the inference that in withdrawing its offer of a loan for one of the two projects it had tentatively agreed to assist, it was seeking to "interfere" in India's "internal matters". The suggestion of a sinister design to subvert India's sovereignty is no doubt deliberate. It evokes stock responses of aversion from those long conditioned to view the World Bank as a neo-colonial front-organization to enfeeble and undermine Third World economies and Governments. Such arguments would be more persuasive if these Governments were less importunate in soliciting aid from the World Bank and in using such aid, as India has been doing for years, to enlarge domestic resources, including budgetary ones. If Mrs Gandhi is really serious about her being affronted by "the interference", it would not be enough to do without the aid for the Thal project. India should then withdraw all its applications for aid from the bank and its affiliates.

The fact is that at least in this case the World Bank was twisting no arms but merely acting on the technical question of the competence of the new collaborator and the relative merits of the overall economies offered by the rival contenders for the contract. The whole issue has been aired in Parliament and the Press. The reasons given by the Government for the change of collaborators are manifestly weak, even if one were to ignore reports about possible collateral reasons for the new choice. The company originally chosen is said not only to enjoy worldwide reputation for advanced and proven technology but also to have been the lowest bidder and to have offered substantial saving in energy in its operations. The new collaborators are said to be relatively inexperienced in handling projects of the size and complexity involved. Undoubtedly, these are issues to be determined by experts. But the curious part of New Delhi's decision on a new collaborator is that it is at variance with successive official evaluations, including those made after the new Government took office. It has also been reported that the final Cabinet decision was taken in the face of opposition by the Finance Minister and the former Petroleum Minister. Since the World Bank's own technical assessment accords with such weighty domestic judgment, there is hardly any point in imputing perverse obtuseness to the World Bank in its decision to dissociate itself from the project.

This news item appeared on page of the September 22 issue of:

INDIAN EXPRESS, BOMBAY

World Bank praises India's farm output

I.E. 24/9

By T. V. PARASURAM
Express News Service
WASHINGTON Sept 21.

The World Bank in its annual reports says that it made lending commitments of 7,644 million dollars to 43 developing countries during the fiscal year 1980 that ended on June 30. Commitments by the International Development Association totalled 3,838 million dollars. Both were records.

The world's poor nations have been economically outperforming the industrialised countries for the past 10 years. In fact they came close to the impressive record of growth they attained during the sixties. However the costs were often considerable in terms of a slackening in developmental momentum and amassed indebtedness and the gains in the aggregate growth of gross national product masked wide differences among various groups of developing countries. Unless the rich and poor nations worked together in a variety of economic spheres the world would be "hardpressed to survive future decades filled with shocks and turbulances without consequent social upheaval."

The report says frankly that the development of human resources and meeting the basic needs of the poor "have seen only limited success. The fulfilment of commitments by governments to increase the lending ability of both the Bank and IDA has lagged behind the needs of the developing countries. IDA funds in particular were in short supply during the fourth and fifth replenishment periods."

Bank officials briefing correspondents on the report noted that the sixth replenishment for IDA totalling 12 billion dollars has again been delayed because of foot-dragging by US Congress. The bank hopes to conclude the second "bridging agreement" with a number of member countries in the next 30 or 60 days to lend 1.2 billion dollars though IDA pending completion of action by all member states to make the sixth replenishment effective.

India is cited as the best example of a country in which the difficult period of adjustment was made easier by greater agricultural productivity. India's agricultural advances, the report notes, enabled it to weather the severe drought of the past 12 months. Even in a drought year it was able to produce 118 million tonnes.

Industrial development in the region remained below its potential. More attention is now being paid to improving the performance of public sector units and improving the climate for the operation of private industry.

At the start of the eighties, the South Asian region "faces persistent and massive development problems and prolonged and sustained efforts are needed to alleviate them. Although these efforts must be made largely by the countries themselves external financial and technical assistance will continue to play a vital role."

Asked about reports that the new member China expects to get five billion dollars from the World Bank group, officials said that China as a member of the bank was entitled to receive lending from the bank. That was the principal reason why China had joined the bank. China was a country of a billion people and, therefore, it stood to reason that when the early preparatory period of work on the economy and project work in China was complete, it would be a very large borrower from the bank if it wished to do that.

Officials hoped for conciliation on the issue of PLO attendance as an observer.

AP quoting World Bank figures says the good things of the world have been increasing faster among people in some countries of East Asia — like South Korea and Taiwan — than in the oil exporting countries.

The bank has found some of the poor countries getting less poor, but others virtually stagnating.

"The increasing disparity among the various developing regions," The world bank report said, "was one of the more significant and frustrating occurrences of the decade."

If the increased wealth of the seven most prosperous oil exporting countries had been shared evenly, each of their citizens would have found his or her income growing by 5 per cent a year. But in the "middle income" countries of the Pacific, the growth was estimated at 5.7 per cent.

In contrast, the growth in African countries south of the Sahara desert was only 1.6 per cent a year for each inhabitant.

The bank has found three kinds of countries that have done best in coping with big rises in the price of oil and of products they must buy from the wealthier areas of the world:

— Those where governments held down their imports and pushed to increase exports. Singapore was cited as a good example.

— Those that did not tighten their belts quite so much and borrowed to buy the things they wanted, but used that money largely to build new factories and make goods they could export — like Brazil and South Korea.

—Those that got good breaks, such as India with successive years of good weather, or the Yemen AArab Republic (North Yemen) which has been raking in remittances from citizens who work in nearby oil countries.

UNI adds: India, drawing 1,535 million dollars, was the topmost borrower from the International Development Association (IDA).

The total loans and credit received by India from the World Bank group as a whole, during the year went up to 1,660 million dollars. This was 168 million dollars more than what India received in fiscal 1979, which was 1,492 million dollars. Of the total of 1,660 million dollars, IDA assistance came to 1,535 million dollars and the balance of 125 million dollars from the World Bank.

In the first half of the decade, the World Bank report says, sluggish growth reflected the relative stagnation of agricultural output. Main cause was the three years (1972-74) of bad monsoons. In addition, during the first five years of the decade, there was a loss of momentum in the spread of new technology in foodgrains production in irrigated areas. Shortage of inputs were a major factor. Agriculture regained its vigour in the period, fiscal 1976-79, when a succession of favourable monsoons, increase in irrigation, better provision of inputs and improved extension services resulted in an average growth of output of 4.4 per cent a year. Foodgrain buffer stocks, depleted in the early 1970s, were rebuilt to substantial levels.

Important gains were also reported in the production of other crops, including oil seeds, sugarcane and cotton.

The report observes that the sluggish behaviour of India's industrial sector since the mid-1960s continued into the early 1970s. Domestic and export demand were both weak and erratic and utilisation of industrial capacity was constrained by a scarcity of foreign exchange.

Conditions improved in the latter half of the 1970s in this sector too. Stimulated by more rapid agricultural growth and public investment, demand generally become more buoyant and foreign exchange reserves rose, leading the Indian Government to liberalise, on a selected basis, controls on imported inputs. Average annual industrial growth during the period, fiscal 1976-79, reached seven per cent despite shortages of power, railway wagons and basic commodities such as steel and coal.

Although economic growth was modest during part of the decade, domestic savings and investment were high throughout, the report says. On a gross basis, both are now in excess of 20 per cent of gross domestic product, or about double the rate of the early 1950s.

This news item appeared on page of the September 22, 1980 issue of:

THE HINDU, MADRAS, INDIA

Shift In World Bank Lending Strategy

WASHINGTON, Sept. 21.

The World Bank brought about a radical shift in its lending strategy during the 1970's with half of its credits directed to agriculture and rural development and social sectors.

While continuing its priorities for agriculture and basic needs of the poor, the Bank plans to step up lending for oil exploration and also provide assistance for structural adjustments of the economy of oil importing developing countries with the high cost of petroleum and other global economic changes.

According to the Bank's annual report for 1980, three structural adjustment loans totalling $305 millions were approved for the first time for Turkey, Kenya and Bolivia.

Adjustment lending is expected to reach between $600 millions and $800 millions in the current year ending June 1981.

Lending in support of oil, gas and coal development rose four-fold in fiscal year 1980 as commitments rose to $457 millions up from $112 millions in fiscal 1979.

Since fiscal 1977, when the Bank agreed for the first time, to consider financing petroleum development, Bank and IDA (International Development Association) financing has helped to support 18 petroleum projects in 16 developing countries.

Of the 18, nine are mainly for predevelopment activities—five for exploration promotion, including technical assistance and geophysical surveys, two for the evaluation of discovered reserves, and two are in the field of exploratory drilling. The two projects supporting exploratory drilling activities in Morocco and Tanzania were both approved in fiscal 1980.

Energy Planning

The Bank has launched a series of energy sector reviews and begun to develop programmes of technical assistance for energy planning, the report said.

The World Bank President, Mr. Robert McNamara, has already announced that the Bank proposed to establish an affiliate to provide finance up to $25 billions for investing in energy in developing countries.

Summing up the decade of the seventies the report says despite the deterioration in international environment, the decade saw better perception of human and economic problems being developed.

The share of Bank and IDA lending for agriculture and rural development, which had nearly tripled in the 1960s, continued to expand rapidly in the 1970s.

Helping to solve the food problem and "reaching out" to the small farmers and the rural poor were the main objectives of lending in this sector.

Urban Development

At the same time, recognising the importance of meeting the basic needs of the urban poor, the Bank began lending for urban development and for the provision of water supply and sewerage facilities to low income urban areas.

The Bank also increased the flexibility of its lending operations. In recognition of the growing quality and competitive strength of suppliers and contractors in the borrowing countries, local-cost financing has now risen to 20 per cent of total lending.

Although by far the largest multilateral development finance institution, the Bank provides barely one per cent of total investment in the developing countries and its role can, at best, be viewed as that of a catalyst, the report notes.

Limited Success

Making an assessment of the quantitative and qualitative changes in the Bank policies and programmes, the report says these have not yet gone far enough to affect significantly the well-being of the absolute poor.

Some aspects of the development process—for example, the development of human resources and the meeting of the basic needs of the poor-have been only limited success.

The fulfilment of commitments by Governments to increase the lending ability of both the Bank and IDA has lagged behind the needs of the developing countries. IDA funds, in particular, were in short supply during the fourth and fifth replenishment periods.

The Bank's structural adjustment assistance will be a type of non-project lending with the objectives of helping countries reduce their current account deficit to more manageable proportions over the medium term by supporting programmes of adjustment that encompass specific policy, industrial, and other changes designed to strengthen their balance of payments, while maintaining their growth and developmental momentum.

Flexible Schemes

Such programmes are intended to be flexible and tailored to the needs of individual countries. They could involve measures to adjust production to higher energy prices, emphasis on labour-intensive investments with short gestation periods and promotion of investment in the production of non-traditional exports.

Enhancement of export competitiveness in economies that have suffered from excessive protection of domestic industry is also envisaged.

Record Rise in Net Income

The World Bank's net income rose to a record high of $538 millions in fiscal 1980 as compared to $407 millions in the year ending June 1978.

This news item appeared on page - of the September 22, 1980 issue of:

AMRITA BAZAR PATRIKA, CALCUTTA

India gets $ 1660m. World Bank group loans

WASHINGTON, Sept. 21 (PTI): India was the principal beneficiary of World Bank group lending in the fiscal year ended June 30, 1980 with loans and credits totalling 1660 million dollars.

Of this total, as against 1492 million dollars in fiscal 1979, long-term interest-free IDA credits accounted for 1535 million dollars and 125 million dollars from the World Bank.

India is also the largest borrower of World Bank funds at the end of fiscal 1980 with a total of 11 billion dollars out of the cumulative bank and IDA lending amounting to 79.9 billion dollars. Of this, IDA credits account for 8.3 billion dollars and bank loans 2.7 billion dollars.

Roughly, half of IDA credits was for agricultural and rural development, 325 million dollars was extended for the Singarauli and Farakka superthermal power stations and the balance of assistance was for water supply, urban development, population and health schemes.

INDIAN ECONOMY

In its annual report published today, the World Bank describes the Indian economy as "a key force in South Asia" and notes substantial advances were made in agricultural technology and in the delivery of inputs and extension services to large and small farmers alike.

Despite one of the worst monsoon failures in record in 1979, its effect on the food economy were limited. Between 1976 and 1977 and 1978-79, a succession of favourable monsoon, increases in irrigation, better provision of input and improved extension services resulted in average growth of agricultural output of 4.4 per cent a year. In the latter half of the 70s, the bank and IDA had lent over one billion dollars in direct support of crop production.

INDIAN INDUSTRY

However, the bank takes a depressing view of India's industrial sector despite the annual growth of nearly 7 per cent in 1976-79. This growth took place at a time of more rapid agricultural growth and public investment and rise in foreign exchange reserves leading to liberalisation, on a selected basis, of controls on imported inputs.

Although the country's comfrable foreign exchange and foodgrain stock position facilitated the adjustment in fiscal 1980 to another bad monsoon, the report says, industrial output has stagnated and there are bottlenecks in infrastructure. With the massive increase in the costs of imported petroleum and unsatisfactory export performance for the second consecutive year, foreign exchange reserves fell gradually for the first time since 1974.

While the Indian economy grew at an average yearly rate of 2.3 per cent in the first half of the 70s, in the four year period ending March 1979, growth increased markedly to an average of 5.7 per cent. In fiscal 1980 total output fell by about three per cent owing mainly to weather-induced dip in agricultural production.

AGRICULTURAL OUTPUT

Although agricultural growth was modest during part of the decade, domestic savings and investments have remained high throughout. On a gross basis, both are now in excess of 20 per cent of gross domestic product (GDP) or about double the rate of the early fifties.

For India as well as the South Asia region in general, the Bank report emphasises that agricultural output must be expanded to meet the needs of the growing population. Failure to do so would mean "unmanageable dependence" on food imports.

POPULATION

Though the annual growth rate in population in India has been falling and is now probably below two per cent, heavy population pressure and limited resources make family planning a continuing urgent task.

The report warns, even assuming an on-going fairly rapid decline in fertility, population will increase by more than one million people a month for the next 20 years.

RECORD LENDING

The World Bank group made record lending and investments commitments of over 12 billion dollars in the fiscal year ending June 1980.

The World Bank loans on commercial terms amounted to 7644 million dollars in support of 141 projects in 48 developing countries as against 6989 million dollars in fiscal 1979.

Soft loans by the International Development Association (IDA), the Bank's affiliate, totalled 3898 million dollars as against 3022 million dollars in the previous year.

STRATEGY

The World Bank brought about a radical shift in its lending strategy during the 1970's with half of its credits directed to agriculture and rural development and social sectors.

While continuing its priorities for agriculture and basic needs of the poor, the Bank plans to step up lending for oil exploration and also provide assistance for structural adjustments of the economy of oil importing developing countries with the high cost of petroleum and other global economic changes.

According to the Bank's annual report for 1980, three structural adjustment loans totalling 305 million dollars were approved for the first time for Turkey, Kenya and Bolivia. Adjustment lending is expected to reach between 600 million dollars and 800 million dollars in the current year ending June 1981.

The Bank said today that South Asia — a region of 900 million people and reasonably well endowed with natural resources — has a potential for accelerated economic growth during the eighties.

In its annual report, the Bank said the region must pay greater attention to agriculture and limiting population growth. Because of its low income per capita and high population growth rate, the region has been unable to generate internally the massive resources for investment need for development.

Many developing countries have suffered a loss of development momentum and had to curtail investments in the wake of the series of economic shocks of the 70s, the World Bank said in its review of the decade.

The Bank's annual report said indebtedness was considerable and the formidable task of adjusting fully to the new economic environment remains "the main challenge to the developing countries as the new decade begins".

However, the report notes that during the past 10 years the aggregate annual growth in the developing world was 5.3 per cent as compared with 3.1 per cent in the industrialised nations. Yearly growth rates in the 1950s were 5.6 per cent and 5.0 per cent for developing and developed countries, respectively.