

**Public Services (Qualifications for Recruitment) Committee; and**

(b) the decisions taken thereon?

The Deputy Minister of Home Affairs (Shrimati Alva): (a) and (b). The recommendations made by the Officer on Special Duty on the Committee's Report have already been considered by the Committee of Secretaries and Government are likely to take a decision on the recommendations in the near future.

Shri D. C. Sharma: Who are the Secretaries constituting this committee which is going to consider the report? Do they belong only to the Home Ministry or to other Ministries also?

The Minister of Home Affairs (Pandit G. B. Pant): The Secretary of the Home Ministry and also of some other Ministries.

Shri D. C. Sharma: When is the scheme going to be finalised and when will it be placed on the Table of the House?

Pandit G. B. Pant: The proposals of the Secretaries' Committee have already been received. They have suggested, I am prepared to take the House into confidence, that the services should be divided into three grades: (1) Class I and Grade I service (2) Grade II service and (3) clerical services, that recruitment for the first should be confined to graduates and the age of recruitment should be between 21 and 23, that for the middle grade, again, graduates alone should be allowed to enter the competition, but the age should be between 19 and 21, and that for the clerical services, non-graduates alone should be admitted and their age should be between 17 and 19. These are the proposals and they are under consideration.

Shri D. C. Sharma: May I know what will be the effect of these proposals on the present incumbents of the posts?

Pandit G. B. Pant: It does not in any way affect the present incumbents in the least. Nor will the proposals, whatever final shape they may take, be introduced immediately. It will take some time to implement them.

Shri B. K. Galkwad: What will be the age limit for Scheduled Castes and Scheduled Tribe candidates for the posts referred to just now?

Pandit G. B. Pant: We have made a concession in the case of Scheduled Castes and Scheduled Tribes and they are allowed to compete upto a higher age. I hope that that concession will continue.

U.S. Aid

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Shri D. C. Sharma:  
Sardar Iqbal Singh:  
Shri Hem Barua:  
Shrimati Ila Falchoudhari:  
Shri S. C. Samanta:  
Shri Ram Krishan:  
Shri N. E. Munisamy:  
Shri Shobha Ram:

Will the Minister of Finance be pleased to state:

(a) whether any scheme for the utilisation of U.S. economic assistance for the implementation of Second Five Year Plan has been finalised; and

(b) if so, the main features of the scheme?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a) and (b) The Hon. Members are presumably referring to the credit \$ 225 million offered by the United States from its current resources to meet India's requirements for its programmes of economic development in the next twelve to eighteen months. If so, a statement is laid on the Table of the Lok Sabha.

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Statement

Negotiations for a credit of \$ 150 million from the Export-Import Bank and a credit of \$ 75 million from the Development Loan Fund of the USA have been completed recently and agreements are

likely to be signed shortly. The Export-Import Bank credit of \$ 150 million is to be utilised for the procurement in the United States—with effect from 26th February, 1968—of capital equipment and machinery and services needed by India in the next 12 months or so for programmes in the Second Five Year Plan relating to Irrigation and Reclamation; Power; Transport and Communications; Mining and certain selected industries like textiles, chemical industries, the fabrication of heavy structurals and electrical equipment, and machine tools. The credit will bear interest at 5-1/4 per cent and the term will be 15 years. The loan will start to be repaid in 20 semi-annual instalments from 1964 and payment will be in dollars.

The credit of \$ 75 million from the Development Loan Fund is to be utilised for the purchase of components for the manufacture of trucks, buses and jeeps needed for India's Road Transport Development; for purchase of structural steel and other steel products required by Indian Railways; and for the purchase of machinery for India's jute and cement industries. The credit for railway steel bears interest at 3 1/2% and for other items at 5-1/4%, the period being 20 and 15 years respectively. The loan will be repayable in rupees.

**Shri Hem Barua:** From the statement it is seen that we are going to have a loan of 150 million dollars from the World Bank and 75 million dollars from the U.S. Development Loan Fund. May I know the extent to which these loans are estimated to meet our foreign exchange difficulties?

**Shri B. E. Bhagat:** The first part of the question is not correct. We are getting a loan not from the World Bank, but from Export-Import Bank. That is a different institution. As for the other part of the question, to what extent it will meet our foreign exchange requirements, we have given more than once in this House the total requirements of foreign exchange

during the Second Five Year Plan. The relationship is established.

**Shri Yajnik:** May I know if any part of this loan is already assigned in advance to the private sector and any assigned to the public sector?

**Shri B. E. Bhagat:** Nothing is assigned as yet because we have not yet entered into agreement. It is our contemplation that some part of it will go to the private sector, particularly that which will go to meet the requirements of our industrial programme.

**Shri Kasliwal:** May I know whether the entire amount which we are getting from the Export-Import Bank will be allocated to the private sector?

**Shri B. E. Bhagat:** No, Sir. We have five programmes, so far as the aid from the Export-Import Bank is concerned: Irrigation and reclamation: that is mostly public sector; power programme public sector; mining programme—public sector; transport and communications which is largely public sector; lastly, industrial programme which may be called to be substantially private sector.

**Shri D. C. Sharma:** May I know if we are trying to get any additional economic assistance and if so of what kind from other countries?

**Mr. Speaker:** It does not arise out of this.

**Shri Ranga:** Is it not a fact that, these loans are agreed to by the various agencies on the basis of specific projects that are submitted to them irrespective of the fact whether they belong to the private sector or public sector?

**Shri B. E. Bhagat:** It is not on a project basis. As we call it, it is on a programme basis. The difference is that if we agree on a project basis, that particular project is also to be approved by the agencies. If we agree on a programme basis, they approve the programme and the projects, we select.

**Shrimati Ha Falchoudhuri:** May I know if the loan from the Asian Fund of 50 million dollars is likely to come about for the improvement of the Madras port and if so, if it is going to stand in the way of the improvement of the Calcutta port?

**Mr. Speaker:** The Asian Fund also belongs to the U.S.A.

**Dr. Ram Subhag Singh:** That is also from the U.S.A.

**Shri B. B. Bhagat:** That is a separate question. But that is not yet finalised. We had the Japanese mission which went into the question. It is contemplated that it will meet the Vizagapatam port, not the Calcutta, nor the Madras port.

**Shri Panigrahi:** In the statement it has been stated that capital equipment, machinery and services needed by India in the next twelve months for this programme are to be secured from the U.S.A. May I know how much of this assistance will go towards services and how much of the assistance will be towards the freight that we shall have to pay for importing the machinery? I want to know whether freight is included.

**Shri B. R. Bhagat:** The details we have not yet worked out.

**Shri Tyagi:** With regard to our loan from the Export-Import Bank, have we incurred any obligation to buy from the U.S.A. our goods or we shall be free to buy from wherever we can get cheap?

**Shri B. R. Bhagat:** Under the law, for the aid from the Export-Import Bank, we have to buy in the United States.

**Shri Tyagi:** The whole amount?

**Shri B. R. Bhagat:** Yes.

**Shri Heda:** May I know whether, apart from 225 million dollar loan, there is another loan independently with the U.S. Government directly or a joint Cooper Kennedy project being considered?

**Shri B. R. Bhagat:** That project has not yet materialised. But, we have under contemplation or are negotiating another wheat loan.

**Shri Harish Chandra Mathur:** What factors are taken into consideration in determining the rate of interest? It is 5-1/4 per cent for certain cases and it is 3 1/2 per cent for certain others.

**Shri B. R. Bhagat:** Generally, for the loan from the Export-Import Bank, the rate is 5-1/4 per cent. That is determined by the rates prevailing in the U.S. Market and the rate of interest that the Export-Import Bank gives. So far as the loan from the Development Fund is concerned, there is only the railway item which has a lower interest. The others are all 5-1/4 per cent. The railway item has 3 1/2 per cent. Under the law, that is, according to the Authorisation there, for utility projects, they charge a lower rate of interest. That is the difference.

#### Loan From Canada

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\*1582. { Shri Assar:  
Shri Raghunath Singh:  
Shri Ram Krishan:

Will the Minister of Finance be pleased to state:

(a) whether it is a fact that an agreement was signed in regard to Canadian loan to India on the 20th February, 1958 at Ottawa; and

(b) if so, the details thereof?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a) and (b). Yes, Sir. A copy of the agreement is laid on the Table of the Lok Sabha. [See Appendix VII, annexure No. 32].

**Shri Assar:** May I know if any amount has been drawn and utilized uptill now under this agreement?

**Shri B. R. Bhagat:** No, Sir. We have not yet drawn any amount out of this.

**Shri Hem Barua:** From the statement it is seen that Canada is offering a loan of 25 million dollars and we