

(ADB) during the last two years, including the major projects being financed by ADB after

the introduction of New Economic Policy by the Government of India, are given below:

1991	Name of the Project	Amount (US \$ M)
1.	Indian Oil Corporation	150.00
2.	Second Railway	225.00
3.	Gandhar Field Development	267.00
4.	Hydro Carbons Sector Programme Loan	250.00
		892.00
<hr/>		
1992		
1.	Finance Sector Programme	300.00
2.	Power Efficiency Sector	250.00
3.	Energy conservation & Environment Mangement	147.00
4.	Coal Port Project	285.00
		982.00

Bilateral Trade and Economic Agreement between India and Russia

816. SHRI BOGENDRA JHA: Will the Minister of FINANCE be pleased to state:

(a) whether the issue of imbalances in bilateral trade between India and Russia and other major economic issues were discussed during the recent visit of the President of Russia;

(b) if so, the details of the discussion held and the agreements signed on financial terms; and

(c) how do they compare with the earlier and agreements signed with erstwhile U.S.S.R.?

MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Yes, Sir.

(b) and (c). India and Russia agreed that with effect from 1.1.93 the old centralised rupee payment trade system, along with the centralised clearing mechanism and the provision of technical credit; would be terminated. Bilateral trade would, henceforth, be conducted on the basis of the trade agreement signed in May, 1992 providing for trade against payments in hard currency. It was also agreed that trade could be conducted on the basis of counter trade, commodity exchange, barter, buy back operation, or any other internationally recognised form business cooperation. Finally, it was agreed that the unutilised balance of technical credit granted by India

THE MINISTER OF STATE IN THE

to Russia under the 1992 Trade Protocol would be available to the Russian side for imports from India in 1993.

An agreement was also reached on the rupee rouble exchange rate and its applicability to the repayment of India rouble denominated debt to the former USSR. The former USSR had extended to the Government of India number of state credits for both defence and civilian sector projects in India. The credits were denominated in roubles but repayments by India were to be made in rupees by means of export of India goods. The rate of exchange between the rupee and the rouble for determining the repayment schedule was established by the Protocol of November, 1973 between the two countries. The formula provided for changes in the value of rupee in relation to a 16 currency basket but assumed that the value of the rouble to be invariant. According to this formula the rouble appreciated from 1 rouble = Rs. 10 when the protocol was signed to 1 rouble = Rs. 31.7874 when the exchange rate was last notified on 17.11.91.

The new agreement establishes a different mechanism for determining the rupee value of the rouble denominated debt. The agreement provides for the principal amount of the debt as on 1.4.92 being converted from roubles to rupees using the exchange rate on 1.1.1990 as determined by the old 1978 Protocol (Rouble 1 = Rs. 19.9169). The amount of the principal, debt as on 1.4.1992 would also be converted from roubles to rupees using the exchange rate on 1.4.1992 as determined by the 1978 Protocol (Rouble 1 = Rs. 31.7514). The difference in the two amounts as calculated above would be fixed in rupees and would be repaid in annual instalments over a period of 45 years. This rescheduled portion would carry no interest. It will also have no provision against any fluctuation in the value of the rupee for a period of 5 years. Thereafter, it will be indexed to the SDR if the

average annual depreciation of the rupee exceeds 3 per cent over this 5 year period. Similar review will be conducted at the end of every 5 years period. The non-rescheduled portion of the debt will be the amount in rupees corresponding to the conversion of the rouble debt at the exchange rate as on 1.1.1990. This amount would henceforth be denominated in rupees and repayments of the principal and interest on this portion of the debt would be effected by India in accordance with the schedule in force for each of the relevant inter-Governmental credit agreements. The rupee payments in respect of principal and interest of this nonrescheduled portion of the debt would, however, be protected by adjusting the rupee amounts in line with future changes in the rupee value of the SDR basket of 5 currencies. The existing arrangement of using the credit repayments for export of India goods and services to Russia will continue. In quantitative terms, the outstanding rouble debt as on 1.4.92 was about Roubles 9871 million. In accordance with the agreements, this amount converted at the exchange rate prevailing on 1.4.92 comes to Rs. 31342 crores. The same outstanding principal covered at the exchange rate prevailing on 1.1.1990 comes to Rs. 19660 crores. Thus the principal outstanding of Rs. 19660 crores will continue to be paid with interest in accordance with the existing schedule of payments while Rs. 11682 crores will be rescheduled over 45 years.

[*Translation*]

Construction of Bridges in Bihar

817. SHRIBHUBANESHWAR PRASAD MGEHTA: Will the Minister of SURFACE TRANSPORT be pleased to state:

(a) whether the work on bridges between Charihi and Mandu and between Mandu and Kujju from Hazaribagh to Ramgrah on National Highway in Bihar started nearly 10