

Shri Sarangadhar Das: May I know if Government has considered the desirability and feasibility of filling the three Naga seats in the next general elections.

Shri Datar: I did not follow the earlier part of the question.

Mr. Speaker: He is asking about the filling up of the three Naga seats.

Shri Datar: That is a hypothetical question at this stage.

Shrimati Renu Chakravartty: No, Sir.

Mr. Speaker: Apart from that, how does it arise out of this ?

Shrimati Renu Chakravartty: In view of the fact that today the situation is improving—that is what the hon. Minister said—the House would like to know whether there is a possibility of elections being carried out for filling the three seats that have remained vacant throughout this period.

Shri Datar: Every attempt will be made to carry out the elections.

Loan from World Bank

Mr. Speaker: Next question, Shri Raghunath Singh, No. 946.

श्री रघुनाथ सिंह : मैं चाहता हूँ कि भवैश्चन नम्बर ६५७ को भी भवैश्चन नम्बर ६४६ के साथ ले लिया जाये। वह भी वर्ल्ड बैंक के बारे में है।

Mr. Speaker: All right. Question No. 957 also may be answered.

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*946. { **Shri Raghunath Singh :**
 Shri K. P. Tripathi |

Will the Minister of Finance be pleased to state whether it is a fact that the World Bank has been approached to finance the Indian Railways under the Second Five Year Plan ?

The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari): Yes, Sir.

World Bank

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957. { **Shri Ragaunath Singh:**
 Dr. Ram Subhag Singh:
 Shri Sadhan Gupta:
 Shri N. B. Chowdhury:
 Shri Bheekha Bhai:
 Shri Bibhuti Mishra:
 Shrimati Tarakeshwari Sinha:
 Shri Shree Narayan Das:
 Shri M. Islamuddin:
 Shri Shivananjappa:
 Shri Buchikotalah:
 Shri Debendra Nath Sarma:
 Sardar Iqbal Singh:
 Sardar Akarpuri :
 Shri K. P. Tripathi:

Will the Minister of Finance be pleased to state:

(a) whether Government have received the views of the World Bank on the report of the Bank's Economic Mission which recently visited India;

(b) if so, the main points of their views; and

(c) whether Government have considered them and arrived at any conclusions ?

The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari): (a) and (b). The reply is in the affirmative to the extent that these views are dealt with in the letter from the President of the Bank, dated the 5th September, 1956. This letter has already been published and a copy is placed on the Table of the House. [See Appendix III, annexure No. 134].

(c) Yes, and again I would say that where Government have come to some conclusions in this regard, they are set out in my reply to the Bank's President's letter. A copy of my reply, which has also been published, is placed on the Table of the House. [See Appendix III, annexure No. 134].

I am also taking this opportunity of laying on the Table of the House copies of a subsequent letter from Mr. Black and of my answer. [See Appendix III, annexure No. 134].

श्री रघुनाथ सिंह: स्टेटमेंट (विवरण) देखने से पता चलता है कि रेलवे के वास्ते और शिपिंग (नौवहन) के वास्ते भी इसमें से आप कुछ देंगे। मैं यह जानना चाहता हूँ कि आप वर्ल्ड बैंक (विश्व बैंक) से कितने कर्ज की उम्मीद करते हैं और उस कर्ज में से आप शिपिंग के वास्ते कितना रुपया देंगे, उसका क्या अनुपात होगा ?

Shri T. T. Krishnamachari: The Proposals have not been finalised.

Shrimati Tarkeshwari Sinha: In reply to Question 957 the hon. Minister replied that the World Bank Mission's view was considered. Now, one of their points was that the target of deficit financing that has been put under the Plan is too wide a target. May I know, in view of that stand taken by the World Bank Mission, whether Government have revised the target of deficit financing and if so, how much?

Shri T. T. Krishnamachari: The Government's attitude in regard to the World Bank's comments on the Indian economy is contained in my first letter to Mr. Black.

Shri K. P. Tripathi: From the letters published in regard to the controversy it seems there were substantial points of difference between the Finance Minister here and the World Bank. May I know which of the comments of the World Bank have been accepted by the Government and which of the points made by the Finance Minister have been accepted by the Bank?

Shri T. T. Krishnamachari: There is no question of any substantial differences. There are points of view which certainly differ. But what I am concerned with the Bank is in regard to the financial aid by way of loans that I am getting from the Bank and on which there could be no difference of opinion. We have put up our applications for the loans, and we have had a reply from them that these are being considered and the problem is being examined. Therefore, there is no question of any difference here. Of course, on the overall question Mr. Black has got certain views, I have got certain views, my views happen to coincide with the views of the Government of India and there it remains. But that is not a matter which vitally affects the question of relationship between the Bank and the Indian Government and India as a whole.

Shri Joachim Alva: In the newspapers appearing today, there is a reference to help that may be given for our transport and shipping. May I know whether any reference has been made for giving help to our aircraft industry or for civil aviation?

Shri T. T. Krishnamachari: The reply of Mr. Black to my letter broadly indicates the proposals that they are examining and they are willing to examine. So far as civil aviation is concerned, am not sure if we have any idea of borrowing from the World Bank for the internal airlines and in respect of Air-India International there was some idea, but I do not think that project has really been pushed

to the state of our making an application either to the World Bank or any other body for financial assistance.

Shrimati Tarkeshwari Sinha: May I know whether it is a fact that representatives of the World Bank have arrived in India and they are discussing the financial outlay and their loan in connection to the Railways; if so, may I know if any other subjects are being discussed and the decisions so far taken in those matters?

Shri T. T. Krishnamachari: I do not know if the hon. Member is referring to some people who came to India sometime back. At the present moment, I do not think, we have anybody from the World Bank here. We are expecting a team to come to look into the Railway proposals.

Shri A. M. Thomas: There are four items which have been indicated by the Chairman of the World Bank on which assistance can be sought. May I enquire from the hon. Finance Minister the quantum of help that would be obtained and whether any further schemes have been put forward by the Government of India.

Shri T. T. Krishnamachari: This is a continuous process. So far as the broad indications contained in the letter of the President of the World Bank are concerned, therein are indicated the types of projects which they would be willing to consider for the purpose of giving loan. We have put forward some schemes in regard to loan for development of Railways and loans for the purpose of power projects. There is some idea of asking loans in regard to shipping, and I do not think there is any definite proposal in regard to the expansion that might come. I think these matters will have to be discussed here, proposals formulated and foreign exchange component assessed. It is for the foreign exchange component, primarily that we go to the World Bank.

श्री विमूति सिन्हा : वर्ल्ड बैंक के प्रेजिडेंट के पत्र को देखने में पता चलता है कि वह प्राइवेट सैक्टर पर ज्यादा जोर देते हैं। मैं जानना चाहता हूँ कि वर्ल्ड बैंक हिन्दुस्तान को जो रुपया कर्ज देगा उसमें से कम् से कम् कितना फीसदी सरकार प्राइवेट सैक्टर (सरकारी क्षेत्र) पर खर्च करेगी और कितना फीसदी पब्लिक सैक्टर (सरकारी क्षेत्र) पर खर्च करेगी ?

Shri T. T. Krishnamachari: So far as the negotiations under discussion are concerned, the loan for the Indian Iron and Steel Company is for the private

sector. The loan for the Trombay scheme is for the private sector, but it is a power project and we generally apply for loan for power projects. The Tata Iron and Steel Company have had a very substantial loan from the World Bank sometime back. The rest are all in the public sector.

Shri K. P. Tripathi: May I know if there has been any attempt by the World Bank to suggest anything about the economic and social policies followed by the Government of India and if so, what is the reaction of the Government of India thereto?

Shri T. T. Krishnamachari: My hon. friend will realise that we have a Plan in which we have stated certain definite objectives. We are inviting all people to make their remarks on the Plan. Maybe, that our Plan has its shortcomings, but for fundamental objectives are our own and of our own making. I do not suppose any country which has certain definite objectives changes its objectives on the advice of somebody else. I have indicated very clearly in my letter that, though other people might have different opinions, we emphasise certain aspects of our policy, as being more important than certain other aspects which, from a purely economic point of view might be not quite so worth-while, because we have certain definite social and ideological objectives to fulfil. On these matters, there is no use calling for advice or accepting them or rejecting them. When people advise on things which we are determined to do, well, the advice is welcome, but it does not make any impression on us.

Shri L. N. Mishra: The World Bank Mission, while examining our demands for loan for development of the railways, have made certain useful and helpful suggestions regarding the administration of the system of our railways. May I know whether, before utilising the loan granted, the Government will try to implement some of those suggestions which were very helpful?

Shri T. T. Krishnamachari: As I said, it is a matter for the administration to determine. We had a team which came under the TCM aid—I think it is firm of consultants Sanderson and Porter and made certain recommendations or an interim report, so far as the railway administration is concerned. I have gone through that report very carefully. There are many aspects of the report which are capable of being utilised and adopted. I have had some discussion with the railway authorities and also my own financial advisers, in that regard. But a final report is coming later on. But we cannot afford to wait till that report comes. We have to go on.

As I said, this is a matter which, I think, the Bank understands very clearly, and their present attitude is as helpful as is possible for them to adopt in order to help our programmes so far as the foreign exchange component is concerned.

Shri Matthen: I understand that the World Bank is to finance us for the development of our shipping which needs finance very badly. What proposals is the hon. Minister going to make in this connection?

Shri T. T. Krishnamachari: I said the proposals have not been formulated precisely.

Shri T. S. A. Chettiar: May I know the legal position? The World Bank advances money in one case for the State projects and in another case for certain private projects like the Tatas. In the latter case, is it the understanding that the World Bank need not contact the Government of India for such purposes, and that in the case of private persons, the aid is given direct to the private firms?

Shri T. T. Krishnamachari: No, Sir. The World Bank never gives loans direct to the private persons in any country unless it is sponsored by the Government of the country and by the Government of India in so far as projects in India are concerned. We are the guarantors for those loans and therefore we possess all the rights that a guarantor possesses in such matters.

Shrimati Renu Chakravartty: May I know whether it is possible for the hon. Minister to give the total figures relating to the amount of loans which have been given to the private sector by the World Bank and the amounts which the Government of India propose to ask for the State sector?

Shri T. T. Krishnamachari: I am sorry I do not have those figures with me. If the hon. Member puts a separate question I shall certainly endeavour to give her the full facts that are available with me.

Shri Kamath: I request you to exercise your discretion and, in the national interest, call upon the Law Minister to answer Question No. 963. The national interest demands an answer to that question. It stands in the name of 16 hon. Members.

Mr. Speaker: Let me see. All the hon. Members who have tabled that question may not be here.