

tion in joint ventures with India of the new credit squeeze announced by the Bank of England and the eventual curbs on imports into Britain; and

(b) Government's reaction thereto?

**THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE, (SHRI MORARJI DESAI):** (a) Yes, Sir.

(b) At the time of Sterling devaluation the banks in the U.K. were required to peg advances at the existing level. The loans intended to finance exports were exempted from the limit. The new credit squeeze announced by the Bank of England on 24th May 1968 raises the limit on bank advances to 104 per cent of the November 1967 level but requires that export finance should also be included in the ceiling. The banks are also required to give priority to export finance and to lending for investment and production necessary for increasing exports and reducing imports.

The squeeze will be mainly on loans for consumer spending and imports. To the extent the consumer spending and imports decline as a result of the squeeze, credit restrictions may impinge on some of India's export commodities, specially consumer goods and goods required for stockpiling. The flow of the U.K. Government economic aid to India is not likely to be affected in any way by these credit curbs. On the other hand, to the extent to which these curbs help the U.K. improve her balance of payments her ability to provide development finance will increase. The reduced availability of credit is likely to decrease the flow of the U.K. short-term private capital to India. Investment in productive projects and joint ventures is governed, by and large, by considerations of long-run profitability and is not affected by short-term changes in availability and cost of credit. No direct curbs on imports into the U.K. have been imposed.

#### **Air India Consortium's Meeting in Washington**

28. **SHRI S. K. TAPURIAH:**  
**DR. RANEN SEN:**  
**SHRI E. K. NAYANAR:**

**SHRI P. RAMAMURTI:**  
**SHRI HARDAYAL DEVGUN:**  
**SHRIMATI TARKESHWARI SINHA:**

**SHRI K. RAMANI:**  
**SHRI GANESH GHOSH:**  
**SHRI Y. A. PRASAD:**  
**SHRI BAL RAJ MADHOK:**  
**SHRI ONGKAR SINGH:**  
**SHRI JAGANNATH RAO JOSHI:**

**SHRI N. S. SHARMA:**  
**SHRI ATAL BIHARI VAJPAYEE:**  
**SHRI R. R. SINGH DEO:**  
**SHRI M. N. REDDY:**  
**SHRI VIRENDRAKUMAR SHAH:**

**SHRI CHINTAMANI PANIGRAHI:**  
**SHRI N. K. SANGHI:**  
**SHRI RAGHUVIR SINGH SHASTRI:**

**SHRI AMBUCHEZHIAN:**

Will the Minister of FINANCE be pleased to state:

(a) whether the consortium of Governments and institutions interested in helping India's development had a two-day meeting in Washington in the fourth week of May, 1968;

(b) the extent of aid pledged by the consortium members or expected to be received for the development projects in 1968-69; and

(c) the demand of Government for 1968-69 plan from the said consortium and how far their actual response is likely to fall short of this demand?

**THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI DESAI):** (a) Yes, Sir.

(b) Some members indicated their contribution towards non-project aid and debt-relief for a total amount of \$297.33 million as mentioned in the statement laid on the Table of the House. [*Placed in Library. See No. LT-1339/68*] Others are yet to indicate their contribution.

(c) The 1968-69 plan will largely depend upon the utilisation of aid already in the pipeline. It is not at present possible to say by how much, if any, aid availability may fall short of the requisite amount for making

up the total external resources necessary for the programme in the 1968-69 plan.

**Fertilizer Projects in Public and Private Sectors**

29. SHRI YOGENDRA SHARMA:  
Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) how many and what fertilizer

projects are coming through in (i) public and (ii) private sectors by 1971-72 with foreign collaboration; and

(b) their terms of collaborations?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS AND OF SOCIAL WELFARE (SHRI RAGHU RAMAIAH):  
(a) and (b).

Name of Project	Name of Foreign Collaborator	Terms of Collaboration
<i>Public Sector</i>		
Madras .	Amoco India, Incorporated USA	The foreign exchange requirement has been arranged by the foreign collaborators, partly through equity and partly through loans from Banks.
<i>Private Sector</i>		
Kanpur	M/s. ICI London; International Finance Corporation	The Foreign exchange requirement has been arranged mostly by ICI (London) and IFC, Washington. A small portion is also covered through Suppliers' credit from Japan.
Mirzapur	Kaiser Group, USA	Foreign collaboration proposal is yet to be finalised
Goa	M/s. Armour & Co., International Finance Corporation	The foreign exchange required will be arranged by M/s. Armour & Co. and the IFC, Washington.
Vishakapatnam Exp.	International & Minerals & Chemicals Corporation; Chevron Chemicals Company	Foreign Collaboration proposal is yet to be finalised.
Dharamsi Morarji Chemicals Co. project in Maharashtra	To be finalised	Do.

**Foreign Exchange to Ministers**

30. SHRI YOGENDRA SHARMA:  
SHRI K. SURYANARAYANA:

Will the Minister of FINANCE be pleased to state:

(a) how many Ministers went abroad in May and June, 1968;

(b) how much foreign exchange was granted to each Minister;

(c) whether any Minister had been refused foreign exchange for going abroad; and

(d) if so, the names of such Ministers and the amount of foreign exchange they had asked for?

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI DESAI): (a) 8 members of the Union Council of Ministers went abroad during May and June, 1968.