

hotel in West Bengal. We are constructing a hotel in Assam. We are constructing six youth hostels in the eastern region, one in each State.

SHRI KRISHNA CHANDRA HALDER: What about more foreign air-lines operating through Calcutta? You have not answered that part.

SHRI KHURSHEED ALAM KHAN: I am sorry, this question about air-lines should be put to my colleague.

श्री राजेश कुमार सिंह : माननीय अध्यक्ष महोदय, विश्व में आगरे का एक महत्वपूर्ण स्थान है । सारी दुनिया के पर्यटक आगरा में ताज और फतेहपुर सीकरी को देखने के लिय आते हैं लेकिन आगरे की व्यवस्था बड़ी ही दयनीय है । माननीय मंत्री जी वहां गये होंगे तो उन्होंने देखा होगा कि स्टेशन एकदम गन्दा है और जो भी सुविधायें वहां पर होनी चाहिए नहीं हैं । जैसा हाल्धर साहब ने भी यहां पर बतलाया है, फ्लाइट के संबंध में हमने और उत्तर प्रदेश की सरकार ने भी आपके पास लिख कर भेजा है कि आगरा में चार्टर्ड प्लैन लैंडिंग की व्यवस्था की जाय लेकिन अभी तक कुछ नहीं हो पाया है । जब भी कोई विदेशी हिन्दुस्तान आता है तो ताजमहल देखने के लिये जाता है । लेकिन आज आगरे की सड़कें टूटी हुई हैं । केन्द्रीय सहायता जो भी गई है उस पर आज तक पूरा अमल नहीं किया गया है । आप एशियाड'82 की बातें कर रहे हैं लेकिन जब वे लोग आगरा देखने के लिय जायेंगे तब देखेंगे कि वहां की क्या हालत है । तो इसके बारे में मंत्री जी कुछ विचार कर रहे हैं या नहीं ?

श्री खुर्शीद अलम खां : इस सिलसिले में हम पूरी कोशिश कर रहे हैं । अभी पिछले हफ्ते अगरा में हमने मीटिंग

की थी जिसमें उत्तर प्रदेश सरकार के पर्यटन मंत्री भी आय हुए थे । आगरा में 45 किलोमीटर सड़क की मरम्मत का इन्तजाम किया गया है और जितने वहां पर मनुमैट्स हैं उनकी सफाई का भी इन्तजाम है । फतेहपुर सीकरी में बवैरिंग की वजह से जो नुकसान पहुंच रहा था उसकी भी रोकथाम की गई है । इसी तरह से आगरा स्टेशन के सामने जो छोटी-छोटी दुकानें खोखे बन गई हैं उसके सिलसिले में भी वहां की म्युनिसिपैलिटी और इम्प्रूवमेंट ट्रस्ट से कहा गया है कि उनका कोई अच्छा इन्तजाम होना चाहिए ताकि वहां पर जाने वाले टूरिस्ट को इस किस्म की चीजें देखने को न मिलें ।

World Bank's New Policy of Linking its loans with economic Returns

***87. PROF. MADHU DANDAVATE:** Will the Minister of FINANCE be pleased to state :

(a) whether the World Bank proposes to pursue a new policy of linking up its loans to various countries with the economic returns in the countries concerned; and

(b) if so, what is the reaction of Government to this new approach of the World Bank?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) By and large, the World Bank Group lends for specific projects which have acceptable rates of economic and financial returns. This is an established policy and as far as Government is aware no change is contemplated in it.

(b) Does not arise.

PROF. MADHU DANDAVATE: On this very same subject I had given a notice to-day. In anticipation of that I will ask some questions.

Recently, there was a wide publication of a news item that the World Bank has reviewed its old policy of giving loans to various countries including India and they have decided that in the future loans would not be given liberally to various countries but on the contrary, the quantum of loans will depend upon the returns that will be available when the assistance is already given to the countries concerned. I had also read about one of your reactions in the Press from abroad that you do not favour this particular policy. I want to know whether you are prepared to give a firm commitment that we will adhere only to the original conditions framed by the World Bank and we will not accept the new norms that are sought to be imposed particularly, in view of the fact that we have been receiving large loans recently and after considerable discussions the loan conditions have been finalised and that we will not allow further imposition of more conditions and norms for us.

PROF. N. G. RANGA : How can we dictate ?

SHRI PRANAB MUKHERJEE : I would like to clarify one position. I have to reply to the question in the format it was asked. But, at the same time, while making my observation on 7th September in Toronto, I expressed concern that a new trend is being found in the World Bank group itself and pressures are being put on them. For instance, a new idea is being injected that the Fund Bank should be treated as the lender of last resort. Even for economic propositions like investment in oil and gas, they say, commercial borrowing should be available and the Bank funds should not be made available. Like many other developing countries we also expressed that this type of approach should be avoided and that we did not agree. But what I replied to the question is that uptill now no decision is there and no norm has been changed. Pressure is being put on the World Bank group and anticipating that we expressed our concern.

PROF. MADHU DANDAVATE : There is another question which is not directly linked up with the World Bank but in the analogy of the loans that we draw from IMF, I would like to ask the question. Of course, it is in connection with the World Bank loan. When we received the IMF loan the first instalment and when this was discussed, i.e. when the conditionality of IMF loans were discussed, we have brought to the notice of the Government that there were certain conditions that were insisted upon by the IMF and on the basis of those conditions, probably, the World Bank may try to pick up courage and try to insist upon similar conditions while giving the World Bank loans also. Therefore, I would like to know from the hon. Minister whether it is a fact that this new move to exert new pressures, as he has himself conceded just now that formal norms have not been evolved but there is an attempt to have pressure from various countries attempt to have new norms and if that pressure is being built up, have the World Bank been emboldened to build up those pressures because we accepted certain conditionality in the case of IMF?

SHRI PRANAB MUKHERJEE : We have not accepted any conditionality in IMF loan which is new and which is unique. That point has been clarified and I would like to reiterate it. At the same time we made our points quite clear that while imposing conditionality, the peculiar situation prevailing in the recipient countries, like their socio-economic structure and their institutional framework must be kept in view. For instance, if somebody suggests to me as a conditionality that I will have to do away totally with the subsidies on foodgrains or on fertilisers or in certain areas which, according to our national planning, enjoy a priority, definitely the receiving country would not be in position to accept. Therefore, these two issues are completely different but the IMF conditionality is there and there is nothing new.

We have not accepted any new conditionality. Because of that, I would say that the pressure is coming from the World Bank from different quarters. I would not mention all the names for this reason. That is independent of the conditionality of the IMF that we are having.

SHRI NIREN GHOSH: Sir, we have taken loans from the World Bank and others. When we take a certain amount as loan from them every year, fifty per cent of it goes to the debt servicing. Only the other fifty per cent of it we can utilize. That is the calculation. In view of the fact that the World Bank has adopted a stiff attitude to the IMF conditionality, we have been thrown open to the import market. Many indigenous industries are coming to a standstill or are suffering a great loss. I want to know whether all these things will be kept in view when you make future borrowings.

SHRI PRANAB MUKHERJEE: About future borrowings, we are very careful about it. Firstly, in regard to debt servicing what the hon. Member mentioned, namely, that 50 per cent is the rate of our debt servicing, is not correct. Till to-day, our debt servicing is at 11 per cent of our export earnings. To my mind, to a country of this size, that is not of a high order. Secondly, we should not confuse, though they belong to the same group—the I.M.F. functioning and the World Bank Group—the World Bank, IBD and IDA these have a different set of parameters and different set of functioning. Therefore one conditionality does not lead to the conditionality of the other. For instance, when we get IDA loan, the hon. Member is fully aware that in West Bengal we have some of the IDA's aid State projects. There it is mainly for the priority sector particularly. So far as we are concerned, we are utilising it for agriculture, for irrigation and for rural electrification

because the rate of interest is very low. There is practically no rate of interest. It is only .75 per cent service charge and the period of maturity, is 50 years so far as the IDA is concerned.

So far as IBRD loan is concerned, their rate of interest is 11.6 per cent and that is tied up with a specific project. We always try to tie it up with a specific project and we try to see that on completion of that project, we are in a position to pay back. At least on that issue, the hon. Member should complement us that is all the Governments till to-day are rather very conservative in so far as our borrowings are concerned.

Minimising of Borrowings from Private Capital Markets

*38. KUMARI PUSHPA DEVI
SINGH:

SHRI GHUFRAN AZAM:

Will the Minister of FINANCE be pleased to state;

(a) whether, according to International Development Association (IDA), if India goes in for too much of borrowing from private capital markets, its creditworthiness could suffer; and

(b) if so, what steps have been taken by Government to minimise borrowings from the private capital markets?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) and (b). A statement is laid on the Table of the House.

(a) In a recent study by the World Bank entitled "IDA In Retrospect" it has been said that while India's economic performance in recent years has been impressive, making it credit-worthy for private capital borrowings, too great a reliance on private capital markets could undermine the credit-worthiness that it now enjoys.