

less people of Rs. 3,000. The landless people are taking advantage of that scheme.

In one of our States, there was a meeting which was called for the elected representatives of the people for creating awareness of the Social Security Schemes, in their respective constituencies. It so happened that only one MLA turned up. Therefore, I would say rather than discussing here the amount let us create an awareness among the people as to what facilities are available and you will see that many more people will come forward.

#### World Bank Assistance

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\*1086. SHRI BANWARI LAL  
PUROHIT :

DR. KRUPASINDHU BHOI :

Will the Minister of FINANCE be pleased to state :

(a) whether the World Bank has promised to extend \$ 3 billion assistance for 11 projects in India;

(b) if so, the details of the projects for which assistance is to be extended by the World Bank;

(c) how India will repay the assistance ; and

(d) to what extent the assistance will be spent on the projects ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE SHRI EDUARDO FALEIRO) :  
(a) to (d). A statement is given below :

#### Statement

(a) to (d). At the Aid India Consortium meeting held in June 1987 the World Bank Group has committed assistance of US \$ 2.5 billion to India for the World Bank fiscal year 1988, from 1st July 1987 to 30th June 1988. The assistance is committed against specific projects in the State and Central sectors. The following projects have been negotiated with the World Bank upto 8th May, 1988 :

Sl. No.	Name of the Project	Amount in (US \$ million)		
		IBRD	IDA	TOTAL
1.	National Dairy project	200	160	360
2.	Drought Assistance project	150	200	350
3.	Western Gas project	295	—	295
4.	Housing Development Finance Corporation project (HDFC)	250	—	250
5.	Industrial Finance project	360	—	360
6.	Karnataka Power-II project	260	—	260
7.	Railway Moderrisation project	390	—	390
8.	Tamil Nadu Urban Development project	—	300.2	300.2
9.	U.P. Power project	350	—	350
TOTAL :		2255	660.2	2915.2

Some more projects are due for negotiation before the end of June 1988. It is expected that the total World Bank Group assistance negotiated in the current Bank fiscal year will be around \$ 3 billion.

The assistance will be spent on the various projects indicated above.

IBRD loans are repayable in 20 years, including a grace period of 5 years, and carry a variable rate of interest revised semi-annually. The current rate of interest is 7.72% per annum. In addition a commitment fee of 0.75% is levied on the undisbursed portion of the loans. IDA credits are currently repayable in 35 years, including a grace period of 10 years. IDA assistance is interest free but carries a service charge of 0.75% on the disbursed portion of the credit. A variable commitment charge, with a ceiling of 0.5% to be fixed on an annual basis is levied on undisbursed portion of the IDA credits. For FY 1989, no commitment charge will be payable on IDA credits.

The repayment of World Bank assistance will be out of earnings from goods and services and foreign exchange remittances.

[Translation]

**SHRI BANWARI LAL PUROHIT :** Mr. Speaker, Sir, through you, I would like to congratulate the hon. Minister for negotiating with the World Bank and succeeding in getting an amount of Rs. 3 billion as assistance for India. There are some misconceptions among the people about the assistance provided by the World Bank. They believe that the World Bank provides this assistance under some conditions I would like to know from the hon. Minister whether we can spend this amount of Rs. 2255 million dollars which we have received from the World Bank for 9 projects as we please or has the World Bank imposed certain restrictions that the equipment has to be purchased from a particular company or country? I want a categorical reply whether such restrictions and conditions are imposed?

**THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI):** Sir, the hon.

Members may be aware that there are two international organisations which provide credit—World Bank and I.M.F. The International Monetary Fund imposes lot of conditions while sanctioning loans. At times it depends on the balance of payment position of a country. India has been vigilant in this regard this time and in fact, the role of World Bank has also been quite appreciable. The Central Government also puts certain conditions while implementing small schemes. Whenever a small scheme at a district or village level is approved say for constructing a bridge costing Rs. 5 thousand, the Government specifies that tenders will be invited. The person quoting the lowest rate in the tender is awarded the contract and quality is ensured. If such conditions are laid in the national schemes, it is obvious that the World Bank takes similar precautionary steps while dealing with every country. There is nothing new in it for India and moreover, Indian Government has been quite vigilant in this regard. We never accept any thing which is against the interests of our country. I would like to assure the hon. Member that the World Bank has been liberal and pragmatic towards India as compared to the past. Meanwhile, the World Bank was short of resources, and had paucity of funds for sometime. Some new replenishments have compensated a lot. A major trouble has been that we are getting very little I.D.A. aid, which has negligible interest on it. The reason is that the poorest countries of Africa and China have become the member of World Bank for the first time.

**SHRI BANWARI LAL PUROHIT :** Mr. Speaker, Sir, I would like to know from the hon. Minister as to what is the criteria of priority for these 9 projects. Does the World Bank fix the priority on its own or do we tell them about it? For instance, the Urban Development projects in Tamilnadu, Bombay and Nagpur are pending and there has been a constant demand by the people and the State Governments to implement them. I would also like to know as to what is the criterion of fixing priority of Urban Development Projects? Besides, will the hon. Minister kindly elaborate, whether the Government has sent the proposal of irrigation projects which are to be set up

in the country to the World Bank and whether these have been rejected ?

[English]

**SHRI EDUARDO FALEIRO :** The identification of priorities for assistance from the World Bank or for that matter for assistance from any foreign agency is always in every case and has always been made by us. We identify priorities and then get foreign assistance. There is no hand of a foreign agency in identifying priorities ; priorities are identified by us according to our plan requirements. There is a very lengthy procedure, as far as identification of projects is concerned, which involves the Central Government, which involves the Ministry of Finance, which involves the State Governments and which involves the World Bank themselves. So, I think, this is a procedure which involves all these different agencies. But, in fact, priorities are identified by us in the case of World Bank assistance and in the case of all foreign assistance.

[Translation]

**SHRI BANWARI LAL PUROHIT :** The Urban Development Project of Maharashtra is pending. Kindly tell us about it.

**MR. SPEAKER :** Not like this.

[English]

**SHRI EDUARDO FALEIRO :** Let him give a separate notice.

**DR. KRUPASINDHU BHOI :** I am happy that the benign reply given by the Department has been replaced by the ornamental reply given at the instance of the hon. Finance Minister and the Minister of State. But, at the same time, the cloud has already been removed from the mind of the people. How many drought assistance projects will be taken up, according to the 15-point agro economic zones which have been earmarked in the country, because we are suffering from a severe drought ? At the same time, are we taking cognisance of the backward States, as far as power supply and power generation is concerned ? Orissa is very poor in power. We are now getting only 450 MW of power. Will the hon.

Minister re-orient and re-consider on a priority basis for the Super Thermal Power Plan Project in Orissa to be submitted to the World Bank ? This is the only way we can give a proper justice where it is required.

**SHRI EDUARDO FALEIRO :** The drought assistance project is a priority project among the projects which have been only identified and taken up. There is a contribution of the World Bank of 200 million USA dollars in IDA term and 150 million USA dollars under IDBA term. As far as other projects are concerned, it does not depend alone on this Ministry to identify the projects. I have already said, it depends on the State Governments, it depends on different Ministries of ; the Central Government, it depends on the Planning Commission to identify the projects and not merely on this Ministry.

**SHRI C. MADHAV REDDI :** The hon. Minister, while replying to certain questions, a few months ago, informed this House of certain conditions which are generally being insisted upon by the World Bank when we go for negotiating the loan. In one of the recent negotiations with the World Bank, has the World Bank insisted on the 'across the board changes' in the economic policy of this government ? Have they also insisted on further liberalisation of our industrial and economic policy and also on our import and export policy ? Have they also cautioned the Government of India against excessive borrowings in view of our bad balance of payment position ?

**SHRI NARAYAN DATT TIWARI :** Not at all. The World Bank President was here in India himself—Barber Conable. He addressed a Press Conference. If the distinguished member will recall what he said to the Press himself and then go to the record, he will be convinced that it is not the case. The World Bank has not mentioned about it ; rather they complimented us for successful execution of our policies. In a sense, they have now thought of massive poverty alleviation programme by the end of the century which India is now doing itself.

**SHRI VEERENDRA PATIL :** Whenever this assistance is asked by the

Government of India, whether it is from the World Bank or any financial international institution, they come forward readily to give us, because among all the developing countries, it is only India which is very regular in debt servicing. It is all right that we are getting money. The entire money is coming in foreign exchange and we have to repay instalments and also interest in foreign exchange. What I want to know is, out of the eleven projects that are going to be financed with this World Bank assistance, I want a categorical statement from the Minister whether these eleven projects cannot be built without the foreign exchange assistance. Because the World Bank is giving only foreign exchange. They may be giving Deutschmark, Yen, or Dollar, or whatever foreign exchange we require. What I want to know is, for instance there is one project, of the Housing Development Corporation. For that some foreign exchange is earmarked. So, can you not build a house with our own resources? Is it necessary that we must have foreign exchange, we must have dollars even for building houses? Why I am saying is, this external debt servicing is becoming a big drain on our resources. Wherever we are in a position to build our projects without foreign assistance, all right by all means, you have it. But for building power projects in our country, we are in a position to manufacture all the necessary equipment. We are in a position to do the civil engineering works also. So, wherever we are in a position to build the projects with our own internal resources, with rupee resources, in such cases, why do you require foreign exchange at all? Because, I have not been able to follow this point. Every time we say, that even for building a small irrigation tank we go to World Bank and seek their assistance! So, I could not follow this policy. That is why, I want to know what exactly is the policy of the Government with regard to this matter.

**SHRI EDUARDO FALEIRO :** No such observation can be made across the board and generalised, because if we generalise then we will reach a conclusion. But the factual position is in India we can make everything today. We can make, from a pin up to aircraft, practically everything. Everything can be made

in India, today. But if everything can be made in India, there is no question of foreign assistance.

**SHRI VEERENDRA PATIL :** I am very sorry. For instance you see, we require foreign exchange to import crude oil, we need foreign exchange to import edible oil. I can understand that. But for building a house, for building an irrigation tank, do we require foreign exchange assistance? I cannot understand that.

**SHRI EDUARDO FALEIRO :** Hon. Member will not disagree with the proposition that we must up date our technology for instance. We must import, technology and for this we need foreign exchange. All that I can say is... *(Interruptions)*

**PROF. N. G. RANGA :** It should be re-examined.

**SHRI EDUARDO FALEIRO :** All that I can say on this point is that the percentage of foreign exchange component in our Plan has been decreasing. *(Interruptions)*

In the Second Plan, the foreign exchange component in our Plan requirement was of the order of 20 plus per cent. Today in the Sixth Plan it is less than ten per cent. So, we have gone down on the percentage of requirement of foreign exchange. We are very careful on this and the requirement of foreign exchange. We require foreign assistance only whenever it is absolutely necessary. *(Interruptions)* I will do one thing. I will sit with the hon. Member and I will show him how this particular housing project needs foreign exchange assistance.

*(Interruptions)*

**MR. SPEAKER :** Shri Lakshman Mallick.

**SHRI NARAYAN DATT TIWARI :** May I supplement what my honourable colleague has just now said? We also have a special type of account relationship with the World Bank because we have to repay the loans also; we have to make repayments; these are made out in

rupees in a special account and so these rupees are re-cycled. Such costs can be covered by what rupees we have repaid to the World Bank and come back to us as re-cycled rupees. It is not as if we spend foreign exchange on that matter. This is a rupee expenditure

**SHRI VEERENDRA PATIL :** I do not think that the World Bank loan is repaid in rupees. *(Interruptions)*

**SHRI NARAYAN DATT TIWARI :** It is a re-cycling of rupees because we pay them and we get back rupees.

*(Interruptions)*

**SHRI SAIFUDDIN CHOWDHARY :** Sir, did you understand anything ?

*(Interruptions)*

**[Translation]**

I don't understand money matters. I haven't dealt in any business.

*(Interruptions)*

**[English]**

**SHRI E. AYYAPU REDDY :** Whatever understanding we had, that has disappeared now !

*(Interruptions)*

**Funds for tribal area irrigation Plan of Orissa**

**\*1087. SHRI LAKSHMAN MALLICK:** Will the Minister of WATER RESOURCES be pleased to state :

(a) the total population of the State of Orissa and the percentage of tribal population in that State;

(b) the percentage of minor irrigation funds being allocated to tribal area sub-plans of the State by the State Irrigation Department;

(c) whether Union Government permit use of special Central assistance to supplement the plan funds of Orissa Government

for minor irrigation sector of tribal area sub-plan; if not the reasons therefor; and

(d) whether Union Government propose to treat the minor irrigation programmes of the State directly tribal family benefit oriented and provide proportionate special central assistance to supplement the funds; and if so, the details thereof ?

**THE MINISTER OF STATE IN THE MINISTRY OF WATER RESOURCES (SHRIMATI KRISHNA SAHI) :** (a) As per 1981 Census, total population of Orissa is 263.70 lakhs and tribal population constitutes about 22.4 % thereof.

(b) the allocation to the tribal area sub-plan in the minor irrigation sector works out to 25.6% under the Seventh Plan.

(c) Yes, Sir.

(d) Minor irrigation is treated as one of the family oriented-cum-income generating schemes for which special Central assistance for tribal development is admissible. Utilisation of the special Central assistance for minor irrigation in Orissa was about Rs. 82 lakhs in 1987-88 as reported by the Ministry of Welfare.

**SHRI LAKSHMAN MALLICK :** Mr. Speaker Sir, more than one fourth of the total population of this State constitute tribal population. You know the pitiable condition of the tribal people and their economic condition. Most of them are small and marginal farmers and they mostly depend upon minor irrigation as this is one of the family oriented-cum-income generating schemes.

Sir, my question was, Will the Minister of Water Resources be pleased to state the percentage of minor irrigation funds being allocated to tribal area sub-plans of the State by the State Irrigation Department ? I am sorry the reply of the hon. Minister is very silent to this question. Anyhow, I want to know from the hon. Minister what is the total share of the Union Government to the State of Orissa towards minor irrigation under the tribal area sub-plan.