

counts open. What they did with this we would immediately come to know.

(Interruptions)

SHRI K. P. UNNIKRISHNAN: Have they combined?

SHRI H. M. PATEL: No. (Interruptions).

SHRI K. P. UNNIKRISHNAN: He has said that he has got reports.

MR. SPEAKER: No. He has said that he read some press reports and he also said that it was not correct.

SHRI H. M. PATEL: There is nothing to prevent people from exercising their imagination I am giving the facts. The facts are....

SHRI K. GOPAL: What facts?

SHRI H. M. PATEL: If my hon. friends wish to ignore facts, I have nothing to say. I would rather stick to facts. These are the facts. No one can buy more than a certain quantity and that quantity has been reduced to two kg. per person towards the end. Though it started at five kg., it was reduced very soon after the third or fourth auction to 2-1/2 kg. and now towards the end it was 2 kg. These are only registered dealers as I said and they are dealers from all over the country.

Discussions with President of International Bank for Re-construction and Development

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*83. PROF P. G. MAVALANKAR:

SHRI M. KALYANA-SUNDARAM:

Will the Minister of FINANCE be pleased to state:

(a) whether Mr. Robert McNamara, President of the International Bank for Reconstruction and Development recently visited India;

(b) if so, the purpose of his visit and whether he was accompanied by any experts and officials;

(c) the places he visited, the persons he met and the topics he discussed while on tour in the country;

(d) broad indication of the subjects discussed by the Minister and other Governmental leaders with the visiting dignitary; and

(e) overall reaction and response shown by the visiting distinguished guest and his team?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) Yes, Sir.

(b) to (e). A statement is laid on the Table of the House.

Statement

Mr. Robert McNamara, President of the International Bank for Reconstruction and Development visited India from October 1 to October, 12, 1978. The first part of his stay in India was in connection with the meeting of the Board of Trustees of the Ford Foundation. His official visit, in response to the invitation of the Minister of Finance, commenced from October 9, 1978. Among others, he was accompanied by Mr. David Hopper, Vice President (South Asia) and Mr. William Clark, Vice-President (External Relations).

During his stay in Delhi, Mr. Robert McNamara called on the President, Prime Minister, Union Ministers of Industry, Commerce, Civil Supplies and Cooperation, Petroleum, Fertilisers and Chemicals, Agriculture and Irrigation and Finance and Deputy Chairman, Planning Commission. Mr. McNamara also had a discussion with the representatives of the Federation of Indian Chambers of Commerce and Industry. During all these meetings Mr. McNamara was informed about our Plan priorities and Plan strategies, measures contemplated by the

Government for export promotion and rural development, creation of new employment opportunities and increased pace of agricultural and industrial production. The on-going projects undertaken with financial assistance of the World Bank Group and the possibilities of further projects which can be financed were also discussed.

Mr. McNamara also visited Maharashtra and Gujarat States to see the implementation of some of the Bank aided programmes. He also had a discussion with the representatives of the Reserve Bank of India and financial institutions on industrial development, export promotion, development of small scale industries, promotion of employment generation programmes, etc.

Mr. McNamara and his colleagues expressed satisfaction at the large effort for internal resource generation made by the country and effective steps taken for controlling the prices. Mr. McNamara was also very appreciative of the new emphasis in our Plan strategy on creation of more employment opportunities, substantial increase in irrigation potential and overall programme of rural development. He was also gratified with the substantial advance made by the country in increasing food production.

PROF. P. G. MAVALANKAR : Do you want me to wait for a minute and give the minister some breathing time because he has been answering so many questions?

MR. SPEAKER : No, no. Please put your question.

PROF. P. G. MAVALANKAR : Mr. Speaker, Sir, although the Minister's statement, I must say, is neat and descriptive and fairly informative, it does not tell enough and it does not contain enough. If you see the whole burden of my questions from (a) to (e), he has merely described what happened. I want him to answer now several components of my first supplementary.

The House knows and he knows that the World Bank aid to India has been forthcoming since 1949. The International Development Association, an affiliate of the World Bank, is giving us credit by way of soft loans for a long time and also the World Bank is working as a Co-ordinator of Aid India Consortium. All these things are there. Now, in the statement he says the visit was for 12 days, but the official invitation was for only three days and in that he has visited Delhi, Maharashtra and Gujarat, only three days for official purpose. My question is, in components one to five... (Interruptions) It is very important.

MR. SPEAKER : Every question is very important.

PROF. P. G. MAVALANKAR : I will be very brief. My first supplementary is, he has said in his statement that our plan priorities and plan strategies were given to Mr. McNamara. I want to know what precisely are the plan priorities and strategies of the Janata Government that were given to him, because one hears occasionally a conclusion of emphasis on prohibition, tirade against multinationals, emphasis on rural development. Family Planning Programme is in a mess.

MR. SPEAKER : You cannot go on to the larger policies of the Government.

PROF. P. G. MAVALANKAR : With your consent, I will later on try to raise a half-an-hour discussion also on this point. But my point is, the question is so important, valid and vital for the country's economy and for the country's honour.

MR. SPEAKER : You are still on the preface. You are not on the question.

PROF. P. G. MAVALANKAR : My preface is over, I will come to the question. My first point is what are the precise priorities and strategies and whether the Finance Minister took the opportunity of this visit by Mr. Mc-

Namara to tell him that the high staff costs add to the cost of the World Bank Loans to this country. The World Bank aid has become more costly because of the high staff costs of the World Bank employees—has he told this to Mr. McNamara? Has he also told that in India non-project aid is often more required than the project aid? Lastly, may I know, in view of the fact that the economic growth in our country hardly goes beyond 6 per cent and the foreign exchange reserve is fairly ample at the moment, what is Government of India's strategy with regard to foreign aid and, rather than increasing dependence on foreign aid, whether we are decreasing our dependence on foreign aid and keeping the honour and prestige of this country in tune, so that we do not have to go with a begging bowl either to McNamara or America or the Western countries?

SHRI H. M. PATEL: My friend the Hon. Member has said that the reply is descriptive etc. but I must say that I have adhered strictly to the questions as they were put. He now wants some various types of other information.

He asks what are our plan priorities etc. which I described to the President of the World Bank. They are well known. Our plan priorities are that rural development receives the highest priority. The largest allotment of funds will be for rural development and rural development will include agricultural development, small-scale Industries, cottage industries etc. plus all manner of infrastructural facilities which are not available, being developed rapidly, such as provision of drinking water to villages which do not possess it, approach roads, roads, power, irrigation facilities, and so on. These are all covered in the omnibus term 'rural developments'. They are to receive the highest priority, whatever our allocation may be.

Our strategy, again, is this. For over 30 years the highest priority was given to industrialisation: the hope then, during that period, was that

through industrialisation we will be able to generate more employment and thereby assist the development of rural areas also. But what actually happened was that, while industrialisation certainly proceeded and we came to be counted, in thirty years, among the first ten industrial nations the number of unemployed increased to such an extent that the counting of the unemployed was given up by the Planning Commission after the Third Plan. Similarly agricultural development was really at a low ebb and agricultural poverty actually increased in the rural areas. Therefore, it has now been decided that we will seek to develop agriculture rapidly, we will seek to enrich and bring prosperity to rural areas. About 70 to 80 per cent of our population still lives there. Then, industrial development will also proceed because rural development cannot proceed unless certain industrial development also proceeds apace. This is the strategy and this is what I have said.

Now, his next question is, did we tell the World Bank that their loans are costly because their staff is costly. It seems to me that it does not really affect us. Whatever salaries the World Bank may pay and whatever its expenditure may be, we get loans on certain terms. And what is more, the International Development Association loans are on specially favourable terms. Therefore, so far as we are concerned, we are not affected by whatever their cost structure may be and how they get their funds etc. It does not affect us. What we get is on terms which are already well known to the House.

Then, he asks whether I spoke to them saying that whatever aid is to be given may be given on programme basis rather than on project basis. It is certainly on advantage to us if it comes on programmes basis rather than on project basis, but the international world has decided that they cannot give it on this basis. But we have pointed out our difficulties and the difficulties it creates.

Then, his next point is, what are we doing about seeing to it that we do not have to depend upon aid. I agree that we should not have to depend upon aid, but that will depend on the rate at which we grow and develop and whether we have sufficient funds of our own in order to develop at the rate and pace that we want to.

I may mention that we pointed out in the last meetings with the World Bank, there as well as here, in regard to our developmental expenditure, that out of our total development budgeting, 95 per cent of the resources are provided internally, in this country itself. What we depend on is 5 per cent but that is a critical 5 per cent and with this 5 per cent becoming available we can develop far more rapidly and therefore, I do not think there is any question of emotion on this point.

PROF. P. G. MAVALANKAR: The hon. Minister has said in his statement that Mr. McNamara and his two colleagues went to Maharashtra and Gujarat. May I therefore ask him whether it is a fact that in our country for the last several years an increasing tendency is evident in as much as various State Governments approach directly the World Bank for assistance, because only then the Central assistance comes to them. They require some kind of World Bank's sponsorship to get the assistance. Is it a fact? If so, why should the Government of India not give direct aid to States concerned on merits of the projects rather than wait for a certificate or sponsorship from the World Bank? And, may I know whether Mr. Mcamara went to some places in Gujarat, and apart from the fisheries project for which the Bank aid is there, whether he visited some of the agricultural projects in Gujarat especially in drought prone areas? And if so, what was Mr. McNamara's reaction to that kind of a visit? Whether he promised further aid to the Government of India and to the Gujarat Government?

SHRI H. M. PATEL: The hon'ble Member is not well informed in so far as the method by which World Bank aid and assistance are obtained. It is negotiated entirely by the Central Government but naturally the Central Government does not have the projects. The projects are to come from the State Governments. In fact the Central Government keeps on producing the State Governments to produce whatever projects they want to be considered. Those projects are studied carefully here. They may want to go to the World Bank but the World Bank would not listen to them. So the question of World Bank sponsoring anything from any State Government does not arise. It is the Government of India which decides on proposals that come from different States and see as to it which project needs to be given what priority, and thus a certain amount of fairness is obtained as well as we ensure the maximum possible aid to this country. The second point he asked was that "in his visit to Gujarat what did he do"? In Gujarat he visited certain projects near Baroda which was drought prone area and he saw the development schemes where cotton etc. were grown. But this was under a special system of extension which actually resulted in production being almost trebled. This was something which he saw and he was greatly impressed by that particular State.

MR. SPEAKER: Mr. Kalyanasundaram. He is not here. Mr. Swamy.

DR. SUBRAMANIAM SWAMY: Sir, I would like to ask the Finance Minister when he met this butcher of Vietnam babies, namely, Mr. McNamara, whether he asked him why he publicly and openly supported the sterilisation campaign conducted during the Emergency and whether he pointed out to him that the people of India repudiated that campaign and he had no business....

MR. SPEAKER: The question does not arise. Q. No. 84.

(Interruptions)

DR. SUBRAMANIAM SWAMY :
How can you rule it out like that?

MR. SPEAKER : It does not arise. The question merely was about the financial assistance.

DR. SUBRAMANIAM SWAMY : It is regarding the discussion with the President of the World Bank. It says: what is the overall reaction? You see part (e) of the question. (*Interruptions*) When the criminals like Mr. McNamara come to this country... (*Interruptions*) How can you say it is not allowed? Here he supported the Emergency and he supported the sterilisation campaign. It is the duty of the Minister to tell us about this.

MR. SPEAKER : The Finance Minister discusses the financial matters.

DR. SUBRAMANIAM SWAMY : He has to answer the question. He can simply say, yes or no. I will be satisfied. Did you raise the question of World Bank assistance?

SHRI H. M. PATEL : I did not raise it.

STC Role in Tobacco Trade in Andhra Pradesh

*84. **SHRI C. N. VISHVANATHAN :** Will the Minister of COMMERCE, CIVIL SUPPLIES AND COOPERATION be pleased to state:

(a) the part played by State Trading Corporation in solving the problems faced by tobacco merchants in Andhra Pradesh;

(b) the quantity of tobacco purchased by STC from Andhra Pradesh and the price thereof; and

(c) the concrete effects noticed with regard to relieving the hardships of tobacco trade in Andhra Pradesh?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND CIVIL SUPPLIES AND COOPERATION (SHRI ARIF BEG) : (a) to (c).

A statement is laid on the Table of the House.

Statement

(a) The problems connected with tobacco in Andhra Pradesh this year were not so much those of the merchants as of the growers. STC's efforts are, therefore, directed basically at helping the growers. This year the virginia tobacco crop was larger. Government, therefore, intervened through the STC to mop up some of this surplus so that growers are not left with unduly large un-sold stocks. Therefore, apart from the quantity of 5,000 tonnes which the STC proposed to purchase as a part of their normal commercial activity, they were asked to buy a further quantity upto 10,000 tonnes of Virginia tobacco on Government account. As far as possible, the latter quantity is being purchased from the growers.

(b) The STC has already purchased 6,500 metric tonnes of virginia tobacco valued at about Rs. 5 crores from the cooperatives and syndicates of the growers against target of 10,000 tonnes. In addition, against the target of 5,000 tonnes for commercial purchase, the STC has already purchased 3,470 tonnes valued at Rs. 4.75 crores. The commercial purchases have been made by STC partly from Cooperative Societies and partly from Packer-Associates of the STC.

(c) Through these purchases the objective of helping the growers has been considerably achieved and can be regarded as a positive and concrete effect of the market intervention undertaken by the STC at the behest of the Central Government.

SHRI C. M. VISVANATHAN : The statement given by the hon. Minister says that "the commercial purchases have been made by STC partly from Cooperative Societies and partly from Packer-Associates of the STC. I want