

World Bank loan for India

104. SHRIMATI PRATIBHA SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank, has recently approved a 160 million dollar loan for India;

(b) whether some of the executive directors of the Bank protested against the granting of the said loan; if so, the countries represented by those directors and the nature of the objections raised by them; and

(c) what are the terms of the credit, the nature of goods to be imported thereunder and how much of the credit was untied?

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN): (a) India has signed an Agreement on 29th May, 1974 with the International Development Association, a soft-lending affiliate of the World Bank, for a credit of about Rs. 112.50 crores (\$150 million) for the Ninth Industrial Imports Credit Project.

(b) As is usual, during such discussions of the Credit proposal, some Directors referred to the economic situation in the country, the need for mobilisation of resources and priorities of development. The proceedings of the Board meetings are treated as confidential by the World Bank.

(c) The credit carries no interest but only a service charge of 3/4 of 1% per annum and is repayable over a period of 50 years including 10 years as grace period. The Credit will be utilised for covering imports of raw materials, components and spares needed by industrial units in certain priority industries. The entire Credit is untied as to source of procurement, but is confined to procurement within member countries of the World Bank and Switzerland.

Expansion of textile mills sector

105. SHRIMATI MAIMOONA SULTAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken any decision to allow expansion of the textile mills sector;

(b) if so, whether in pursuance thereof several State Governments have put forth proposals for dispersing the cotton textile units away from their present concentrations;

(c) the extent of overall expansion of cotton textile industry contemplated under the latest decision and the new areas wherein the new units are proposed to be set up in different States; and

(d) the criteria for selecting areas for setting up new textile units?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI A. C. GEORGE): (a) Yes, Sir.

(b) No, Sir.

(c) and (d) The Task Force on Textile Industries has estimated the requirement of cotton yarn and cloth by 1978-79 at 1300 million kgs. and 10,400 million metres respectively. This would require creation of 5.71 million additional spindles and 85,510 additional looms over the levels obtaining in 1972. After reckoning with the expansion of spindleage and loomage already recommended during the Fourth Plan period, the capacity to be created during the Fifth Plan works out to 3.21 million spindles and 70,510 looms.

The licensing policy for cotton textile industry which was followed during the Fourth Plan period was not restricted to any particular region. However, while permitting expansion of the cotton textile industry during the Fifth Plan period, creation of such capacity in areas where there is an unsatisfied demand for yarn for handloom and powerloom weavers and also in areas where cotton is grown in sufficient quantity but there is little, if any, local demand for spinning units, would be kept in view.

Pricing Policy in respect of manufactured Goods

106. SHRIMATI MAIMOONA SULTAN: Will the Minister of FINANCE be pleased to state..

(a) whether Government have decided to pursue a four-fold pricing policy in respect of manufactured products; and