

RAJYA SABHA

*Tuesday the 2nd March, 1972 \sl Cluiilra
1894 (Serka)*

The House met at eleven of the clock, MR.
CHAIRMAN in the Chair.

ORAL ANSWERS TO QUESTIONS

AID TO CEYLON

* 151. SHRI M. K. MOHTA : Will the
Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Government
of India have recently agreed to give to Ceylon
new lines of credit to the extent of Rs. 60
million and to assist that country in its program-
me of industrialisation: and

(h) if so, the manner in which Government
propose to fulfil the agreement ?

THE MINISTER OF FINANCE (SHRI Y.
B. CHAVAN) : (a) and (b) The Government of
India signed two Credit Agreements with the
Government of Ceylon in November, 1971, one
for Rs. 50 million to enable Ceylon to purchase
commercial vehicles and various items of
machinery and equipment and the other for Rs.
4 million for the purchase of jeeps, jeep trucks
and spare parts.

SHRI M. K. MOHTA : Sir, may I ask the
Minister whether the entire credit is a loan
one for purchasing goods in India only or it also
includes any portion of free foreign exchange to
be transferred to Ceylon and, secondly, while
supplying the machines and vehicles to Ceylon
under these pacts, whether there will be any
outgo of foreign exchange to complete this deal
on the part of India, which means that in order to
manufacture those equipments and machines we
may have to spend some foreign exchange ? If
so, what is the quantum of that foreign exchange
for which we shall be net out of pocket ?

SHRI Y. B. CHAVAN : We have not
worked out the net foreign exchange element
that would be required to manufacture those
things here, because it is very difficult to do so.
But most of the loans are meant for the sale of
the equipment manufactured in India.

SHRI A. D. MANI : Sir, may I ask the hon.
Minister to give us some clarification about the
terms of repayment of this loan ? May I ask him
further whether in regard to

this industrialisation of Ceylon, Indian
personnel will be given an opportunity to assist
the Ceylonese nationals ? I am raising this
question because as a fairly advanced country
in Asia we have got the necessary technical
knowhow to help Ceylon. Therefore, I would
like to know whether this project envisages any
participation by Indian technical personnel in
implementation of the sixty million rupees loan
to be given to Ceylon.

SHRI Y. B. CHAVAN : I do not think there
is any technical knowhow necessary because
they are purchasing the materials from here.
There is no question of sending technical
personnel for making use of commercial vehicles
or trucks or jeeps. Secondly, he wanted to know
about the conditions of the loan. The conditions
are that it carries 5 per cent interest and that the
repayment period is 12 years with grace period
of 2 1/4 years.

SHRI A. G. KULKARNI : Sir, may I
know whether it is a fact that the loan utilisation-
particularly the previous loans and the present
loans-is very slow and it is due to certain
impracticable conditions connected with the sale
of products in the country outside India ? I know
particularly of one deal in which a public sector
company failed because the sales required
certain liberal conditions like commission to be
given to the Ceylonese who are the counter
agents of the Ceylon Government. Therefore,
for better utilisation of the loan, will the
Government think in terms of liberalising the
conditions which are practical with usual
business deals ?

SHRI Y. B. CHAVAN : I think it is a good
suggestion, but I can assure the hon. Members
that before these two credit loans, the other two
or three loans were given and one of them is
really completely utilised and the other is likely
to be completely utilised in the given period.

SHRI A. G. KULKARNI : But it is slow

SHRI Y. B. CHAVAN : Of course, it is slow
but the utilisation and absorption of the loan
depends not only on the conditions of the giver
but on the capacity of the receiver also. But I
am in agreement with the hon. Member and
certainly it will have to be seen that unnecessary
difficulties or obstacles do not come in the
way.

DR. K. MATHEW KURIAN : Is the hon.
Minister aware of the fact that many circles in
Ceylon have already expressed their adverse
reaction to the way in which Indian business
community have gone there to invest in joint
ventures in Ceylon ? May I know whether the

Government has cared to look to the public reaction to our aid programmes to Ceylon particularly also in view of the fact that there increasing hostility in Ceylon regarding the military aid which we gave to Ceylon at a time when certain revolutionary forces were working there I

SHRI Y. B. CHAVAN : I do not think the Member is right. I do not think there is any adverse comment about that particular matter.

SHRI N. R. MUNISWAMY : About the period of the loan, in case of default in payment whether there is any penalty provided for increasing the rate of interest in case of delay ?

SHRI Y. B. CHAVAN : I doubt whether there is penal rate of interest for delay.

SHRI T. V. ANANDAN : There was a news item that Chou En-lai is visiting Ceylon and, if it is so, what would be the ultimate relationship between India and Ceylon even though India is granting a loan of Rs. 60 millions ?

SHRI Y. B. CHAVAN : Our relations will continue to be friendly with Ceylon.

SHRI SITARAM JAIPURIA : I would like to know whether during the year this is the only loan that has been negotiated or there are further negotiations going on for further loans to Ceylon ? Secondly, I would like to know in view of the condition of Indians of Indian nationals there and the apathy of the Ceylonese Government to them, whether in the negotiations they will ensure that they should treat them with dignity and they should not take such decisions which will be against the interests of Indian citizens because the Indian citizens there may not feel very happy that while their interests are not protected, India continues to give them loans ?

SHRI Y. B. CHAVAN : The Member is a good businessman and he should not mix up two irrelevant things. We want more economic cooperation with Ceylon, we want our neighbour country to be very friendly with us and our efforts are in the direction of having more trade with them, more economic cooperation with them. The other thing stands on its merits and it will be considered on its merits.

SHRI DAHYABHAI V. PATEL : Is he buying goodwill in Ceylon ? (*No reply*)

ASSISTANCE TO ORISSA

*152. SHRI LOKANATH MISRA : SHRI K. C. PANDA : f SHRI DAHYABHAI V. PATEL :

t The question was actually asked on the I floor of the House by Shri K. C. Panda.

Will the Minister of FINANCE be pleased to state :

(a) what is the total amount of grants, loans and other forms of assistance given to Government of Orissa in connection with the losses incurred by cyclone tidal bore and floods and the rehabilitation of cyclone victims during the years 1970-71 and 1971-72; and

(b) what are the details of the amount asked for by that Government during that period ?

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

STATEMENT

The Orissa Government did not ask for any assistance for flood or cyclone relief measures in 1970-71.

During 1971-72, the State Government had approached the Government of India for assistance towards relief measures necessitated last on account of floods and then in the wake of the cyclone. The State Government had estimated the expenditure on flood relief measures at Rs. 7.80 crores and on the cyclone relief measures at Rs. 49.75 crores during the financial year 1971-72. The requirement of funds has been gone into by the Central teams which were deputed to the State for an on-the-spot assessment of the situation. The Central teams have recommended the following ceilings of expenditure for flood and cyclone relief measures in 1971-72:—

	(A'v. in crores)
Flood relief measures	3.90
Cyclone relief measures	19.33
TOTAL	23.23

The ceilings recommended by the Central teams were accepted and communicated to the State Government. Central assistance is being sanctioned in the light of the progress of expenditure which the State Government are expected to report periodically. So far, an amount of Rs. 10 crores, including Rs. 3 crores as short-term loans for agricultural inputs, has been released to the State Government.

The State Government had recently made a proposal for revising the ceilings in respect of certain items and for continuance of certain relief measures in 1972-73. On their request, a Central team is presently visiting the State to review the position.