

RAJYA SABHA

*Tuesday, the 21st March, 1972/ 1st Chaina
1894 (Saka)*

The House met at eleven of the clock,
R. 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 programme of industrialisation; and

(b) 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 hon. Minister whether the entire credit is a hard 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 $2\frac{1}{2}$ 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 th

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 ?

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 : †

SHRI DAHYABHAI V. PATEL :

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 first 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:—

	(Rs. 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.

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