

RAJYA SABHA

Thursday, 20th August, 1959.

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

ORAL ANSWERS TO QUESTIONS

*278. [The questioner (Shrimati Savitry Devi Nigam) was absent. For answer, vide cols. 1248-49 infra.]

NEGOTIATION FOR A TEN MILLION DOLLAR LOAN FROM WORLD BANK

*279. SHRI V. K. DHAGE: Will the Minister of FINANCE be pleased to state:

(a) whether Shri G. L. Mehta visited Washington in the month of June last to negotiate a ten million dollar loan from the World Bank for the Industrial Credit and Investment Corporation of India; and

(b) if so, whether the World Bank has agreed to give that loan?

THE DEPUTY MINISTER OF FINANCE (SHRI B. R. BHAGAT): (a) Yes, Sir.

(b) Yes, Sir. The relevant agreement was signed on the 15th of last month. A copy will be placed in the Parliament Library as soon as copies become available.

SHRI V. K. DHAGE: May I know on what terms this loan has been accepted?

SHRI B. R. BHAGAT: One of the terms is that the rate of interest is not fixed for the loan as a whole; but the rate of interest will be variable with each loan that the individual projects draw from this pool of ten million dollars. Another is that payments will be in fifteen semi-annual instalments beginning from October 1st, 1962. And there are other broad details.

SHRI V. K. DHAGE: I could not quite understand the answer that the

interest for this loan is not fixed and that it is variable. Would the Deputy Minister be able to explain what he means by that?

SHRI B. R. BHAGAT: This is different from other loans in this respect that once the I. C. and I. C. has drawn the loan of ten million dollars it will not be that the rate of interest will start from then. The terms would be like this. The I. C. and I. C. approves of a project costing, say, 200,000 dollars and the agreement is signed. Then the interest will be drawn on this 200,000 dollars. So it is an easier term, instead of the whole interest being on the ten million dollars from the beginning. It is easier.

MR. CHAIRMAN: What he means is, here is a sum of ten million dollars out of which loans are given to different projects and as loans are given to different projects the amounts are settled and the rates of interest are also settled. So you need not pay interest on the whole amount from the very beginning. Am I right?

SHRI MORARJI R. DESAI: Yes, not the same rate of interest.

SHRI V. K. DHAGE: Then am I to understand that the interest is payable only when the amount is drawn for the purpose of that particular project? And does it also mean that the rates of interest will also vary with each amount drawn?

MR. CHAIRMAN: Yes, it does.

SHRI MORARJI R. DESAI: Yes, it may be less or it may be more. You cannot say it will be more always.

SHRI T. S. AVINASHILINGAM CHETTIAR: May I know, Sir, whether it is also a condition of this loan that the materials should be purchased from the U.S.A.? And secondly, may I know whether this loan will be utilised for works in the private sector and also those in the public sector?

SHRI B. R. BHAGAT: As regards the first condition he referred to, there

is no such condition. As regards the second point, I may say it is mainly for the private sector.

SHRI N. M. LINGAM: May I know whether the Government has to guarantee these loans?

SHRI B. R. BHAGAT: Yes, Sir.

SHRI V. VENKATARAMANA: What are the projects to be financed by this loan?

SHRI MORARJI R. DESAI: Pardon?

MR. CHAIRMAN: He asks: What are the projects to be financed by this loan?

SHRI MORARJI R. DESAI: That will be taken up by the I. C. and I. C.

SHRI BHUPESH GUPTA: Is it a fact that every single project to be financed by this fund has to be certified and approved of by the authorities of the creditor bank?

SHRI B. R. BHAGAT: That was with reference to the first loan drawn. But that principle has been dropped in respect of this loan and the bank has given this loan with this concession that they need not be approved if they do not exceed \$100,000.

SHRI BHUPESH GUPTA: Then may I know whether there is any general machinery to go into the various projects before they are taken up for the purpose of this loan?

SHRI B. R. BHAGAT: Under the rules of our Capital Control Issue or the various other regulations in the Finance Ministry, no such project will be approved for the purpose of foreign exchange or other things unless they be'ong to the approved pattern of the Plan. So the I. C. and I. C. can take up only those projects which belong to that pattern. There is ample control over them.

SHRI JASWANT SINGH: I have only one question to ask. I would like to know something more, for with

regard to the interest on this loan I have not been able to understand fully what was said a little while ago. Is it the position that for the same project the interest will vary from time to time in respect of this loan?

MR. CHAIRMAN: Not for the same project, I think.

SHRI MORARJI R. DESAI: Not for the same project, it may vary for different projects.

MANUFACTURE OF OIL DRILLING EQUIPMENT

*280. **SHRI PERATH NARAYANAN NAIR:** Will the Minister of STEEL, MINES AND FUEL be pleased to state:

(a) whether the Soviet Union have offered assistance in the manufacture of drilling equipment for oil prospecting and production;

(b) if so, whether Government have accepted the offer; and

(c) what are the details of that offer?

THE MINISTER OF MINES AND OIL (SHRI K. D. MALAVIYA): (a) to (c). The Soviet Union has offered to help by furnishing drawings of different drilling equipment and by sending experts to help in manufacturing these equipments. The matter is under consideration.

SHRI PERATH NARAYANAN NAIR: May I know if any team of Soviet experts visited India in this connection and submitted any proposal?

SHRI K. D. MALAVIYA: I could not hear the question.

MR. CHAIRMAN: He asks if any Soviet experts have already visited India in this connection?

SHRI K. D. MALAVIYA: Yes, a few months ago some Soviet experts, who arrived in some other connection, went round to see the requirements in this connection also.