

SURPLUS AGRICULTURAL COMMODITIES FROM THE UNITED STATES OF AMERICA

*81. **SHRI M. VALIULLA:** Will the Minister for FINANCE be pleased to state:

(a) the quantity and value of the economic assistance in the form of imports of surplus agricultural commodities received from the United States of America in 1955-56; and

(b) whether any interest is charged on the above form of assistance?

THE DEPUTY MINISTER FOR FINANCE (SHRI B. R. BHAGAT): (a) 114,000 tons of wheat and 2,051 bales of cotton valued at Rs. 4.76 crores.

(b) Yes, Sir.

SHRI M. VALIULLA: May I know whether in the agreement concerning this assistance there is any clause that a particular percentage of the amount should be utilised for the purchase of surplus products from America?

SHRI B. R. BHAGAT: Yes, Sir. There is some such condition.

SHRI M. VALIULLA: If there is such a condition may I know what is the percentage that has to be utilised for this purpose?

SHRI B. R. BHAGAT: In the year 1954-55 the condition was that 50 per cent of the development assistance was to be taken in the shape of surplus agricultural commodities like wheat and cotton.

SHRI B. K. MUKERJEE: If surplus agricultural commodities were imported by the Government, why should India agree to pay interest on the amount which is got as assistance?

SHRI B. R. BHAGAT: Another condition of the agreement was that part of this assistance would be in the form of loan and we have to pay interest for that part which comes as loan.

SHRI B. K. MUKERJEE: My question was this. When we purchase surplus commodities from America and when the face value of such commodities will be repaid why should there be interest on that amount because if we do not purchase those surplus goods, they will go waste in that country.

SHRI B. R. BHAGAT: That is very strange logic. Money for this surplus commodity we do not pay in cash. That is treated as a counterpart fund in rupees and utilised for any project which is agreed to between the United States and Indian Governments.

DR. SHRIMATI SEETA PARMANAND: What is the total amount of the interest so far payable on this account to the United States?

SHRI B. R. BHAGAT: That will mean involved calculation but the rate is four per cent.

SHRI S. N. MAZUMDAR: Was it purchase or loan? That is what I wanted to know. Did we purchase them or did we take them as loan? From the questions and answers it seemed to me that we purchased these surplus stocks and if it was purchase how does the question of interest come in?

SHRI B. R. BHAGAT: There still seems to be some misunderstanding. I said it is purchased but the whole amount is treated as a counterpart fund in rupees which is spent on different projects agreed to between the U. S. and Indian Governments. The whole thing is treated as partly grant and partly loan and we pay interest for that portion which is loan.

SHRI P. C. BHANJ DEO: May I know if it is a fact that the Government are considering acceptance of 350 million dollars as aid from the United States of America for the purchase of American wheat and cotton?

SHRI B. R. BHAGAT: Sir, at present we are negotiating with the U. S. Government for the purchase under this same agreement—what is known as P. L. 480—a large amount of agricultural commodities but what would be the amount I cannot say. It may not be 350 million dollars but we expect that it will be a large sum.

SHRI BHUPESH GUPTA: In the past some of the stocks purchased in this manner had been found to be unfit for human consumption. May I know whether in this case the Government had checked on the stocks that were so procured?

SHRI B. R. BHAGAT: No part of the stock that has come under this agreement, that is P. L. 480, has been found unsuitable for consumption.

SHRI H. C. DASAPPA: May I know whether there is any difference in the prices of these goods compared to the market value of the same goods; because these are surplus stocks, is there any difference in price of these articles and their price in the open market.

SHRI B. R. BHAGAT: I think the hon. Member means the internal price of the commodities as against the price obtaining in U. S. A. If that is what he means, there is a difference, so far as wheat is concerned, the wheat price in U. S. A. is higher than the Indian price. It is also a part of the negotiations that we are undertaking that the U. S. Government will pay a subsidy. So far as cotton prices are concerned they were higher in previous years, but now the trend is that the cotton price is becoming competitive.

That is, the margin of difference between the internal price here and the price in U.S.A. is not very large.

SHRI R. U. AGNIBHOJ: Was this import necessary and unavoidable?

SHRI B. R. BHAGAT: We think that it is necessary. For the successful implementation of the Second Five Year Plan we must have a larger stock of agricultural commodities.

SHRI B. B. SHARMA: Will it not adversely affect the agriculturists here—this dumping of American surplus goods?

SHRI B. R. BHAGAT: On the other hand, it will stabilise the whole price system.

SHRI R. U. AGNIBHOJ: Is it not a misnomer to call this as economic assistance to India when they send surplus goods and over and above that they charge interest also?

SHRI B. R. BHAGAT: I have fully explained this and I leave it to the hon. Member to make his own conclusions.

SHRIMATI SAVITRY DEVI NIGAM: May I know who is paying the cost of shipping?

SHRI B. R. BHAGAT: I want notice for that.

FINANCIAL ASSISTANCE RECEIVED BY INDIA FROM THE UNITED STATES PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENTS

*82. **SHRI M. VALIULLA:** Will the Minister for FINANCE be pleased to state:

(a) the extent of financial assistance received by India out of the United States President's Fund for Asian Economic Development during 1955-56; and

(b) the quantity of iron ore exported to Japan on account of this project being financed out of the above mentioned Fund?

THE DEPUTY MINISTER FOR FINANCE (SHRI B. R. BHAGAT): (a) No financial assistance has been received by India out of the United States President's Fund for Asian Economic Development during 1955-56.

(b) Does not arise.

SHRI M. VALIULLA: Sir, I read from the Ministry's Report for 1955-56:

"The Government of India have also under consideration a project for additional transport facilities which would enable export of larger quantities of iron-ore to Japan. Consideration is being given to this project being financed partly out of the U.S. President's Fund for Asian Economic Development, for which an amount of 100 million dollars was allocated by the U.S.A. Government in the year under review."

SHRI B. R. BHAGAT: That project is still under consideration.

LOANS FROM THE INTERNATIONAL BANK

*83. **SHRI M. VALIULLA:** Will the Minister for FINANCE be pleased to state:

(a) whether the International Bank's loans of 16.2 million dollars to the Tata Hydro Companies and of 10 million dollars to the Industrial Credit and Investment Corporation of India have been drawn; and

(b) if so, when; and how much?