

WB lines up \$9 bn loan for infrastructure

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New Delhi: World Bank on Thursday promised to extend loans worth \$9 billion to India in the next three years, most of which is intended for railway, power, road and water resource sectors.

"We are prepared to extend \$9 billion in the next three years or 3 billion dollar annu-



**James Wolfensohn with
Montek Singh Ahluwalia**

ally," World Bank president James Wolfensohn said after a high-level meeting with the planning commission.

The meeting was attended by the commission's deputy chairman Montek Singh Ahluwalia, finance minister P Chidambaram, power minister P M Sayeed, water resource minister Priyaranjan Dasmunshi, Railway Board chairman R K Singh and others senior government and World Bank officials.

Officials of ministries of power, railways, roads and water resources made de-

tailed presentations before the World Bank chief and projected the funding requirements totalling \$19 billion over the medium to long term in their respective sectors.

"What I thought was most important in dealing with infrastructure is the scale at which things should be done and the apparent advances that have been made by each of the ministries in organisation to implement these plans," Wolfensohn said.

"So, the bank has assured each of the ministries about the support. We look forward very much to working with water, highways and power," he said. Although the country assistance strategy of World Bank stipulated assistance is worth \$3 billion annually, government officials said the requirement could be much higher at about \$4 billion per year.

Power minister P M Sayeed told PTI that power sector identified various projects for World Bank funding totalling \$4 billion— \$1 billion each for rural electrification, hydropower, power transmission and combined power cycle plants.

World Bank country director Michael Carter said the bank was preparing a project for funding a hydropower project in Siom (Arunachal Pradesh).

He said the bank would study the feasibility of funding hydropower project considering various social and environmental issues. PTI

INDIVIDUALS TO BE CONSULTED FOR APPRAISAL

Planning Commission dissolves all panels

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By Our Special Correspondent

NEW DELHI, SEPT. 30. In a bid to end the controversy over the inclusion of foreign experts in its consultative groups, the Planning Commission today dissolved all the panels it had set up for the mid-term appraisal of the Tenth Five Year Plan.

In a brief statement, the Commission said it would revert to the earlier practice of consulting individuals separately as part of the appraisal process.

The setting up of the consultative groups was a departure from the earlier practice of restricting the appraisal to government officials. This time, the Commission's Deputy Chairman, Montek Singh Ahluwalia, roped in non-government experts in different disciplines in order to get outside inputs on the way the Tenth Plan, valid for the years 2002 to 2007, had worked so far and what course correction could be attempted

to accommodate the priorities of the National Common Minimum Programme of the United Progressive Alliance.

While the new idea of widespread consultations was welcomed, the Left parties and some civil society organisations objected to the inclusion of representatives of the World Bank, the Asian Development Bank and international consultancy organisation, such as McKinsey and the Boston Consultant Group.

They wanted the representatives of the foreign institutions removed from the groups on the ground that they were being formally included in what was essentially a State organ. When the Commission failed to respond, the matter was taken up with the Prime Minister, Manmohan Singh, and he promised to look into it on his return from abroad.

However, Mr. Ahluwalia's statement in London that the foreign consultants would stay

led to severe protests by top Left party leaders. Some economists in the consultative groups even threatened to resign if the Commission continued with the foreign consultants.

Commission's view

In its statement, the Commission acknowledged that the decision to include individuals associated with international organisations and foreign firms operating in India had become a subject of some discussion. Therefore, it reviewed the matter and decided to dissolve the consultative groups.

Though officially the Commission did not go beyond the statement, sources indicated that the decision to dissolve the groups was taken because the whole issue had become politicised.

The view in the Commission was that it had to be politics-neutral in the interest of harmonious Centre-State relations, the sources added.

THE HINDU → 1 OCT 2004

Plan panel to discuss foreign hand today

Our Political Bureau
NEW DELHI 27 SEPTEMBER

PLANNING Commission deputy chairman Montek Singh Ahluwalia, at the receiving end of a Left-sponsored campaign to remove foreign experts from various consultative groups set up to provide inputs for the mid-term review of the Tenth Five Year Plan, has convened a meeting of the panel on Tuesday to debate the issue. Mr Ahluwalia, who accompanied Prime Minister Manmohan Singh on his three-nation tour, is returning to the capital on Monday night. By convening the meeting of the Commission less than 12 hours after his arrival, he has obviously decided to signal his keenness to see an early end to the crisis that has hit the panel.

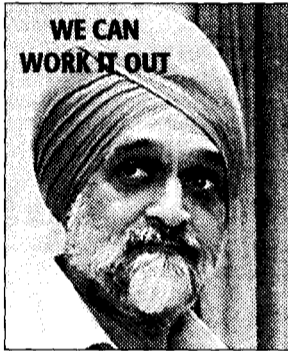
The Planning Commission deputy chairman, who has emerged as the Prime Minister's topmost adviser on matters pertaining to economic policy, has been pushed into a corner by the Left demand to sack the 14 "foreign" experts from the consultative groups. Left to himself, Mr Ahluwalia would like these experts to continue with their jobs. In his letter to the Left leaders within days of their raising a banner of revolt, he defended their role, maintaining that civil servants from the Planning Commission could not be expected to monitor work of civil servants in other ministries and that the Commission needed to tap enormous expertise outside the government. The compulsions of coalition politics,

however, have forced him to take a cautious line. Speaking to newsmen on board the special aircraft carrying the Prime Minister and his entourage, Mr Ahluwalia said he had a "formula" to resolve the issue, but did not elaborate on it. He, at the same time, said that one has to 'listen to all points of view' before arriving at a decision. The Leftist economists on these input-gathering

groups, including Prof C. P. Chandrashekhar and Prof Jayati Ghosh, both from JNU, and Mr Thomas Issac have, in fact, threatened to quit these bodies if the experts from renowned consultancy group, McKinsey's, and the international financial institutions such as the World Bank and the Asian Development Bank were not removed.

As the controversy over their role gathered steam, threatening to tar the country's image as one of the most attractive destinations for foreign investment, the foreign consultants, in an attempt to put an end to the Left-sponsored controversy, themselves offered to resign. The resignation offers were communicated to the deputy chairman during his stay in New York. Mr Ahluwalia, however, is learnt to have asked them to stay put in the Indian capital till his return from the foreign tour.

Among the "foreign" experts being singled out by the Leftists include Ms Firoza Mehrotra, a Haryana cadre IAS officer who's served a stint in the Planning Commission as additional adviser, and Mr J.S. Bajjal, who was the Plan panel's member-secretary between 1986 and 1989.



Relax fiscal curbs for investment: Plan panel

Press trust of India

NEW DELHI, Sept. 14. — The Planning Commission has favoured sustained efforts to hike public investment to achieve the desired eight per cent economic growth for which the Centre could consider relaxing fiscal discipline.

“Moving into a high growth trajectory require a sustained demand impetus from public expenditures, especially public investment, even if it required some relaxation of fiscal discipline,” the Commission said in its draft appraisal to the Mid-Term Appraisal for Tenth Five-Year Plan.

It said the fiscal correction should not be focused on fiscal deficit instead revenue deficit should be curtailed so as to increase public savings.

Asserting that it was imperative to rev up industrial recovery, the Commission said it was possible not only through meeting the agricultural growth targets but also by higher capacity utilisation especially in manufacturing sector.

“Private investment demand is unlikely to revive until the capacity utilisation in industry increased significantly to higher levels,” it said.

The revival of rural consumption demand was expected to contribute to investment expansion, “but this will happen only over time if agricultural growth targets are met,” it added.

It noted that the Tenth Plan had visualised eight per cent growth with only a “relatively modest” investment rate of 28 per cent.

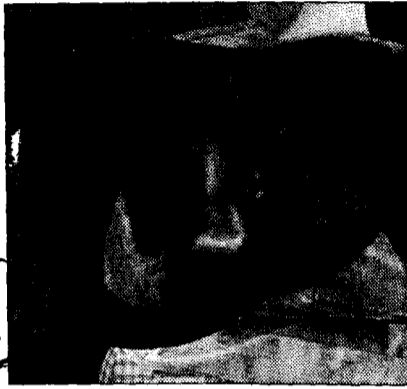
Finding that investment rate was only 23 per cent during 2002-

“While some excess capacity remains for tapping in the immediate future, growth will now depend on a major renewal of private investment in critical infrastructure,” the Commission said.

However, it also lamented that inadequate progress has been made in releasing capacities which were locked up due to structural factors arising out of policy rigidities.

Finding little danger of “crowding out”, the Commission felt that improvement in infrastructure was necessary to ensure that private investment expands robustly.

Noting that the data on private investment was not available beyond 2002-03, it said there was some evidence that the economy was in recover phase of the business cycle and private investment may have picked up.



Mr Montek Singh Ahluwalia, Deputy chairman, Planning Commission

03, the Commission said “it is unlikely that investment rate in 2003-04 was much higher.” However, low investment will mean capacity utilisation in industry increased across the board

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PLANNING COMMISSION MEETS

Approval for food-for-work programme

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By Our Special Correspondent

NEW DELHI, SEPT. 9. A meeting of the full Planning Commission, chaired by the Prime Minister, Manmohan Singh, today approved the launching of a Rs. 2,020-crore food-for-work programme in 150 districts.

Similarly, the Sarva Shiksha Abhiyan (universal education) scheme gets an additional Rs. 2,000 crores and agriculture gets Rs. 540 crores more. Health and family welfare also gets a hike of Rs. 688 crores.

While making the additional allocations, the Commission increased the original kitty of Rs. 10,000 crores provided in the budget for special allocation to Rs. 12,000 crores of which the States would get Rs. 4,725 crores and the Central Ministries Rs. 7,275 crores. The kitty had been earmarked for special schemes to fulfil some of the concerns highlighted in the Common Minimum Programme of the United Progressive Alliance. The CMP had expressed concern over the plight of farmers, the neglect of education, and the under-funding of health programmes.

More for meal scheme

The Commission made an additional allocation of Rs. 1,232 crores for the mid-day meal programme for school children while at the same time transferring the scheme to the States. This year, the expenditure on the mid-day meal scheme will be reflected as special Central assistance to the States; from the next fiscal, it will be treated as normal Central assistance.

The Deputy Chairman of the

Planning Commission, Montek Singh Ahluwalia, said that though the Government's total expenditure would go up because of the increased allocation, the expectation was that, as in the past, there would be savings on many expenditure heads. He admitted that demands from various Ministries had far exceeded the kitty with the Commission and their requests had to be pruned. Still, there was a substantial step-up in the allocations for the Ministries compared to the budget estimates for the previous year.

The other sectors and their increased allocations in brackets are: Secondary and higher education (Rs. 250 crores); Railways (Rs. 1,137 crores); drinking water supply (Rs. 248 crores); science and technology (Rs. 286 crores); biotechnology (Rs. 40 crores); Providing Urban facilities in Rural Areas (Rs. 9 crores).

The Sethusamudram ship canal project has been allotted Rs. 40 crores more, taking the total allocation to Rs. 50 crores.

Manmohan's call

In his opening remarks, Dr. Singh drew the Commission's attention to the success of the reform programme in the first half of the 1990s and the subsequent slowdown in the growth rates in the latter half of the decade, especially in agriculture. There was a perception that the benefits of reforms had bypassed a substantial section of the people. It was, therefore, necessary to devise and implement a development strategy that could lead to sustained high rates of growth along with significantly greater degree of inclusiveness.

Outsiders only to give inputs: Montek

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NEW DELHI, SEPT. 8. In a sharp reaction to the Left parties' criticism of including representatives of multilateral funding agencies in consultative groups of the Planning Commission, the Deputy Chairman of the panel, Montek Singh Ahluwalia, said their involvement had nothing to do with the "actual working" of the Commission. "There is no representation

of outside bodies in the actual working of the Planning Commission. The work of the Commission will be done by us. We will take the decisions and make the recommendations," Dr. Ahluwalia told presspersons here.

The groups have been set up to provide inputs for the mid-term appraisal of the Tenth Plan. "The logic is to provide

opportunities to hear the opinions of the outsiders on the progress of the Plan schemes and effectiveness of policies," he said.

"In broad ranging groups like these it is appropriate to have multilateral institutions," he said. The issue was "extremely important in order to open the Plan process and create possibilities for interaction among the different stakeholders across sectors."

The Commission had earlier set up 19 consultative groups with members which include academics with different ideological predilections, think-tanks, experts, representatives of the private sectors and NGOs. "These are to be chaired by relevant members of the Commission."

"I do not think the Commission would be of much value if a set of officers comment on the work of other set of officials," Dr. Ahluwalia said.

Quotes Gandhiji

"I want the Commission to become a window to hear the views of the outsiders," he said, and added this was in the spirit of what Gandhiji had said. The quote he gave in this regard was: "I do not want my house to be walled on all sides and my windows to be stuffed. I want the cultures of all the lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any. I refuse to be in other people's houses as an interloper, a beggar or a slave."

— UNI

Unwarranted: Left

By Our Special Correspondent

NEW DELHI, SEPT. 8. The Left parties today described as an "unwarranted step" the United Progressive Alliance Government's decision to include representatives of international agencies in the consultative groups of the Planning Commission and demanded that the move be reconsidered.

The Communist Party of India (Marxist), the Communist Party of India, the All-India Forward Bloc and the Revolutionary Socialist Party said the Manmohan Singh Government should explain why it wanted World Bank representation on the Commission when the Congress in Andhra Pradesh had held the World Bank's structural adjustment policies responsible for the miserable plight of farmers and the ordinary people.

The joint statement came in response to the move to include the representatives of the World Bank, the Asian Development Bank and an American consultancy group on the consultative committees. The Planning Commission was accountable to the Government and mandated to draft and oversee the implementation of the Five-Year plans. "To include representatives of international agencies and foreign private companies, who have their own agendas and who are in no way accountable to the Indian people in the planning process, is an unwarranted step," the statement said.

The signatories to the statement include the CPI general secretary, A.B. Bardhan, the CPI(M) Polit Bureau member, Prakash Karat, the AIFB general secretary, Debabrata Biswas, and the RSP central committee member, Abani Roy.

World Bank to give India \$2 billion

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Statesman News Service

NEW DELHI, June 8. — The World Bank plans to apportion a good part of its India programme in the coming years to support investments in the rural sector. It has also decided provide \$2 billion as its annual assistance during 2004-05, the bank's country director (India), Mr Michael Carter, said at a conference, organised by the Federation of Indian Chambers of Commerce and Industry (Ficci) here.

The World Bank, which follows the July-June fiscal, has allocated \$1.7 billion in 2003-04. It would focus on three major sectors — infrastructure, human development and support to livelihood.

"The investments in the rural sector will help the country address issues related to rural livelihood, access to finance, electrification, roads, education, watershed management, irrigation and water supply among other areas," Mr Carter told the "Knowledge Forum: Rural Services Innovation Summit".

It was very important for India to increase its spending in the social sector, he said. India's social spending by international levels was very good, the World Bank official said. However, all these interventions will need to be based on the notion of community

involvement and empowerment, Mr

The World Bank, which follows the July-June fiscal, has allocated \$1.7 billion in 2003-04. It could focus on three major sectors — infrastructure, human development and support to livelihood

Carter said.

"But neither the government's resources nor the contributions of the Bank and other partners will be of much effect if the models and projects lack an innovative approach and do not lend themselves to scaling up," he added.

In his keynote address, Dr Arjun Sengupta, co-chairman of the economic cell, All India Congress Committee, emphasised the importance of monitoring projects and reform measures to hasten the process of growth and development.

If we want to look forward to development of India's people, then we need to do something that changes the lives of the people living in rural India," Dr Sengupta said. The most important target of economic reforms, he pointed out, should be the welfare of the rural sections of the society.

Dr Sengupta said it was extremely important to have a proper monitoring system to hold parties accountable. A problem currently is that money but does not reach the poor.

World Bank aid to India may exceed \$2 b

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Press Trust of India

NEW DELHI, Feb. 13. — Optimistic of India sustaining 8.0 per cent GDP growth, World Bank today indicated it will step up assistance to the country next fiscal from close to \$2.0 billion this fiscal.

"We are optimistic that Indian GDP growth would be up to 8.0 per cent in 2004-05 with fiscal adjustments taking place," the World Bank country director, Mr Michael F Carter, said after signing the second structural adjustment loan agreement for Andhra Pradesh here today.

"India is doing extremely well. Growth has picked up and there has been improvement on the fiscal side also," he said. The Central Statistical Organisation had pegged India's GDP growth at 8.1 per cent for this fiscal. World Bank lauded government for gradually carrying out "fiscal adjustment" by targeting a lower fiscal deficit at 4.4 per cent of GDP in 2004-05, from 4.8 per cent estimated for this fiscal.

Although this year's fiscal deficit is slated to be lower than the budget estimate of 5.6 per cent mainly due to higher GDP growth, Mr Carter said tax administration has also improved.

Centre's tax collection has surged by 17 per cent this fiscal, as against the budget target of 16 per cent growth.

With government placing top priority to

\$130 m US aid

WASHINGTON, Feb. 13. — The USA has released the consolidated aid figures under different heads for various South Asian countries, including \$130 million for India, for fiscal 2005.

The consolidated figure specially allocates \$2 million under 'South Asia Regional Funds', to support a "Muslim Outreach Programme" which includes projects in India, "possibly" in Jammu and Kashmir, and other South Asian countries, the State Department said yesterday. — PTI

infrastructure development, Carter said World Bank's country assistance would be stepped up next fiscal. "This fiscal, we should be lending close to \$2.0 billion. I think, it will be higher next fiscal," he said. The bank is giving finishing touches to the Country Assistance Programme for next fiscal, which would be finalised by May.

World Bank is slated to come up with a economic report on Bihar as it has done for Uttar Pradesh earlier.

Unless the "bimaru" states like UP, Bihar, Madhya Pradesh and Orissa improve the social and physical infrastructure and make economic progress, World Bank would be reluctant to lend further to them, Mr Carter indicated.

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