

THE WHITE HOUSE

WASHINGTON

July 29, 1965

MEMORANDUM FOR

Robert Komer

The donation program in India is operated by the four largest American voluntary agencies -- Catholics, Protestants, Lutherans and CARE -- and is administered primarily through state governments. It is making a significant contribution toward the health of the new generation in India, but what may be even more important in the long run, it is helping the states to establish and gain operating experience in an effective social welfare program.

Progress has come very slowly because the Indians were initially suspicious of the American agencies, particularly the religious-related ones, and were reluctant to devote the necessary Indian resources to establish school lunch, institutional feeding, and mother/child center programs. Despite the magnitude of the job, some real success has been made and today both federal and state attitudes toward the programs and the agencies are good. The Indians are participating wholeheartedly.

It should be emphasized that we have achieved an excellent posture of nonpolitical distribution of relief foods under our donation program. These Title II and Title III uses of food have not been criticized in the Congress, even during the fever of debate about concessional sales of food to UAR, Poland and Yugoslavia. The Hickenlooper Amendment, for example, specifically exempts our food relief from its mandatory aid shut-off provisions.

Attached is a breakdown of programming, approved in the field, now waiting Washington clearance. Since July 1, we have been maintaining these programs with supplies already in the pipeline. It already is late if we are to prevent an interruption in distributions.

Dick
Richard W. Reuter

Enclosure

JUL 29 1965

INDIA - FOOD FOR PEACE DONATION PROGRAMS THROUGH VOLUNTARY
AGENCIES (TITLE III, PL 480)

Four voluntary agencies, CARE, Catholic Relief Services, Church World Service, and Lutheran World Relief, and one international agency, UNICEF, are distributing foods available under Title III of PL 480 to about 11 million people in India.

Expansion to about 12 million is proposed for the current fiscal year. Over 10 million of those receiving the food are school children, infants and nursing mothers.

The estimated value of the food to be supplied this year is \$41 million.

Food shipments are currently being held in abeyance but the programs are continuing out of food available in the pipeline.

Number of Persons - (In Thousands)

	Infants and Nursing Mothers		School Lunch		All Other		Total	
	FY 1965	FY 1966	FY 1965	FY 1966	FY 1965	FY 1966	FY 1965	FY 1966
CARE			6,577	9,187	416	-	6,993	9,187
CRS	33	21	589	557	1,226	996	1,848	1,574
CWS	9	9	209	174	234	192	452	375
LWR	2	2	52	44	51	51	105	97
UNICEF	865	707	815	<u>1/</u>	-	-	1,680	707
Total	909	739	8,242	9,962	1,927	1,239	11,078	11,940

Million lbs - All Commodities

336 463

Million dollars - Export Market Value

\$ 32.2 \$ 40.8

1/ Shifted to CARE.

986

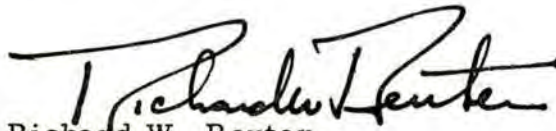
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THE WHITE HOUSE
WASHINGTON

7/31/64

Bob Komer -

In case you did not
see.

For your information.



Richard W. Reuter
Special Assistant to the President
Director, Food For Peace

JUL 31 1964

PRESS RELEASE USIS

78d
Food for Peace
July 10, 1964

RS. 78.4 CRORES FOR INDIA UNDER FOOD FOR PEACE PROGRAMME

New Delhi, July 10: Today, the 10th anniversary of the U.S. Food for Peace Programme, Ambassador Chester Bowles announced that the Indian and American Governments have concluded eight new agreements totalling Rs. 78.4 crores. These Public Law 480 funds will help to finance projects in agriculture, industry, health and education.

Under the agreements grants are being extended to India's malaria eradication programme (Rs. 16.3 crores), the training of teachers for medical colleges (Rs. 2 crores), soil and water conservation (Rs. 2.6 crores), craftsmen training (Rs. 18.4 crores), primary health centres (Rs. 2.8 crores), and smallpox eradication (Rs. 7.7 crores).

Recipients of loans are the Refinance Corporation for Industry (Rs. 10 crores) and five irrigation and water power projects (Rs. 18.6 crores). The irrigation and power undertakings are Nagarjunasagar, Kosi, Tungabhadra, Mahanadi and Koyna.

"I feel ...

"I feel it is appropriate to make this announcement today," said Ambassador Bowles, "because today is the tenth anniversary of the enactment of U.S. Public Law 480, one of the principal channels through which American assistance to India and many other nations has ~~flowed~~ during the last decade. Through the P.L. 480 Food for Peace Programme the United States shares its agricultural abundance with developing nations.

"Economic development invariably stimulates the demand for food and fibre. Because of notable gains in public health, population growth often outpaces even a sizeable gain in food production. To avert uncontrollable inflation, which could wreck the entire development process, it is necessary to import agricultural commodities. But a developing country like India has pressing need to devote all of its foreign exchange resources to import machinery, power plants, transportation equipment and industrial raw materials for promoting economic development.

"Our Public Law 480 provides a solution to this problem. It provides for donations of food to ~~relieve~~ disaster situations and for continuing relief work for the benefit of the needy and the children such as a world-wide free school lunch programme. In India alone 80 lakh children participate in this project.

SAVING INDIA FOREIGN EXCHANGE

"Even more important, P.L. 480 permits the sale of American agricultural commodities in return for payment in the currencies of importing countries such as rupees. We have entered into agreements for the sale of wheat, rice, cotton and other commodities worth Rs. 1,183 crores to India. We are providing nearly 30 million tons of food grains -- or 64 kilos for every man, woman and child in India.

"We are

"We are not using rupees earned to import India's goods into the United States. Such a barter programme would deprive India of needed foreign currencies she can earn on the world market for her goods. For instance, India earns about \$250 million from exports to the United States annually. All such exports are paid for in hard cash and are not in any way related to our aid programme. The object of that programme, which includes dollar loans and grants totalling \$440 million this year, is to increase India's ability to import the development goods she urgently needs, not to reduce her export earnings.

ORDERLY DEVELOPMENT OF TRADE

"We are helping in the orderly development of India's trade and we have no desire to distort her trading pattern through our aid programme.

"Eighty per cent of the sales proceeds of P.L.480 commodities is being used by way of grants and loans to help finance the Indian Government's development projects. An additional seven per cent is available for loans to Indian-American joint ventures. P.L.480 is an effective tool for mobilizing domestic resources for development.

WORLD-WIDE PROGRAMME

"The projects covered by the latest agreements -- the eradication of malaria and smallpox, the training of medical teachers, the establishment of hospitals in villages, the conservation of soil and water, the building of dams across India's turbulent rivers, the training of craftsmen, and a development bank for financing industry -- typify the objectives of the Food for Peace Programme, which today serves more than one hundred nations around the globe."

Malaria and...

MALARIA AND SMALLPOX ERADICATION

India's malaria eradication programme is one of the world's most successful public health campaigns. In the early 1950's the disease was India's worst medical problem, affecting more than 75 million people annually and causing 750,000 deaths. Today, thanks to a sustained campaign of spraying insecticides and treating patients, the number of cases has been reduced to a few thousands and the country is expected to be rid of the disease in the near future. Apart from technical assistance, the U.S. has extended dollar and rupee grants totalling Rs. 112 crores to India's war against malaria.

Smallpox is another major disease which the Government of India seeks to eradicate in the near future. Universal vaccination provides an effective means of achieving this objective. The smallpox eradication programme received an earlier P.L.480 grant of Rs. 1 crore. This, along with the latest grant, is meeting the expenditure incurred by the Central Health Ministry on increasing the production of smallpox vaccine, the establishment of a central organization for the planning, supervision and control of the programme and grants to state governments.

IMPROVED HEALTH SERVICES

By the end of the Third Plan, the Government of India plans to establish a primary health centre in every development block. There are slightly more than 5,000 development blocks in the country. Each centre will provide an average population of 66,000 with medical care, maternal and child health services, and health education and help in controlling communicable diseases. The programme has received grants totalling Rs. 9.8 crores from P.L.480 funds.

To cope....

To cope with a large expansion in medical education, the Government of India plans to train 4,500 medical teachers with postgraduate degrees during the course of the Third Plan. This project has received P.L. 480 grants totalling Rs. 7.4 crores.

TRAINING SKILLED WORKERS

The Third Plan provides for the establishment of a total of 300 craftsmen training institutes with an annual admission capacity of 100,000. These institutes will provide highly skilled training to smiths, electricians, plumbers, carpenters, fitters, grinders, machinists, turners, welders and moulders. The prevailing acute shortage of craftsmen is a bottleneck in the path of increasing industrial production. To meet the expenses incurred by the Central and state governments on this important educational project, grants totalling Rs. 27.4 crores have been extended from P.L.480 funds.

RIVER VALLEY DEVELOPMENT

Soil and water conservation in catchment areas of river valley projects plays an important role in prolonging the useful life of reservoirs constructed at great cost. From P.L. 480 funds grants totalling Rs. 6.6 crores have been extended for this work in the catchment areas of the Damodar Valley Corporation undertakings, and Bhakra Nangal, Machkund, Hirakud, Chambal, Kosi, Mayurakshi, Kundah, Tungabhadra and Ramganga projects.

The Nagarjunasagar, Kosi, Tungabhadra, Koyna and Mahanadi projects are among the most important irrigation and power projects in the country.

Along with

Along with the Chambal, Hirakud, Damodar Valley, Mahi right bank canal, Kakrapar, Bhadra, and Kundah projects they will irrigate 90 lakh acres of land and generate 25 lakh kilowatts of electricity. All these twelve projects have received P.L. 480 assistance totalling Rs. 203.3 crores.

DEVELOPMENT BANK

The Refinance Corporation for Industry plays an important role in stimulating the contribution of private enterprise to economic growth.

The corporation, established by the Government of India, refinances loans given by banks to private firms. Along with an earlier loan, total P.L. 480 assistance to the corporation amounts to Rs. 36.2 crores.

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THE WHITE HOUSE
WASHINGTON

Bob Komen

For your information
of files — from Inja.
For your information.

Richard W. Reuter

Richard W. Reuter
Special Assistant to the President
Director, Food For Peace

NOV 2 1964

UNCLASSIFIED
OFFICE MEMORANDUM

78F
Food for Peace

Date: October 20, 1964

TO: All American and Senior Indian Employees of the Mission
FROM: USIS - W. H. Weathersby *(LHW)*
SUBJECT: Food for Peace (Public Law 480)

American assistance to India under the Food for Peace (Public Law 480) program is a basic demonstration of Indian-American cooperation. For this reason, every American and every senior Indian employee of the Mission should be thoroughly familiar with the Food for Peace Program in India and its role in Indian economic development. Toward this end, the attached paper is provided for your study and ready reference.

Attachment: Backgrounder on Food for Peace

UNCLASSIFIED

NOV 2 1964

U. S. Information Service
(Economic Aid Section)
Bahawalpur House
Sikandra Road, New Delhi

Tel: No. 43041

F O O D F O R P E A C E

(PUBLIC LAW 480)

October 1964

SUMMARY HIGHLIGHTS

GENERAL

1. PL-480 - What is it?

Public Law 480 provides the legal framework for the Food for Peace Program, under which the United States annually donates or sells to developing nations for their local currency food and fiber valued at Rs. 800 crores.

2. Scope of Food for Peace Program.

During the last decade, the U.S. under PL-480 has shipped Rs. 5,860 crores worth of agricultural commodities to more than 100 countries. American food donation programs have benefitted 7.8 crores of people in foreign countries. U.S. food for school lunch programs in 90 countries serve 3.5 crore children.

3. Disposition of receipts from sales under PL-480

The US returns most of the funds to the recipient government and local enterprises through loans and grants to promote development. With minor exceptions, the United States does not use these sales proceeds to purchase for export the goods of these countries.

PROGRAM IN

PROGRAM IN INDIA

1. Scope

India has been the largest recipient of commodities under PL-480 Food for Peace Program.

(a) PL-480 food grains (including wheat) account for 1/23rd of India's food grain consumption. (one might say that one Indian out of 23 is fed entirely by PL-480 food grains.)

(b) Commodities valued at Rs. 1,372.9 crores have been provided for under nine agreements concluded between India and the United States since 1956. These agreements have provided for the supply of wheat, rice, maize, cotton, non-fat dry milk, soybean oil, evaporated milk, whole milk powder, cheese, canned fruit and tobacco.

2. Wheat

(a) Quantity: Agreements have provided for the supply of 31 million tons of wheat (more than twice India's annual production). During the past few years PL-480 imports of wheat have equalled the total quantity of indigenous wheat reaching all the grain markets in India.

(b) Current Shipments: The US has accelerated the delivery of wheat to an unprecedented level of 20,000 tons a day in order to help the Government of India in its efforts to solve the present food crisis.

(c) Price:

(c) Price: PL-480 wheat sells in retail stores throughout the country for approximately 40 paise per kilo, compared with 50 to 90 paise for various varieties of Indian wheat in different cities.

3. Foreign Exchange.

By paying for PL-480 commodities in rupees, India saves foreign exchange. India can thus devote her foreign exchange earnings, which she otherwise would need to buy these commodities abroad, to finance imports required for economic development (e.g. machinery, power generating equipment, industrial raw materials).

4. Aid to Economic Development

Not less than 87 per cent of the Rs. 1,372.9 crores, derived from PL-480 sales proceeds, will be used, through loans and grants, to finance directly projects included in India's Five-Year Plans:

Grants to the Indian Government	-	Rs. 375.3 crores (27.3% of the total)
Loans to the Indian Government	-	Rs. 729.3 crores (53.2% of the total)
Loans to Indian-American Joint Enterprises (Cooley Loan)	-	Rs. 99.1 crores (7.2% of the total)

NOTE: For meeting the expenses within India of the U.S. Government: - Rs. 169.2 crores
(12.3% of the total)
It is unlikely, however, that this entire amount will be used for U.S. Government expenses.

5. Specific

5. Specific Development Projects Financed through PL-480 Grants.

(a) Health: malaria and smallpox eradication; establishment of primary health centers in rural areas, training of teachers for medical colleges, etc.

(b) Education: elementary education; the establishment of regional engineering colleges; the training of craftsmen, etc.

(c) Agriculture: soil and water conservation; dairy development; the construction of a large number of godowns to store food grains, etc.

6. Specific Development projects through PL-480 Loans.

(a) Power: projects, the rupee expenses of which are entirely or predominantly met by PL-480 loans, include the 420,000 kilowatt Chandrapura thermal power station - the largest of its kind in the country, the Sharavathi hydroelectric project - which will become the largest source of power in South Asia, and the Sabarigiri, Bandel, Talcher, Dhuvaran, and Satpura projects.

(b) Fertilizers: the Trombay fertilizer factory, the country's largest producer of fertilizers.

(c) Institutions by the GOI to Promote Industrialization:

The Refinance Corporation (now renamed the Industrial Development Bank of India), Industrial Credit and Investment Corporation of India and the Industrial Finance Corporation.

(d) Joint Indian-American Ventures: loans (Cooley)

have been given to 34 joint ventures engaged in the manufacture of a wide variety of products (e.g. synthetic rubber, aluminium, tyres, cement, machine tools, paper, antibiotics, chemicals and plastics.)

7. US Uses Rupees.

An increasingly large share of these rupees, amounting to only 12.3 per cent of total PL-480 sales proceeds, are being spent on programs of direct benefit to India (e.g. The Fulbright Educational Exchange program, the production of low cost editions of standard college textbooks, research by Indian universities in agriculture, medicine, education and social sciences).

8. Emergency Assistance.

Special food donations (under Title II of the PL-480 program) have helped alleviate the sufferings of populations affected by floods and drought in various parts of India (e.g. 30,000 tons of wheat and 25,000 tons of cattle feed grain to Rajasthan in 1964).

School lunch

Summary--6

9. School Lunch Program.

Eight million school children in India are served free midday meals through programs assisted by donations of food under Title III of PL-480.

October 1964.

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FOOD FOR PEACE

(PUBLIC LAW 480)

The Agricultural Trade Development and Assistance Act of 1954 -- the 480th Public Law enacted by the 83rd Congress -- provides the legal framework for the Food for Peace Programme, under which the United States shares its agricultural abundance with developing nations.

U.S. Farm Revolution

Public Law 480 is a fruit of the remarkable revolution which has encompassed American farming in recent decades. Today, thanks to the application of science and new technology and hard work on the part of those engaged in farming, every American farmer produces enough to feed himself and twenty-eight other persons, including three living overseas. The United States supplies one-fifth of the volume of farm products that enter the world trade. Nearly 70 percent of U.S. agricultural exports is accounted for by sales for dollars through regular commercial channels. Most of these exports go to Western Europe and Japan; this year the Soviet Union has been a major importer of American wheat.

The balance of U.S. farm exports, valued at Rs. 800 crores, is supplied to a large number of developing countries under the Food for Peace Programme, many of which have sizeable food deficits. Because of notable gains in public health these countries are areas of soaring

populations.

populations. The great demand for food is balanced against the pressing need to devote all available economic resources to promoting development. The fact is that developing nations do not have the foreign exchange to import food to improve the nutrition of the masses.

HOW PUBLIC LAW 480 WORKS

Public Law 480 provides a solution to this problem. It permits the sale of American agricultural commodities against payment in the currencies of importing countries. Barring minor exceptions, the United States does not use these sales proceeds to purchase for export the goods of these countries. Most of the funds are returned to the local government and local enterprises through loans and grants to promote development.

The law also provides for donations of food and fibre for relief in disaster situations, feeding school children and paying wages in kind to workers on certain economic development projects.

MAGNITUDE OF FOOD FOR PEACE OPERATIONS

During the last decade no less than \$12,300 million (Rs. 5,860 crores) worth of agricultural commodities have been shipped from the United States to more than 100 countries under P.L. 480. Some 7.8 crores of people benefit from American food donation programmes in foreign countries. Another important project helped by the programme is concerned with the provision of free school lunches to needy children. This project helps improve the health of pupils; it also encourages regular school

attendance.....

attendance. U.S. food for school lunch programmes in 90 countries serve 3.5 crores of children.

The world-wide Food for Peace Programme has saved crores of people from hunger. It also has furthered economic advances in many developing countries. In doing so it has promoted stability all over the world.

INDIA AND P. L. 480

India has been the largest recipient of U.S. agricultural commodities under the Food for Peace Programme.

The first agreement under Public Law 480, Title I, (which provides for the sale of U.S. agricultural commodities for the currency (rupee) of the importing nation) was signed with India on August 29, 1956. Since then eight more agreements and 17 supplements have been signed. The aggregate value of the commodities in all of these agreements amounts to \$2,883.1 million (Rs. 1,372.9 crores).

P.L. 480 agreements provide for the supply of 31.1 million tons of wheat (more than twice India's annual production), 1.7 million tons of rice, and 8 lakhs tons of maize and milo (feed grains) -- enough to give 72 kilos or 158 pounds of food grains to every man, woman and child in India. The U.S. is also supplying 2.4 million bales of cotton (equivalent to two-fifths of India's annual production). Other commodities supplied through the Food for Peace programme include non-fat dry milk, soybean oil, evaporated milk, whole milk powder, cheese, canned fruit and tobacco.

Almost all.....

Almost all of the tobacco, milk, cheese and canned fruit had arrived in India by June 30, 1964; nearly 90 percent of the feed grains and over eighty per cent of the rice were here. Wheat imports totalled 22.5 million tons. For the last four years 10,000 tons (a shipload) of U.S. grain a day has entered Indian ports. One Indian out of every 23 is fed entirely by U.S. foodgrains sold to the Government of India.

A few words on how India utilizes the dollars placed at its credit by US-PL 480 agreements may be appropriate. Food grains imported by India are bought from private traders by the India Supply Mission in Washington which calls for competitive tenders from which it chooses the best offer. Its agents inspect the food grains before shipment, just as they would inspect food grains bought in any country with India's foreign exchange earnings. Only shipments conforming to specifications set by the India Supply Mission leave U.S. ports. The only difference between normal commercial purchases of food grains by India and those under US-PL 480 is that the private traders are paid from funds placed at this country's disposal by the United States.

Cotton imported into India under US-PL 480 is bought by agents of private Indian traders, not by the India Supply Mission. The Government of India grants Indian importers letters of credit against the dollars placed at their disposal under US-PL 480.

Title II of Public Law 480 enables the President of the United States to furnish emergency assistance to foreign countries in meeting famine or other urgent or extraordinary relief requirements and for economic development projects. Under this title India has received agricultural

commodities worth.....

commodities worth \$8.5 million (Rs. 4.1 crores).

Donations of food through U.S. voluntary agencies and international organizations for programmes to benefit children and needy groups are provided for under Title III of Public Law 480. In India 80 lakh school children receive free lunches through programmes assisted under this title. Commodities valued at Rs. 89.9 crores (\$189 million) have been received. These include dried milk, wheat, rice, corn, edible vegetable oil, butter oil and ghee.

BENEFITS TO INDIA

The benefits to India from the Food for Peace Programme are many.

1. Availability of food: India's very process of development greatly stimulates the demand for food. Effective public health programmes, such as the eradication of malaria and the establishment of primary health centres in villages, have brought about a sharp reduction in the death rate and greatly increased the rate of population growth. Development also has created vast employment opportunities. Workers engaged in building dams, roads and other construction projects spend the greater part of their wages on food; the additional demand results in the upward pressure on the prices of agricultural commodities. Also the additional income earned by farmers encourages them to consume a larger share of their production of food grains. Thus, the quantity flowing into the markets can be reduced.

It is the universal experience that the demand for food goes up sharply during periods of intense economic development. This fact has

been much

been much in evidence in India in recent years. Although domestic food production has increased sizeably, the demand outstrips the supply. Public Law 480 food grains are now flowing into India at the annual rate of about five million tons. They constitute an appreciable portion of the quantity of food grains marketed in this country, and thus they play a crucial role in promoting stability and in creating a climate conducive to economic growth. Better nourishment due to increased food availabilities also enhances the production of workers and their resistance to disease, thus increasing production and the total of wages earned.

2. Curbing inflation: Failure to meet the increased demand for food results in inflation. The prices of food grains rise, provoking agitation on the part of workers for wages to increase along with prices. If this happens, the increased money supply, unaccompanied by a rise in the supply of goods, feeds the inflationary spiral. Uncontrolled, this could wreck the entire development process. By increasing the marketed food supply, P.L. 480 commodities curb inflation.

P.L. 480 imports of wheat during the past few years have been equal to the total quantity of indigenous wheat arriving in all the grain markets of India. The price of wheat is influenced largely by the total quantity available for sale. The steady inflow of large quantities of P.L. 480 wheat and other commodities has a definite, marked impact on the price situation in the country.

At the present time, P.L. 480 wheat in India sells in retail throughout the country for approximately 40 paisa per kilo -- compared with 50 to 90 paisa for different varieties of Indian wheat at different

cities.

cities. Thus, indirectly, the wage earner's wife relies on the Food for Peace programme to obtain a supply of nutritious grain at a low price.

There is no question but that India urgently needs P.L. 480 commodities. In fact, to meet the acute demand the U.S. government has agreed to the Indian government's request to step up the rate of P.L. 480 wheat shipments to an unprecedented level of at least 420,000 tons per month.

3. Saving foreign exchange: India pays for P.L. 480 commodities in rupees. This enables India to devote her foreign exchange earnings to finance imports of machinery, power generating equipment, industrial raw materials and other goods she requires for development. This year alone the value of P.L. 480 supplies received by India will exceed Rs. 200 crores. If there were no P.L. 480, India would have to increase her exports by more than 25 per cent to finance imports of the food and fibre she receives through the Food for Peace programme. Or she would be forced to eliminate a number of important development projects.

4. Financing Development: The Food for Peace programme offers to developing countries a unique method of raising domestic funds for development. In these nations the scope for taxation is more limited than in industrially advanced countries; and the shortage of domestic capital is often as great a difficulty as lack of foreign exchange.

P.L. 480 commodities are imported by the Government of India. Their sales proceeds will total nearly 1,400 crores of rupees. Agreements between the U.S. and Indian Governments on the utilization of these

rupees stipulate

rupees stipulate that not less than 87 percent will be used through loans and grants in direct financing of projects included in the Five Year Plans.

Thus, every time a person purchases a kilo of wheat or rice or other commodities supplied under P.L. 480, he makes a small contribution to financing India's economic growth.

P.L. 480 (Title I) Agreements with India

The following table shows the dates of the nine agreements (as amended by their supplements) between India and the United States and the value of the commodities they provide.

Date	Value of Commodities Million dollars	Rupee equivalent (Crores)
Aug. 29, 1956	354.5	168.8
June 23, 1958	55.3	26.3
Sept. 26, 1958	259.8	123.7
Nov. 13, 1959	297.9	141.9
May 4, 1960	1,369.8	652.3
May 1, 1962	39.3	18.7
Nov. 26, 1962	103.1	49.1
Nov. 30, 1962	5.1	2.4
Sept. 30, 1964	398.3	189.7
Total ...	2,883.1	1,372.9

The U.S. and Indian governments have agreed that the sale proceeds of agricultural commodities supplied under P.L. 480 should be used in the following manner:

	Million dollars	Rupee equi- valent (crores)	% of total
1. For grants to the Indian Govern- ment (not repayable)	788.2	375.3	27.3
2. For loans to the Indian government (repayable in rupees generally over a period of 40 years)	1,531.6	729.3	53.2
3. For loans to private enterprises under the Cooley Amendment	207.9	99.1	7.2
4. For meeting the expenses within India of U.S. government agencies	355.4	169.2	12.3
Total	2,883.1	1,372.9	100.0

The following table shows the total quantities of commodities programmed and actual arrivals since the beginning of the Title I, P.L. 480 programme in India.

Commodity	Agreement Signed Through Sept. 30, 1964	Commodity Arrivals Through June 30, 1964
	Programmed Quantity in Thousand Metric tons 1/	Approximate quantity in Thousand Metric tons 1/
Wheat	31,067.2	22,507.8
Feed Grains	837.3	737.9
Rice	1,698.1	1,402.6
Cotton 1/	2,363.0	1,733.7 1/ 2/
Tobacco	6.3	5.63
Nonfat Dry Milk	20.9	21.0
Soybean Oil	78.7	3.0
Evaporated Milk	13.0	14.99
Whole Milk Power	0.23	0.23
Cheese (Processed)	0.08	0.10
Canned Fruit	0.40	0.42

1/ Cotton is reported in Thousand Indian Bales (392 lbs. each)

2/ Preliminary Arrivals Through March 31, 1964.

As of August 31, 1964, a sum of Rs. 993.5 crores had accrued as sales proceeds of commodities supplied to India.

This amount has been allotted as follows:

1. For grants to Indian government	Rs. 317.1 crores
2. For loans to Indian government	Rs. 476.4 crores
3. Cooley Fund for loans to private enterprise	Rs. 68.0 crores
4. For U.S. government uses	Rs. 132.0 crores
Total ...	Rs. 993.5 crores

GRANTS

GRANTS

Grants from P.L. 480 funds have been extended to a number of important projects in agriculture, education, health and other fields. Agreements have been concluded for grants to be made to the following projects:

1.	River Valley Development (Chambal, Hirakud, Damodar Valley, Mahi Right Bank Canal, Kakrapar, Nagarjunasagar, Kosi, Bhadra, Tungabhadra, Mahanadi Delta Irrigation, Kundah and Koyna Projects)	Rs.	5.9	crores
2.	Malaria Eradication	Rs.	69.2	"
3.	Indian Institute of Technology, Kanpur	Rs.	2.2	"
4.	Uttar Pradesh Agricultural University, Pant Nagar	Rs.	2.2	"
5.	All India Institute of Medical Sciences, New Delhi	Rs.	2.9	"
6.	Indian Investment Centre	Rs.	0.4	"
7.	Dairy Development	Rs.	3.6	"
8.	Soil and Water Conservation	Rs.	6.6	"
9.	National Highways	Rs.	20.0	"
10.	Exploration of Groundwater Resources	Rs.	0.8	"
11.	Craftsmen Training	Rs.	27.4	"
12.	Modern Storage of Food Grains	Rs.	12.2	"
13.	Higher Technical Education	Rs.	6.9	"
14.	Elementary Education	Rs.	42.0	"
15.	Smallpox Eradication	Rs.	8.7	"
16.	Primary Health Centres	Rs.	9.8	"
17.	Medical Educator Training	Rs.	7.4	"
18.	National Productivity Council	Rs.	0.1	"
Total		...	Rs.	228.3 crores

GRANTS

AGRICULTURE

Speaking of the notable achievements of farmers and workers in U.S. agriculture, Secretary of Agriculture Orville L. Freeman said some time ago, "They demonstrate that the initiative of free men, the application of science, and the adoption of new technology have made it possible for the first time in history to say that it lies within man's power to banish hunger from earth."

An important aspect of the U.S. economic assistance programme to India is the development of India's vast agricultural resources. A large number of American agricultural specialists have been working in India during the last twelve years sharing their skills with their Indian colleagues. The U.S. has extended foreign exchange assistance to important agricultural projects. A number of grants from P.L. 480 funds have also been made to them.

Irrigation: A dozen major river valley projects with a total irrigation potential of more than 90 lakh acres have received P.L. 480 assistance totalling Rs. 203.3 crores. (Of this amount Rs. 5.9 crores is in grants and Rs. 197.4 crores in loans). These projects also have a total power generating capacity of 25 lakh kilowatts. U.S. dollar assistance to purchase heavy earthmoving and other equipment have been furnished to some of these projects.

P.L. 480.....

P.L. 480 assistance (both grants and loans) to these undertakings has been distributed as follows:

	Crores of Rupees
Bhadra, Mysore	13.2
Chambal, Rajasthan & Madhya Pradesh	30.8
Damodar Valley Corporation, Bihar & West Bengal	7.5
Hirakud, Orissa	5.8
Kakrapar, Gujarat	4.7
Kosi, Bihar	33.5
Koyna, Maharashtra	19.2
Kundah, Madras	7.6
Mahanadi Delta Irrigation, Orissa	11.4
Mahi Right Bank Canal, Gujarat	2.9
Nagarjunsagar, Andhra	48.3
Tungabhadra, Andhra	18.4

Total	203.3 comprising
	Grants - Rs.5.9 crores
	Loans - Rs.197.4 "

A brief description of these undertakings follows:

BHADRA RESERVOIR

The principal unit of this project is a masonry dam across the river Bhadra in Mysore State, 16 miles from the city of Bhadravathi. The impounded water is used to irrigate 2.45 lakh acres and produce 33,200 kilowatts of power.

CHAMBAL

CHAMBAL

The first phase of the project, which is being executed jointly by the Madhya Pradesh and Rajasthan Governments and is nearing completion, consists of the Gandhi Sagar Dam, a power station, the Kotah Barrage and an extensive canal system. The Gandhi Sagar reservoir has a gross storage capacity of 68.5 lakh acre-feet of water. Ultimately this will be used to irrigate eleven lakh acres in Rajasthan and Madhya Pradesh and to produce 92,000 kilowatts of power. Power production began in November 1960 and water for irrigating some areas has been made available.

DAMODAR VALLEY

The project comprises four storage dams at Tilaiya, Konar, Maithon and Panchet Hill; three thermal power stations at Bokaro, Durgapur and Chandrapura; an extensive power transmission grid; and an irrigation barrage at Durgapur, with canals and distributaries. Hydroelectric power stations at Tilaiya, Maithon and Panchet Hill have a total capacity of 104,000 kilowatts. The three thermal power stations will generate a total of 800,000 kilowatts. Of these, the United States is giving loans to finance the entire cost of the Chandrapura project (see below). This is in addition to a loan and a grant totalling Rs. 7.5 crores to the Damodar Valley project from PL-480 funds. The Durgapur Barrage will irrigate nearly 10 lakh acres. The Damodar Valley Project is also designed to afford a high degree of protection from the heavy floods to which the valley is exposed almost every monsoon season. The valuable experiences gained during the harnessing of the Tennessee River by TVA were utilized in the design and construction of the Damodar Valley Project.

HIRAKUD AND.....

HIRAKUD AND MAHANADI DELTA IRRIGATION PROJECTS

The principal dam across the river Mahanadi at Hirakud is 15,748 feet long, the world's longest main stream dam. It is flanked by 13 miles of dykes on both sides and impounds 66 lakh acre-feet of water. Water from the reservoir is providing irrigation to 5.7 lakh acres in Sambalpur and Bolangir districts of Orissa. The project has a total power potential of 270,000 kilowatts. Some of the generators have been commissioned.

The Mahanadi Delta Irrigation Project is designed to increase the irrigation facilities made available by the Hirakud Dam. A concrete weir across the Mahanadi River at Mundali, Puri District, will divert the controlled flow of water released at Hirakud into an extensive canal system. Ultimately perennial irrigation will be provided to nearly 16 lakh acres in Puri and Cuttack Districts.

KAKRAPAR

This project is also located in Gujarat. A weir 45 feet high and 2,038 feet long across the Tapti River at Kakrapar provides irrigation to 6.5 lakh acres in Surat District. It is nearing completion.

KOSI

Known as Bihar's "River of Sorrow", the Kosi caused extensive damage by continuously changing its course. The river flows through one of the most densely populated areas of the country; every monsoon season the torrential floods racing swiftly down the wandering river devastated property and cost countless lives.

The project is being built in three stages. Besides assuring protection against floods, irrigation will be made available to 14 lakh acres.

The first unit of the scheme consists principally of a barrage (completed in 1963) across the river Kosi about three miles above Hanumannagar in Nepal. Unit II consists of embankments (already completed) about 150 miles in length along both the banks of the river.

Unit III.....

Unit III comprises the Eastern Kosi Canal (in progress) which will take off from the Hanumannagar Barrage.

KOYNA

The Koyna Project is located in Maharashtra about 130 miles southeast of Bombay. The basic concept of the project is a storage dam on the Koyna River, a tributary of the eastern flowing Krishna River, and diversion of flow through a tunnel to the west. Through the tunnel the water drops down 1,570 feet and after generating 240,000 kilowatts of power flows into the Arabian Sea.

KUNDAH

This is the largest hydroelectric project in Madras State. Ultimately it will have a total generating capacity of 420,000 a/ kilowatts; large part of this capacity is already in operation. Located in Nilgiri district, the undertaking exploits the 3,000-foot drop of a number of small rivers. Kundah also has received a great deal of assistance from Canada.

MAHI RIGHT BANK CANAL

This project is designed to harness the Mahi river to irrigate a large area in Rajasthan and Gujarat. The first stage of the project, now under implementation, includes the construction of a weir, 96 feet high and 2,400 feet long, at Wanakbari in the Balasinor Taluk of Kaira District. The weir will divert the waters of the river into a canal taking off from the right bank, with a capacity of 7,000 cusecs (cubic feet per second). The canal will provide irrigation to 4.6 lakh acres in Gujarat.

NAGARJUNASAGAR

This is one of India's biggest projects; its 404-foot-high dam

is the.....

is the tallest and largest masonry dam in the world. The dam, under construction across the Krishna river, will provide irrigation to 20.6 lakh acres of land. The resultant increase in food production is estimated at 800,000 tons. A large quantity of tobacco and other agricultural products will be also produced. The reservoir will have a storage capacity of 93 lakh acre feet, the largest in India. Provision is being made also for the generation of 400,000 kilowatts of electric power.

TUNGA BHADRA

This joint undertaking of the Governments of Andhra Pradesh and Mysore comprises a dam, 7,942 feet long and 162 feet high, across the Tungabhadra river at Mallapuram, two canals and three power stations. A large area is already under irrigation. On full development, the total irrigated area will reach 830,000 acres.

The dam reservoir, which has a waterspread of 146 square miles, stores 3 million acre-feet of water. The project is generating 99,000 kilowatts; potential exists for an additional power capacity of 73,000 kilowatts, making a total of 172,000 kilowatts.

AGRICULTURAL EDUCATION:

A major factor in the U.S. farm revolution has been the work of land grant colleges -- institutions which embody a revolutionary concept of agricultural education. These colleges not only teach their students; they also supervise the agricultural extension work in the states in which they are located and they cooperate intimately with agricultural research institutions. Thus, education, research and extension are meshed together to produce optimum results.

The U.P.

The U.P. Agricultural University, Pant Nagar, is the first of ~~seven~~ institutions in India which have been established on the pattern of U.S. land grant colleges. A grant of Rs. 2.2 crores was made to this institution from P.L. 480 funds (in addition to sizeable dollar grants). The University of Illinois is collaborating with U.P. to develop its Agricultural University.

SOIL AND WATER CONSERVATION

Soil conservation is essential for prolonging the life of storage reservoirs of river valley projects. India is constructing a large number of dams. Silt carried in the river water is deposited on the upstream side of a dam. Over the decades, the silt fills up the reservoir and reduces the volume of water which is stored for irrigation and power production. By proper soil conservation the amount of silt could be reduced and the useful life of reservoirs increased greatly.

Moderation of floods and preventing erosion of land are also achieved by proper soil conservation measures. They also help to increase the supply of timber and fuel.

The Government of India has launched a big soil conservation programme, particularly in the catchment areas of major river valley projects. The various soil conservation measures undertaken include contour building and terracing of agricultural land, afforestation, pasture development and improvement, control of stream bank erosion, treatment and control of landslides and construction of small retention dams.

Out of a total catchment area of 37 million acres under the various river valley projects, soil conservation measures are believed

to be.....

to be necessary on 15 million acres. During the Second Five Year Plan soil conservation practices were applied to 140,000 acres. During the Third Five Year Plan it is proposed to extend the programme to another million acres in the catchment areas of the projects mentioned below. The grant of Rs. 6.6 crores from US-PL 480 funds will meet the estimated expenditure during the first four years of the Third Five year Plan:

<u>Name of Project</u>	<u>States Involved</u>
Bhakra Nangal	Punjab, Himachal Pradesh
Chambal	Rajasthan
Damodar Valley Corporation	Bihar, West Bengal
Dhantiwada	Gujarat
Ghod	Maharashtra
Hirakud	Orissa, Madhya Pradesh
Kangsabati	W. Bengal
Kosi	Bihar
Kundah	Madras
Machkund	Andhra, Orissa and Madhya Pradesh
Mayurakshi	Bihar
Ramganga	Uttar Pradesh
Tungabhadra	Mysore

EXPLORATION OF GROUNDWATER RESOURCES

The groundwater exploration programme is important from the viewpoint of increasing the area under irrigation. According to latest estimates, about 650 million acre-feet of water seeps down annually into the soil of India. Of this, approximately 300 million acre-feet percolates down into porous strata, representing the annual enrichment of underground water. The actual utilization of underground water at present is less than 20% of the annual enrichment.

An earlier agreement between the Government of India and the U.S. Technical Cooperation Mission resulted in the construction of

287 exploratory tubewells in various States. The United States provided \$4 million (Rs. 2 crores) worth of equipment and helped in the training of a large number of Indian personnel.

Under the new agreement, a sum of Rs. 80 lakhs was granted from US-PL 480 funds to meet the cost of the Government of India's exploratory tubewell programme during the first two years of the Third Five Year Plan. The Third Plan contemplates the drilling of 100 exploratory tubewells every year. Under this American-assisted project, tubewells were drilled in Andhra Pradesh, Assam, Bihar, Gujarat, Kerala, Madhya Pradesh, Madras, Maharashtra, Mysore, Orissa, Punjab, Rajasthan, Uttar Pradesh, West Bengal, Himachal Pradesh and Tripura.

DAIRY DEVELOPMENT

Dairy Development is given an important place in the Third Five Year Plan. The Plan envisages the establishment of 55 new milk supply projects in cities with population exceeding one lakh and in growing industrial townships.

The United States is playing a large role in this field. It has provided dairy equipment required for the installation of (1) a milk processing plant and three milk collection centres near Amritsar; (2) three rural creameries at Aligarh, Barauni and Junagarh; and (3) milk pasteurizing and bottling plants at Bhopal and Trivandrum and for the Greater Calcutta Milk Supply Scheme at Balgachia.

The services of a number of American dairy technologists have been made available by the U.S.A.I.D. Mission.

From US-PL 480 funds a grant of Rs. 3.6 crores has been made to the following projects.

Grant from

Grant from US-PL 480
Funds
(Crores of Rupees)

State Schemes

Andhra Pradesh	Hyderabad-Vijayawada		
	Integrated Milk Scheme	...	0.65
Bihar	Rural Creamery, Barauni	...	0.20
Gujarat	Surat Milk Scheme	...	0.11
Gujarat	Dairy Science College	...	0.20
Kerala	Calicut Milk Scheme	...	0.10
Madras	Madras Dairy and Milk Project		0.30
Madras	Madurai Milk Scheme	...	0.15
Maharashtra	Worli Dairy Project	...	0.25
Maharashtra	Nagpur Milk Scheme	...	0.12
Mysore	Bangalore Milk Scheme	...	0.37
Madhya Pradesh	Jabalpur Milk Scheme	...	0.15
Punjab	Amritsar Composite Milk Plant		0.10
Uttar Pradesh	Kanpur Dairy Project	...	0.15
West Bengal	Greater Calcutta Milk Scheme		0.35
<u>Central Scheme:</u>	National Dairy Research Institute		0.40
	Total	...	<u>3.60</u>

GRAIN STORAGE:

The Third Five Year Plan calls for doubling the country's existing food grain storage capacity to five million tons. Adequate storage plays an important part in stabilizing prices. It helps the consumer by making food available throughout the year and discourages hoarding by speculators. It prevents a sharp fall at harvest time and averts a steep rise at other periods. If his crop is extraordinarily good, a farmer can put it into storage and obtain a fair price, and thus not suffer because he has been successful.

A factor in the high productivity of U.S. agriculture is the existence of plentiful storage capacity. The Government of India has attached importance to the building up of storage capacity, and has launched a programme to build 90 food grain storage godowns.

These godowns.....

These godowns have a total capacity of 1.8 million tons. U.S. grants from P.L. 480 funds totalling Rs. 12.2 crores are financing the entire cost of this programme.

The godowns are located in Andhra (5), Assam (4), Bihar (12), Gujarat (3), Kerala (3), Madhya Pradesh (5), Madras (2), Maharashtra (10), Orissa (3), Punjab (8), Rajasthan (5), Uttar Pradesh (18), West Bengal (9), and Delhi (3).

EDUCATION

EDUCATION

The development of human resources receives high priority in India's Five Year Plans. This is appropriate because self-sustaining development is dependent upon a highly skilled population which can effect optimum utilization of India's vast potential resources.

The U.S. economic aid programme to India attaches great importance to assistance in the sphere of educational development. Indian universities have been furnished with laboratory equipment and books. American professors have been serving in India; a large number of Indian professors and educational administrators have undergone advanced training in the United States.

Large grants have been made from P.L.480 funds to many educational projects:

Elementary Education:

India's educational explosion is one of the most striking developments which has taken place since the country became free in 1947. That year only three out of ten children between 6 and 11 years of age were at school. Today seven out of ten children in this age group are attending elementary schools. In absolute numbers the increase is even more striking: from 1.4 crores to 4.3 crores. By 1966, at the end of the Third Plan, eight out of 10 children are expected to be at school.

The prevalence of universal literacy is perhaps the most striking difference between the richer and poorer nations. Universal education played a significant role in the dramatic recovery of such countries

as Germany and.....

as Germany and Japan from the devastations of the Second World War. American agriculture is so highly productive because all farmers are literate and are receptive to new ideas concerning improved practices.

Perhaps no other factor gives so much cause for optimism in India than the thirst for education. The response of parents to the drive to attain universal primary education has surprised government officials. The rate of expansion in many parts of the country has been greater than anticipated. It is becoming difficult to find all the necessary teachers; last year's report of the Ministry of Education said that there was a shortage of 80,000. The United States is helping in the training of teachers for different types of schools.

A P.L. 480 grant of Rs. 42 crores is meeting a substantial part of the expenses incurred by the Government of India on the development of elementary education throughout the country.

Craftsmen Training:

When a developing country seeks to industrialize itself, attention is apt to be concentrated on the import of plants, the erection of huge factories, the construction of high capacity power stations and such other monumental undertakings. But the acquisition of these capital assets, important as they undoubtedly are, does not by itself bring about economic development. To function efficiently and to produce goods which can compete in the world market, a plant requires highly skilled workers to operate it and to maintain it in first class condition.

The development of a skilled labour force is a crucial factor in economic advancement. An American worker's family today enjoys

a standard of.....

a standard of living beyond the imagination of his grandparents because he can produce as much in ten minutes as his ancestor in 1850 could in an hour.

The Government of India has launched an ambitious programme to train skilled craftsmen: smiths, electricians, plumbers, carpenters, fitters, grinders, machinists, turners, welders and moulders. By the end of the Third Plan a total of 300 institutes for training these craftsmen will be functioning in different parts of the country. They will have an annual admission capacity of 100,000 pupils -- ten times the capacity at the beginning of the Second Plan.

P.L. 480 grants totalling Rs. 27.4 crores have been extended to meet the costs of this impressive programme. The grants cover the expenditures incurred on the 300 institutes and also on six out of a total of seven Central Training Institutes which have been established to train instructors for them. The U.S. Agency for International Development also has extended dollar grants totalling \$1 million (Rs. 47 lakhs) to finance the importation of books and equipment required by the Bombay Central Training Institute, one of the seven regional teacher training institutions. The grants also meet part of the costs of obtaining the services of a team of six professors from the William Hood Dunwoody Industrial Institute of Minneapolis, Minnesota -- one of America's best known vocational training institutions.

Higher Technical Education:

The U.S. aid programme is helping India to solve its critical shortage of engineers and engineering educators. India's vast industrial development programme requires a large army of engineers with sound

knowledge and.....

knowledge and modern outlook. During the last 13 years the annual turnout of engineering graduates has increased by more than three times. The number of students admitted to the first year of engineering colleges has increased by more than four times and now exceeds 19,000.

At present 35 American engineering educators are working in six Indian technological institutions to evolve better undergraduate, post-graduate, teacher training and research programmes. Apart from those presently in this country, 94 U.S. specialists have returned after completing their assignment. Since 1958, 480 Indian engineering educators have received advanced post-graduate training in the United States. Today in almost all the engineering institutions in India American-trained teachers can be found imparting their knowledge to their students. They have helped improve the quality of engineering teaching in this country. The U.S. has also donated laboratory equipment to Indian engineering colleges.

From P.L. 480 funds a grant of Rs. 6.9 crores has been extended to meet the costs of establishing 14 regional engineering colleges. These institutions are being established at Allahabad (U.P.), Jamshedpur (Bihar), Nagpur and Bhopal (Madhya Pradesh), Mangalore (Mysore), Warangal (Andhra), Durgapur (West Bengal), Surat (Gujarat), Kozhikode (Kerala), Rourkela (Orissa), Tiruchirapalli (Madras), Jaipur (Rajasthan), Silchar (Assam) and Kurukshetra (Punjab).

Eleven of these colleges have already opened their doors and the rest are to be completed through 1965. They will have a total annual admission capacity of 3,500, or nearly as much as the whole of India had at the beginning of the First Plan.

The Indian Institute.....

The Indian Institute of Technology, Kanpur:

This outstanding technological institution was established in 1960 on a 1,200 acre campus just outside the industrial metropolis of Kanpur. Nine American universities have joined together to assist the Institute to achieve its aim of attaining academic and research standards of recognized international quality.

The American universities are: California Institute of Technology, Carnegie Institute of Technology, Case Institute of Technology, Massachusetts Institute of Technology, Ohio State University, Princeton University, Purdue University, University of California and University of Michigan. The use of a group of American universities to assist the Kanpur Institute is a new concept in U.S. foreign aid operations. The consortium was organized, after careful deliberations, so that the huge and complex Kanpur project might not overtax the resources of any single American institution.

The academic and research programme of the Institute is based on the premise that the problems facing India require no less engineering, and social/scientific/insight for their solution than do some of the problems facing more developed countries. Under its eminent Indian Director, the progress made by the Institute in the few years since its establishment indicates that the desired high level of quality can be attained.

At present there are undergraduate degree courses in chemical, civil, electrical, mechanical and metallurgical engineering. It is expected that aeronautical engineering will be started in the current

academic year.....

academic year and undergraduate programmes in science within a year or two. Graduate study, particularly research leading to the Ph.D. degrees, has been going on for three years.

There are presently 500 students and an academic staff of slightly over one hundred. When complete, the Institute will train annually 1,600 under-graduates and 400 graduate students and will have a faculty of 250 members -- with all personnel resident on the Institute's campus.

Last year 20 Americans were working at the Institute; plans for 1964-65 call for between 34 and 39. The U.S.A.I.D. Mission has supplied a considerable amount of equipment to the Institute, including an IBM 1620 computer system, one of the largest functioning in Asia.

Apart from dollar assistance, the U.S. Government has extended a grant of Rs. 2.2 crores from P.L. 480 funds to the Indian Institute of Technology, Kanpur.

HEALTH

HEALTH

Projects receiving assistance from P.L. 480 funds have played a crucial part in the striking improvement in the sphere of public health which has taken place in India in recent years. These projects include the remarkably successful campaign to eradicate malaria, the establishment of several thousand primary health centres in rural areas, and expansion of medical education.

Malaria Eradication

Until a decade ago, malaria was India's worst health problem. A 1935 estimate placed the number of deaths directly due to the disease at ten lakhs annually. An equal number, enfeebled by malaria, succumbed to other diseases. The economic losses were computed at Rs. 1,000 crores every year.

The Malaria Institute of India is one of the world's leading centres for malaria research and control. India has been closely identified with man's struggle to free himself from malaria, as this country has perhaps sustained more damage from the disease in lost lives and economic retrogression than any other.

Malaria is caused by ^{a/}one-celled parasite which bores its way into a red blood corpuscle of the patient. The organism is transmitted from one human being to another by the anopheles mosquito.

The discovery of DDT and BHC, two synthetic insecticides, during World War II brought about a transformation in the battle against malaria. Malariologists had long known the vulnerability of the anopheles mosquito lay in its habit of resting on the walls of

ceilings.....

ceilings before and after its meal of human blood. If these surfaces were treated with an effective insecticide, the mosquito would die within a few days. As the malaria parasite present in the blood entering the digestive tract of the insect requires ten days in its body to develop, the insecticide would kill before the mosquito became infective. The cycle of transmission of malaria would be broken.

Research proved that even in the absence of medical treatment the parasite dies within three years if the malaria victim is not reinfected. Thus, effective spraying for at least three years to prevent the occurrence of new cases, coupled with treatment of existing cases, would eradicate the reservoir of infection.

In 1953 India launched a massive campaign to control malaria through extensive spraying of insecticides and treatment of all patients living in the sprayed zones. A few years later, emboldened by the striking reduction in disease rates brought about by the campaign, the decision was taken to change the objective to one of total eradication of the disease.

The United States has been India's most valuable ally in this fight. Most of the insecticides, drugs and equipment used in the programme have been purchased with grants extended by the U.S. Agency for International Development and its predecessor, the U.S. Technical Cooperation Mission. P.L. 480 grants totalling Rs. 69.2 crores have met a considerable portion of the costs incurred within India. India's Malaria Eradication Programme has also received valuable assistance from the World Health Organization, the United Nations Children's Fund (UNICEF) and the Rockefeller Foundation.

The success.....

The success of the programme is revealed by these statistics: In 1953 there were 7.5 crore cases of malaria in India. Today these are only a few thousand. India is expected to be rid of malaria in the very near future.

Smallpox Eradication

Smallpox is another major disease which the Government of India seeks to eradicate in the near future. Universal vaccination provides an effective means of achieving this objective.

During the first three years of the Third Plan about 200 million people were successfully vaccinated and revaccinated. It is hoped to vaccinate most of the remaining population by 1965.

A grant of Rs. 8.7 crores from P.L. 480 funds is meeting the expenditure incurred by the Central Health Ministry on increasing the production of smallpox vaccine, the establishment of a central organization for the planning, supervision and control of the programme and grants to State Governments.

Primary Health Centres

In order to provide integrated preventive and curative health services to the rural population, the Government of India has launched a programme to establish a primary health centre in every development block. There are slightly more than 5,000 development blocks in the country. By the end of the Second Plan 2,800 centres had been established and it is hoped to cover all remaining blocks by the end of the Third Plan.

The headquarters of each primary health centre will have an attached dispensary and a minimum of six beds for maternity and other

emergency cases.

emergency cases. In addition three sub-centres will be located suitably within the block area. Each centre will cater to an average population of 66,000.

The main services to be provided by the health teams attached to the primary health centres are medical care; maternal and child health services, including school health; control of communicable diseases; environmental sanitation, with priority for safe water supply and hygienic disposal of waste; improvement in the collection of vital statistics; health education; and advice on family planning. Other health programmes, such as the control of malaria, filaria, leprosy, yaws, venereal diseases and tuberculosis, now being carried out by specialized units, also are expected to be integrated with the health services of the centres in due course.

Grants totalling Rs. 9.8 ~~crores~~ from P.L. 480 funds have been made for this important programme.

Medical Educator Training

There is an acute shortage of doctors in India. The expansion of facilities in medical colleges during the first two Five Year Plans has barely kept pace with the growth of population, so that the population-doctor ratio remains at 6,000: 1. In highly industrialized countries there are six times as many doctors per unit of population as in India.

The Third Plan seeks to remedy this situation by effecting a large expansion in medical educational facilities. The annual intake of students in medical colleges was scheduled to be increased to 8,000 by the end of the plan. This compares with a figure of 2,500 at the

beginning of the.....

beginning of the First Plan. But the Third Plan target has already been exceeded.

The number of medical colleges in the country has increased from 57 at the beginning of the Third Plan to 75. Four new dental colleges have been established to bring the total to 114.

The Government of India desires not only to increase the number of medical students but also to improve the quality of teaching. The greatest obstacle to achievement of this aim is the shortage of medical teachers. At the beginning of the Third Plan there was an estimated shortage of about 2,000 teachers. The expansion of existing colleges and the establishment of new ones will need an additional 2,500 teachers. Therefore, the Third Plan seeks to provide facilities for the training of 4,500 teachers. For this purpose there has been a large expansion of postgraduate courses.

For meeting the costs incurred by the Central Health Ministry on the training of teachers, grants totalling Rs. 7.4 crores have been extended from P.L. 480 funds.

All India Institute of Medical Sciences, New Delhi

The All India Institute of Medical Sciences is the country's outstanding medical institution. Its medical college serves undergraduate ~~medical~~ students and also specializes in providing postgraduate instruction to physicians. Research is emphasized. The highly trained medical staff represents all medical specialties. The yearly graduating class of the medical college numbers 50; there are 250 postgraduate students.

The Institute has received large scale assistance from the

Rockefeller Foundation....

Rockefeller Foundation and from the Government of New Zealand. The U.S. Government extended a grant of Rs. 2.9 crores from P.L. 480 funds to finance the construction of a 770-bed hospital, which is nearing completion.

By a 1956 Act of Parliament, the Institute has, in effect, the powers of a university to prescribe curricula and courses of instruction, conduct educational programmes, and grant degrees and other academic distinctions. The Act charged the Institute with the responsibility for setting effective patterns of education and high standards in all important health professions, and gave it wide authority to evolve the necessary means to achieve these purposes.

The Institute lays great stress on exploring new methods of medical education and on developing educational principles and methods best suited for the needs of India, rather than accepting in full what is current in India or abroad.

In the pattern of education, emphasis is placed on the process of active learning as opposed to the passive situation of being taught, on learning through doing rather than simply listening to others, and on the cultivation of scholarly habits and scientific reasoning.

The 170-acre campus of the Institute is on Ring Road in South Delhi. The main element of the physical plant is a massive interconnected complex of functionally related structures housing the medical college, research laboratories, hospital, outpatient clinic, library, assembly hall, and supporting services.

OTHER GRANTS.....

OTHER GRANTS

INDIAN INVESTMENT CENTRE

The Third Plan calls for a substantial increase in foreign investment in India. Foreign investment helps the Indian economy in many ways. It enables India to acquire machinery and equipment without immediately paying for them from current earnings of foreign exchange. Perhaps even more beneficial is the acquisition of patents and technical knowledge relating to the latest developments in production and distribution processes. This knowledge is particularly helpful in enabling Indian industries to compete in the world market.

A major hindrance to greater inflow of foreign capital into India has been lack of knowledge abroad about business conditions and opportunities in this country. Several countries have set up Investment Centres to supply this information and to promote in other ways the inflow of foreign capital. One of the most successful efforts in this direction has been that of the Netherlands.

The Government of India established the Indian Investment Centre in 1961 with its headquarters in New Delhi. A branch office was subsequently opened in New York.

The Centre provides foreign investors with data on production, trade, markets, labour, resources, etc; information on the economic, financial and industrial policies of the Government of India; source material on Indian industrial and banking institutions, laws and regulations bearing on foreign investment; surveys of foreign investment possibilities and a number of other services. It advises Indian businessmen on attracting foreign capital for their ventures.

The U.S.A.I.D.

The U.S.A.I.D. Mission has extended both dollar and rupee grants to the Indian Investment Centre. These include a grant of Rs.40 lakhs from P.L.480 funds. A number of American investment specialists have been assisting the Centre also.

NATIONAL PRODUCTIVITY COUNCIL

The United States was a pioneer in the productivity movement which spread throughout the world two decades ago. Productivity has been defined "as the ratio of efficiency of the output of production and cost against the input of raw material, machinery and labour."

To increase the efficiency of output against input is the responsibility of the management. Hence the productivity movement places the challenge on management to improve productivity throughout all industry.

This is done through maximum utilization of materials, minimum wastage, the implementation of quality control techniques and production schedules, the lowering of costs and the development of new operational techniques to do the job more efficiently.

Productivity also seeks to benefit labour by helping it to receive a greater share of the wealth which arises from the use of improved methods. Consumers are benefited by reduced prices. The lowering of costs stimulates sales and general economic activity and increases the scope for employment.

The Government of India established the National Productivity Council in 1958. It includes representatives of industry, labour and the general public. The U.S. aid programme has assisted the National Productivity

council in

Council in several ways. It has provided the services of a number of American productivity experts to the National Productivity Council and its regional councils. The U.S. Government has sponsored study tours of Indian productivity teams to the United States and other countries. Many Indian productivity experts have received advanced training in the United States. U.S. aid to the council includes a grant of Rs.7.4 lakhs from P.L.480 funds.

NATIONAL HIGHWAYS

Highways are of great importance for India's economic development. At the end of the Second Five Year Plan, India had 144,000 miles of surfaced and 250,000 miles of unsurfaced roads. Of this, 15,000 miles ^{the/} constituted national highways.

The greater part of the national highways require improvement through cement concrete or bitumen (asphalt) surfacing and increasing the thickness of crust. Eighty bridges remained to be provided on the national highways. Some 787 highway schemes including the construction of a number of bridges were carried over to the Third Plan from the Second.

From P.L.480 funds a grant of Rs. 20 crores has been extended, mainly to finance these continuing schemes. In recent months a number of important bridges financed from the P.L.480 grant have been completed.

These include the only bridge across the Brahmaputra at Maligaon, Assam. The Brahmaputra is India's biggest, most powerful and most unpredictable river. The bridge links upper Assam with the southern part of the State. It is of strategic importance, since it facilitates

the quick

the quick movement of supplies and men needed for the defence of India's Northeast Frontier. The late Prime Minister Jawaharlal Nehru dedicated the bridge on June 7, 1963. The bridge utilized Rs.50 lakhs from the P.L. 480 grant.

Another important bridge is that across the River Mahanadi in Orissa. The 7,392-foot long bridge which spans the river at Cuttack is India's longest. Union Minister N. Sanjiva Reddy, who dedicated the bridge on June 28, 1964, also dedicated at the same time a smaller bridge across the River Birupa. The two bridges are important links on National Highway No.5 which runs between Calcutta and Madras. The Mahanadi bridge utilized Rs. 1.2 crores from the P.L. 480 grant and the Birupa bridge Rs. 20 lakhs. The International Development Association, of which the U.S. is the major contributor, extended a loan of Rs. 12 crores to the Government of India for improving National Highway No.5.

LOANS TO GOVERNMENT OF INDIA FROM P.L.480 FUNDS

The sums set aside for loans to the Government of India for economic development have been utilized for three categories of projects: (1) river valley development (irrigation and hydro-electric) and thermal power undertakings; (2) Financial institutions to promote industrialization; and (3) The Trombay Fertilizer Factory constructed by the Fertilizer Corporation of India.

Agreements have

Agreements have been concluded for loans to the following projects:

1. Refinance Corporation (now renamed The Industrial Development Bank of India) Rs. 36.2 crores

2. River Valley Development: Rs.197.4 "

(1) Bhadra, Mysore	Rs. 13.2 crores
(2) Chambal- Rajasthan & M.P.	Rs. 30.8 "
(3) Damodar Valley Corporation	
Bihar & West Bengal	Rs. 7.5 "
(4) Hirakud - Orissa	Rs. 5.8 "
(5) Kakrapar, Gujarat	Rs. 4.7 "
(6) Kosi, Bihar	Rs. 33.5 "
(7) Koyna, Maharashtra	Rs. 19.2 "
(8) Kundah, Madras	Rs. 7.6 "
(9) Mahanadi Delta Irriga-	
tion, Orissa	Rs. 11.4 "
(10) Mahi Right Bank Canal,	
Gujarat	Rs. 2.9 "
(11) Nagarjunasagar, Andhra	Rs. 48.3 "
(12) Tungabhadra, Andhra	Rs. 18.4 "

Total	...	Rs.203.3 crores
Less grants	...	5.9 "

Loans	Rs.197.4 crores
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3. Sharavathi Hydroelectric Project, Mysore Rs. 34.5 "

4. Industrial Credit and Investment Corporation of India Rs. 20.0 "

5. Industrial Finance Corporation Rs. 20.0 "

6. Chandrapura Thermal Power Project, Bihar Rs. 20.5 "

7. Barauni Thermal Power Project, Bihar Rs. 1.3 "

8. Durgapur Thermal Power Project, West Bengal Rs. 3.4 "

carried over to next page Rs.333.3 crores

9. Kanpur

Brought forward ... Rs. 333.3 crores

9. Kanpur Thermal Power Project, Uttar Pradesh	Rs. 1.0	"
10. Barapani Hydroelectric Power Project, Assam	Rs. 6.4	"
11. Trombay Fertilizer Plant, Maharashtra	Rs. 13.4	"
12. Rihand Valley Hydroelectric Project, Uttar Pradesh	Rs. 5.6	"
13. Dhuvaran Thermal Power Project, Cambay, Gujarat	Rs. 9.0	"
14. Amarkantak Thermal Power Project, Birsinghpur, Madhya Pradesh	Rs. 6.7	"
15. Bandel Thermal Power Project, West Bengal	Rs. 8.4	"
16. Talcher Thermal Power Project, Orissa	Rs. 8.5	"

Total of loan agreements ... Rs. 392.3 crores

Commitments have been made for loans to the following projects:

1. Pamba-Kakki (Sabarigiri) Hydroelectric Project, Kerala	Rs. 18.4 crores
2. Satpura Thermal Power Project, M.P.	Rs. 14.8 "
3. Delhi "C" Thermal Power Project	Rs. 8.3 "
4. Ramagundam Thermal Power Project, Andhra	Rs. 3.7 "

Total commitments ... Rs. 45.2 crores

Total of loan agreements and commitments Rs. 437.5 crores

POWER.....

P O W E R

U.S. assistance is playing an important role in helping India to effect a large increase in power production. Power capacity in India, which stood at 2.3 million kilowatts at the beginning of the First Plan, grew to 5.7 million kilowatts at the end of the Second. The target for the end of the Third Plan is 12.7 million kilowatts. If this is attained, India will have added 10.4 million kilowatts — an increase of more than 450 per cent above that existing at the beginning of the First Plan — in the course of 15 years. A recent evaluation showed that of this new capacity, 56 percent (5.8 million kilowatts) will have been U.S. assisted in terms of total or partial finance or technical participation. Many Indian power projects have been assisted from P.L. 480 funds.

In the section on P.L. 480 grants (agriculture: irrigation) reference was made to a dozen major river valley projects. These projects are Chambal (Rajasthan and Madhya Pradesh), Hirakud (Orissa), Damodar Valley Corporation (Bihar and West Bengal), Kakrapar and Mahi Right Bank Canal (Gujarat), Nagarjunasagar (Andhra), Kosi (Bihar), Bhadra (Mysore), Tungabhadra (Andhra), Mahanadi Delta Irrigation (Orissa), Kundah (Madras) and Koyna (Maharashtra). These undertakings have received P.L. 480 grants totalling Rs. 5.9 crores and loans

amounting

amounting to Rs. 197.4 crores. On completion, these projects will irrigate a total area exceeding 90 lakh acres. They will also generate 25 lakh kilowatts.

Sharavathi

Another important river valley project assisted from P.L. 480 funds is the Sharavathi Hydroelectric Project, South Asia's largest power project, which is located in Mysore State. This undertaking will ultimately produce more than a million kilowatts. Utilizing U.S. dollar credits, orders have been placed for eight 89,100 generators. The first unit is expected to begin power production in November 1964. Two more generators will be ordered in the near future. The exploitation of tail race water power will add still further to power generation.

The Sharavathi is one of the relatively few rivers in India which flows westward into the Arabian Sea. It is also one of India's smallest rivers -- only 82 miles in length. But the rainfall in its catchment area is exceptionally heavy and by the construction of two dams (just completed) near Jog, where the river plunges down more than 800 feet, it is possible to store water to produce power in exceptionally large amounts. Sharavathi power will hasten the industrialization of Mysore State where a number of defence industries are located. The state is endowed with extensive natural resources including bauxite whose exploitation is dependent on an adequate power supply. Sharavathi has received P.L. 480 loans totalling Rs. 34.5 crores.

Rihand

Rihand

Dedicating the Rihand Hydroelectric Project, 160 miles from the historic city of Varanasi, in January 1963, the late Prime Minister Jawaharlal Nehru hailed it as "a monument of today as well as for future generations." Sixty-two per cent of/estimated Rs. 46 crores spent on the 250,000 kilowatt power project represents U.S. Government assistance. This includes a loan of Rs. 5.6 crores from P.L. 480 funds.

The dam impounds 8.6 million cubic feet of water to form India's largest artificial lake. Power generated at Rihand is helping to bring prosperity to the hitherto economically depressed eastern districts of Uttar Pradesh. Through energizing tubewells and assuring a regulated supply of water in the Sone irrigation system, the project will ultimately provide irrigation facilities to 19 lakh acres in Uttar Pradesh and Bihar.

ENTIRELY U.S. FINANCED PROJECTS

The U.S. is financing the entire costs of 13 power projects, providing dollar credits to meet foreign exchange needs and rupee credits from P.L. 480 funds for expenses incurred within India.

These

These undertakings are:

<u>Project</u>	P.L.480 loan Crores of rupees	Foreign exchange loan		Total Crores of Rs.
		\$ Million	Re. equi- valent Crores	
Chandrapura, Bihar (420,000 Kw.)	20.5	46.0	21.9	42.4
Barauni, Bihar (30,000 Kw.)	1.3	3.8	1.8	3.1
Durgapur extension, West Bengal (150,000 Kw.)	3.4	20.0	9.5	12.9
Kanpur, U.P. (15,000 Kw.)	1.0	1.6	0.8	1.8
Barapani, Assam (27,000 Kw.)	6.4	2.5	1.2	7.6
Dhuvaran, Gujarat (250,000 Kw.)	9.0	33.6	16.0	25.0
Amarkantak (Birsinghpur), Madhya Pradesh (60,000 Kw.)	6.7	8.4	4.0	10.7
Bandel, West Bengal (356,000 Kw.)	8.4	38.0	18.1	26.5
Talcher, Orissa (250,000 Kw.)	8.5	33.0	15.7	24.2
Pamba-Kakki (Sabarigiri), Kerala (300,000 Kw.)	18.4 *	20.2	9.6	28.0
Satpura, Madhya Pradesh (313,000 Kw.)	14.8 *	25.1	12.0	26.8
Delhi "C" extension (Indraprastha), (188,000 Kw.)	8.3 *	16.0	7.6	15.9
Ramagundam, Andhra (63,000 Kw.)	3.7 *	8.4	4.0	7.7
Total	110.4	256.6	122.2	232.6

* Figures represent commitments from P.L. 480 funds, but loan agreements have not yet been signed.

Eastern India Projects

Eastern India Projects

The Chandrapura thermal power station, which is being constructed by the Damodar Valley Corporation, will have three 140,000 kilowatt generators. These giant units are twice the size of any generator currently in commission in the country. Two of them have arrived at the site and the first unit is expected to be commissioned towards the end of 1964. When all the units are functioning, Chandrapura will be the largest thermal power station in India.

Another large U.S. financed power station in Eastern India is the Bandel project, 35 miles from Calcutta. Power shortage in the Calcutta region is a key bottleneck in the expansion of India's industrial production, since a number of major industries are located in the area. Bandel is scheduled for commissioning in December 1964. Along with Chandrapura and Durgapur (which went into operation in July 1964), Bandel will play an important part in alleviating this shortage. Apart from increasing power supply to existing industries, energy will be provided for railway electrification and for a large number of tube and shallow well pump sets used in irrigation.

Other P.L. 480 assisted projects in Eastern India include the Barauni thermal power station, which is supplying energy for a rapidly growing industrial zone in North Bihar, and the Barapani Hydroelectric Project in Assam. The latter project is due to be completed in 1965.

The quarter million kilowatt Talcher thermal power station in Orissa is also due to be commissioned next year. It is located in one of India's most extensive coal fields.

Central

Central & Northern India power stations

The Satpura thermal power project in Madhya Pradesh will be in operation in 1966. Like Bandel, its capacity exceeds 300,000 kilowatts. Along with Amarkantak (Birsinghpur district), which is about to be commissioned, Satpura will help effect the exploitation of the vast natural resources of Central India.

The Delhi "C" station was commissioned in 1963 with a capacity of 36,600 kilowatts. The U.S. Government extended a dollar grant of \$4 million to meet the major part of the foreign exchange costs. The "C" station (now renamed Indraprastha station) is in the process of expansion. Three additional generators capable of producing 187,500 kilowatts will be installed by 1967. U.S. dollar and rupee credits are meeting the entire costs of the expansion programme.

The 15,000 kilowatt extension to the Kanpur thermal power station is helping meet the power needs of Northern India's most important centre of textile and leather industries.

Western and South Indian projects

The 250,000 kilowatt Dhuvaran thermal power project in the Cambay area is Gujarat's largest source of power. The project is ready to be commissioned. Its boilers are equipped to burn either coal or gas. Gujarat depends upon other states for its coal supply, but recently gas fields have been tapped within the state. Dhuvaran will serve Ahmedabad, the second most important centre of the Indian textile industry, and many other parts of Gujarat State. Ultimately the power station will be connected by a grid with the U.S. financed Tarapur nuclear power station and other power undertakings in Maharashtra.

The 300,000

The 300,000 kilowatt Pamba-Kakki (Sabarigiri) Hydro-electric Project in Kerala is due to be commissioned in March 1966. This entirely U.S. financed project will more than double the installed power generating capacity in Kerala. It will enable the expansion of many existing industries and the establishment of new enterprises including chemicals, fertilizers, aluminium, textiles, tyres, cement, rayon, cycles, fire-bricks, glassware, vanaspati, soap, rubber, saw milling, plywood, paper and sewing machines. Unemployment is one of Kerala's most pressing problems and the establishment of a large number of factories powered by Sabarigiri will undoubtedly make a contribution to the solution of this vexing situation.

The Ramagundam thermal project will serve Hyderabad, the capital of Andhra Pradesh and a growing centre of industries, and the adjacent region. The power station will have a capacity of 63,000 kilowatts. It is scheduled to be commissioned in 1967.

India's programme of intense economic development can be sustained only by the adequate expansion of power resources. It is, therefore, not surprising that a major segment of the U.S. economic assistance programme should be devoted to this field.

FINANCIAL

FINANCIAL INSTITUTIONS

Three financial institutions established by the Indian Government to assist private industrial enterprises have received P.L. 480 loans totalling Rs. 76.2 crores. The Institutions are: The Refinance Corporation (Rs. 36.2 crores); The Industrial Credit and Investment Corporation of India (ICICI) (Rs. 20 crores); and the Industrial Finance Corporation (Rs. 20 crores).

The Refinance Corporation (now renamed The Industrial Development Bank of India) refinances loans given by banks to private enterprises. Loans made by the participating banks to medium-sized industries for 3 to 10 years are eligible for refinancing. Only concerns whose total resources do not exceed Rs. 2.5 crores are eligible for the loans.

The Industrial Credit and Investment Corporation of India provides long and medium-term loans not only to local private investors but also to foreign businessmen interested in participating in new industrial ventures or expanding existing enterprises. ICICI is a privately-owned company and its stockholders include investors from the United States, the United Kingdom, West Germany, Japan and France. Apart from the P.L. 480 loan, the U.S. Development Loan Fund extended a dollar credit of \$5 million to ICICI for fostering and promoting the growth of the private sector in India. The World Bank and West Germany have also provided financial assistance to ICICI. The Corporation underwrites new issues, invests in shares and assists its clients at all stages of planning and executing their projects.

Established

THE TROMBAY FERTILIZER FACTORY

The Trombay fertilizer factory, which is expected to commence production in October 1964, will be the largest producer of fertilizers in India. A unit of the Fertilizer Corporation of India, the factory is designed to produce 99,000 tons of urea and 330,000 tons of nitro-phosphate. This quantity of fertilizers is sufficient to increase annual food production by more than ten lakh tons.

The U.S. Government is financing the entire costs of Trombay. A foreign exchange credit of \$30 million (Rs. 14.3 crores) extended by the U.S. Agency for International Development has been supplemented by a P.L. 480 loan of Rs. 13.4 crores.

Increased fertilizer production is an important part of the Government of India's programme to expand agricultural production.

Apart from Trombay, P.L. 480 assistance in the form of a Cooley loan has been provided for the construction of a large fertilizer factory at Visakhapatnam.

LOANS TO

LOANS TO PRIVATE ENTERPRISES (COOLEY FUND)

An amendment to Public Law 480 sponsored by Congressman Harold D. Cooley provides for encouragement to American firms to assist in the economic growth of developing nations. The amendment provides that a portion of the sale proceeds of commodities supplied under Title I shall be made available to the U.S. Agency for International Development for lending to private firms, generally those in which there is a substantial equity participation by American private companies.

In India, only 7.2 per cent of the sale proceeds have been reserved for loans to private firms. Such loans are provided only with the consent of the Government of India. The Title I agreements between India and the United States provide for a total sum of Rs. 99 crores to be reserved for the Cooley Fund. Loans totalling Rs. 38.8 crores have so far been extended to 34 Indian-American joint ventures.

These firms are engaged in the manufacture of a wide variety of products. They include synthetic rubber, aluminium, tyres, cement, machine tools, paper, antibiotics, chemicals, plastics, coal washery equipment, bearings, precision forgings, refrigeration equipment, glassware and fertilizers. (A list of Cooley loan recipients is appended).

The American firms participating in Cooley loan ventures have brought into India critically needed developmental capital. They have also applied in India advanced techniques developed through costly research in the United States. The training of Indian personnel in these techniques is in itself a valuable contribution. Almost all of these firms are manufacturing products which would otherwise be imported. Several are engaged in producing goods for export. Thus, the Cooley Fund helps in augmenting and conserving India's foreign exchange

exchange earnings.

The eight agreements between India and the United States under Public Law 480 provide for a sum of Rs. 80 crores to be allocated to the Cooley Fund.

As of June 30, 1964 a sum of Rs. 66.5 crores had become available to the Cooley Fund.

The following loans have been extended from the Cooley Fund:

1. Otis Elevator of India Ltd., Bombay Rs. 1,000,000
(elevators)
2. Goodyear Tyre & Rubber Co. of India Ltd., Rs. 22,500,000
Ballabgarh, Punjab (rubber products)
3. Mysore Cements Ltd. (Ms. Sarangapani Rs. 10,000,000
Mudaliar/Kaiser), Annasandra, Mysore
(cement)
4. Hindustan Aluminium, Ltd. (Ms. Birla/ Rs. 20,000,000
Kaiser) Pipri, near Rihand dam, U.P.
(aluminium)
5. Synthetics & Chemicals, Ltd. (Ms. Kilachand/ Rs. 65,000,000
Firestone), Bareilly, U.P.
(synthetic rubber)
6. Ex-Cell-O (India) Pte. Ltd. (Ms. Amerind Rs. 2,000,000
Engineering Co./Ex-Cell-O Co. Detroit, Mich.)
Bombay, Maharashtra (machine tool parts)

Carried over to next page... Rs. 120,500,000

7. Premier

Brought forward....	Rs. 120,500,000
7. Premier Tyres Ltd. (Joint enterprise with Dayton Rubber Co.), Kalamaseri, Kerala (rubber tyres)	Rs. 3,000,000
8. Seshasayee Paper & Board Ltd., Erode, Madras (Ms. Seshasayee/Parsons & Whittemore) (bagasse pulp and paper mill)	Rs. 20,000,000
9. Cyanamid India Ltd., Bombay, Maharashtra (American Cyanamid Co. of New York)(antibiotics)	Rs. 2,500,000
10. Gabriel India Private Ltd., Mulund, Bombay, Maharashtra (Ms. D.C. Anand/Gabriel of Detroit) (shock absorbers)	Rs. 1,900,000
11. Madras Rubber Factory Ltd., Madras (factory has been set up in collaboration with Mansfield Rubber Co. of Ohio) (rubber tyres)	Rs. 7,500,000
12. East India Hotels Ltd. (Ms. Oberoi/Inter-continental Hotel Corporation), New Delhi (construction of hotel in New Delhi)	Rs. 7,619,000
13. Wyeth Laboratories, Pte. Ltd. (American Home Products Corporation), Bombay, Maharashtra (steroid compounds and hormones)	Rs. 1,700,000
14. Victor Gasket India (Pte.) Ltd., Mulund, Bombay, Maharashtra (Victor Mfg. & Gasket Co., Chicago) (gaskets)	Rs. 750,000
15. Union Carbide (India) Ltd., Calcutta, West Bengal (chemicals and plastics)	Rs. 21,600,000
16. McNally-Bird Engineering Co. Ltd., Calcutta West Bengal (manufacture of coal washeries and allied equipment)	Rs. 5,000,000

Carried over to next page. Rs. 192,069,000

17. Harig-Malik....

Brought forward	Rs. 192,069,000
17. Harig-Malik Manufacturing Co., Pte. Ltd., New Delhi (tools, dies, gauges, etc.)	Rs. 285,000
18. India Precision Bearing Ltd., New Delhi (Norma-Hoffman Bearings Corporation, Stamford, Conn.) (ball and cylindrical bearings)	Rs. 3,000,000
19. Wyman-Gordon Ltd. Bombay, Maharashtra (Wyman- Gordon Co., Worcester) (precision forgings)	Rs. 2,500,000
20. Arbor Acres Farm India Pte. Ltd., Delhi (poultry breeding)	Rs. 2,500,000
21. Mandya Paper Mills, Ltd., Bangalore, Mysore (Parsons & Whittemore, New York) (paper mill)	Rs. 15,000,000
22. Kirloskar-Cummins, Ltd., Poona, Maharashtra (Cummins Engine Co., Columbus, Indiana) (engines)	Rs. 12,500,000
23. Napco Bevel Gear of India, Ltd., Faridabad, Punjab (Napco Industries Inc., Minneapolis, Minnesota) (gears, joints and allied parts)	Rs. 4,000,000
24. Coronandel Fertilizers, Ltd., Visakhapatnam, Andhra (affiliated with California Chemical Company, and International Minerals & Chemicals Corporation)	Rs. 107,605,000
25. Elpro International Ltd., Bombay (General Electric Co., New York) (lightning arresters, X-ray equipment and magnets)	Rs. 4,000,000
26. Cochin Co. Pte. Ltd., Ernakulam, Kerala (Atalanta Trading Corporation, New York) (sea foods)	Rs. 2,365,000
27. Frick India, Ltd., New Delhi (Frick Co., Waynesboro, Pa.) (refrigeration equipment)	Rs. 2,500,000
28. Bharat Steel Tubes, Ltd., Ganaur, Punjab (Abbey Etna Machine Co., Perrysburg, Ohio) (steel tubes)	Rs. 2,500,000
29. I.A. & I.C. Pte. Ltd., Bombay, Maharashtra (Lapic Inc.) (sulphur grinding)	Rs. 500,000

Carried over to next page Rs. 351,324,000

30. Everest

	Brought forward	Rs. 351,324,000
30. Everest Refrigerants, Ltd., Bombay Maharashtra (Technical Enterprises Inc., New York) (refrigerant gases and aerosol dis- pensers)		Rs. 6,000,000
31. Borosil Glass Works, Ltd., Andheri, Maharashtra (Corning Glass Works) (glassware)		Rs. 7,143,000
32. Synbiotics Ltd., Ahmedabad, Gujarat (Olin Mathieson International, New York) (antibiotics and fine chemicals)		Rs. 13,440,000
33. Graphite India Ltd., Calcutta, West Bengal (Great Lakes Carbon Corporation, New York) (graphite electrodes, anodes and carbon products)		Rs. 6,900,000
34. Chemicals & Plastics India Ltd., Mettur, Madras (B.F. Goodrich Chemical Co., Cleveland, Ohio) (polyvinyl chloride plastics)		Rs. 3,262,000
		<hr/>
	Total	Rs. 388,069,000
		<hr/>

U.S. USES RUPEES

U. S. USLS RUPEES

Eighty-seven per cent of P.L. 480 funds are being utilized for India's development. The balance, amounting to Rs. 169.2 crores, is reserved for meeting the expenses of the U.S. Government within India. In spending U.S. owned rupees, the United States is careful not to add to inflationary forces in India or to purchase an undue proportion of goods in scarce supply. At present only a few crores of rupees are spent annually.

U.S. owned rupees are used to meet the expenses of the U.S. Government in India incurred by the American Embassy, the U. S. Information Service, the U.S.A.I.D. Mission, etc. These expenses can be met only after the U.S. Congress has authorized them.

But expenditure from U.S. owned rupee funds is not confined to this purpose. An increasingly large share is being spent on programmes which are of direct benefit to India. These include:

1. Educational Exchange: The Fulbright Programme, as it is generally known, is operated by a bi-national board, half Indian and half American. The programme benefits Indian scholars traveling to the United States and American scholars going over to this country.

2. Low-cost Textbooks: College level text books are costly for many students. Using U.S. owned rupees a programme has been launched to produce low cost editions of standard textbooks. More than 110 titles in physics, chemistry, biology, aeronautics, and several other subjects have been published and ninety more are in preparation; all are chosen in consultation with the Indian Ministry of Education. The cost to the Indian university student ranges from one-third to one-fourth of the American retail price.

3. Procurement of

3. Procurement of Indian Books and Periodicals: There is a growing demand in the United States for Indian books and periodicals. U.S. owned rupees are utilized for supplying Indian books, newspapers, magazines and documents to the U.S. Library of Congress and several other libraries in a number of American cities and universities. This is a great boon to the vastly increased American interest in Indian and Asian studies.

4. American Studies in India: Some U.S. uses rupees provide an opportunity for many Americans, outside the educational exchange under the Fulbright Programme, to learn more about India. A good example of this scholarly pursuit is the American Institute of Indian Studies, Poona, which was dedicated early this year. A number of American and Indian universities are cooperating in the establishment of this institution.

5. Research: U.S. owned rupees also have financed research in agricultural, medical, educational and social sciences undertaken by a number of Indian universities and other institutions. The results of these scientific activities will benefit not only India but also the United States and other nations. Research activities which have received grants range from an investigation of problems in rehabilitating rural blind women to a survey of beneficial parasites and predators of agricultural crop pests. In the field of agricultural research alone grants/
96/have been made. Many of them concern problems whose solution will have an immediate application in increasing agricultural production in India.

TITLE II

TITLE II OF PUBLIC LAW 480

Title II is concerned with furnishing emergency assistance to foreign countries in meeting famine or other urgent or extraordinary relief requirements and for economic development projects. Wheat, rice, milk powder and other agricultural products worth Rs. 4.1 crores (\$8.5 million) have been donated under this title to people in India affected by natural calamities. Recipients have included the victims of floods in Orissa and several other states.

A typical example of how Title II operates is the 1964 programme for relief of those living in drought-affected districts of Western Rajasthan. After crops in two years failed because of drought, the Government of Rajasthan launched an extensive scheme to provide work to unemployed farmers and labourers and to ensure supplies of fodder and feed grains to cattle.

On March 12, 1964, U.S. Ambassador Chester Bowles visited Jodhpur, one of the worst affected districts, and announced a U.S. Government gift of 30,000 tons of wheat to relieve the distress of the people. The Ambassador also said that the U.S. Government would ship 25,000 tons of milo, a feed grain for cattle.

The Government of India, in consultation with the Government of Rajasthan, decided to distribute the wheat in part payment to more than 100,000 workers engaged in building roads and water supply projects in the districts of Jodhpur, Bikaner, Barmer and Jaisalmer. The workers are receiving 60 per cent of their wages in the U.S. donated wheat. A total population of five lakhs, including dependents of the workers, is benefitting from this programme.

TITLE II AT

TITLE II AT PURULIA

Title II commodities are also being used to pay wages-in-kind for workers re-excavating water storage tanks in Purulia District, West Bengal. This project is a pilot effort seeking to: provide useful employment during slack agricultural seasons, increase output through better yields and second crops, and demonstrate ways in which other Indian rural development projects can be instituted successfully to use Title II commodities. Over 100 tanks have been reclaimed and an additional 400 to 500 are expected to be reclaimed under this project.

TITLE III OF PUBLIC LAW 480

Donations of food distributed through U.S. voluntary agencies and international organizations are covered by Title III of Public Law 480. Under this Title dried milk, wheat, rice, corn, cotton seed oil and other foodstuffs worth Rs. 89.9 crores (\$188.7 million) have been distributed in India by agencies like Cooperative for American Relief Everywhere (CARE), the United Nations Children's Fund (UNICEF), Church World Service, Lutheran World Relief and Catholic Relief Services.

An important part of the Title III programme is related to the provision of free midday meals to school pupils. American voluntary agencies are cooperating with state governments, municipal authorities, school administrations and public spirited citizens to provide lunches to 80 lakh children. Midday meal projects are in operation in the States of Madras, Kerala, Punjab, Rajasthan, Andhra Pradesh and Mysore; in the cities of Bombay and Delhi and several districts in other parts of India.

Other Title

Other Title III-assisted projects distribute American food to orphans, expectant mothers, sick people and poor families in many parts of the country.

....000....

174
Please return to
H. G. Saunders
Rm. 372 Eo B

when signed
March 31, 1966

India Score

Dear Mrs. Mathias:

The President is confident that many Americans will respond as you have to his urgent appeal for help to India--with your compassion, your ideas and your energies.

The message he has sent to the Congress is an appeal to both governments and peoples to respond generously to India's need. He will be hard at work in the next weeks organizing our own government's further efforts. He hopes that ideas like yours will also galvanize communities across our land to an appropriate response. He hesitates to suggest how individuals organize their giving because he feels deeply that private initiative must be given free rein. He believes that people like you putting your ideas to work in practical ways in your own communities are capable of producing results beyond government's highest hopes.

I myself have been impressed by the fact that in Italy, Germany and the Netherlands private contributions for Indian relief already total almost \$19 million. Think what Americans could do if actively organized by their own community leaders!

Thank you for your letter. Our prayers are with you as you put your thoughts into action.

Yours sincerely,

15/

Bill D. Moyers

Mrs. Charles William Mathias
87 West High Street
Union City, Pennsylvania 16438

THE WHITE HOUSE
WASHINGTON

March 31, 1966

MEMO TO: Hal Saunders

FROM: Art McCafferty *AM*

Mr. Smith asked that I send this to you and request that you prepare an answer for Bill Moyer's signature.

MAR 31 1966

India Econ 80
Rec'd to Bill Moyer's by
HWS memo 3/31/66 and
suggested reply by Moyer

80a

Mrs. Charles William Mathias
87 West High Street
Union City, Pennsylvania 16438

March 30, 1966

Dear Mr. President,

My prayers go with
this letter and it is being
written with a deep
urgency that has come
upon me.

I have a plan -
a simple one - but one
that will reach every
community and village
in our land, to help
the famine in India.

Why not ask each
community to set up
receiving centers in

Mrs. Charles
W. Mathias
to LBJ
3/30/66

MAR 31 1966

Mrs. Charles William Mathias
87 West High Street
Union City, Pennsylvania 16438

their local banks - perhaps
a huge thermometer could
be placed in the center
of town to show how
well they are responding
to this urgent need.

I'm sure our banks
craved help with this
need.

According to Dr. Roger
Reuell of Harvard University
"the fate of all men in
times to come will be
the fate of India."

Bring this problem
to the grass roots of
America. Dear people

Mrs. Charles William Mathias
87 West High Street
Union City, Pennsylvania 16438

will respond.

Let the banker send
the money to Church
World Service.

Our newspapers can
help too.

I'm sure God will
take care of this letter
and inspire you to
perform according
to His Will.

Sincerely,

Clarence Mathias

Lyndon Johnson is at his best when challenged by some staggering task of human need. His message to Congress—and to the world—calling for aid for India, and pledging a truly generous measure of American assistance, is in the best tradition of Johnsonian philosophy. It is in no sense a detraction from his gesture to add that it is good, sound American policy to help India.

Prime Minister Indira Gandhi, now in New York after her visit to Washington, obviously played a vital role in the timing and scope of the American response to India's need. The meeting in Washington was a moment of international drama. This was not just because Mrs. Gandhi is a charming woman bearing the legendary name of Jawaharlal Nehru, her father, or because Mr. Johnson was at his most ingratiating best. It was because of what each of the main figures represented. India, with 500 million people, is the second most populous nation in the world and a bulwark of democracy in threatened Asia. The United States is the most prosperous and most powerful nation on earth and is engaged in a bitter war on that same Asian mainland.

But India, as Mr. Johnson said in his message, "may stand at this moment on the threshold of a great tragedy." Two years of drought imposed on a badly conceived and managed agricultural program, with the population increasing at the rate of eleven or twelve million persons a year, add up to potential disaster on a colossal scale.

President Johnson's message tells the whole tragic story, and it should be pondered as carefully in India as in the United States. Much of India's land is fertile. With better agricultural techniques India could eventually feed herself.

Droughts are unavoidable, but the human factor is more to blame—ancient, rigid ways; caste restrictions; overly-small or overly-large land holdings; the selfishness of well-fed states refusing to help starving neighbors; hoarders; speculators, usurers.

The great virtues of the Indian people somehow become constricted by customs, traditions and history in times like this. Those virtues must and can be released—and India has already done a great deal in the years of independence. Much more may now be done, thanks to the imaginative, intelligent and generous program President Johnson announced for an Indo-American Foundation which will use \$300 million in tied-up rupees for education and scientific research in India. In the long range, such a program can do wonders; but in the meantime Indians must be fed.

An undernourished nation has no future. Neither has an unskilled one in this technological age. President Johnson is wisely moving to provide the food-stuffs and the training. Indians must do the rest.

of all. But North Vietnam has its pro-Chinese and pro-Russian factions; the latter, evidently, are responsible for the decision to attend the Communist party Congress in Moscow, despite Peking's boycott.

There is every reason to believe that similar divisions exist within the Vietcong and between the Vietcong leaders and Hanoi. If an opening for peace is to be found and exploited, contacts will have to be pursued with all the Communist elements involved.

The Council Takes Charge

After much political shadowboxing between New York and Albany to establish the rules of the game, the City Council is finally about ready to go to work on the Lindsay tax-reform program. A trip to Albany by Mayor Lindsay brought agreement with legislative leaders on procedural legalities, but not on the taxes themselves.

The effect is that the Legislature will do nothing—except take a two-week vacation—until it hears from the Council on what taxes are wanted. This really changes nothing; there never was a time when the Legislature was prepared to take the initiative in imposing taxes on New York City—and least of all in a state election year.

The Council will meet tomorrow to receive the tax bills. Public hearings will also be scheduled; the Council could, by cutting red tape, have held them long ago. But it chose to wait; and the combination of its own delay, the arbitration of formalities with Albany, and some tardiness by the Lindsay administration itself has put the budget-making tax-enacting calendar in a frightful jam. The Mayor must present a balanced budget on April 15. It is now plain that on that date he cannot possibly know what taxes can be relied on to finance what services.

Mr. Lindsay is embattled on all fronts—the real estate tax rate increase, the city income tax, the business income tax, the stock transfer tax. The transit fare increase, temporarily in abeyance, is also inextricably wrapped up in the politics of the emergency—as Mr. Lindsay learned anew in Albany.

The Mayor is probably facing the hardest test that he will meet in his term of office. But, hard as the battle will be, there are certain principles involved on which Mr. Lindsay simply cannot yield. One of these—and the one on which protest is hottest—is that commuters must be taxed along with city residents on income earned in the city. The justice of this principle has long been recognized as to the New York State income tax, which commuters from New Jersey and Connecticut have been paying for years to Albany. If commuters were excused from a municipal income tax, thousands of families now living in New York City would move to the suburbs. The larger the family income, the more inducement to flee. It would be suicidal to New York City to enact a tax with a

THE SUN, BALTIMORE, THURSDAY MORNING, MARCH 31, 1966

Aid to India

At no time was there any serious question that the United States would refuse to help India through the serious food emergency caused by last year's drought. President Johnson's meeting with Prime Minister Gandhi, on Monday and Tuesday, and the special message he sent to Congress yesterday, affirmed this point. The additional assistance promised is in keeping with the American tradition of offering help to countries in need, and in this instance it is in keeping with our policy of maintaining a close and friendly association with one of the great democracies. Our own economic and social problems, pressing as they often are, seem orderly and manageable in comparison with those of Mrs. Gandhi's Government.

While it was important to reaffirm the continuation of emergency food shipments to India, as the President did, it was probably of longer-range importance to stress the measures India is taking—and can take—to "achieve self-sufficiency in the nation's food production," as the communiqué put it.

Of special interest, to the people of India and the United States, was the announcement that a \$300 million Indo-United States foundation will be established in India "to promote progress in all fields of learning." It will be financed with Indian currency held in that country by the United States, acquired through the sale of farm commodities. This is an admirable plan, which will be widely applauded and followed with genuine interest.

India Econ

The Washington Post

AN INDEPENDENT NEWSPAPER

... R THURSDAY, MARCH 31, 1966

PAGE A20

Aid for India

President Johnson's congressional message on aid to India is a great and gratifying document. It is a great document because it asks Congress forcefully and directly to underwrite the rescue of the Indian people from the threat of starvation—at any cost. It projects the direct appropriation of 3½ million tons of wheat—in addition to 6.5 million tons already scheduled for 1966 shipment. And it calls for shipment of 200,000 tons of corn and up to 150 million pounds of vegetable oils and up to 125 million pounds of milk powder. It proposes besides the shipment of quantities of cotton and tobacco that may permit the diversion of more Indian crop land to food products. But more than this, it bluntly states that if others do not meet the remaining requirements the United States will.

The President has dared to present the problem to Congress, it is gratifying to note, as a challenge to this country's humanity. He did not claim that the United States will derive any promised or unpromised quid pro quo. He did not assert that feeding the Indians will help contain or isolate Communist China. He did not allege that it will help balance or frustrate the Soviet Union. He has not asked the Congress to support the program for any of these reasons or for any other national or selfish reason. He has rightly assumed that the Congress of the United States and the people of this country will support action on this magnificent scale on a purely humanitarian basis.

He has had the courage to recommend this vast program of aid, not because the Indian people some day may be our allies, not because they may help us in Asia, not because they will subsequently reward us with friendship or assistance but simply because the people of India are hungry. And that is the only attribute, the only necessity, the only condition we ought to require as a qualification for aid from the granaries and storehouses of America.

This program is being undertaken in the spirit of the great efforts of this country to feed the hungry of many nations after World War I and World War II. It is in a great American tradition. The President will not urge in vain "the strong and warmhearted and generous support of this program by the American people." He will not be disappointed in the response to an appeal to the hearts of the citizens of this country.

Within Range

On the plus side of the Maryland Assembly's spotty record was last-minute enactment of a statewide pistol control bill. The Free State is no longer a part of the frontier; and there is no real need for its residents to have their six-shooters

continue and carry in its wake the seeds of political discontent. Wage earners, following a reduction in after-tax income, would suffer further from an erosion of the purchasing power of money.

In view of the foregoing pitfalls, higher taxes should be requested only if there is a reasonable likelihood—in these matters there are few certitudes—that the current expansion of defense expenditures will continue into 1967. And if a tax increase is necessary, Congress should follow the counsel of Assistant Treasury Secretary Surrey who in testimony before the Joint Economic Committee stressed the speed and flexibility that is required for temporary "countercyclical" actions, Congress will follow the safest course if it enacts a temporary tax increase without an effective date. Final action in raising rates would be accomplished by the passage of a joint resolution, and the temporary increase would be rescinded by a similar resolution.

Annapolis Death Wish

Governor Tawes acted with commendable dispatch in calling a new session of Maryland's General Assembly to finish its work. In effect he has saved the legislature from pulling the temple down upon its own head. The wild session of the House of Delegates on Tuesday night had the symptoms of a death-wish complex. For a final adjournment without enactment of either a congressional districting bill or the tax-modernization bill would leave the legislators in a sad state of disgrace.

It is true that the 70-day session has enacted a number of constructive bills. These include the pistol control bill, the authorization of a new Chesapeake Bay Bridge, the creation of an intermediate court of special appeals, a driver education law and a measure to set up a \$10 million educational television network. But this good work tends to be overshadowed by the failure of the two major projects which should have been first and second on the list of must legislation.

When the shock of the Governor's call wears off even this lame-duck legislature should see that Mr. Tawes has done it a favor. Now it will have a chance to pass a redistricting act for use in 1966, without risking at-large elections for all the Maryland Congressmen. We think it should also stay in session until it has enacted the Cooper-Hughes tax modernization plan or something comparable to it.

Having moved resolutely to save the day at Annapolis, Governor Tawes also has an obligation to stem the drifting that was carrying his program toward disaster. Leadership in the House of Dele-

Hobson

I would following "Potomac Raspberry" in the M. dealing wi of a D.C. cons for I

I catego have told any other that I thin of D.C. sh the police

FOR RELEASE AT 12 NOON (EST)

MARCH 30, 1966

NOTICE: There should be no premature release of this Message to the Congress, nor should its contents be paraphrased, alluded to or hinted at in earlier stories. There is a total embargo on this message until 12:00 noon March 30, 1966, which includes any and all references to any material in this message.

Bill Moyers

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

In recent months I have been watching with deep concern the emerging problem of world food supply. And I have been especially concerned with the prospect for India. During this past week I have discussed the Indian food problem with the Prime Minister of India, who has been our welcome and distinguished guest here in Washington. I am persuaded that we may stand, at this moment on the threshold of a great tragedy. The facts are simple; their implications are grave. India faces an unprecedented drought. Unless the world responds, India faces famine.

Strong efforts by the Indian government, and our help, have so far averted famine. But in the absence of cooperative and energetic action by the United States, by other nations and by India herself, some millions of people will suffer needlessly before the next crop is harvested. This, in our day and age, must not happen. Can we let it be said that man, who can travel into space and explore the stars, cannot feed his own?

Because widespread famine must not and cannot be allowed to happen, I am today placing the facts fully before the Congress. I am asking the endorsement of the Congress for a program that is small neither in magnitude nor concept. I am asking the Congress, and the American people, to join with me in an appeal to the conscience of all nations that can render help.

I invite any information that the Congress can supply. Our people will welcome any judgments the Congress can provide. The executive branch, this nation and the world will take appropriate note and give proper attention to any contributions in counsel and advice that Congressional debate may produce.

If we all rally to this task, the suffering can be limited. A sister democracy will not suffer the terrible strains which famine imposes on free government.

Nor is this all. The Indians are a proud and self-respecting people. So are their leaders. The natural disaster which they now face is not of their making. They have not asked our help needlessly; they deeply prefer to help themselves. The Indian government has sound plans for strengthening its agricultural economy and its economic system. These steps will help India help herself. They will prevent a recurrence of this disaster. I also propose action through the World Bank and the Agency for International Development to support this strong initiative by the Government of India.

MORE

(OVER)

The Crisis

Since independence India has done much to increase her output of agricultural products. Her agriculture has not been neglected. From 1950 to 1965 she increased food production 75 percent. This is a creditable achievement. But India has had to contend with a continuing and relentless increase in population. Her people have also consumed more from a higher income. Accordingly, she has remained heavily dependent on our help. Last year we provided, under Public Law 480, more than 6 million tons of wheat, equal to more than two-fifths of our own consumption. To keep this supply moving, the equivalent of two fully loaded liberty ships had to put in at an Indian port every day of the year.

Now India has been the victim of merciless natural disaster. Nothing is so important for the Indian farmer as the annual season of heavy rain -- the monsoon. Last year, over large parts of India, the rains did not come. Crops could not be planted, or the young plants withered and died in the fields. Agricultural output, which needed to increase, was drastically reduced. Not since our own dustbowl years of the nineteen-thirties has there been a greater agricultural disaster.

Indian leaders have rightly turned to the world for help. Pope Paul VI has endorsed their plea. So has the World Council of Churches. So has the Secretary General of the United Nations. So has the Director General of the Food and Agriculture Organization. And so, in this message, does the President of the United States.

I have said that effective action will not be cheap. India's need is for at least 11 to 12 million tons of imported grain from January to December 1966.

Food in this world is no longer easy to find.

But find it we must.

Here is what I propose.

The Program

Last fiscal year we supplied six million tons of food grain to India. So far in this fiscal year, I have allotted 6.5 million tons of grain for shipment to India -- more than the total of six million tons which we had planned to provide as a continuation of past arrangements. It is even more necessary in this emergency to keep the pipelines full and flowing and to insure that there is no congestion of rail or sea transport. India, furthermore, estimates an additional six to seven million tons of food grain will be necessary through next December beyond what has already been committed or expected.

I propose that the United States provide three and one-half million tons of that requirement, with the remaining three and a half million tons coming from those nations which have either the food to offer or the means to buy food. I invite those nations to match the amount which we will supply. For example, I am delighted to be informed that Canada is prepared to provide a million tons of wheat and flour to India.

MORE

Every agriculturally advanced country can, by close scrutiny of its available supplies, make a substantial contribution. I ask that every government seek to supply the maximum it can spare -- and then a little more. I ask those industrial countries which cannot send food to supply a generous equivalent in fertilizer, or in shipping, or in funds for the purchase of these requisites. All know the Indian balance of payments is badly overburdened. Food and other materials should be supplied against payment in rupees, which is our practice, or as a gift.

It is not our nature to drive a hard mathematical bargain where hunger is involved. Children will not know that they suffered hunger because American assistance was not matched. We will expect and press for the most energetic and compassionate action by all countries of all political faiths. But if their response is insufficient, and if we must provide more, before we stand by and watch children starve, we will do so. I, therefore, ask your endorsement for this emergency action.

I have spoken mostly of bread-grains. The Prime Minister of India spoke also of other commodities which can meet part of the requirements or replace part of the need. In response to her needs, I propose that we allot up to 200,000 tons of corn, up to 150 million pounds of vegetable oils, and up to 125 million pounds of milk powder to India. The vegetable oil and milk powder are especially needed for supplementing the diets of Indian children.

In addition, India's own exchange resources can be released for food and fertilizer purchases if we make substantial shipments of cotton and tobacco. I am suggesting the allotment for this purpose of 325-700,000 bales of cotton and 2-4 million pounds of tobacco. Both of these commodities we have in relative abundance.

I request prompt Congressional endorsement of this action.

I urge, also, the strong and warmhearted and generous support of this program by the American people.

And I urge the strong and generous response of governments and people the world around.

India is a good and deserving friend. Let it never be said that "bread should be so dear, and flesh and blood so cheap" that we turned in indifference from her bitter need.

Further Action

The Indian people want to be self-supporting in their food supply.

Their government has adopted a far-reaching program to increase fertilizer production, improve water and soil management, provide rural credit, improve plant protection and control food loss. These essentials must be accompanied by a strong training and education program.

I have directed the Secretary of Agriculture, in cooperation with AID, to consult with the Indian government to ascertain if there are ways and means by which we can strengthen this effort. We have long experience with short courses, extension training and similar programs. If they can

be used, I feel certain that American agricultural experts would respond to an appeal to serve in India as a part of an Agricultural Training Corps or through an expanded Peace Corps. Many of our younger men and women would especially welcome the opportunity.

I am determined that in our assistance to the Indian government we not be narrowly limited by what has been done in the past. Let us not be afraid of our own enthusiasm. Let us be willing to experiment.

The Indian government believes that there can be no effective solution of the Indian food problem that does not include population control. The choice is now between a comprehensive and humane program for limiting births and the brutal curb that is imposed by famine. As Mrs. Gandhi told me, the Indian government is making vigorous efforts on this front.

Following long and careful planning and after discussions in recent days with Prime Minister Gandhi, I have proposed the establishment of the Indo-U.S. Foundation. This Foundation will be financed by rupees, surplus to our need, now on deposit in India. It will be governed by distinguished citizens of both countries. It will be a vigorous and imaginative enterprise designed to give new stimulus to education and scientific research in India. There is no field where, I hope, this stimulus will be greater than in the field of agriculture and agricultural development.

Finally, in these last days, the Prime Minister and I have talked about the prospects for the Indian economy. The threat of war with China and the unhappy conflict with Pakistan seriously interrupted India's economic progress. Steps had to be taken to protect dwindling exchange resources. These also had a strangling effect on the economy. Indian leaders are determined now to put their economy again on the upward path. Extensive discussions have been held with the World Bank, which heads the consortium of aid-giving countries.

The United States interferes neither in the internal politics nor the internal economic structure of other countries. The record of the last fifteen years is a sufficient proof that we ask only for results. We are naturally concerned with results -- with insuring that our aid be used in the context of strong and energetic policies calculated to produce the most rapid possible economic development.

We believe Indian plans now under discussion show high promise. We are impressed by the vigor and determination of the Indian economic leadership. As their plans are implemented, we look forward to providing economic assistance on a scale that is related to the great needs of our sister democracy.

An India free from want and deprivation will, as Mahatma Gandhi himself once predicted, "be a mighty force for the good of mankind."

LYNDON B. JOHNSON

THE WHITE HOUSE

March 30, 1966

#

Eighty-ninth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the tenth day of January,
one thousand nine hundred and sixty-six*

Joint Resolution

To support United States participation in relieving victims of hunger in India and to enhance India's capacity to meet the nutritional needs of its people.

Whereas the Congress has declared it to be the policy of the United States to make maximum efficient use of this Nation's agricultural abundance in furtherance of the foreign policy of the United States; Whereas the Congress is considering legislation to govern the response of the United States to the mounting world food problem; Whereas critical food shortages in India threatening the health if not the lives of tens of millions of people require an urgent prior response: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress endorses and supports the President's initiative in organizing substantial American participation in an urgent international effort designed to:

(a) Help meet India's pressing food shortages by making available to India under Public Law 480 agricultural commodities to meet India's normal import needs plus added quantities of agricultural commodities as the United States share in the international response to the Indian emergency.

(b) Help combat malnutrition, especially in mothers and children, via a special program;

(c) Encourage and assist those measures which the Government of India is planning to expand India's own agricultural production;

That the Congress urges the President to join India in pressing on other nations the urgency of sharing appropriately in a truly international response to India's critical need.

The Congress urges that to the extent necessary the food made available by this program be distributed in such manner that hungry people without money will be able to obtain food.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

THIS COPY FOR _____

NEWS CONFERENCE #388-A

AT THE WHITE HOUSE

WITH BILL MOYERS AND
B. G. VERGHESE

6:20 P.M. EST

MARCH 29, 1966

TUESDAY

MR. MOYERS: We will give you a couple of minutes to read the communique. Mr. George Verghese and I will be happy to try to entertain any questions that you have about it.

Let me clarify, in advance, one question that I know will arise. That relates to the statement in the communique that the President intends to send a special message to Congress shortly to seek its endorsement of U.S. assistance to meet India's immediate food deficit problem.

That message will go up tomorrow morning. There will be an interpretive session on it at ten o'clock tomorrow here in my office.

Q When will it be available here?

MR. MOYERS: It will probably not be available until just around ten o'clock which will necessitate giving you an opportunity to read it before we have a briefing on it. It definitely will not be available before 9:45.

Q Do you have any idea as to length?

MR. MOYERS: About 1500 words.

Q Is that to be in terms of numbers, tonnages?

MR. MOYERS: Yes, and I would hold up any further comment on the message until tomorrow.

Q Did you say Congressional approval of a special aid to India program?

MR. MOYERS: That is what it says here in the fourth paragraph.

Q Where does it say a special program?

MR. MOYERS: It says "send a special message to Congress shortly to seek its endorsement of such U.S. assistance."

Q Does that refer to the food deficit problem or to aid generally?

MR. MOYERS: This is food.

Q On aid generally, how about the second paragraph? It said, "President Johnson assured Prime Minister Gandhi

MORE

of the deep interest of the Government and the people of the United States in participating in international efforts, particularly those under the leadership of the International Bank for Reconstruction and Development, to assist India in its own massive efforts to raise the living standards of its people within the framework of a parliamentary democracy."

What does that imply? Is there a World Bank scheme for meeting their needs for credits?

MR. MOYERS: Yes.

Q Can you tell us anything about that scheme?

MR. MOYERS: No. As everyone knows, this Government made a decision, following Tashkent, to resume its program of economic assistance. There are a considerable number of specific details to be worked out by the Government of India, officials of the World Bank, and other donor countries. Those discussions are to continue rather soon, I understand. Those details are being left to those particular considerations.

Q Bill, if that is the Consortium that you are referring to, do you know when it will meet?

MR. MOYERS: No, I don't, Carroll.

Q Bill, there was approximately \$250 million of American economic aid that was held up last summer. Has that been released?

MR. MOYERS: I think I mentioned following Tashkent we did begin our economic program again. Fifty million dollars was announced in December for fertilizer purposes and \$100 million was released in program funds when Vice President Humphrey was in New Delhi.

Q I think at the last World Bank Consortium the United States placed 430 or 435 of which 135 has been released. Does that mean the balance is going to be released now?

MR. MOYERS: I don't have that answer now. As I say, a lot of these answers will come out of the officials of the World Bank and the Consortium.

Q Do you have any idea what "very soon" means?

MR. MOYERS: No.

Q Bill, formerly this was described as, you know, just a decision to give that much aid and not a decision to resume. The distinction was made between the two.

MR. MOYERS: I think the fact that everyone knows that this Government began, following Tashkent, to resume aid that I have already discussed, plus the tone and spirit of this communique answers your question.

Q Bill, on that special message to Congress tomorrow, would that be endorsement of emergency food shipments above and beyond that for which we have already been committed?

MORE

MR. MOYERS: Bob, I just refer you back to what the communique says here. "The President assured her that, Congress willing, the United States will continue to participate generously in the international effort to alleviate India's immediate food deficit problem. The President told Mrs. Gandhi that he intended to send a special message to Congress shortly to seek its endorsement of such U.S. assistance."

What the totals and the figures are will be revealed in tomorrow morning's message.

Q Bill, can you tell us what the deficit is?

MR. MOYERS: George?

MR. VERGHESE: The deficit isn't any absolute figure. These are estimates which are dependent on the Indian crop. We expect that the production this year will be around 76 to 78 million tons as compared to about 88.4 million tons last year. On that basis, the deficit would be the difference between these two figures, that is, 10 to 12 million tons.

But at the same time it is still only an estimate because the winter harvest is yet to come in and a final estimate can't be forecast yet.

Q Bill, why must you go up with the special message to Congress? Do you not have sufficient authority under the present law to carry out this food program?

MR. MOYERS: If I recall correctly, the President mentioned in a press conference that he talked with Ambassador Nehru about this and that he looked forward to talking with the Prime Minister about it and following the visit he was considering going to Congress on a program this massive to put the complete stamp of the U.S. Government behind it.

Q Bill, does the second paragraph refer to the long-term authorization proposal that the Administration is trying to get through Congress?

MR. MOYERS: Which particular part of paragraph two?

Q The economic development and aid part. It says "in participating in international efforts, particularly those under the leadership of the International Bank for Reconstruction and Development." I assume there are other efforts. Does it also include the long-term authorization effort?

MR. MOYERS: Yes, which is already before Congress. Our overall economic aid program has already been sent to the Congress this year.

Q Coming back to the second paragraph in the context of participating in the World Bank, etcetera, if I remember right, the plan was frozen in the World Bank. Does this mean you want the World Bank to start it again, or is it a question of an economic mission being sent to India?

MORE

MR. MOYERS: This would refer to whatever money is in the pipeline through the World Bank and whatever additional money the U.S. plans to put through the World Bank.

Q Mr. Verghese, does the Prime Minister feel she accomplished her purposes in this visit?

MR. VERGHESE: I think she is generally very satisfied with the results of the visit.

Q Bill, the President said earlier that the U.S. might have to ship to India as much wheat as the U.S. consumes in one year. That is roughly 17 or 18 million tons, I found out. Is that figure correct?

MR. MOYERS: I don't know anything about that figure, Bill. The answer to your question will be in the text tomorrow morning.

Q Bill, in the first paragraph at the top of page 2, regarding Vietnam, "The Prime Minister explained the continuing interest and efforts of her country in bringing about a just and peaceful solution of this problem."

What are some of these efforts? Is this collateral, part of the ICC, or what?

MR. VERGHESE: This is part of India's chairmanship of the ICC. As Chairman of the ICC and as a country, too, we are willing to take whatever initiative we can, whenever any opportunity offers, to explore every possible avenue towards a settlement.

Q Does this anticipated assistance apply to Pakistan, too?

MR. MOYERS: This relates to India.

Q Do you have any idea that such kind of assistance would be extended to Pakistan when the assistance to India will start?

MR. MOYERS: No.

Q Bill, was there any discussion in the meeting between the President and Mrs. Gandhi about the World Bank's recommendation that India take off the economic and import tolls that it has had so many years as an incentive to outside investment?

MR. MOYERS: I don't believe they got into that kind of a specific.

Q Did the advisers?

MR. MOYERS: It is quite possible they did.

Q Can you tell us about any conclusions that were reached?

MR. MOYERS: No.

Q Bill, I got in late and this question may have

MORE

been asked. Was there anything in the discussion that led the Indian Government to feel that our post-Kashmir war restrictions are now gone?

MR. MOYERS: I am not sure that I understand the question.

Q Well, the restrictions on economic aid that we put on during the recent war in Kashmir. Are those now ended?

MR. MOYERS: I don't know what restrictions you are referring to. I think everyone is aware of the President's feeling that through self-help measures it is possible for recipient nations to increase the effectiveness of our assistance. I think, also, everyone is aware that the President is concerned that assistance which goes to any country is used for national development rather than other purposes.

I think that is touched upon in the communique. The President quite strongly applauded India's efforts in the field of self-help measures, particularly agriculture. Again, that will be a subject touched upon in the message tomorrow. I think that was one of the last points the President made in the meeting in the Cabinet Room a minute ago, that from --

MR. VERGHESE: -- 1950 to 1965 there has been a 75 percent increase in agricultural output in India, food grains output in India.

MR. MOYERS: It is that kind of increasing activity on the part of the Government that the President believes best enables our assistance to be utilized.

Q Bill, we note that Mrs. Gandhi extended a warm invitation to the President to visit India. Will he?

MR. MOYERS: This was the last thing he said to her as the meeting broke up that he would like to do it, if the situation presents itself and circumstances permit it.

Q There is no definite date?

MR. MOYERS: No definite date or time. She did not even propose a specific time.

THE PRESS: Thank you.

END

87
India econ.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

OFFICE OF
THE ADMINISTRATOR

March 29, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Additional Indian Food Requirements

I fully endorse the types and amounts of food assistance to India proposed in your message to the Congress.

As you know, my colleagues in this agency and I have been giving much attention to the problem of Indian food import needs. It is our conclusion at this time that the Indians will need about 7 million additional tons of food grains this year. This estimate takes into account all grain heretofore authorized under PL 480 or acquired from other sources, except the recently announced Canadian offer to increase its gift of wheat and flour by about 900,000 tons.

The proposed vegetable oil and milk powder programs will be most helpful, particularly to mothers and small children who are most vulnerable to malnutrition. Cotton and tobacco supplies will help alleviate India's serious foreign exchange shortage.

David E. Bell
David E. Bell

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

88

Saturday
March 26

Mr. Saunders

Hal -

While Bob K sent this
over for info only, I thought
that he or you might
be interested in
Paul Forstenbergs comments

Bett Macomber

LIMITED OFFICIAL USE

UNITED STATES GOVERNMENT

Memorandum

LIMITED OFFICIAL USE

India Econ.
WF
Firstenberg

TO : Mr. William B. Macomber, AA/NESA

DATE: March 25, 1966

FROM : ^{PBF} Paul B. Firstenberg, NESA/CDF

cc Rees
88a

SUBJECT: Ewell Letter to Komer

I cannot agree with Professor Ewell's suggestion that the President offer now to finance the construction of five fertilizer plants without imposing any requirements as to who owns and operates such plants.

At present, we are willing to assist in financing any fertilizer plant if an experienced foreign operating company makes a significant investment in the plant and manages it for a period of years - regardless of whether the collaboration is with Indian private interests or the Indian Government. (We are thus presently willing to finance public sector plants - viz, the Madras project 51% of which will be owned by the GOI and 49% by AMOCO.) To go beyond this policy and agree to finance plants entirely owned and operated by the Indian public sector - as Ewell in reality recommends - would be unwise at this point in time because:

- (a) the GOI has yet to meet its target for attracting private investment in this field, and in our judgment has as yet not made an adequate effort toward meeting this goal, and
- (b) the record of actual performance of India's wholly public sector plants has been so poor to date as to make such plants a very poor investment risk.

As a key official of the Ministry of Petroleum and Chemicals said privately, "if you are going to talk about the record, I cannot argue that the U. S. should support public sector fertilizer plants." (Viz: public sector plants have taken an average of seven years to get into operation when construction and start up should take a maximum of three years even under Indian conditions, and such plants in the aggregate are currently operating at about 60% of rated capacity and are producing high cost fertilizer.)

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*Just holding for a
minute*

*88b CC Memoos +
etc only to*

March 22, 1966

*WM
WF
Rebs*

MEMORANDUM FOR BILL MACOMBER

Here's a batch of material from a responsible guy. You're in a better position than I am to put it to use. I see problems in avoiding the public-private issue as he does but pass this on for whatever you may find useful in it.

Rsk

R. W. Komer

India
econ

March 25, 1966

FOR: Bill Moyers
Bob Komer

FROM: Harry C. McPherson

Congressman Mahon gave me this. It may be indicative
of Indian opinion on our efforts to transform their
agricultural economy.

From Owen Berg, KSTP, St. Paul, Minn. on the NBC Farm Review, March 6, 1966

An economist from famine threatened India has sharply criticised United States food policy, but was challenged on many points by a former top level Agriculture Department adviser. The Indian economist is Dr. R. Krishna, a former member of India's agricultural price commission, who is now a senior research fellow in economics at the University of Delhi, and is currently a visiting research fellow at Massachusetts Institute of Technology.

In a guest appearance on the campus of the University of Minnesota, Krishna stated that President Johnson's use of food as a club to force changes in India's farm policy is a symbol of foreign domination which, said Krishna, the proud and sensitive people of India find abhorrent. Such an open display of power, Krishna added, threatens U.S. prestige in India and undermines Indian officials who are desperately trying to solve the nation's mounting food problem.

A people as proud as are those of India, Krishna went on, would rather do without food aid if strings are attached. "We would rather continue to starve than to allow our agricultural policy, or any other policy, to be dictated from Washington," Krishna declared. He called American power plays in this area "cowboy diplomacy" generated by a man he referred to as "the crudest American president in recent history". Krishna said there is no reason for the U.S. to try to force India to alter agricultural policies. The Indian economist went on, he feels his nation's agricultural investment is already adequate and that policies governing use of this investment have so improved since 1962 that there is actual hope for an ultimate solution, possibly even within a decade. Krishna also stated that a major factor limiting change in Indian farm policy would be what he described as a weak, cumbersome, largely incompetent nature of entrenched bureaucracy. And he further chastised the U.S.

for taking action which, said Krishna, make the Indian officials who seek genuine reform appear to be U.S. puppets.

Krishna was disputed on a number of points by Dr. Willard Cochrane, economic advisor to Secretary Freeman from 1960 to '64 and currently Dean of International Programs at the University of Minnesota. Cochrane said that while Krishna is a brilliant man, he is overly optimistic about many of India's policies and programs, that they have not changed enough to warrant any real hope for a solution to her food problems in the near future. Furthermore, says Cochrane, the United States not only has a right but a responsibility to force India's hand in agriculture because, in Cochrane's view, the U.S. cannot risk a political chaos a famine would generate nor can she continue to fill, or attempt to fill, the Indian food gap with handouts. Cochrane agreed ~~with~~ with Krishna that the U.S. may be heavy-handed in stating its objectives in regard to Indian farm policy, and that more finesse might be used. Every man has his pride, says Cochrane, and the Indian has more than his share. But instead of rubbing his nose in the dirt, as Cochrane phrased it, with a monthly food negotiation, long term arrangements should be continued and firm pressure applied in this area. This would result in Indian cooperation without embarrassing Indian officials at home, Cochrane said.

Krishna, however, steadfastly maintains India is already on the right track toward significant agricultural advances. He says India's farm policy has been changing steadily since 1963 so that 20% of the development budget now goes directly to agriculture and that similar amounts are now spent on fertilizer plants, steel mills and transportation, which he said, benefit agriculture. Krishna added that while less than 20% of India's crop land is now irrigated, the government realizes this must be expanded, to a least 80% of the acreage.

In the area of seed research, Krishna said, new rice and wheat varieties promise five-fold production hikes, in the near future, and that ten billion dollars is to be spent spreading this information throughout India in the next decade. And in the field of birth control, Krishna said, the new interuterine device which is being distributed on a large scale, promises to check India's extremely high birth rate. But again, Cochrane says, Krishna is overly optimistic. Although India did achieve food gains in the 1950's says Cochrane, she had to throw all available land into production to do it, and now in the 60's, the food gap is still widening. As for technological gains, Cochrane said, it will take a lot longer than Krishna thinks, to expand new technology to 60 million farmers and 400 million acres. As for birth control, Cochrane says, it will be an awesome task distributing birth control devices to a population of more than 490 million. And finally, concluded Cochrane, and most important, he says that his own personal visits to India, the most recent of which was made last year, gave him no indication that Indians had changed their minds about agricultural investments. And that investment, even though Krishna ~~xx~~ argues to the contrary, said Cochrane, is still inadequate. In Cochrane's words, much of their money is going into schools, transportation and army and health facilities, all of which are important, but, emphasized Cochrane, it's a question of priorities, and the Indians still have to be convinced that their agriculture must have a far higher priority. This is Owen Berg reporting.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

90
India
econ

March 24, 1966

MEMORANDUM

To: The President
The White House

From: Orville L. Freeman
Secretary of Agriculture

Subject: Logistic facts pertinent to India Foodgrain Situation,
Cotton and Vegetable Oil

1. As reported, the movement of grain into India is on schedule. Sorghum has given us some serious problems and does lower capacity limits in pneumatic unloading equipment, but we have managed to stay ahead. Necessary delays in making the last allotment cut sharply our lead time for moving grain out of the United States but by making "all out" efforts we have so far stayed on schedule.
2. The arrivals in India will be as follows:

March	1,000,000 tons
April	1,250,000 "
May	1,290,000 "
June	990,000 "
July	175,000 "

3. Logistic Problem

A minimum of 30 days lead time is necessary to book ships and move grain if a heavy strain on our already over-taxed transportation system is to be avoided. We can again, if necessary, make the Indians book ships in advance, move grain in anticipation of purchases and shipments not certain to be made and demand on short notice priorities for internal handling and transport. However, to do this involves additional cost, possible loss of commercial export markets, interference with other commodity movements, and inefficiencies in the utilization of very scarce boxcars. If we are to avoid such additional strain some additional grain for India should be allotted by April 15. Then ships could leave North American ports in late June or early July without disrupting the already heavily taxed supply lines. An authorization of 1 1/2 million tons of grain to be released as Prime Minister Gandhi departs or perhaps included in your message to the Hill would give us the necessary cushion to schedule and handle shipments efficiently until a final decision for the balance of the year is worked out.

MAR 24 1966

2--The President

4. There are two other commodities that India has requested and needs which we can make available to them and at the same time serve our own domestic political ends.

A. Cotton

We have, as you know, a big surplus of cotton on hand. It is expected to reach 16 1/2 million bales, an all-time high, by August 1. The cotton industry, currently using Bob Poage as the instrument, is trying to write into the Food for Freedom Bill restrictions on making food available to countries who produce cotton.

You will recall the colloquy I had with Poage when I appeared before the House Agriculture Committee on this subject.

It would be helpful to resist a damaging amendment to the Food for Freedom bill and generally pleasing to the cotton people if we responded to the Indian's request for 327,000 bales of cotton (estimated value \$50 million) under Title I of P.L. 480. We have made cotton available in the past. India needs the cotton. Their production suffered from the drought, textile mills are working at less than capacity and some have closed with resulting unemployment and labor unrest. The availability of American cotton would contribute to meeting India's general overall economic problem.

B. Vegetable Oil

Drought conditions have adversely affected peanut producing areas in India. As a result production of vegetable oil has declined about a billion pounds. Indian users have requested the Indian Government to import 300 million pounds under P.L. 480. We could provide 1/4th of this amount, 75 million pounds, within the quantity which we have determined can be made available for programming without undue pressure on prices. This will please the vegetable oil people who are unhappy that we have cut back ~~soybean~~ exports under P.L. 480.

91


DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

March 23, 1966

MEMORANDUM FOR Mr. Harold Saunders

Hal,

Attached is the memorandum
on the status of Indian agricultural
program commitments which you asked
for last weekend.


Walter G. Farr, Jr.
Deputy Assistant Administrator
Bureau for Near East and South Asia

Attachment: a/s

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When with Attachment

MAR 24 1966

91a Jackson

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DRAFTED: 3/24/66

INITIALED:

INFORMATION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

FROM : Paul B. ^{PBF} Rosenberg, NESA/CDF
Room 6929-NS

SUBJECT: Status of Indian Agricultural Program

The substance of the new agricultural policies adopted by the Indian Cabinet are set forth in Minister of Food and Agriculture Subramaniam's December 7 speech to the Indian Parliament (in which the policies were first publicly announced), a letter from the Minister to Secretary Freeman dated December 13, 1965, and in the December 18 exchange of letters in connection with the \$50 million fertilizer loan. For the most part it is too early to evaluate the extent to which these policies have been implemented. The major new policies - and the degree of their implementation to date - are:

1. Higher Priority for Agriculture

Agriculture is to be given the highest civilian priority in the allocation of internal and foreign exchange resources. Even if the Government's resources are limited, it will not reduce the allocations for agriculture. As a first step the GOI will increase expenditures for agriculture for the Indian fiscal year 1966-1967 by 40% - 50% over the previous year's level.

Implementation

The new budget announced on February 28 reflects the promised increase in budget allocations for agriculture even in the face of an overall reduction in projected expenditures for development.

2. Increasing the Consumption of Fertilizers

An ambitious consumption target of $1\frac{1}{2}$ million nutrient tons of fertilizers (nitrogen, phosphate and potash) was established for 1966-1967 and higher goals for each of the following four years. To

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MAR 31 1966

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- 2 -

meet this year's consumption target, the GOI has agreed to expend \$81 million of non-A.I.D. resources for fertilizer imports during the 1966-1967 crop season in addition to the \$50 million made available for this purpose under the December A.I.D. loan.

IMPLEMENTATION

As the Indian fiscal year 1966-1967 does not end until March 31, 1967, it is too early to make a final appraisal of whether this year's fertilizer consumption goal will be achieved. Preliminary indications are that, while the GOI has been expending the promised sums for fertilizer imports and fertilizer supplies will be substantially greater than in previous years, supplies still will not increase rapidly enough to meet the 1 million ton consumption target. Subramaniam has himself estimated the presently anticipated shortfall for 1966-1967 at about 400,000 nutrient tons. Increases in the price of imported fertilizers and lower than anticipated Indian production appear to be the principal reasons why consumption is unlikely to reach the targeted level. Domestic production has been, in part, held back by shortages of hydro-electric power stemming from this year's drought.

3. Attract Foreign Investment

The GOI has agreed to do whatever it reasonably can to reach agreements by July 1 with foreign private companies for the establishment of 1 million tons (nitrogen equivalent) of new fertilizer capacity. The GOI has further announced two major changes in policy designed to encourage foreign investment in fertilizer producing facilities:

- (a) Elimination of controls on price and distribution for a period of seven years for plants affiliated with foreign firms.
- (b) Establishment of a high level fertilizer committee to negotiate new projects and break bottlenecks in the construction of plants.

IMPLEMENTATION

Decontrol of prices and distribution is to go into effect with respect to a foreign affiliated plant when the plant begins commercial production. No foreign affiliated plant has as yet reached this stage. The Fertilizer Committee has been established but the Committee does not yet have in our opinion adequate staff or institutional support to fulfill effectively its responsibilities, particularly in breaking bottlenecks in the construction of plants.

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- 3 -

At this point in time it appears that by July 1 the GOI, at best, will reach agreement with foreign firms with respect to 500,000 to 660,000 tons of additional productive capacity. Part of the failure to reach the targeted one million ton goal must be attributed to the impact on potential investors of the U.S.G.'s reduction in economic assistance, the Kashmir conflict, and Shastri's death. These events have made it particularly difficult to overcome, in the mere three months that have followed December's policy announcements, the pre-existing deep skepticism on the part of most potential investors about the desirability of investing in India. A considerable amount of time and a concerted effort on the part of the GOI will be required to change such attitudes, even under favorable political and economic conditions. Accordingly, further changes in GOI policies affecting private investment in the fertilizer field are needed as well as the mounting by the GOI of a major promotional effort to attract such investment. (GOI officials have stated that a recruiting drive of the U.S. and other developed countries will be made by a high level GOI team following the Gandhi-President Johnson talks.)

4. Other Changes

Steps are also to be taken by the GOI to:

- (a) Expand the volume, and diversify the sources, of agricultural credit.
- (b) Increase the availability of seed.
- (c) Intensify efforts to improve the availability of water.
- (d) Increase the output of fertilizer plants by, among other things, giving a high priority to allocating foreign exchange for the import of raw materials required by such plants. The efforts to provide more seed and water are initially to be concentrated in high yield farming areas.

IMPLEMENTATION

It is too early to appraise whether these various policies will be effectively implemented. Early indications are that the Government is making a start in these areas, though we would like to see these efforts accelerated and expanded.

Concurrences: WGFarr, Jr., AA/NESA (Draft)
HRees, NESA/SA (Draft)
WFurst, NESA/SA (Draft)

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~~CONFIDENTIAL~~

92 32.
Food

PROPOSED MEMORANDUM TO THE PRESIDENT FROM SECRETARY RUSK

SUBJECT: Food Aid for India

David Bell and I strongly support Secretary Freeman's recommendation for a further allocation of 3 million tons of PL 480 grain for India. I further recommend that you tell Mrs. Gandhi of your decision during your talks with her and that you ask her views on the best timing for a public announcement. She has been attacked in Parliament by opponents who describe her visit here as a begging mission and the Indians have indicated to us that they prefer not to have major new aid commitments announced during the visit.

Our estimate of the Indian food problem remains substantially unchanged and Mrs. Gandhi continues to identify it as her biggest immediate problem.

The Indian Government is confident that it can stay on top of a very difficult supply problem if the rate of grain arrivals is maintained. So far price rises have been successfully restrained and essential supplies have moved to meet critical shortages. The most difficult period will be the interval between the end of the spring harvest in May and June and the beginning of the main rice harvest next October. Three million more tons would carry through until September.

If foodgrain distribution channels fail to keep at least minimum supplies moving to shortage areas (especially Kerala and the major cities such as Calcutta where rioting has already occurred), Mrs. Gandhi will face an acute crisis. Her government has not yet consolidated its position and is beset by serious internal problems, only one of which is food. I believe that the inability of the Government to feed its people could easily lead to much greater violence than we have yet seen. This, combined with the other political problems Mrs. Gandhi faces could deter her from moving ahead to solve her longer run economic problems. It is therefore in our interest and I hope within our power to prevent this.

If port and distribution facilities are to be fully utilized during the critical spring and summer months, a further allocation of foodgrains should be made by April 15 at the latest. All the wheat previously authorized is expected to be shipped by May 10 and the sorghum by the end of June. To avoid a decline in the rate of grain shipments, shipping arrangements must be completed by the latter part of April for at least the 600,000 additional tons of wheat to be shipped in May.

GROUP 3

Downgraded at 12-year intervals;
not automatically declassified.

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DECLASSIFIED
E.O. 13292, Sec. 3.4
State Dept. Guidelines
By jc, NARA, Date 4-28-04

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CONFIDENTIAL

-2-

The amount recommended for the next increment of food aid-- 2-1/2 million tons of wheat and 1/2 million tons of sorghum-- would carry through until September when we can consider preliminary reports on the outlook for the next crop. We should also by then be in a better position to assess Indian self-help and the contribution of other countries. A smaller authorization would represent a reduction from your announcement of 3 million tons on February 4, 1966. A 3 million ton program would permit more efficient planning of procurement operations and significant economies of transport than would a smaller one.

International Assistance

Other country assistance offered or under consideration has reached a total of about \$87 million, including non-official public subscriptions in the Netherlands, Italy and Germany of some \$18 million. Of the total the amount offered in wheat is up to about 270,000 tons, with more promised by Canada (announcement probable within the next month). I believe, however, that more help should be expected from other countries.

A 3 million ton commitment on our part would leave a gap of 2 to 3 million tons of grain needed to meet the 11 to 12 million ton requirement estimated for this calendar year. (Our recent information indicates that, if anything, the estimated requirement is too low.)

I believe the Indians can still do more to get more help from other countries. I suggest that you make our views on this known directly to Mrs. Gandhi during your talks with her.

CONFIDENTIAL

March 22, 1966

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India 4-1-66 93

RWK:

March 22, 1966

Raymond Ewell--a respectable India expert--has written you (attached) proposing that the President offer Mrs. Gandhi 5 fertilizer plants at a cost of \$350 million, half of it in rupees. In essence, he argues this would make as big a splash as any Bokaro--and hit the crucial fertilizer problem at the same time.

He recommends we avoid the public-private argument, and there's a big question whether we want to evade that issue now that we may be on the threshold of a breakthrough which could have economy-wide implications. But the idea is certainly worth passing on to AID.

So I've drafted a reply to Ewell's letter and a note to put this in Macomber's basket.

Done
H
Send to Freeman and
HHS
Kare as well, saying
I asked you to do so.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

March 16, 1966

94
India Econ
x 44 W
A.P.D.

MEMORANDUM

To: The President
The White House

From: Orville L. Freeman, Secretary of Agriculture

Subject: Visit of Dr. B. F. Sen, Director General of the
Food and Agriculture of the United Nations

Dr. Sen has taken leadership in action to get other nations to contribute their share toward combating hunger in India and elsewhere in the world. He gave unqualified, affirmative response to our approach to multilateral bodies when he offered FAO's Freedom from Hunger campaign as a means of providing multilateral assistance to Vietnam. He is also taking the lead in developing an FAO plan for assisting developing nations in acquiring essential inputs for agricultural progress. He has just spent a month's home leave in India.

Dr. Sen will be in Washington for a few days beginning March 25, and would deeply appreciate an opportunity to see you. He would like to personally express his appreciation for your leadership in Food for Freedom and to affirm his desire to cooperate.

I know this is an especially busy time, but I believe it would be worthwhile if you could see him, perhaps on the 25th, or before Mrs. Gandhi's visit. I will be glad to pursue this if you can find time for such an appointment.

Memorandum
7-139-
3/16/66

Mr. Saunders

~~Attk~~
~~personal~~
96

This came out with my note that Durand had called again so I guess he does not intend to make the call.

mm

95a

THE INSTITUTE FOR ADVANCED STUDY
PRINCETON, NEW JERSEY 08540

SCHOOL OF HISTORICAL STUDIES

March 16, 1966

Mr. Robert Komer
White House
Washington, D. C.

Dear Bob:

Dana Durand has asked me to alert you to the fact that he would like to come and see you sometime in the next week or so. You know Dana as well as I do; but he was helpful on Italy, and I hope you will have a moment to see him.

Yours ever,



Arthur Schlesinger, jr.

ASj:sm

956
2/14
sum

March 17, 1966

RWK:

Durand and Schedler came in yesterday (they insisted and I thought this might take the heat off you).

What they really want--though they are darned fuzzy in explaining it--is for somebody from top side to prod their project out of AID. Bart Harvey tells me it's in the works and not ready for decision yet. Personally, he doesn't think it will make the grade (a) because the World Bank and private companies are already deeply into this field and (b) because Durand just doesn't impress them as the kind of precise, practical mind that should manage a research effort like this.

Durand keeps trying to link this to the Gandhi Visit. When I said I was sure that agriculture and fertilizer will be top priority subjects of discussion during the visit, he couldn't tell me what more he would like to see done. But then he started running on again about the urgency of doing something before the Gandhi Visit. He is trying now to get to the Vice President through some of his ADA associates.

Durand claims that the World Bank has said his study would be a useful complement to what they are doing. I told him he would have to let AID judge that.

While I agree wholeheartedly with your ignoring him--I really have never been so frustrated in trying to get somebody to say precisely what he wants.--If you want to do anything at all, a call to Gaud would be about all that is reasonable.

A.
HHS

STATE UNIVERSITY OF NEW YORK AT BUFFALO

(Formerly The University of Buffalo, Founded 1846)

Buffalo, New York 14214

Vice-President for Research

March 14, 1966

Telephone 716-831-2506

Mr. R. W. Komer
Deputy Special Assistant to the President
for National Security Affairs
The White House
Washington, D. C.

Dear Mr. Komer:

Re: Fertilizer for India

Thank you for your letter of December 20, 1965, in reply to my letter of December 10 to the President regarding India's food crisis.

In this letter I want to make a specific suggestion for the President in connection with his forthcoming talks with Prime Minister Mrs. Indira Gandhi. My suggestion is:

The United States should offer to build five large modern fertilizer plants in India with a total capacity of 1,500,000 tons of plant nutrients, comprising 1,000,000 tons of nitrogen and 500,000 tons of phosphate fertilizer. The total cost of five such plants would be about \$350 million, of which \$175 million would be in the form of equipment and technical assistance from the United States and \$175 could be P.L. 480 rupees for land, buildings, etc.

In my letter of December 10, my 11th point concerned India's need for fertilizer, and I stated: ". . . It may be necessary for the United States and other governments to take a more positive approach to helping India develop her fertilizer industry." What I meant by this statement is that since all the approaches of the past 10 years have failed to develop India's fertilizer industry to an adequate level, and in my opinion will continue to fail, a more positive approach will have to be taken by the United States and other governments interested in helping India, if India is to produce the fertilizer she needs to increase her agricultural production.

I have been in close touch with the development of the fertilizer industry in India for 10 years, and I follow developments there very closely on a week-to-week basis. Since 1959 I have written four reports on the Indian fertilizer industry for the Ford Foundation and the Government of India (list appended).

It would be a long story to go into the history of the past 10 years and to explain why both the public sector and the private sector have failed to produce enough fertilizer to meet India's needs. In a nutshell, there have been two reasons: (1) the public sector has not been able to do the job because of a shortage of capital to buy equipment, and (2) the private sector has not done the job because the conditions of investment were not sufficiently attractive to foreign private capital. The past approaches

3/14/66

have failed, and I do not believe a continuation of past approaches will do the job. In December 1965 the Indian cabinet made certain broad policy decisions regarding foreign private investment in the fertilizer industry, which are in the right direction, but it is still problematical whether these decisions will be adequate to attract enough private capital to do the job.

There are many factors involved in increasing agricultural production in India--fertilizer, seeds, irrigation, pesticides, farm equipment--but among these, more fertilizer is by far the most important factor and also the most difficult one for India to obtain on her own resources. For example, India's consumption of fertilizer was 3 lb. per acre in 1963-64 compared to the Netherlands at 500 lbs. per acre, Japan at 265 lbs. per acre and the United States at 46 lbs. per acre.

India will need very large quantities of fertilizer if her agricultural production is to be increased enough to avert widespread famine in the next few years. Consider the following comparative figures:

1. India's consumption of fertilizer in 1964-65 was 750,000 tons, about half produced in India, about half imported.
2. India's official target for production and consumption of fertilizer in 1970-71, the last year of the Fourth Five-Year Plan, is 3,350,000 tons, including 2,000,000 tons of nitrogen, 1,000,000 tons of phosphate and 350,000 tons of potash.
3. The Committee on Fertilizers of the Indian Ministry of Food and Agriculture has recommended that the 1970-71 target should be increased to 4,100,000 tons.
4. My estimate of India's probable production of fertilizer in 1970-71 is 1,600,000 tons, if present approaches to fertilizer supply in India continue (see my paper of 2/17/66 attached).
5. If India were to consume fertilizer at the same rate per capita as Japan, they would need 9,000,000 tons of plant nutrients.

These figures are all in terms of plant nutrients--nitrogen, phosphate, and potash. Gross weight of fertilizer would be approximately three times the weight of plant nutrients. In order to put these tonnages in terms of dollars, an approximate rule of thumb is \$200 per ton of plant nutrient. Plant nutrients will increase grain production in the ratio of about 10 to 1, i.e. one million tons of plant nutrients will increase grain production by about 10 million tons.

India today has 6 large fertilizer plants in operation and 4 more under construction which will be completed in 1967 or 1968. Of these 10 plants, nine are in the public sector and only one in the private sector. These 10 plants have a total capacity of 1,100,000 tons of nitrogen and phosphate, but for a number of technical reasons they probably cannot produce more than

3/14/66

about 900,000 tons. By comparison, the United States has nearly 100 large fertilizer plants with a total capacity of nearly 10,000,000 tons of nitrogen. India needs more fertilizer badly; they need fertilizer more than they need anything else (except food for the immediate emergency); and they need it soonest.

One basic fact that the President should realize is that fertilizer is big-time politics in India. U.S. politicians are not accustomed to thinking of fertilizer as a big-time political issue, but it certainly is in India. In fact, you might say that fertilizer looms as large in Indian politics as Vietnam does in U.S. politics.

If the President should give favorable consideration to my suggestion of offering to build five large fertilizer plants in India, this would be the biggest, most dramatic foreign aid announcement ever made by the U.S. government. It would have an electrifying effect throughout the world. If you think back over the past 18 years of the U.S. foreign aid program, totally over \$100 billion, there hasn't been a single project that was big enough and dramatic enough to make world headlines. Our foreign aid has gone into a large number of small and medium-sized projects which have all been good, but they haven't been big enough individually to make any headlines. My suggestion of five large fertilizer plants for India would be a real headliner.

Also, if the President should give favorable consideration to this suggestion, I would suggest that the President not qualify his offer in any way or get involved in any ideological hair-splitting over whether these plants should be private sector or public sector. He should simply tell Mrs. Gandhi the United States will build five large fertilizer plants, period, and work out the details later as to how they are going to be built and who is going to own and operate them. These are secondary details compared to the primary fact that India must have more fertilizer (or more imported food) to survive.

Also, the question of where five fertilizer plants should be built is not an important matter to be considered at this time. The industrial experts in the Government of India know where such plants should be built for optimum relationship to raw materials and markets. There are plenty of good plant sites--Agra, Delhi, Cochin, Vijayawada, Durgapur, Haldia, Banaras, Barauni, Mangalore, and others. Also, the President should know that India has some outstanding fertilizer experts, equal to any in the United States. The Indians are quite advanced in fertilizer production knowhow--for example, the Indians are way ahead of the Russians in fertilizer technology. What they lack is capital to buy the complex plant equipment which is available only from the United States, Western Europe and Japan. Even the Soviet Union does not produce the modern types of fertilizer plant equipment now being used in U.S.A., Western Europe and Japan. Therefore, this is one area where the United States can do something for India that the Soviets can't do. In steel mills, electric power plants and oil refineries, the

Mr. Komer

- 4 -

3/14/66

Soviets can do just as well as we can, but in fertilizer plants the Soviets are way behind. It is a matter of record that no communist country has ever built or offered to build a fertilizer plant in a developing country.

If I can be of any assistance in supplying more information on any aspect of this letter, I am at your service.

Sincerely yours,

A handwritten signature in cursive script, reading "Raymond Ewell".

Raymond Ewell
Vice-President for Research

RE:me
Encls.

3/14/66

Reports on Indian Fertilizer Industry

by Raymond Ewell

"Development of the Nitrogen Fertilizer Industry in India."
May 7, 1960

"India's Fertilizer Industry During the Next Decade."
September 1961

"Outlook for Attaining Fertilizer Production Targets in the
Third and Fourth Plans."
March 5, 1963

"Increasing Fertilizer Production in India."
December 20, 1965

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India econ.

~~CONFIDENTIAL~~

MEMORANDUM TO: Mr. Harold Saunders

March 8, 1966

I only spent 28 percent of my time fighting the problem. Your memorandum is as complicated and impossible as is the problem. As a whole it argues well against any formula and is, therefore, satisfactory.

The most important objective should be to avoid a formula which stops the flow of grain before June 30. We need to authorize another 1.5-1.7 million tons in April. That should take us into shipments departing in June.

Is our problem that we do not have the grain, or that we would prefer dollars to rupees? If it is the latter, we might consider selling grain under Title IV to the extent of matching contributions of items other than grain such as shipping, fertilizer, etc. But I would not complicate your "simple three-phase formula" at this time.

I have clipped in two inserts and made several other comments in pencil on the text.

W. G. Farr, Jr.
Walter G. Farr, Jr.
Deputy Assistant Administrator
Bureau for Near East and South Asia

DECLASSIFIED
E.O. 13232, Sec. 3.4
State Dept. Guidelines
By je, NARA, Date 4-28-04

~~CONFIDENTIAL~~



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

March 4, 1966

98
India Econ
Orig. to President
3/5/66.
with Rusk memo.

MEMORANDUM

To: The President

From: Orville L. Freeman
Secretary of Agriculture *Orville L. Freeman*

Subject: Review of the India Food Situation

Official estimates of foodgrain production in India are still holding at 76 million tons. Grain imports from all sources are expected to average about a million tons monthly in March, April, and May.

Grain procurement and efforts at belt tightening are moving slowly. Rationing programs instituted thus far cover 34 million people or 7 percent of the total population. An additional 20 million may be added by June 1, bringing the total up to 11 percent. This will cover most of the major urban centers but very little of the country outside these centers.

The riots in Kerala protesting the lack of rice have subsided for the present, but scattered food protests and demonstrations are occurring elsewhere in India.

Dissatisfaction with food policies

At the annual convention of the Congress Party, the Government's food production and distribution policies came under fire. Minister Subramaniam, as Minister of Food and Agriculture, bore the brunt of the attack.

At times the Party Leaders nearly lost control of the convention delegates who were loudly demanding the abolition of the food zones. Most of the criticism came from the deficit states, which this year out-number the food surplus states by about 3 to 1.

PRESERVATION COPY

2-The President-March 4, 1966

At one time Minister Subramaniam threatened to resign. This is not the first time he has used this threat, but there is probably a limit to the number of times this tactic can be effectively used. There is little doubt but that Subramaniam's position has been weakened somewhat by the current crisis and the unrest and dissatisfaction it has generated.

Subramaniam appears to be fighting hard to implement the policies agreed upon in Rome. Despite the fact he got Cabinet and Parliament concurrence, he has been facing some strong opposition. At the annual convention of the Congress Party, Subramaniam was openly reprimanded by Congress Party Chief Kamaraj for having signed an overly generous agreement with an American firm permitting it to construct and operate a fertilizer plant. Subramaniam insisted that the Indian Government must live up to its agreement and he prevailed.

Subramaniam was also criticized by Kamaraj for the recent decision to permit foreign private investors to price and market their own fertilizer. Again he held his ground and won out. Kamaraj later partially retracted his criticism of Subramaniam, saying that in fact this decision was made by the Government of India.

The 1966/67 crop

We are thinking ahead to the 1966/67 crop in India. Historical records indicate that crop production does not usually recover completely after a serious monsoon failure such as that experienced this past year, even if the next monsoon is a good one.

Reports of serious and worsening power shortages indicate water levels in irrigation reservoirs are far from optimal.

Scattered readings of soil moisture levels indicate these are far below normal throughout most of the Indian subcontinent.

Fertilizer supplies for 1966/67 crop

A third key factor affecting the 1966/67 crop and on which we already have some information is fertilizer supplies. As things now stand, supplies of all three major nutrients will be well below the levels for 1966/67 agreed upon in Rome.

3-The President-March 4, 1966

Nitrogen fertilizer supplies are expected to range between 700,000 and 800,000 tons. This is up from the 550,000 tons used in 1965/66 but far short of the 1,000,000 ton level agreed upon in Rome. We do not have complete data on phosphate and potash supplies for 1966/67 but the shortfalls may be even greater than for nitrogen.

The Indians have used all of the \$50 million loan you announced on December 10. They more than matched that loan with foreign exchange of their own as they had agreed they would. Even so, they are falling far short of targets. Several factors account for this.

Fertilizer prices have risen sharply over the past several months. Our \$50 million loan did not go nearly as far as it would have a year or two ago.

World supplies of fertilizer raw materials, particularly sulphur, are in short supply. The inability to obtain adequate supplies of raw materials coupled with the failure to allocate enough foreign exchange for spare parts has prevented domestic plants from operating at anything near full capacity.

Getting fertilizer consumption up to target

It now seems quite clear that fertilizer consumption will be well below target in 1966/67 unless strong action is taken. We might very well press Mrs. Gandhi to find enough foreign exchange to get fertilizer consumption up to the agreed upon levels. It appears that Subramaniam could not carry the point alone again. From a political point of view, it would be very desirable to involve Mrs. Gandhi more directly in agricultural policy making. This would take some of the direct pressure off Subramaniam.

I recommend we use every way possible to get them to free enough of their own foreign exchange to get fertilizer consumption up to target. If this does not work, I would suggest we urge them to go again to some of the other advanced countries such as West Germany and Japan asking them to supply specific quantities of fertilizer on concessional terms so they can meet their consumption targets. These additional fertilizer needs would total about \$100 million. After all, they did not have any great qualms about asking us for \$750 million worth of foodgrains.

4-The President-March 4, 1966

If we decide none of these will work, you might want to consider an additional \$100 million loan to be used specifically for fertilizer, fertilizer raw materials and spare parts. One pound of fertilizer produces on the average 10 pounds of grain. Fertilizer supplied now will reduce the amount of grain we will be asked to contribute next year. If we let them off this year, it will be almost impossible to get them back on target in subsequent years.

Preparing for Mrs. Gandhi's visit

Later this week I am sending Les Brown, my key India expert, to India to take a last reading of conditions there before Mrs. Gandhi comes here. He will take a close look at the progress, or lack of it, in getting new fertilizer plants under construction, and in carrying forward the Rome agreement.

Brown will also be investigating the feasibility of attempting to shift cotton land into the production of foodgrains in India. If this proves feasible, we could work off some of our heavy cotton stocks under P.L. 480 while reducing their import needs for U.S. wheat.

This proposition seems logical on the face of it, but will need to be examined in terms of the economic implications, particularly to the producers involved, as well as the political overtones.

The fact that Poage brought this up in an open hearing and that it got in the newspapers means it has already reached India. It may have created political problems for Subramaniam and will possibly create more if we try to move in this direction.

Nonetheless, I have discussed it with leaders in the cotton industry and also cotton Congressmen and Senators and we will thoroughly investigate it.

I will send you a complete up-to-date report when Brown returns.

Section
99 India food

February 25, 1966
Friday 7:30 p.m.

MEMORANDUM FOR THE PRESIDENT

Here is a cordial reply to the Pope's warmly congratulatory letter about our efforts to meet Indian famine.

It doesn't seem appropriate to suggest again that the Pope also write other leaders (as you did in your 10 February letter) especially since his letter says that he has asked his representatives to lay the problem before them.

But it might be useful if Jack Valenti could mention orally to the Nuncio your continued hope that His Holiness would also write directly to such leaders as de Gaulle, Pearson, etc. -- since you know how great an impact a personal letter from him would have.

For Signature

Signed
2/25/66 R. W. Komer

cc: Jack Valenti

99a

2/26/66

Your Holiness:

I am deeply grateful for your warm letter of 13 February regarding the United States response to the grave food shortages on the Asian subcontinent. I was greatly impressed by your own appeal and by those of the World Council of Churches, the United Nations and the Food and Agriculture Organization.

As you have already done, we must all bend our efforts now to the practical and difficult matter of encouraging humanitarian responses. In some countries like Italy and the Netherlands, the generosity of private citizens alone has surpassed any expectation. Your own personal gift was an inspiration. But in all candor and confidence, we are disappointed that the other major producers of wheat have so far not contributed in proportion to the size of their stocks. Nor have those nations which enjoy substantial foreign exchange reserves done what we believe they could.

We hope that the call of India's hungry millions will not go unheeded. This country is fully prepared to join with all other willing nations in meeting India's pressing needs.

Sincerely,

S/
LBJ

His Holiness
Pope Paul VI
Vatican City
Rome

LBJ:
RWK:saw



UNITED STATES OF AMERICA

99b
3339 Massachusetts Avenue, N.W.
Washington, D. C. 20008

February 21, 1966

Dear Mr. Valenti:

I am pleased to enclose herewith a letter from His Holiness, Pope Paul VI, to the President of the United States, and shall be grateful if you will kindly arrange to have it arrive in the hands of the President.

With sentiments of respect and every best wish, I remain

Sincerely yours,

J. Ragnazzo
Apostolic Delegate

The Honorable
Jack Valenti
Special Assistant to the President
The White House

Mr. Bundy

990

The President asks that you draft a reply
to the Pope's letter for him

2/21/66

vicky
2/22/66
10:00 a.m.

RWK

will you draft?
mgB

FEB 25 1966

Recd
by Mrs
H. H. S. 2-21-66.

99d L

Reply by
LBJ - 2/25/66. India food



To the Honorable
Lyndon B. Johnson
President of the United States of America

Mr. President,

Your kind letter of February 10th gives rise to the hope that the grave situation confronting India, and, to a lesser degree, Pakistan will be resolved in great measure. Once again, the United States, blessed by Almighty God with such bounteous riches, has demonstrated its desire to assist those in dire need. Your latest authorization of over three million tons of grain for India is indeed a source of much consolation and joy, and We express to you, Mr. President, and to your noble nation, Our heartfelt gratitude for reaching out the hand of aid to these millions afflicted by natural calamity.

On Wednesday last, We appealed to all our children in

Paper Print II
to LBJ
2/13/66

FEB 25 1966

the world, and through them, to all the nations of this earth to help alleviate the grave conditions existing in that vast Asian subcontinent. We have already given instructions to our representatives to lay before the leaders of their respective countries the tragic situation of India and Pakistan and We have encouraged them to rally these nations to come to the aid of their suffering brother nations. We are confident that a greater understanding of their responsibility in this moment of grave crisis will forge greater bonds of international cooperation from which We hope that an atmosphere of love, respect and trust will result.

Careful note has been taken of your program to help these countries increase their production and improve the quality of their produce. This is truly a wise plan and will be most instrumental in preparing these nations against similar recurrences as well as aiding towards a general improvement of their conditions.

We pray the Giver of all things to bestow upon your generous country an abundance of heavenly blessings and the rich fruits of peace, harmony and prosperity.

From the Vatican, February 13, 1966

Paulus P. P. VI-

India food
100

February 24, 1966

MEMORANDUM

TO: R. W. Komer, Deputy Special Assistant to the President
for National Security Affairs

FROM: Thomas R. Hughes, Executive Assistant to the Secretary
Thomas R. Hughes

Enclosed is a draft reply in response to Congressman Cooley's
letter to the President.

If we can be of any further assistance, please let me know.

Enclosure

FEB 28 1966

100 a

Honorable Harold D. Cooley
House of Representatives
Washington, D. C.

Dear Congressman Cooley:

Since receiving your letter of February 3, 1966, I have sent forward the Food Aid Message and the accompanying Food for Freedom Act, which you introduced. The new legislative proposal enables us to gear our farm plant more directly to the needs of the developing countries. It provides more flexibility in both the composition and level of our food and fiber shipments.

Certain basic facts underlie our strategy in the race between food and people. The grain needs of the less developed regions (Asia, Africa and Latin America) are projected to increase, largely as a result of population growth, from 470 million tons in 1960 to 770 million tons in 1980. This increase closely approaches the current grain production of North America and Western Europe combined. Our excess grain producing capacity is currently estimated at about 50 million tons. (It would be considerably more if our idled acreage were planted largely to feed grains and somewhat less if planted to wheat.)

We expect increases in domestic grain requirements and rapid rises in commercial exports to largely offset future gains in agricultural productivity, thus keeping our excess production capacity at about 50 million tons for the foreseeable future. Although this excess capacity appears large when translated into unneeded stocks it appears quite small relative to future increases in food needs in the developing countries.

Our 50-60 million acres of idle cropland constitutes the world's only major reserve of fertile, well watered land that can readily be called into production. Other major grain producers such as Canada, Australia and the Soviet Union are not able to respond in the way that we are. Canada, in order to maintain heavy wheat export commitments, is now importing large quantities of feed grains from the United States. It is, in fact, one of our leading markets for feed grains.

Australia, expanding its grain acreage rapidly in recent years in order to meet export commitments, may not be able to maintain its current acreage indefinitely. The Soviet Union, over-extended its grain acreage and is now in the process of pulling back. It is now the world's leading grain importing nation, importing more in the last few years than either China or India.

To sum this up, our idled cropland represents the only important safety factor left in the world food-population race. To fail to reverse the currently adverse food-population trends before using up this last reserve would be disastrous.

As for the Indian situation, we sent a team of experts to India in late January to evaluate the facilities for grain handling and storage, ship unloading and internal transport and distribution. This team, headed by C. R. Eskildsen, Associate Administrator of the Foreign Agricultural Service, assures me that facilities are adequate to handle and distribute an average of at least 1 million tons monthly. This is as much as the Government of India currently estimates it will need. With extra effort, even larger quantities could be handled.

As for the Indian situation, we have already made available to India 4.5 million metric tons of grain for shipment in 1966. This exceeds the total annual shipment of 3-4 million tons of the early 1960's. In addition to this, small quantities of grain are being shipped to India from Canada and Australia and under the World Food Program. These extraordinarily large shipments will test the port and internal transport and distribution facilities of the Indian subcontinent. We want to test these facilities immediately to determine where the bottlenecks are as quickly as possible. There will then be time to eliminate these bottlenecks before the food crisis reaches its most critical period in late summer and early fall.

The food riots reported in both the U. S. and Indian press over the past month are not food riots as such but rice riots. These demonstrations, confined largely to the southernmost State of Kerala, are not protesting the lack of food as such but the lack of rice.

While Keralites get only 5 ounces of rice per day, their ration cards also entitle them to 5 ounces of wheat each day. Many of them, having a strong preference for rice, do not even bother to claim their allotted wheat.

The rice surplus State of India, such as Andhra Pradesh and Madras, normally supply Kerala with most of its rice needs but this year, faced with less than average crops, they are reluctant to part with as much rice as usual. The Keralites who use much of their resources to produce spices, rubber, tea, coffee, and other key export crops earn a disproportionately large share of India's total foreign exchange. In the current situation where they are being forced to substitute wheat for rice much more than ever before and much more than in most other rice consuming states they feel they are being treated unfairly. This is the reason for their discontent and demonstrations. There is relatively little we can do about this. This problem must be solved within India.

Sincerely,

Aid for India and Pakistan

Kash. Post 2/19/66

Resumption of U.S. economic aid to India and Pakistan announced by Vice President Humphrey coincides with the start of troop withdrawals under the Tashkent Declaration and reports of a further agreement looking to force reductions along the Kashmir ceasefire line by April 1.

President Johnson has clearly been waiting for concrete evidence that a cooling-off process is under way before starting up the aid flow again. This has now been amply provided in the form of military disengagement as well as by companion agreements opening the way for aircraft overflights and restoring communications and diplomatic links.

What still remains an open question is whether India and Pakistan are prepared to go beyond a troop rollback and an uncertain truce to positive measures of accommodation. By releasing only part of the suspended aid moneys previously slated for the two countries this year, the President has indicated that the present aid resumption is a stopgap move intended mainly to forestall economic collapse. He clearly wishes to make his own assessment of the long-term prospects for Indo-Pakistan relations on the basis of his talks here in April with India's new Prime Minister, Indira Gandhi. Presumably, if the Administration concludes that new wars are not in the making, the flow of aid will increase.

The President has acted wisely in restarting aid without waiting for Mrs. Gandhi's visit. Further delay would have seriously aggravated slowdowns in key industries in both countries dependent on U.S. foreign exchange credits for vital imports. Politically, the atmosphere in India should be much more favorable now for her visit. Nationalist and Communist critics are no longer able to say that the Prime Minister is being forced to go begging to Washington. But it would be a mistake to assume that the legacy of ill feeling left by the war has been wiped away and that all has been set aright in U.S. relations with the subcontinent. Still more difficult trials may lie ahead if the Administration seeks to condition a renewal of large-scale aid commitments on Indo-Pakistan rapprochement.

There are definite political limits restricting the ability of leaders in both India and Pakistan to move toward rapprochement. Perhaps these limits have very nearly been reached, for the present. The United States must necessarily satisfy itself that the two countries are not on a collision course. It can also properly attach "performance" strings to its economic aid. In going beyond this, however, the application of aid leverage should reflect a recognition of the depth of the ancient historical animosities at stake in South Asia.

~~CONFIDENTIAL~~

February 18, 1966

Friday, 7:00 p.m.

104
India Food
P.D.

MEMORANDUM FOR THE PRESIDENT

Organizing an international effort to deal with Agriculture Problem. Phil Trezise, our able man on the Development Assistance Committee, proposes that DAC be used as a vehicle for coordinating donor country efforts to deal with the problem of promoting agricultural growth in the less-developed nations. He'd take off from your food message and make this the main theme of the summer ministerial meeting.

There are real advantages in revving up DAC, which is our creation, to deal with this problem. Aside from providing a ready-made forum, it is a high level club of the developed countries who'll have to make all the real contributions. This gives DAC a big advantage over the FAO, where the client countries have the most votes and want to tell the donors how to help.

State, AID and Agriculture basically think this a good idea, though they still haven't worked it through. Walt Rostow feels this might be the right place to hire the hall for his proposed conference of food surplus nations. DAC is not an operational agency, but could be used effectively to get the political levels in the major aid-giving countries excited about the problem. Most of the actual work would be done through bilateral programs, the World Bank, the FAO, and other groups. We plan to follow up on this quite sensible idea.

OK L

R.W. Komer
R. W. Komer

CONFIDENTIAL

DECLASSIFIED
E.O. 13292, Sec. 3.4
NSC Memo, 1/30/95, State Guidelines
By jc, NARA, Date 4-29-04

105
February 17, 1966

TO: White House - Mr. Komer

FROM: Department of State - David T. Schneider

~~SECRET/NOFORN~~

This document consists of 1 page, Number 1 of
 2 copies, Series A/B February 15, 1966.

NEA - William J. Handley

SOA - David T. Schneider

Recent Indian Expressions of Appreciation for Food Aid

During the past three weeks various high-ranking Indian officials have publicly expressed their gratitude to the President and to the United States for the assistance being offered to India to help meet the current food shortage. I thought you might wish to be aware of the gist of some of them.

In her Republic Day speech on January 26, Prime Minister Indira Gandhi declared, "We are grateful to the United States for her sympathetic understanding and prompt help." In her letter to the President of February 9, Mrs. Gandhi wrote, "Even more, I thank you for your immediate response in making available another three million tons of foodgrains under your P.L. 480 program. This sets at rest our immediate anxieties on the food front. We are intensifying our efforts to make other countries join more meaningfully in the international effort which you have initiated to help us."

At the Jaipur session of the All-India Congress Committee (AICC) one of the key resolutions passed by the AICC dealt with food. In expressing appreciation for foreign aid, the resolution singled out the United States.

President Radhakrishnan opened the budget session of the Indian Parliament on February 14 and again the United States was singled out in his expression of India's gratitude for foreign aid. Radhakrishnan said, "In particular, we would like to thank the President of the United States and his administration for their generous help at this time of need."

In addition, Food and Agriculture Minister Subramaniam has asked specifically that his gratitude for the three million ton allocation be conveyed to U.S. officials. Our Embassy in New Delhi reports that all newspapers carried news stories of the additional three million tons. The Statesman on February 9 editorially noted that the "allocations should finally squash the rumor, unjust but until a few weeks ago widespread, that food was being withheld for political reasons."

~~SECRET/NOFORN~~

GROUP 3

Downgraded at 12-year intervals; not
 automatically declassified

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E.O. 13232, Sec. 3.4

State Dept. Guidelines

By jc, NARA, Date 4-29-01

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