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AID 9 INDIA
TELEGRAM

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PAGE 01 OECD PI 07699 232045Z

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JOINT STATE/AID

FOR SECRETARY

SUBJECT: INDIA CONSORTIUM: SUMMARY

1. SUMMARY OF CONSORTIUM MEETING FOR USE AS APPROPRIATE BY SECRETARY. DETAILED REPORTS FOLLOW SEPTELS:

2. TONE OF MEETING CONSTRUCTIVE WITH MUCH LAUDATORY COMMENT ON RECENT IMPROVEMENTS IN INDIAN ECONOMY AND CONSTRUCTIVE EXCHANGE ON NEED FOR IMPROVED INDIAN PERFORMANCE INDUSTRIAL EFFICIENCY, LONG-TERM EXPORT PROMOTION, DECISION MAKING RE INVESTMENTS, AND FAMILY PLANNING. AGREEMENT REACHED FOR MEETING ON THIS SUBJECT WHEN UN STUDY COMPLETE, PURPOSE TO COORDINATE CONSORTIUM COUNTRY EFFORTS WITH INDIAN NEEDS.

3. AID PLANS IFY 1969-70: MOST COUNTRIES WERE NOT IN A POSITION TO MAKE FIRM COMMITMENTS, BUT EXPRESSED INTENTIONS (SUBJECT IN MOST CASES INCLUDING US TO LEGISLATION) APPEARED TO COME FAIRLY CLOSE TO IBRD-RECOMMENDED LEVEL OF \$1 BILLION INCLUDING DEBT RELIEF. US DELI INDICATED BUDGET REQUEST FOR INDIA IN US FY 1970 AID BILL WAS \$385 MILLION. JAPANESE AND ITALIANS REMAIN RELUCTANT TO UNDERTAKE COMMITMENTS, LATTER EXPRESSING INTEREST IN WHETHER BANK WOULD AGREE THAT SUPPLIER CREDITS ARE IN SOME CASES APPROPRIATE

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44

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PAGE 02 OECD PI 07699 232045Z

SUBSTITUTE FOR AID. GERMANY EXPRESSLY AGREED TO EASE AID TERMS AND NETHERLANDS AND BELGIUM NOTED POSSIBILITY SIMILAR ACTION.

4. DEBT RELIEF AGREEMENT REACHED FOR IFY 1969-70 DEBT RESCHEDULING IN SOME CASES, INCLUDING US, SUBJECT TO REFERENCE TO CAPITOLS, AND FOR PRINCIPLE THAT SIMILAR RELIEF SHOULD BE GIVEN IN 1970-71.

A. AMOUNT TO COMPRISE AT LEAST \$300 MILLION OVER COURSE THREE YEARS MEANING COUNTRIES WITH SHORTFALL IN 1968-69 WILL ATTEMPT MAKE UP FULL SHARE. JAPAN TO REPORT ITS CONTRIBUTION IN TWO MONTHS; OTHER MEMBERS INDICATED COMPLIANCE.

B. SOME IMPROVEMENT IN TERMS OF RESCHEDULING BY GERMANY WHILE FRANCE, JAPAN AND ITALY STILL UNABLE TO MEET DESIRED TERMS ALTHOUGH LATTER TWO WILL COME UP TO QUANTITATIVE QUOTA.

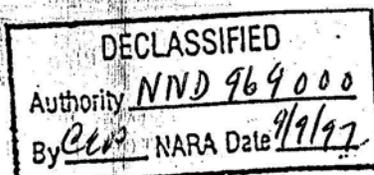
C. PRESSED ON SUBJECT SOV BLOC DEBT, GOI ASSERTED THAT IT NOW REPEAT NOW HAS TRADE DEFICIT WITH "RUPEE AREA" AND THAT IT CONTINUES APPLY PRESSURE ON USSR FOR INCREASED NET FLOW RESOURCES IN FORM LARGER NON-PROJECT IMPORTS, WITH SOME SUCCESS.

E. INDIA PRESSED HARD BY SEVERAL DELEGATIONS, INCLUDING US, TO LIMIT USE SUPPLIER CREDITS.

5. INDIAN DELI HIGHLY PLEASED WITH RESULTS CONSORTIUM MEETING AND TELL US THEY ARE SO REPORTING TO DELHI.

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