During the inter-war period private financial operations were not performed satisfactorily. The lending countries lacked a co-ordinated policy of lending and the borrowing countries often borrowed excessive amounts, the repayment of which generally became difficult on account of the adoption of the protectionist policy by the former. The greatest need after the termination of the Second World War was that of the coordination of private capital investment for the rehabilitation and development of war-shattered economies. A phased programme of economic development was considered essential for lasting peace in the world for the coordination of development assistance which was needed for economic development. However, if the world was to have lasting peace, the development of the economic resources of under-developed countries and an improvement in the standard of living of their inhabitants were equally important. The establishment of the IBRD was, therefore, a step in the right direction.

The IBRD which came into existence as the result of the deliberations of the Bretton Woods Conference held in 1944, had during the past 50 years, been encouraging long-term international investments, promoting the balanced growth of international trade and providing technical assistance to developing member countries. It has really grown into the biggest financial organization of the world with massive lendable resources.
Since its establishment, the IBRD has been mainly concerned with the promotion of infrastructural facilities in the Third World member countries. Under-developed countries lacked these facilities and without these, the acceleration of economic development was not possible. Moreover, it was the only way to increase the flow of international private finance in under-developed countries.

It has facilitated the establishment of its affiliates, namely IFC, IDA and the Third Window to increase private capital and soft lending to the Third World countries. It has played the role of a mediator in economic conflicts that arise in the member countries, provides training courses for senior officials and offers technical assistance. It has also been instrumental in sponsoring two consortia for India and Pakistan and sixteen consultative groups.

Over the years, the bank has shifted the diversion of its lending towards more social projects like population control, education, tourism, urbanization, agriculture, development finance companies and experimental projects to solve the problems of unemployment and maldistribution of income and wealth, but still the volume of the Bank's lending is inadequate in these crucial sectors.

At present, the world has rapidly been changing; poverty, unemployment, and the maldistribution of wealth and income are increasing instead of declining. Global economic growth and expanding population have placed severe strains on International Financial Institutions that came to be created after the Second-World War.
In early 1973, the growth of most developing countries appeared satisfactory. The countries in the West Asia, and in East Asia (except Afghanistan) were well on the road to exceeding the Second Development Decade target to increasing gross national product by 6% annually with the notable exception of the densely populated countries of South Asia namely India, Pakistan, Bangladesh and Sri Lanka. It is apparent that despite the unprecedented increase in output, the social problems of population growth, unemployment, maldistribution of income and rural stagnation have aggravated in these countries. Absolute poverty has been increasing and is expected to increase further.

The region exhibits most of the characteristics of the underdeveloped world, and does possess some distinctive features. For example, South Asia has one of the highest population densities. About a quarter of the world's population lives here on only 3.3% of the world's land surface. Its per capita income and growth rate during the last two decades are the lowest among the world's underdeveloped regions.

The countries of South Asia have adopted economic planning; and with its help have been trying to effect structural changes in their economics. On the one hand, they have meagre domestic resources to finance their development plans, on the other hand, their capital requirements are increasing. Whatever amount they are receiving from donor countries, most of it, is used in paying
interest and amortization on their existing volume of debt. It has reduced the magnitude of net foreign aid. In the atmosphere of growing protectionism their volume of export is declining; and recessionary conditions in developed economies have reduced the export earning of South Asian countries.

In the context of the current problems of the developing economies of Asia the evaluation of the role of the World Bank, a multilateral financial institution, and a major development agency, becomes essential. Its lending terms are not soft. Most of its lending policies have come to a standstill and have been rather inflexible. It must be emphasized that to fulfill the aspirations of the Third World countries, more technical assistance should be made available to these countries.

The purpose of this study is to evaluate past accomplishments of the Bank in the Asian Developing Economy and Indian Economy. It also examines, in a critical and realistic way, the potentialities and limitations of this international agency in the struggle for economic development. If the international war on poverty is to succeed, an entirely new level of effort is needed on the part of the developed and the Third World countries. How successfully this international agency can stimulate this effort in the common interest, is a vital question?

What is the nature of the problems of under-development in the countries of Asia? How has the Bank tried to help this under-
developed segment of the world? How can the bank solve economic problems faced by the Asian economy, especially the South Asian countries like India, Pakistan and Bangladesh? How can the Bank's lending become more effective in these countries? These are some of the questions this study has answered.

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