PREFACE

One of the most striking features in the economic development especially in the industrialisation of developing economies has been the increasing participation of foreign capital and investment, technology and know-how. It has been noticed that in any developmental efforts, use of foreign capital and foreign aid has become inevitable and the developing nations of today have used it quite lavishly. India too cannot attain rapid industrialisation and economic progress without having adequate foreign capital and external aid. Another important factor that plays a significant role in the rapid economic development of our country is the inevitability of adequate development of economic infrastructure. An adequate and well synchronised development of economic infrastructure in Power, Energy, Transport, Irrigation and Telecommunication etc., is a prerequisite to any socio-economic advancement of the country. The contribution of economic infrastructure in breaking the stagnancy and paving the path for the development
and expansion of economy are many and varied. Indian economy represented almost a state of stagnancy in the pre-independence era, mainly due to the lack of infrastructural facilities under which the economy continuously expands.\(^1\) Hence an adequate availability of economic infrastructural facilities like power and energy, transport, irrigation and communication etc. were thought to be an important stimulant to the economic development and the absence of it was regarded to be a stumbling block for economic advancement. Recognising the importance of economic infrastructure as an essential ingredient of rapid socio-economic development, the Government of India, attached much importance to its installation in various sectors of our economy. Since these installations require huge initial investments and long gestation periods it was realised by the Indian Government to resort to foreign capital and foreign investments to undertake the gigantic programmes of developing energy projects, transport sector, railways, roadways, irrigation and communication requiring huge investments and modern technology available with the International

---

Financing Agencies like The World Bank, (IBRD), The International Development Association (IDA) and The Asian Development Bank (ADB) and various developed countries of the World.

The main objective of my endeavour in this thesis will be to put into clear focus, how far these International Financing Agencies like The World Bank (IBRD), The International Development Association (IDA) and the Asian Development Bank are responsible for the development of economic infrastructure in India. What are the constraints of such developmental efforts and what are the larger issues involved in such an endeavour would also be the focus of our attention in this work.

HYPOTHESIS:

Keeping in view the above mentioned observations, the hypothesis of this study is that, energy, transport, irrigation and communication etc. being important components of economic infrastructure and essential ingredients for rapid economic development call for massive investments and latest technological know how internal and external. India being a developing
country with all sorts of constraints, inefficiencies and shortages of physical and financial resources can not afford to invest huge capital in these sectors. Therefore in order to overcome the deficiency of local capital and to obtain advanced technology, India must undertake substantial development of economic infrastructure with the help of foreign capital and investments and one of these helps may be obtained from the existing well organised international financing agencies like The World Bank, (IBRD) International Development Association (IDA) and regional development bank like Asian Development Bank (ADB) etc. Infact, these financial agencies have in the past contributed a lot for the development of economic infrastructure in the country and are still playing a positive role in this regard. There is a strong case for seeking their help in this direction due to a number of reasons -- internal financial crunches, low rate of return in the sectors, long gestation period, lack of capital formation etc.
METHODOLOGY ADOPTED:

Keeping the above mentioned objectives in mind the work of this study was divided into three phases. In the initial stage a detailed study of the existing published literature on energy sector, transport sector, irrigation sector in India was made so as to get fully acquainted with the subject matter. During the second stage of this study the data and literature available pertinent to the study was collected from various secondary sources such as Annual reports, of the World Bank, International Journals, Newspapers, surveys and various publications of the Reserve Bank of India etc. Finally during the third phase of this study the data and informations which was collected was arranged, analysed and interpreted for arriving at some concrete conclusions and suggestions. Keeping in view the benefits of the International Financing Agencies assistance with regard to future development of economic infrastructural facilities in India. In any work of this nature, it is natural that there are certain difficulties and constraints in getting the required information from the dependable sources or the government. Hence, an effort was made to extract as much as one could lay his hands on and depend to a large extent, on the available data— primary.
secondary, general or semi-governmental.

THE PLAN OF STUDY:

The present work has been divided into six chapters. The first chapter has been devoted to examine the pattern and growth of economic infrastructure in India and its role in the advancement of different sectors of our economy. It analyses the problems associated with such developments. The various constituents of economic infrastructure has been studied in three main heading namely energy sectors, Irrigation sector and Transport sector. The development of various sources of commercial energy have been studied under three headings i.e. Power (electricity), Coal and Petroleum and Transport sector has been examined under the heads of Railways, Roadways and Seaways.

The second chapter makes an attempt to show the extent of foreign capital needed for accelerating the pace of economic development in India. Further this chapter analyses the role of foreign capital in economic development and examines the rationale of foreign investments and the pros and cons of inviting private foreign capital needed for economic growth and prosperity.
In the third chapter a detailed study has been made to assess the role of international financing agencies namely The World Bank, (IBRD), and The International Development Association, (IDA) in the development of economic infrastructure in India with special reference to energy projects, Railways, Roadways, irrigation sector, etc. This chapter also pinpoints the terms and conditions of loans and assesses their contribution in this regard. In the fourth chapter an attempt has been made to explore the role and functions of Asian Development Bank and its contribution to India's developmental programmes and projects. The fifth chapter is a concluding chapter which is dedicated to draw main inferences and conclusions of the study and suggest measures to streamline the disturbing factors associated with foreign investments in the development of economic infrastructure in India.

Finally in the sixth chapter a survey of literature pertaining to foreign aid and foreign investment has been given.
LIMITATIONS OF THE STUDY:

For carrying out this study, the relevant data was collected from various secondary sources which was available in the form of reports, surveys, Journals and Newspapers etc. Although sincere efforts have been made to present accuracy in the statistical data but because of general lack of comprehensiveness which is a unique feature of published statistical data in India it may obviously have resulted in minor differences in data presented in this study and the data found elsewhere.

CONCLUSION:

In the end I hope and deem my efforts as rewarded if my inferences and suggestions based on conclusions of this study on "International financial Agencies and development of economic infrastructure in India", make some contribution to our plans and schemes of attracting foreign capital and resources and help our policy makers in formulation of our future developmental programmes for rapid industrialisation and ultimately economic development of the country.