UNCLASSIFIED

PD-ACC-334

AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ANNUAL BUDGET SUBMISSION

FY 1978

INDIA

DEPARTMENT
OF
STATE

JUNE 1976

UNCLASSIFIED

BEST AVAILABLE

UNCLASSIFIED

FY 1978 ANNUAL BUDGET SUBMISSION

INDIA

USAID/NEW DELHI
JUNE 1976

UNCLASSIFIED

TABLE OF CONTENTS

FY 1978 ANNUAL BUDGET SUBMISSION - INDIA

	Page No.
Narrative Introduction (in place of DAP Statement)	1
Summary Table I	2
Summary Table II (ABS/CP) - Project Assistance	3
Summary Table II (ABS/CP) - Program Assistance	4
Narrative Support for FY 1978 New Loan Projects	5-8
Long Range Projections - Narrative and Funding Requirements Table	9-10
Mission Evaluation Plan - Narrative	11
PL 480 Title I - Funding Levels Table and Narrative	12-20
PL 480 Title II - Narrative Justification	21-52
PL 480 Title II - Funding Level Tables	53-58
OPG's to PVO's and Cooperatives - Narrative Statement and Funding Table	59-63
Contraceptive Tables:	
Table 1 (per AID/W instructions)	64-65
Table 1 (per GOI estimates)	66-67
Special Foreign Currency Appropriation Request - Narrative Justification and Proposed Funding Levels of Third Country Training in India.	68-71

ANNEXES: (Annexes Distributed Separately)

(A) Title II Program Plan - CARE
(B) Title II Program Plan - CRS
(C) Title II Program Plan - CWS/LWR

FY 1978 ANNUAL BUDGET SUBMISSION - INDIA

Contents per AIDTO Circ. A-201 of 4/6/76

Material Submitted	PAGE NO.
1. DAP Statement and Narrative Introduction	1
3. Summary Table I	2
4. Summary Table II (ABS/CP):	
Project Assistance	3
Program Assistance	4
9. FY 1978 New Loan Projects - Narrative Support for Proposed Funding Levels	5-8
10. Long Range Projections - Narrative and Funding Table	9-10
11. Mission Evaluation Plan - Narrative	11
12. PL 480 Title I - Funding Levels Table and Narrative	12-20
13. PL 480 Title II - Narrative	21-52
PL 480 Title II - Funding Tables	53-58
14. OPG's to PVO's and Cooperatives: Narrative Statement and Funding Table	59-63
15. Contraceptive Tables:	
Table I (per AID/W instructions)	64-65
Table I (per GOI estimates)	66-67
16. Special Foreign Currency Appropriation Request: Narrative Justification and Proposed Funding Levels of Third Country Training in India	68-71
17. ANNEXES:	
(A) Title II Program Plan - CARE	
(B) Title II Program Plan - CRS	
(C) Title II Program Plan - CWS/LWR	

Material Not Applicable and Not Submitted
2. Centrally Funded Research Proposals
5. Narrative Attachment to Summary Table II Explaining Deviations from FY 1977 CP Levels
6. Narrative Progress Statement for On-going Grant Activities
7. Fiscal Tables for On-going Grant Activities
8. FY 1978 New Grant Projects Listing - Alternative Funding Levels
15. Contraceptive Tables: Table 2, Table 3

INDIA: FY 78 ABS

INTRODUCTION

This submission is focussed almost entirely on this Mission's ongoing programs: PL 480 Title II, Title I, and third country training. The projected Development Loan and Grant portion of the program remains highly contingent, depending upon the initiation of aid discussions with the GOI and determination of the Government's views on priorities and programs for U.S. assistance. There is thus little material included on a DL program.

We have recently contributed our thoughts to AID/W on the policy issues concerned in the reestablishment of a conventional development assistance program in a draft paper on U.S. interests and options. Consideration of such basic policy issues is our closest approach to the level of discussion called for from other Missions in reconsidering their DAP strategies, and we refer reviewers to it.

This submission reflects an attempt to more closely integrate the very substantial resources of ongoing programs in the food and nutrition sector. The new development uses proposed for Title I, the direction of the Title II program -- even though we cannot endorse the full amount of VolAg requests -- and prospective OPGs are all concerned with important aspects of India's food production, management and distribution problem. The addition of a development loan for grain storage would be a key element in this picture, and is our highest priority if a development assistance program is reinstituted.

INDIA: FY 1978 ABS

SUMMARY TABLE I

FUNDING LEVELS FOR FY 1976, TQ, FY 1977, FY 1978

(In Thousand Dollars)

	FY 1976	Transition Quarter	FY 1977	FY 1978
Food/Nutrition				
Grants	-	-	1,200	700
Loans	-	-	60,000	30,000
Population/Health				
Grants	-	-	-	-
Loans	-	-	-	45,000
(Population)				
(Grants)	-	-	-	-
(Loans)	-	-	-	-
(Health)				
(Grants)	-	-	-	-
(Loans)	-	-	-	(45,000)
Education				
Grants	-	-	500	300
Loans	-	-	-	-
Section 106				
Grants	-	-	-	-
Loans	-	-	-	-
Sub-Total				
Grants	-	-	1,700	1,000
Loans	-	-	60,000	75,000
TOTAL : (Grants & Loans)	-	-	61,700	76,000
PL 480 a/				
Title I	83,000	-	65,500	69,000
Title II	68,644	16,426	105,228	110,000 b/
OPG's to PVO's	-	-	470	500
Special Foreign Currency Appropriation:				
Third Country Training in India	131	15	400	500
St. John's Medical College and Hospital	-	13,650	-	-

a/ PL 480 data excludes ocean freight.

b/ Represents Mission recommendation; VolAgs requests total $122,422(000) as reflected on their funding tables included in the Submission.

SUMMARY TABLE II

AGENCY FOR INTERNATIONAL DEVELOPMENT

ABS/CP SUMMARY

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

2. ABS/CP — DOCUMENT CODE 6

3. COUNTRY/ENTITY: INDIA

4. DOCUMENT REVISION NO.:

5. OPERATIONAL YEAR FY: 77

6. BUREAU/OFFICE: A. SYMBOL: ASIA; B. CODE: 04

7. GEOGRAPHIC CODE: 386

8. TYPE DATA: 1 (1 = ABS, 2 = ABS REVISION, 3 = CP, 4 = CP NOTIFICATION)

9. TYPE ASSISTANCE: 1 (1 = PROJECT, 2 = PROGRAM)

10. PROJECT SEQUENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. QTR. FOR OBLIG.	13. EST. FY AUTH. OBLIG. FINAL	14. APPROPRIATION	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDICATOR	17. BUDGETS (IN $000) AY	TQ	OY	BY	LOP
	NEW										
0452	Development Services and training	2/3	80	FN	B100	GN	-	-	1200	700	3500
0453	Command Area Development	4	77	FN	B212	L	-	-	30000		30000
0454	Foodgrain Storage(1)	3/3	78	FN	B153	L	-	-	30000	30000	60000
0455	Malaria Control (2)	1	78	PH	B513	L	-	-	-	45000	45000
0452	Development Services and Training	2/3	80	EH	B600	GN	-	-	500	300	1500
	OPG's										
0456	Cooperative Oilseeds Development	2/3	79	FN	B253	GN	-	-	140	180	360
0457	Women in Cooperatives	1	78	FN	B243	GN	-	-	-	70	70
0458	Medium-scale Food Processing Plant	3	77	FN	B323	GN	-	-	330	-	330
0459	Rodent Control	1	78	FN	B153	GN	-	-	-	250	250

18. DATE DOCUMENT RECEIVED IN AID/W: MM DD YY

AID 1330-7 (3-76)

SUMMARY TABLE II

AGENCY FOR INTERNATIONAL DEVELOPMENT

ABS/CP SUMMARY

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

2. ABS/CP DOCUMENT CODE 6

3. COUNTRY/ENTITY: INDIA

4. DOCUMENT REVISION NO.

5. OPERATIONAL YEAR FY 77

6. BUREAU/OFFICE: A. SYMBOL ASIA; B. CODE 04

7. GEOGRAPHIC CODE 386

8. TYPE DATA: 1 (1 = ABS, 2 = ABS REVISION, 3 = CP, 4 = CP NOTIFICATION)

9. TYPE ASSISTANCE: 2 (1 = PROJECT, 2 = PROGRAM)

10. PROJECT SEQUENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. QTR. FOR OBLIG.	13. EST. FY AUTH OBLIG FINAL	14. APPROPRIATION	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDICATOR	17. BUDGETS (IN $000) AY	TQ	OY	BY	LOP
	PL 480 Title I Dollar Credit Sales					L	83000	-	65500	69000	open
	PL 480 Title II Donations of Agr.Comm.					G	68644	16426	105228	110000	open

18. DATE DOCUMENT RECEIVED IN AID/W: MM DD YY

AID 1330-7 (3-76)

INDIA: FY 78 ABS

NARRATIVE SUPPORT FOR NEW LOAN PROJECTS

Since bilateral discussions on the resumption of a development assistance program have not taken place, loan proposals not only for FY 78 but for FY 77 remain illustrative. We are therefore electing not to trigger AID/W review procedures by submitting PIDs for what are still unilateral project conceptions. The basic reference for all current loan prospects is New Delhi 16691 of December 15, 1975. The following material on a Malaria Control project is arranged in Congressional Presentation order.

1. Malaria Control $45 million FY 78

Goal: To reduce morbidity from endemic disease to support the growth of economic productivity and social development among India's poor majority.

Purpose: To contain the spread of malaria and prevent malaria deaths during the next three years, after which time India should become self-sufficient in suitable insecticides and anti-malarial drugs for the conduct of a revitalized control program.

Background: Malaria incidence has been increasing alarmingly in India, as in other countries of the region, in recent years. From a low of 100,000 cases in 1963, incidence increased to over 4 million in 1975 and is expected to reach about 8 million in 1976. Although this is still far less than the 75 million cases which preceded the massive national effort at eradication in the 1950's and 60's, the fact that incidence is now doubling each year raises a clear danger that the disease could again reach nationally debilitating levels unless more effective control programs are

instituted. Already, the impact of the disease is being felt in the major agricultural states of Punjab, Haryana, Gujarat, Uttar Pradesh and Maharashtra, which have reported nearly three-fold increases in malaria cases in the last two or three years, threatening agricultural development. The GOI is also concerned about dramatic increases in the incidence of the most virulent form of malaria, p. falciparum, in states in the North East, notably West Bengal, Orissa, Assam and Madhya Pradesh.

The GOI in cooperation with WHO is adopting a revised strategy for selective control of malaria for the 1976-77 program year, with the objective of maximizing results from government expenditures on the program. The entire country is being reclassified on the basis of parasitic incidence and revised resource allocations are being made according to these priorities. A special program for control of malaria in the urban areas, such as Delhi and Chandigarh, has been launched. Malaria control is being given high priority by the GOI and the budget for the program, which already absorbs almost half of the national health budget, is being increased further.

There is, however, an acute shortage of anti-malarial drugs and insecticides with which to carry out the program. India produces a substantial proportion of the DDT and BHC required for interior house spraying operations, but only a small amount of the Malathion and anti-malarial drugs, the bulk of which must be imported. Drugs are an immediate priority, and increased supplies of Malathion are critical because the mosquito vector has developed resistance to both DDT and BHC in many areas. Last year, WHO was forced to divert a part of its malaria training fund (approximately $150,000) for emergency imports of anti-malarial drugs (mostly chloroquine). This year, again, UNICEF has been requested to rush 30 million tablets of chloroquine (valued at approximately $300,000) for emergency purposes. Such WHO and UNICEF supplies, however, meet only a small portion of the total GOI demand. A large gap exists between the demand and supply of both

Malathion and anti-malarial drugs as shown in the following table.

INDIA MALARIA PROGRAM
Commodity Requirements & Availability

Item	Annual Requirement	Domestic Production	Available for Malaria use	Current Imports	Shortfall
Insecticides (Metric tons)					
DDT, 75%	16,000	8,000	4,000	4,000	--
BHC, 50%	14,100	15,000	14,100	--	--
Malathion, 50%	8,000	1,800	1,000	1,000	6,000
Drugs (million tabs.)					
Chloroquine	350	90	90	20	240

GOI is planning to increase domestic production of insecticides and anti-malarial drugs so as to become self-sufficient by 1980-81. In the interim, however, the gap must be filled through imports. An A.I.D. Development Loan of $45 million is proposed to finance the import of a major share of these unmet needs over thenext three years.

AID Project Costs ($000's)

Item	FY 1977	FY 1978	FY 1979	Total
Commodities				
Insecticides	12,000	12,000	12,000	36,000
Drugs	3,000	3,000	3,000	9,000
Total	15,000	15,000	15,000	45,000

The project would be administered by the existing and experienced GOI malaria agency, according to a revised strategy and Plan of Operation endorsed by WHO.

Although we are proposing this loan for FY 1978 financing, it is possible that if bilateral aid discussions take place in FY 77, the GOI may request that priority consideration be given this project in the same year.

2. Foodgrain Storage II $30 million FY 78

This is a follow-on to the $30 million FY 77 grain storage loan which appears in the FY 77 Congressional Presentation. The amount remains notional, since the basic GOI study identifying specific project elements will probably not be available until August 1976. The study, being conducted by the GOI's Administrative Staff College in cooperation with the World Bank, will assess India's needs for improved grain storage, handling, and transport facilities through 1985 under specific assumptions on production, buffer stocks, and public distribution targets. For background information on these aspects, see Section 2 of the PL 480 Title I Proposal of this submission.

LONG RANGE PROJECTIONS

Current policy assumptions do not call for the U.S. undertaking a major bilateral assistance role or involvement in the financing of India's development. Our projections through 1982 thus continue for each major category roughly the same moderate level we propose for FY 78. The rationale for the stable levels of PL 480 Titles I and II is contained in the respective sections of this submission. Our loan projections reflect an assumption of no more than one or two projects annually in the priority sector of food and nutrition. If these are well targeted and of high quality in design, as we intend, we believe they can make a meaningful contribution to India's development within the consortium of donors.

INDIA: FY 1978 ABS

LONG RANGE PROGRAM PLAN TABLE
(Whole $ millions)

	1978	1979	1980	1981	1982
Food/Nutrition					
Grants	1	1	1	-	-
Loans	30	50	50	50	50
Population/Health					
Grants	-	-	-	-	-
Loans	45	-	-	-	-
(Population)					
(Grants)	-	-	-	-	-
(Loans)	-	-	-	-	-
(Health)					
(Grants)	-	-	-	-	-
(Loans)	(45)	-	-	-	-
Education					
Grants	*	*	*	-	-
Loans	-	-	-	-	-
Section 106					
Grants	-	-	-	-	-
Loans	-	-	-	-	-
Total					
Grants	1	1	1	-	-
Loans	75	50	50	50	50
PL 480 (non-add)					
Title I	69	69	69	69	69
Title II a/	110	110	110	110	110
OPG's to PVO's	*	*	*	*	*
Special Foreign Currency Appropriation:					
Third Country Training	*	*	*	*	*

* Less than $500,000.

a/ Represents Mission recommendation; VolAgs requests total $122 million in FY 1978, $126 million in FY 1979, $129 million each in FY 1980-1982.

INDIA: FY 1978 ABS

MISSION EVALUATION SCHEDULES FOR FY 1977 AND FY 1978

All USAID/India technical assistance projects completed prior to FY 1975 were evaluated and final PAR's submitted to AID/W. In regard to the guidance in AIDTO Circ. A-231 of 4/23/76, the only project which was active in FY 1975 but completed subsequently was the Indian Farmers Fertilizer Cooperative (IFFCO) fertilizer project (Loan # 386-H-201).

From USAID's point of view, we do not believe a formal evaluation of this completed capital project would serve any useful purpose at this point because (a) there was no evaluation plan developed when the project was initiated, and (b) the Mission does not envisage any new assistance for construction of fertilizer plants in India in the future. However, if AID/W is interested in assessing the Agency's experience with this project, particularly the project's innovative link with cooperatives, for application elsewhere, it may wish to organize a special evaluation. TDY staff and PDS funds would be needed.

Evaluation schedules for new projects in the ABS for FY 1977 have not been completed because of their highly contingent status. If the FY 77 development assistance program goes forward, USAID will prepare and include evaluation schedules in the project documents that are submitted to AID/W. We are thus not submitting any evaluation schedules in the ABS format.

PL 480 TITLE I AGREEMENTS AND SHIPMENTS

	FY 1976 and Transition Quarter Estimates						FY 1977 Request					
Commodity	Agreements		Shipments		Carryover to FY '77		Agreements		Shipments		Carryover to FY '78	
	($)	(MT)	($)	(MT)	($)	(MT)	($)	(MT)	($)	(MT)	($)	(MT)
Wheat	57.0	400	57.0	400	-	-	65.5	475	65.5	475	-	-
Rice	26.0	100	26.0	100	-	-						
Total:	83.0	500	83.0	500	-	-	65.5	475	65.5	475	-	-

FY 1978 Request

Commodity	Agreements		Shipments		Carryover to FY'79	
	($)	(MT)	($)	(MT)	($)	(MT)
Wheat	69.0	500	69.0	500	-	-
Total:	69.0	500	69.0	500	-	-

NOTE: Dollar amounts are in Millions; Commodity figures are in thousands of metric tons.

INDIA: FY 78 ABS

PL 480 TITLE I PROPOSAL

Pursuant to the guidance in State 139653, "PL 480 Title I as a Development Resource", we submit the following Title I proposal covering the main outlines of the need and development uses we see the program serving in India. As requested, a "DAP Substitute" will be transmitted by August 15, 1976. The present proposal is organized in accordance with paragraph II A3 of the guidance message.

1. Need for Commodity Credit

a. Balance of Payments. As of the end of May 1976, India's reserves were estimated at $2.2 billion ($1.5 billion net of IMF borrowings), an increase of 72 per cent over the previous year and the highest level achieved since 1948. This is a remarkable improvement, and most observers are optimistic about the short/medium term outlook as a result of a combination of export increases and import drops due to increased domestic availability of petroleum, fertilizer and steel. However, India is likely to run substantial trade deficits for a number of years to come, particularly if it follows the World Bank's advice contained in its recent economic report on India.* The Bank recommended that India utilize its eased foreign exchange situation to break the pattern of slow economic growth which has characterized India for years. In particular it suggested a liberalized import policy to foster large increases in supplies of raw materials, components, spare parts and various items of machinery and equipment necessary for the revival of the

---

* "Economic Situation and Prospects of India", Report 1073-IN IBRD, March 29, 1976.

industrial economy. The GOI has, in fact, significantly liberalized such imports over the past six months and prospects for an economic recovery in 1976-77 appear favorable. The continuation of a moderate-level Title I program would facilitate maximum allocation of foreign exchange for such economic recovery purposes.

A second theme of the World Bank's report is also relevant to consideration of a Title I program. The Bank suggests that donors no longer view assistance to India primarily in balance of payments terms. Instead they should evaluate their assistance programs in terms of their helpfulness in promoting economic development. India remains an extremely poor country by any standard, and the constraint on development is now domestic availability of development capital. The cruel dilemma is that so long as India pursues its successful anti-inflationary program, including limited Governmental deficits, it cannot generate the rupee resources required for more rapid growth.

In this context Title I assistance is particularly useful. It is quick disbursing and serves to provide immediate balance of payments assistance and maintain India's buffer stocks of food (see below). It has the additional benefit of generating rupee resources for the GOI's economic development programs which in turn are increasingly concentrated on agriculture, a primary target of US legislation.

b. Foodgrain Supply and Demand, Imports.

The combination of an excellent monsoon and good winter rains brought India a record foodgrains harvest in this agricultural year (July 1975-June 1976), estimated by GOI officials to reach 115 million MT. This is 14 million tons over the previous year, a year which featured a poor summer monsoon, and 7 million tons over the last excellent

monsoon year of 1970-71. This record harvest has given India the type of opportunity to rebuild a sorely needed buffer stock that appears perhaps twice in a decade.

The effect on the level of imports of foodgrains is more closely related to the success of government domestic procurement operations for the public distribution system, than to overall per capita availabilities. Imports traditionally fill the gap between domestic procurement and the distribution needs of 230,000 Fair Price Shops in cities and towns, plus needs for essential stocks. Government procurement out of this year's record crop is estimated to reach 12 million MT (5.7 million rice, 300,000 coarse grains, and at least 6 million wheat). Although this represents an extraordinary success compared to previous procurement operations and imports will undoubtedly be reduced in FY 77, appreciable imports are in the pipeline and are likely to continue to be necessary for some years ahead.

Specifically, compared to imports in excess of 7 million MT of wheat in FY 76, we expect June 1976 to July 1977 imports to total at least 3.75 million MT on the basis of quantities in the pipeline, commercial contracts concluded or under negotiation, and other donor pledged food aid. Commercial imports represent about 3 million MT of this minimum estimate. For FY 78, even assuming it follows a normally good foodgrains production year of 110 million MT, we estimate imports of 3 to 5 million MT will be required in order to maintain the announced goal of a 10 million MT buffer stock.

Imports of this magnitude should cover Title I usual marketing requirements without difficulty. We estimate India's UMR will increase to 2.7 million MT, reflecting the steep rise in commercial wheat imports of the past two years.

The burden of the preceding discussion is that one excellent crop year does not mean the end of the need

for imports. They will probably continue in the near term to approximate the twenty year annual average of 4 million MT. Indian agriculture remains acutely sensitive to the vagaries of the weather, and rising population absorbs most of the minor average production gains so far achieved. The production breakthroughs necessary to fundamentally change this situation remain long-term prospects: major extensions of effective irrigation, new rice varieties and cultivation practices appropriate to Indian monsoon conditions, greatly expanded use of fertilizer, easier access to credit, and increased rural energy availability.

What the past excellent crop year does mean is the chance to build and maintain a 10-12 million MT buffer stock to even out the peaks of imports in a bad year. This chance was missed in 1971 when a stock of 8 million MT was dissipated in the mistaken hope that self-sufficiency was around the corner. This year government spokesmen have wisely refrained from reviving the achievement-of-self-sufficiency theme, and have espoused the goal of a long term 10 million MT buffer stock. Achievement and maintenance of this goal would be a major accomplishment not only for India, but in terms of the world food problem in general. We believe the continuation of a moderate level of Title I assistance (in relation to total imports) in order to encourage and mitigate the cost of this effort should be a priority measure of U.S. food policy.

2. Development Program to which Resources will be Applied

As indicated above, we believe the most important development use for Title I resources would be to support the GOI's new objective of maintaining a 10 million ton buffer stock. The stock would operate to reduce the scope for wide fluctuations in consumer and producer prices, distribution availabilities, and import costs which historically have followed each monsoon failure and caused

severe dislocations in the economy and hardship to much of the population, particularly the poor.

The amount of Title I resources appropriate to this purpose cannot be judged with any accuracy over the long term, since Title I would represent a small proportion of commercial imports, which themselves fill a varying domestic procurement gap. From 1971-1975 imports have averaged 46 per cent of domestic procurement, or an annual average of 3.7 million MT. Depending on GOI foreign exchange availabilities and the absolute amounts involved, we suggest a concessional food aid percentage from all sources of 10 to 20 per cent of imports. The requested Title I amounts of 475,000 and 500,000 MT for FY 77 and 78, respectively, are at the low end of this range. Such amounts, however, would represent a significant foreign exchange saving, while maintaining the incentive for increased domestic production and procurement.

The priority need for the success of the GOI's buffer stock strategy, and a condition for continued Title I shipments, is the availability of secure and efficient storage capacity. The Food Corporation of India (FCI) presently owns about 5.5 million MT capacity, and normally hires an additional 3 million MT from public and private agencies. This year's record procurement has placed India's storage capacity under severe strain. It appears that through additional hiring at increased rates and crash construction of low-cost "cover and plinth" storage, an additional capacity of roughly 2.5 million MT has been created, for a total of 11 million MT. We estimate this may still leave a gap of up to 2.5 million MT capacity which will have to be covered by hiring or otherwise making available unconventional sites and structures.

The GOI, in cooperation with the World Bank, has been engaged in preparing a major program to increase and upgrade its grain storage capacity and improve the efficiency

of its handling and transport facilities. A study assessing these needs through 1985 is being completed by the GOI's Administrative Staff College to serve as the basis for concessional financing requests which may total $200 million.

We believe it would be particularly appropriate to direct Title I local currency generations to this high priority program, necessary to store and efficiently utilize the buffer stocks maintained, in part, by Title I grains. Such use would also integrate Title I and proposed A.I.D. dollar loan resources for grain storage construction.

We believe, furthermore, that GOI agreement to allocate Title I local currency generations to improved grain storage should qualify for the "Loan Forgiveness" provisions of Section 205 of the 1975 International Development and Food Assistance Act. Section 205 specifically mentions improved storage as one of the self-help measures that the forgiveness procedure is intended to promote. For India, embarking on a major grain storage and handling program is a new and tremendously costly enterprise, which we believe merits U.S. encouragement and assistance by all feasible means.

3. Distribution of Benefits

Title I grains become part of FCI stocks which are subsequently distributed through 233,000 Fair Price Ration Shops at variously subsidized prices to the populations of cities and towns throughout India. These shops are primarily frequented by the poorer strata of the population, attracted by the normally lower prices compared to the open market. Under specific price conditions, the more affluent tend to prefer the open market for the greater variety and superior quality of grains available there. As pointed out at the beginning of the Title II portion of this submission, 53 per cent of India's urban population is considered to be below the poverty line, compared to 43 per cent of the rural population.

As discussed in the preceding section, the adoption of a major buffer stock policy by the GOI, assisted in part by Title I shipments and local currency generations, would tend to limit the scope for wide fluctuations in foodgrains availability and prices. The poor majority of consumers, who are hardest hit by such fluctuations, would again be the primary beneficiaries.

4. GOI Interest

The Government's adoption of the objective of maintaining a 10 million MT buffer stock has been publicly stated recently by leading officials. According to press reports, the Managing Director of FCI said on June 11, 1976 that the central government "has decided to build a buffer stock of 10 to 11 million tons". He added that the FCI proposed to create additional storage capacity of 3 million tons in the next three years. The Union Minister of State for Industry and Civil Supplies recently called for the establishment of the public distribution system on an expanded and permanent basis. In previous years of good harvest, the system had been allowed to decline. The Union Minister for Agriculture and Irrigation, Jagjivan Ram, speaking at the World Food Council in Rome June 16, urged all countries to define and adopt national stock policies by the end of 1977, and welcomed U.S. international reserve stock proposals.

The ability of the GOI to stand the huge costs of this effort is uncertain. Domestic acquisition costs alone for 5 million MT each of rice and wheat approach $1.2 billion equivalent, financed through Reserve Bank credit to be sure; but, as buffer stock, remaining committed for an extended period and representing a real cost to the economy. Large amounts of multilateral and bilateral assistance, especially for storage capacity increases, will undoubtedly be called for to assist in realizing the GOI objective.

5. Evaluation

One of the advantages of relating all Title I assistance, both commodities and local currency uses, to a specified GOI buffer stock and grain storage program is that self-help reporting and analysis can take on real meaning. Evaluative analysis of such a program can proceed from a quantitative, factual base of accomplishment, minimizing the sensitivities that heavily qualitative evaluations engender. In the context of present Indo/U.S. relations, this is a consideration of some consequence.

6. Commodities and Core Program

For FY 78 and the near future, our suggested Title I level is on the order of 500,000 MT of wheat annually. The rationale for this figure was discussed in Section 2 above.

We recommend that India be included among the "core" allocations at this level. Early negotiation of Title I Agreements in September and shipment in the last quarter of the calendar year coincides with the main import period, and would thus be timely. We believe that the added assurance of participation in the core program would encourage the building of cooperative relationships concerning India's vital food problems, which in turn are a large part of the world's food problem. India's inclusion in the core would also be of advantage to U.S. food assistance planning.

INDIA : FY 78 ABS

PL 480 - TITLE II

I. BACKGROUND

A. Nutrition Status

Malnutrition in India is above all a reflection of massive Indian poverty. An estimated 245 million people, or 45 per cent of the population, were estimated to be below a poverty line of Rs.28 monthly consumer expenditure in rural areas and Rs.43 in urban areas (equivalent to $3.68 and $5.66) in 1971. Forty-three per cent of the rural population and 53 per cent of the urban were below this line. Table I provides a state-wise breakdown of these data. Further, 22 per cent of the population, or 120 million people, were classed as severe destitutes under even lower assumptions of consumer expenditure (see Table 2). There has been no general improvement in these percentages over the comparable figures for 1961; in fact, rural poverty increased in all but five states, and urban poverty increased in all but two. Though the removal of poverty remains one of the major objectives of India's Fifth Five Year Plan (1974-1979), its targeted goals are nowhere in sight, principally because of slow growth in rural land and labor productivity, a population growing at 2.2 per cent per annum, and increasing rural and urban unemployment.

The vast numbers of landless agricultural laborers, most subsistance farmers, most of those who belong to the scheduled castes or scheduled tribes, rag pickers, beggars, the physically handicapped, pavement dwellers, other unemployed persons, share croppers, etc. constitute the bulk of India's poor. Among many in these groups, dietary ignorance and superstition, for example in the weaning of infants,heighten the malnutrition occasioned by their poverty.

In terms of calorie intake, about 31 per cent of the rural population and 46 per cent of the urban population have been estimated to subsist on deficient diets. Gujarat, Tamil Nadu, Kerala, Maharashtra, Andhra Pradesh, Bihar, Karnataka, West Bengal and Uttar Pradesh,(in that order) have the largest distribution of population which subsists on diets deficient in calories.

Country: INDIA

INTERSTATE DISTRIBUTION OF POPULATION BELOW THE POVERTY LINE 1970-71

States/Union Territories	Est.pop (million)	% of pop. below poverty line	Est.No. of poor (million)	Rural			Urban		
				Est.pop. (million)	% pop. below poverty line	Est.No. of poor (million)	Est.pop. (million	% of pop. below poverty line	Est.No. of poor (million)
	1	2	3	4	5	6	7	8	9
A. States									
Andhra Pradesh	43.282	46.94	20.317	34.924	45.09	15.747	8.358	54.68	4.570
Assam*	15.867	16.63	2.638	14.403	15.65	2.254	1.464	26.24	0.389
Bihar	56.098	46.68	26.184	50.488	45.68	23.062	5.610	55.64	3.121
Gujarat	26.530	41.88	11.111	19.080	37.33	7.122	7.450	53.54	3.988
Haryana	9.977	24.95	2.488	8.215	20.65	1.696	1.762	44.98	0.792
Himachal Pradesh	3.438	12.27	0.421	3.198	10.87	0.347	0.240	30.90	0.074
Jammu & Kashmir	4.570	26.96	1.232	3.720	19.56	0.727	0.850	59.38	0.504
Karnataka	29.131	43.55	12.687	22.049	40.88	9.013	7.082	51.88	3.674
Kerala	21.229	51.13	10.854	17.781	48.72	8.662	3.448	63.56	2.191
Madhya Pradesh	21.404	53.71	22.238	34.659	52.86	18.320	6.745	58.08	3.917
Maharashtra	50.089	38.49	19.281	34.476	36.74	12.666	15.613	42.37	6.615
Manipur	1.064	37.33	0.397	0.924	35.02	0.323	0.140	52.55	0.073
Orissa	21.821	56.58	12.345	19.986	57.30	11.452	1.835	48.70	0.893
Punjab	13.489	15.30	2.063	10.288	9.13	0.939	3.201	35.11	1.123
Rajasthan	25.617	45.89	11.755	21.101	44.76	9.444	4.516	51.17	2.310
Tamil Nadu	40.926	59.23	24.239	28.542	56.73	16.191	12.384	64.98	8.047
Tripura	1.548	20.57	0.318	1.387	19.88	0.275	0.161	26.57	0.042
Uttar Pradesh	87.919	47.43	41.702	75.593	45.02	34.032	12.326	62.23	7.670
West Bengal	44.066	44.67	19.683	33.160	46.37	15.376	10.906	39.49	4.306
B. Union Territories									
Goa, Daman, Diu	0.846	16.52	0.139	0.622	6.79	0.042	0.224	43.56	0.097
Pondicherry	0.468	39.94	0.186	0.271	35.93	0.097	0.197	45.41	0.089
All India	544.852	45.04	245.377	436.372	43.16	188.338	108.480	52.58	57.039

*Including Meghalaya.

Source: All-India National Sample Survey of Consumer Expenditure, Draft Report No. 269, August 1975.

TABLE 2

Severe Destitutes, Destitutes, and Poor in India (1970-71)
(Thousands)

	Rural		Urban		Total	
	No.	%	No.	%	No.	%
Severe Destitutes a/	95,174	21.8	24,538	22.6	119,713	22.0
Destitutes b/	135,799	31.1	39,329	36.3	175,188	32.2
Poor c/	188,338	43.2	57,039	52.6	245,377	45.0

a/ Monthly consumer expenditure less than Rs.21 (rural), Rs.28 (urban)

b/ " " " " " Rs.24 (rural), Rs.34 (urban)

c/ " " " " " Rs.28 (rural), Rs.43 (urban)

Note: $1 = Rs.7.60 in 1971

Source: All-India National Sample Survey of Consumer Expenditure, Draft Report No.269, August 1975.

Protein calorie malnutrition, a major deficiency disease, which specially affects preschool children is widespread, particularly in the rice consuming communities of South India and parts of Maharashtra, Orissa and West Bengal.

Vitamin A deficiency, which principally affects the preschool children, is largely prevalent in Orissa, Andhra Pradesh, Tamil Nadu, Kerala and Karnataka. Fifty per cent of the world's blind persons live in India and the majority of them suffer blindness due to vitamin A deficiency. An estimated 12,000 to 14,000 children become blind every year.

Nutritional anemia, resulting from deficiencies of vitamin B and iron, is a major health hazard to pregnant and lactating women and preschool children. Rickets is frequent among the preschool children. Preschool children constitute 17 per cent of India's population but account for 40 per cent of the total deaths.

An analysis of the 1971 census has produced the following estimate of the number of poor in the particularly vulnerable dietary group: preschool children of 0-6 years, 47.6 million; school children of 6-11 years, 26.2 million; pregnant women, 7.6 million; and lactating mothers 12.6 million -- a total of 94 million. For comparison, the total number in these categories reached by the Title II program in FY 1976 was about 11 million.

B. GOI Nutrition Programs

The GOI draft Five Year Plan (1974-79) envisioned a substantial expansion in nutrition programs, targeted at MCH recipients and school children of "weaker sections". The primary objectives were to attack protein-calorie deficiencies, iron deficiencies, and vitamin A deficiencies. Due to budgetary stringencies, actual financial allocations during the first two years of the Plan period have been far less than two-fifths of the total projected, and it is extremely doubtful that numeric targets can be met. Nevertheless, as an indication of interest and direction, the following Fifth Plan targets may be mentioned:

- Recipients under MCH were expected to increase from 3.8 million to 10 million with emphasis on urban slum areas, tribal areas, and pockets in rural areas where malnutrition is prevalent.

- Under the mid-day meals program (school feeding), recipients were expected to increase from 12 million to 16.5 million. The Plan proposed that an expanded use of indigenous food mixtures be used; production was to be raised from 30,000 tons per annum to 250,000 tons per annum. The production of "Balahar" was to continue, using 85 per cent Title II ingredients and 15 per cent GOI inputs.

- In addition to the feeding programs, the Plan outlines a Public Health Nutrition Program for the supply of Vitamin A and iron, a nutrition education program, a package of services through integrated Child Development Services, and pilot food production, processing, and research projects. (UNICEF is providing assistance to a number of these activities.)

The programs outlined, though limited in their scope in actual implementation, appear to be pointed in the right direction. The primary target groups conform with those designated by AID, they are seeking to reach the poorest majority, and are utilizing substantial indigenous resources.

C. Related Agricultural Programs

Although India has made considerable progress in agricultural development during the past several years, its agricultural output still fluctuates markedly with the vagaries of the weather. Periodic drought conditions due to failure of the monsoon are recurring phenomena, necessitating massive imports of food, which, however, cannot forestall increased hardship in the drought-affected areas. In a situation of short food supply, the poor bear the brunt of the shortages. Certain areas are, furthermore, chronically drought prone, or classed as "backward" for socio-geographic reasons (e.g. tribal areas).

In order to make Indian agriculture less vulnerable to the uncertainties of weather and support increased productivity, a number of major and minor GOI programs have been instituted for irrigation and water control, groundwater development, area development, and dissemination of improved practices (insofar as these are available). These programs are mentioned here as background for the majority of Food-for-Work projects supported by Title II.

The major current GOI goal in this area is to add five million hectares of irrigated land by the end of the Fifth Plan to the roughly 45 million hectares now irrigated, by accelerating the completion of large and medium-scale surface water projects. In the current budget year, Rs. 6.1 billion ($685 million) have been allocated for this purpose. Another Rs.1.5 billion ($169 million) is allocated for minor surface water and ground water development towards creating another million hectares of irrigation potential. To improve utilization of existing major irrigation works, forty Command Area Development projects have been designated, for which this year's budget provides Rs.328 million ($36.9 million) for continuing work on about twenty. This work includes modernisation of the canal system, construction of field channels, and land leveling, plus better coordination of extension, credit, and electrification programs in the area.

In addition, and of particular relevance for Food-for-Work projects, the GOI has instituted special development programs for fifty-four chronically drought-prone districts, and seventy-six "backward" districts (largely tribal and resource poor areas) out of India's 317 districts. Work in the drought prone areas includes development of ground water, soil and moisture conservation and afforestation, and introduction of improved cropping patterns and pasture development.

Many of these areas plus other poor districts suffering from adverse land/man ratios are served by Small Farmer Development Agencies, another program to which the GOI is devoting substantial resources. SFDAs are charged with reorienting existing cooperative, credit, and extension institutions to meet the needs of small and marginal farmers through a system of subsidies, guarantees, and promotion activities. The program is active in 120 districts and is to be expanded to 160 under the Fifth Plan, which provides Rs.2 billion ($225 million) for this effort.

The foregoing brief review of India's poverty and nutrition status, and the scope and nature of GOI nutrition and rural development efforts, is presented as background for the activities, program planning, and methods of coordination of the Voluntary Agencies, which is described in the following sections.

II. PROGRAM COORDINATION AND LIAISON BETWEEN GOI, VOLAGS AND OTHERS

A. CARE (Cooperative for American Relief Everywhere)

All projects from initial proposal and approval to program implementation and evaluation are jointly administered between CARE and the host government. They fully correspond with the country plans and prioirities and the host government closely cooperate and supports all stages of project implementation. The multi-year plans and annual implementation plans are the basic planning documents which identify the size, location, nature, duration, results and the financial contribution in each category of activity.

A high level committee of the GOI central coordination committee comprising of the Executive Director and Secretaries of the GOI Departments of Food, Social Welfare, Education, Economic Affairs and Planning Commission coordinates with CARE on all CARE assistance within the context of priorities of the GOI Fifth Five Year Plan. In a recent meeting held on 22nd May 1976, the central coordination committee met with CARE to discuss CARE's program proposals requiring the use of Title II commodities. As a result of this meeting, the GOI and CARE have concluded on the following:

- CARE's multi-year planning would extend into the GOI Sixth Five Year Plan. Since the Commission has not prepared or made any projections of the plan to date, the GOI agreed to the CARE program plan up to 1978-79.

- GOI is willing to accept a long term approval to the program planning proposed by CARE.

- MCH and pre-school feeding will be the principal priorities for the next 2 to 3 years, and it was requested that CARE increase Title II allocations for this purpose.

B. CRS (Catholic Relief Services)

CRS administers Title II programs mainly through the Catholic Church heirarchy in India, with consignees and distributors representing local voluntary organizations such as social service societies, Diocean Caritas units or Cooperatives. The Agency is primarily engaged in the development of local voluntary organizations directed towards supplementing local social welfare and developmental efforts. Program activities include feeding of pre-school and school children, and nursing and lactating women, and are geared to nutrition, institutionalized children, economic and community development projects and limited adult instituional feeding.

Although the Agency's main contacts are Diocean Social Service directors who determine the Title II activities in different parts of the country, it has agreements with state governments for specific school feeding programs to be carried out in conjunction with the State Municipal Corporations (city governments). Barring the municipal corporation school feeding programs, there is no direct involvement of central or state governments in planning and implementation of CRS Title II activities. However, the Agency's counterparts, i.e. consignees, normally work closely at the local levels with the block/district officials. In certain projects, state and local officials' participation at both planning and implementation levels is sought by the consignees at project locations.

The agency maintains close contacts with other Volags and donor organizations such as - CARE, WFP, UNICEF etc. to avoid duplication of Title II program activities.

The agency does not have any direct coordination with the GOI Fifth Five Year Plan. There is, however, no conflict between CRS objectives and priorities set forth by the government. CRS overall program goals are:

- to meet the immediate needs of the poor without regard to race, caste or creed;
- to aid in the removal of the causes of needs through programs designed to enhance the quality of life; and

- to aid in the development of local voluntary organizations so that such activities can be carried on when CRS withdraws.

C. CWS/LWR (Church World Service/Lutheran World Relief)

CWS/LWR works in India as an integral part of the Indian counterpart agency - CASA (Church's Auxiliary for Social Action). CASA is an independent registered society under the authority of the Protestant Churches of India and is related to the National Christian Council of India. It is primarily engaged in such activities as nutrition development, community development, agricultural development, urban slum removal, emergency relief, and social welfare.

The agency's main contact is the Indian Protestant Church which determines the type of Title II activities to be undertaken in different parts of the country. There is no direct involvement of central or state governments in planning and implementation of Title II project activities. However, the agency's counterpart, CASA, works closely at the local levels with the block/district officials wherever necessary. In certain projects, state and local officials participation at both planning and implementation is sought by the agency's counterpart organization, CASA.

Regarding the agency's contacts with other Volags, there is no direct formal relationship with regard to Title II activities. However, the agency does maintain constant informal contacts with CARE, CRS, WFP, etc. to avoid duplication of Title II program activities. In addition, this task is accomplished through their Field representatives at the pre-planning and research stage of Title II projects in different areas.

CWS/LWR does not have any direct coordination with the GOI Fifth Five Year Plan. However, there is no conflict between CASA's objectives and priorities set forth by the GOI; CASA's overall activities in increasing food production, improving nutrition status and other developmental efforts fall within the scope and priorities set forth in the GOI Plan.

D. WFP (World Food Program)

A recent experience in the duplication of a project in Karnataka State involving WFP and CARE has demonstrated the need for better coordination of activities between WFP and the Volags. As a result of the recent experience WFP plans to develop a closer working relationship with the other Volags through informal consultations on a regular basis.

III. VOLAG PLANNED ACTIVITIES & OBJECTIVES

General:

Within the context of India's massive poverty and widespread efforts to alleviate it, the Title II program supplements the food supply for a significant number within the most vulnerable groups and is an important resource for alleviation of malnutrition. To ensure effective distribution and utilization of commodities, the voluntary agencies collaborate closely with the host country government and/or local voluntary organizations in all phases of food planning or programming. In the great majority of their activities the Volags also seek to use Title II programs as vehicles of social change and economic development to attain the larger objectives of the Fifth Five Year Plan.

In their FY 1978 submissions, the volags have requested substantial commodity increases. They plan to use the increased food as their input in joint projects with the host government and/or to reach more recipients in the vulnerable groups in backward and poverty stricken communities. Their submissions for FY 78 represent a total increase in the commodity level by 92,939 MT or 20.12% over the FY 77 program level (from 461,869 MT to 554,818 MT). The total number of recipients is to be increased by 1.4 million or 9.66% (from 14.5 million in FY 77 to 15.9 million).

The program emphasizes increasing food production through FFW projects, and improved nutrition and health for pre-school children and lactating women through MCH projects. All projects are supportive of GOI goals and

priorities enunciated in the Fifth Five Year Plan and are designed to reach the poorest of the poor to the extent possible. The largest increase in the FY 78 ABS, over the FY-77 AER, are 1.12 million MCH recipients. Of these CARE accounts for 1.09 million recipients.

A. Program Summary

1. CARE

(a) Food for Work

The Title II FFW activities by CARE for FY 1978 cover 1,304,000 workers (benefitting 5,216,000 dependents). The beneficiaries consist mainly of agricultural workers and small and marginal farmers considered to be the poorest of the poor.

CARE FFW activities planned for FY 1978 involve a total of 150,116 metric tons (15,800 metric tons of soy fortified bulgar and 134,316 metric tons of wheat) resulting in a increase of 15,423 metric tons over the FY 1977 AER level. The number of workers is also increased by 124,000 (from 1,180,000 to 1,304,000).

CARE FFW activities in FY 1978 are to be located in the designated backward areas of 14 States of Andhra Pradesh, Bihar, Delhi, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. These projects are planned in the areas of afforestation, soil conservation, land reclamation, minor irrigation such as well digging, construction of canals, and lift irrigation.

All projects will be implemented in close collaboration with the respective State Governments. Projects are developed by the consignees with the concurrence of the respective State Government officials and formally approved by the CARE State Office. Title II

commodities are shipped from the port to consignees and/or distributors as required by CARE. CARE has 16 State sub-offices in 14 States with the Head Office in New Delhi. CARE total staff consists of 15 international staff members and 445 Indians, who are responsible for planning, implementing, monitoring, coordinating, administering and evaluating the Title II program in India.

To date, CARE does not have a multi-year program plan. However, discussions are being held with the GOI's CARE Central Coordination Committee which has referred the multi-year planning subject to an inter-departmental committee. Further discussions will continue toward obtaining a multi-year plan. One problem is that FY 1978 overlaps the last two years of the GOI Fifth Five Year Plan, which makes it difficult for the GOI to develop a multi-year plan with CARE until the beginning of the Sixth Five Year Plan.

(b) MCH

CARE collaborates with the host government in a variety of GOI programs which ameliorate nutrition in preschool children, ages zero to six years, and in pregnant and lactating women. Examples are: (1) the GOI Special Nutrition Program (SNP) for supplementing feeding of preschool children and pregnant and lactating women in the tribal areas and urban slums; (2) ICDS (Integrated Child Development Services) an expanding new program for supplementary nutrition, immunizations, and nutrition education for young children; (3) MCH and other preschool support programs; (4) PPP (Family Planning and Post Partum Programs) which augment family planning acceptance through a variety of incentives, especially provision of food for acceptors and their families; and (5) the manufacture of ready to eat foods for use in feeding programs.

CARE plans to feed 3,002,600 MCH beneficiaries in FY 1978 and FY 1979 providing Title II commodities for 2,256,500 SNP beneficiaries, and food

supplements for 800,000 PPP and 138,102 ICDS preschool children. Food supplements range from 87 to 100 grams per day per beneficiary for 180 to 365 feeding days. Compared with the FY 1977 AER, this reflects an increase of 1,086,202 recipients (from 5,111,000 to 6,197,202) or 21.2 per cent, with a proportionate increase of 35,619 MT in commodities.

(c) School Feeding

Because of the beneficial effects of school lunches in promoting school attendance and the nutritional supplementation of the recipients, CARE will continue feeding 6,584,000 school children in FY 1978 and FY 1979, as in FY 1977. CARE plans to support school feeding provided it continues to be a GOI priority. Efforts will be continued towards developing and distributing indigenous foods for this program.

Title II commodities, especially the blended foods, alleviate protein calorie malnutrition and vitamin and mineral deficiencies. This supplement, in many cases, is the only meal the children eat during the day, which correlates with the GOI objectives of alleviating malnutrition. CARE implements most of these programs with sole reliance upon Title II resources. Programs are principally concentrated in poor rural and tribal areas, urban slums or in other urban centres, operating through existing health or education infrastructure. The Government is responsible for cooking and distributing food at sites in the districts, blocks or villages. In addition to the CARE input, the State Governments of Kerala, Madhya Pradesh, Tamil Nadu and Kerala supplement school feeding commodities from own resources.

CARE has formulated its current multi-year plans for school and pre-school feeding in collaboration with the GOI, which has requested CARE to provide 400 million lbs. of food annually during the Fifth Plan period for these programs.

These multi-year programs, presently projected till the end of the Fifth Five Year Plan, are to continue as long as the GOI inputs are made available. CARE will continue to furnish total food requirements for the ICDS preschool children and the pregnant and lactating women so long as the GOI continues to provide its own inputs. CARE similarly plans to continue to furnish Title II commodities to support the SNP and other GOI preschool programs.

CARE objectives in providing Title II commodities for government-operated programs are to effectively reach vulnerable groups with a nutritious food supplement, and to promote increasing and more effective GOI contributions of food, health services, and nutrition education. Project goals are defined in the multi year plans and the annual implementation plans.

2. CRS

(a) Food for Work

CRS FFW activities in FY 1978 are to be located in the backward areas of most of the States to reach landless agricultural workers and small and marginal farmers, who are considered to be the poorest of the poor. These activities can be divided in two major categories, i.e., projects which will provide an infrastructure for the development and improvement of agriculture in the area, and projects which will provide community type services.

Major emphasis is on agriculture-oriented activities accounting for over 63 per cent of the total FFW projects. The subjects covered by these projects are: digging and deepening of wells, construction of tanks and dams, bunding, land levelling, reforestation and erosion control, fisheries development, etc. Since most of these projects are to be located in backward and drought-prone areas, priority is rightly given to providing irrigation water. Approximately 44 per cent of the activities will cover irrigation projects.

The community development type projects cover construction of roads, housing, school and community centers, vocational training, sanitation facilities, etc. Among these subjects, emphasis is given to housing and construction of village roads, accounting for 30 per cent of the total program.

The target group consists mostly of landless laborers and small and marginal farmers. This group exists even in relatively affluent and agriculturally rich Indian States. Their number in these States may be small compared to other poor States, but they still require some support. Among the States where FFW activities are proposed for FY 1978, concentration of programs is in Bihar, Tamil Nadu, Karnataka, Goa, West Bengal, Kerala, Uttar Pradesh and Andhra Pradesh in the same order as they are listed. Other States are also covered, but only on smaller scale. The lowest concentration is in Delhi, Punjab and Rajasthan, with no activities planned for Haryana and Jammu and Kashmir.

The CRS FY 1978 FFW program involves 660,000 recipients for a total of 26.4 million man-days (880,000 man-months). The number of recipients as compared with the FY 1977 AER has been increased by 60,000 (from 600,000 to 660,000), i.e. 10%, with a commodity increase of 33,947 metric tons (from 74,843 metric tons to 108,790 metric tons) i.e. 45.3%. This disproportionate increase in FFW commodities is attributable to higher ration levels proposed in the FY 1978 ABS (35 lbs. per person per month as compared to 27 lbs. in FY 1977 AER). The increase in the ration levels has been justified to conform to the minimum wage level fixed for agricultural workers by the State Governments.

The CRS FFW program is administered through six Zonal Offices located in Bombay, Calcutta, Cochin, Madras, Bangalore and Delhi, with guidance from the headquarters in New Delhi. Implementation of FFW activities is accomplished through 188 consignees and 1660

distributors located in the States where programs are conducted, who maintain close liaison and coordination with the Zonal Offices.

CRS has reiterated the fact that, due to the tight time schedule for the FY 1978 program presentation, they were unable to devote adequate time to preparing a meaningful and realistic multi-year plan for inclusion in the FY 1978 presentation.

(b) MCH

CRS objectives in its MCH program are to provide Title II commodities as a supplement to the nutritional needs of poor communities, especially to children below age five, and pregnant and lactating women. Another objective is to generate local organizational capability for a sustained program operation after CRS withdraws from the country.

To reach preschool children and pregnant and lactating women, programs are operated through consignees and distributors, usually through their clinics, dispensaries or hospitals, or their schools. These programs supplement the local State MCH or nutrition programs in the villages or blocks where they are operated.

Local communities are encouraged to make token cash contributions for providing or strengthening medical services, immunizations, health cards, nutrition education, and local food inputs such as vegetables, jaggery etc.

With the help of seven nutrition educators, CRS reinforces the nutritional gains of Title II food by disseminating nutrition education among the community women through its distributors, and by supporting provisions of community health services, health cards and weighing machines. Nutrition education lessons

disseminate recommended practices on balanced diets for preschool children and pregnant and lactating women, breast feeding, infant weaning, health and hygiene practices, increased use of local foods, and recipes for Title II commodity utilization.

Nearly 66 per cent of the Title II MCH program is concentrated in the four southern States of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu where statistics reveal the larger incidence of malnutrition. Second largest programs are in the eastern States where malnutrition is also widespread.

Compared with the FY 1977 AER, MCH recipients are proposed to increase by 28,000; from 363,000 to 391,000, or 7.7 per cent. Commodities increase by 1,373 MT;from 17,791 to 19,164 MT or by 7.7 percent. These increases will be used in the existing programs, especially in south and eastern India.

(c) School Feeding

To encourage school attendance and combat malnutrition, CRS plans to feed in FY 1978 408,000 primary school children from tribal and backward communities, and poor and malnourished children.

Title II rations include blended foods, bulgur, oil, wheat flour and milk, which are programmed at appropriate levels among the recipients.

CRS plans call for feeding 212,111 children in private schools and the remaining in the municipal corporation schools. Recipients of school lunches are to increase by 61,000 over the FY 77 AER, from 347,000 to 408,000 or 17.5 percent increase. Commodities would increase by 1,919 MT, from 8,986 MT to 10,905 MT. These increases have been requested for extending the program among tribal and backward communities in northeastern and central India; again, considered to be the poorest of the poor.

CRS is continuing to support distribution of bread among 75,000 school children in Baroda and New Delhi. The Baroda School Board and the New Delhi Municipal Committee (NDMC) pay for all ingredients, other than Title II wheat flour and oil, and for baking, storage and delivery services. The Board and the NDMC also pay annually Rs.35,000 towards CRS administrative costs. Program costs to the Board are an estimated Rs.315,000 per year and an estimated Rs.804,000 to the NDMC for the life of the project.

In Madras, CRS is supporting a school lunch program for 60,000 recipients. Except Title II ingredients of bulgur and oil, the Madras City Corporation provides other food ingredients on its own. The Corporation pays for storage, handling and distribution services. They also pay Rs.10,000 per year for CRS administrative costs.

(d) Other Child Feeding

To augment the supply of food and alleviate malnutrition among orphans, outcasts, disabled, diseased or homeless children sheltered in hostels or boarding houses, CRS plans to provide Title II commodities for feeding 95,000 children in FY 1978. The recipient institutions supplement these commodities with other food ingredients from their own or other donor resources to provide a full complement of daily food to these children. The types and levels of rations provided to the children supplement their nutritional needs. This category has been increased by 15,000 recipients, from 80,000 to 95,000, or 18.7 per cent increase, with a commodity increase of 895 MT, from 4,790 MT to 5,685 MT, or 18.7 per cent.

(e) Adult Health Cases and Institutional Feeding:

As allowed in the FY 1978 ABS Guidelines, CRS has requested an increase of 20,000 recipients for Mother Teresa (60,000 to 80,000) over the FY 77 AER. CRS has also added 18,000 recipients for institutional feeding. CRS has justified inclusion of such recipients in their Program Plan purely on humanitarian grounds. These include old, infirm and lepers neglected by the society and requiring long term hospital treatment, with no resources.

The overall recipient increase of 38,000 in this category represents a commodity increase of 2,884 MT, from 4,573 MT to 7,457 MT or 63 per cent. In relation to total program size, however, this represents a 2.6 per cent increase.

3. CWS/LWR

(a) Food for Work

CWS/LWR Title II FFW activities planned for FY 1978 involve a total of 100,000 beneficiaries (20,000 workers with 80,000 dependents) and 180,000 man-months of work. Ninety per cent of FFW activities will be aimed at creating irrigation facilities, and ten per cent to land levelling and construction of village-to-market roads.

The CWS/LWR FY 78 ABS request as compared with the FY 77 AER reflects a decrease of 10,720 recipients, from 110,720 to 100,000. However, the commodity requirements reflect an increase of 468 MT as compared to FY 77 AER total food requirement, from 12,015 MT to 12,483 MT. This increase is attributable to increased ration levels of wheat and bulgur, justified on the basis of State Government's wage policy.

The projects will be located in the backward and drought-prone areas in the States of Maharashtra, Gujarat, Bihar, Tamil Nadu and Rajasthan, reaching the landless agricultural workers and small and marginal farmers who are considered in general to be among the country's poorest.

CWS/LWR programs are implemented through their counterpart agency, CASA (Church's Auxiliary for Social Action). CASA has contact persons in the field, who determine the type and location of Title II activities in different parts of the country. The contact person selects the project, and the project proposal is sent to the respective Area Office of CASA for approval. Programs are administered through CASA's four Area Offices located at Bombay, Calcutta, Madras and Delhi. Each Area Office is under the direction of an Area Director responsible for all staff and programs in his geographical area. Area staff include three port officers with assistants, four Food Project Officers and assistants and over 20 field staff. These four Area Offices of CASA are responsible for the administration of the Title II program in the country with policy guidance from their headquarters.

CWS/LWR does not have a multi-year plan. Due to changes in the organizational structure and policy making personnel in CASA, it was not possible for CASA to prepare a multi-year plan to include in the FY 78 presentation. However, CASA is committed to long-range planning and they have included a planning commission within their National Board. It is expected that CASA will soon start working toward preparation of a multi-year plan.

(b) MCH

The targeted recipients are preschool children and pregnant and lactating women primarily among landless laborers and marginal farmers. CWS/LWR plans to provide Title II assistance to 50,000 MCH beneficiaries in Fiscal Year 1978. Compared to the FY 77 AER, the FY 78 ABS reflects an increase of recipients from 39,200 to 50,000 (i.e. an increase of 10,800 or 27.6%). Commodity requirements have also increased proportionately from 1493 MT to 1904 MT, i.e., an increase of 411 MT.

The commodities are high protein and high calorie supplements, appropriate for alleviating protein calorie malnutrition among the vulnerable groups (i.e., oil, soy fortified bulgur, and soy-fortified sorghum grits).

Recipients are also taught increased use of local foods and improved health practices through dissemination of nutrition education. For achieving opitmum nutritional benefits, community health services are also provided to the beneficiaries.

The MCH programs are located in areas of maximum need in ten States, especially in West Bengal, Maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka. CWS/LWR programs are administered through its local counterpart agency, CASA (Church's Auxiliary for Social Action), which has administrative and control offices at Bombay, Calcutta, Madras and New Delhi.

CASA Contact Persons (voluntary, unpaid consignees) store the Title II commodities and dispense the rations to the beneficiaries through distributors. Prior to implementation, projects are informally approved by local government officials at the block or district levels.

Although nutrition programs are CWS/LWR's secondary priority, its MCH programs for preschool children and pregnant and lactating women conform to the GOI's MCH program priorities. CWS/LWR's objectives and goals seek improved nutrition for promoting health among the target communities by providing Title II supplements, health services and disseminating nutrition education.

B. Relationship of GOI Goals & Objectives to Volag Goals & Objectives.

1. CARE

CARE's objectives relating to FFW activities are: (1) to increase food production, (2) provide

immediate income to the most needy, (3) generate greater employment opportunities to the unemployed and the underemployed, and (4) accelerate GOI goals and targets thus mitigating the conditions that cause malnutrition. All objectives are supplemental to the GOI Fifth Five Year Plan objectives. Since CARE closely coordinates their activities with the GOI and State Governments, CARE projects will be within the priorities and goals of the host country.

The GOI's projected allocation for the MCH and nutrition programs in the Fifth Five Year Plan is Rs.6,050 million (from 1974 through 1979). A portion of this budget (amount unknown) will go directly into the CARE supported MCH activity. In fact, CARE's project activity is an integral part of the Government's nutrition plans and objectives and is a direct contribution to their attainment.

2. CRS

Except for joint programs with four municipal corporations, CRS Title II programs are neither planned nor implemented with the host government. However, these programs supplement government efforts in the attainment of nutritional objectives of the Fifth Five Year Plan. CRS feeding programs seek to furnish inputs of health services, immunizations, and nutrition education, in addition to nutritious food supplements which are the basic ingredients of national programs for nutrition amelioration. Of its total requested Title II allocation in FY 1978, CRS is designating 12-1/2% to MCH and 11% to school and other child feeding programs.

Because of continuing need for alleviating malnutrition CRS does not envisage an early termination of its program. It expects the program to continue as long as Title II commodities are made available for India. CRS has not yet prepared multi year plans. However, it has furnished multi year program projections to Fiscal Year 1982.

CRS FFW goals and objectives are to: (1) supplement the diet of unemployed workers and their families, and (2) organize the unemployed to work on community and economic development projects. These goals are closely related to GOI goals of providing employment to the rural poor and of assisting the small and marginal farmers in increasing their agricultural production potential.

3. CWS/LWR

The primary objective of CWS/LWR is the social and economic betterment of underpriviledged groups, particularly in rural areas. This objective and the means employed are in consonance with GOI priorities, i.e. increasing the agricultural productivity of these groups through improved soil and water management, irrigation, and cropping practices. Technical assistance is provided by the State Government technical staff at the block and district levels, and at the project sites.

MCH programs are not formally coordinated with the host government, but informal liaison is maintained with local government officials at the block and district levels. These programs supplement the GOI's overall objectives of alleviating malnutrition among the most vulnerable groups of the poor.

C. Evaluation of the Program

1. CARE

CARE has a functioning evaluation system and procedures have been streamlined to strengthen the system. Evaluation criteria to be used in measuring progress to attain country goals relative to the inputs are built into the multi-year program plans. Program objectives are measured from the already available or planned baseline data which will serve as benchmarks for evaluations of the programs implemented in FY 78. It is expected that this will result in a more effective evaluation system.

2. CRS

CRS is presently initiating plans for improving program evaluations using necessary baseline data which is expected to be available for use in their FY 78 programs. In the past, CRS consignees and distributors have traditionally regarded the Title II food program as a means of humanitarian service for the poor, sick and needy, and there was a lack of concept, skills, and resources needed for evaluating the programs. As a result of past AAG Audit inspections, CRS has added a staff of Food for Work Evaluators to augment their end-use checkers, self-audit staff, and nutrition educators conducting field checks. It is expected that CRS will have an effective evaluation system operational for the FY 78 program.

3. CWS/LWR

CWS/LWR Title II evaluation activities are provided by CASA's self-audit staff which is presently being expanded into an Audit and Evaluation Section to emphasize extensive monitoring and program evaluation. CWS/LWR plans to compile and assimilate the necessary baseline data to serve as the benchmark for the evaluation of FY-78 FFW activities and expects the expanded and strengthened evaluation system to be in use for FY-78 implementation.

D. Management Capabilities

1. CARE

To administer the programs proposed for FY 78 totalling 14,085,000 beneficiaries, CARE has a staff of skilled employees consisting of 15 international staff members and 445 Indians. This staff is responsible for implementing the program in 14 state offices and the central office in New Delhi.

CARE's staff is well trained with long experience in conducting surveillance, monitoring, evaluation and implementing the Title II program in a professional manner. In addition, the Agency has the active assistance of both central and state government in the planning and administration of their program activities throughout the country. On this basis Mission foresees no management difficulty that would interfere with the normal functioning of the FY 78 program as proposed by CARE.

2. CRS

As a result of a recent AAG audit and the Mission's active follow-ups through end-use checks and administrative reviews, CRS has made a number of management changes and taken action to overcome deficient areas. The agency is planning to further plug the loopholes and is making concerted efforts to augment its staff and gear up its management capabilities through well planned self-audits, frequent reviews of deficient areas, evaluation and implementation procedures. In view of the foregoing it is anticipated that the agency is on the right track and endeavoring to streamline their systems and procedures directed towards improved management. However, CRS has still not completely overcome the problem of management and control of the Title II program and for this reason there is some doubt as to their ability to manage the increased level requested in FY 78, i.e. 37% increase in commodities and 14% increase in recipients. For this reason, the Mission will carefully monitor CRS's implementation of the FY 77 program for management capability implications for FY 78.

3. CWS/LWR

The Title II programs sponsored by CWS/LWR are administered by CASA with guidance from the CWS and LWR American representatives, who are consultants of the CASA Executive Staff. The programs are administered from area offices located at Bombay, Calcutta, Madras and Delhi, each under the supervision of an Area Director who receives guidance from the Delhi headquarters.

Audit staff members located in each of the area offices are responsible to the headquarters office for maintaining ongoing reviews and surveillance of all aspects of the Title II food programs at all levels of operation, resulting in a data base which will provide a better basis for future planning.

CWS/LWR management shortcomings of Title II programs in the past resulted in program suspension in FY 74 thru FY 76. The program was resumed in mid-FY 76 upon their assurance that management and controls would be adequately covered. Field reviews to date of the CWS/LWR program has not uncovered any serious management or control problem. Since the program plan FY 78 ABS does not request any increase in program size, it would not appear that management would be a problem in implementing the program.

IV. MISSION ROLE

Because of the nature of our bilateral relations, the Mission has not been able to enter into dialogues in depth with the GOI on the composition and future direction of the Title II program. While we keep informed on significant GOI program developments, our primary contacts are with the VolAgs themselves.

The Mission's current role is primarily one of monitoring VolAg programs and reviewing the effectiveness of the systems they use in the distribution and utilization of Title II commodities. In addition, the Mission oversees the VolAg's actual performance as related to approved commodity and recipient program levels. The administrative and field reviews initiated by the Mission in the past six months and conducted on a "spot check" basis, have enabled us to better analyze VolAg field operations and to alert the agency of deficient areas uncovered. Administrative reviews have also provided the VolAg field office with requested advice and assistance in the area of records maintenance.

The Mission is maintaining close liaison and coordination with each of the VolAgs to encourage that projects be directed towards meeting the Congressional mandate, and that planning be on a multi-year basis with built-in factors to enable measurement of accomplishments in relationship to purposes and goals. Such factors will improve the Mission's ability to evaluate more broadly the Title II program in future years.

V. CONCLUSIONS AND RECOMMENDATIONS

A. General Policy Considerations

The overall increase in the FY 78 Title II program requested by the VolAgs over FY 77 AER levels amounts to 20.1 percent in commodity volume, 16.3 percent in commodity value, and 9.7 percent in terms of recipients. Commodity volume would for the first time exceed 500,000 MT, and by a wide margin (total request 554,818 MT). Increases of this magnitude raise general policy questions in terms of our bilateral relations.

It has been the position of this Embassy that the Title II program should remain at a roughly stable level for the near-term future. There is no question that there remains a huge unmet humanitarian need in India for the types of programs being conducted, and that the VolAgs, as professional humanitarian agencies, have the capability and the duty to seek expanded programs. Nevertheless, having endorsed substantial increases for FY 77, we believe that continued large annual increases have implications for the nature of the U.S. role and extent of involvement in Indian welfare activities, for the degree of dependency of India on U.S. grant food supplies, and for the size of the official and non-official staffs necessary to properly implement and monitor these activities which should be cause for U.S. concern and caution.

On general policy grounds, the FY 78 Title II program should be held to FY 77 levels. We also have some questions on program feasibility which are mentioned in the individual VolAg sections below.

B. CARE

The Agency has requested a commodity increase of 51,000 MT (15.1 percent over FY 77), comprised of 35,600 MT for expanded MCH programs and 15,400 MT for additional FFW. While we wish to encourage CARE's increasing emphasis on the high priority MCH sector, there is room to question the magnitude of expansion proposed in FY 78.

FY 78 being fifteen months away, there is no way to guarantee that the requisite GOI budgetary support for a 21 percent recipient increase in CARE-assisted MCH activity will eventuate. We believe a modest increase would be a reasonable expectation, however.

Regarding FFW, which has grown substantially in recent years, we support no further increase in FY 78.

On this basis, we recommend an increase on the order of 10,000 MT for CARE in FY 78, for a total of 347.4 thousand MT, or 3 percent over the FY 77 AER level. We would leave the final allocation among programs within this suggested ceiling to CARE in consultation with AID/W.

C. CRS

CRS has proposed an increase of 41,000 MT in FY 78, or 37 percent over the FY 77 AER, the bulk of which (33,900 MT) relates to FFW. The reasons for the FFW increase are (a) a 10 percent proposed expansion in recipients, and (b) an approximate 30 percent requested increase in ration level.

Since the Agency is in process of overhauling their management and control systems in light of the November 1975 AAG Audit and the results will not be apparent for another six months, we cannot at this time recommend any increase in FFW recipient levels.

On the other hand, we believe CRS has a good case for some increase in ration levels, as explained in previous sections, and request that this be reviewed closely but sympathetically by AID/W. In distinction to CARE FFW projects in which food is a supplement to partial cash wages paid by the GOI, CRS projects must rely almost entirely on the food incentive. CRS's proposed ration level, with no increase in recipients would amount to an increase of approximately 22,000 MT in FY 78, which we are prepared to support if allowable.

The balance of the FY 78 increase (7,000 MT) is requested for a wide variety of MCH, school and other child feeding, and humanitarian institutional support. We believe the rate of this increase should be reduced, but concur in a minor expansion to be allocated among the programs by CRS.

We would thus recommend an increase of no more than 24,000 MT for CRS in FY 78, for a total of approximately 135,000 MT, or 21.6 percent above the FY 77 AER.

D. CWS/LWR

We recommend approval of the CWS/LWR FY 78 request as submitted. The requested increase of 879 MT represents an increment of 6.5 percent over FY 77, with no increase in recipient level. We believe the small but innovative programs of these agencies should be encouraged, and that they can be carried out effectively. We will, however, review their program management carefully during FY 77.

E. SUMMARY RECOMMENDATION

The sum of the increases for FY 78 recommended above amounts to 34.9 thousand MT, or 7.5 percent over the FY 77 AER, for a total of 496.8 thousand MT.

In value this would approximate $110 million, depending on the final program composition determined by the Agencies and AID/W. We believe this is a reasonable increase, demonstrating U.S. humanitarian and developmental concern for India's poor, while not affecting the character of our involvement.

INDIA: FY 1978 ABS

PL 480 TITLE II

SUMMARY OF FUNDING LEVELS BY VOLAG FOR FY 1976, TRANSITION QUARTER, FY 1977 AND FY 1978

($000)

VolAg	FY 1976	T.Q.	FY 1977	FY 1978 VolAg Request	FY 1978 Mission Recommendation
CARE	46,745	11,849	78,343	87,938	78,890
CRS	20,836	4,047[a/]	24,286	31,703	28,329
CWS/LWR	1,063	530	2,599	2,781	2,781
Total:	68,644	16,426	105,228	122,422[b/]	110,000

Note:

Above figures represent CCC value of commodities and do not include ocean freight.

a/ Does not include value of NFDM special allocation for CRS

b/ See individual VolAg tables attached.

INDIA: FY 1978 ABS

PL 480 TITLE II

SUMMARY OF COMMODITY LEVELS BY VOLAG FOR FY 1978

(In Metric Tons)

VolAg	VolAg Request	Mission Recommendation
CARE	388,430	347,413
CRS	152,001	135,000
CWS/LWR	14,387	14,387
Total:	554,818	496,800

Note: See individual VolAg tables attached.

INDIA: FY 1978 ABS

PL 480 TITLE II - FY 1978

Sponsor's Name: CARE

A. Maternal and Child Health.....Total Recipients: 6,197,202

No. of Recipients by Commodity (000's)	Name of Commodity	(Thousands) KGs (000's)	Dollars (000's)
1,210	CSM	26,457	12,435
4,729	SFB	97,064	19,793
258	SFF	3,606	894
4,933	Oil	8,214	4,889
TOTAL MCH:		135,341	38,011

B. School Feeding.....Total Recipients: 6,584,000

No. of Recipients by Commodity (000's)	Name of Commodity	KGs (000's)	Dollars (000's)
200	CSM	2,878	1,353
6,234	SFB	89,710	18,294
150	SFF	1,623	403
6,584	Oil	8,762	5,215
TOTAL SCHOOL FEEDING:		102,973	25,265

C. Food for Work.....Total Recipients: 1,304,000

No. of Recipients by Commodity (000's)	Name of Commodity	KGs (000's)	Dollars (000's)
79	SFB	15,800	3,222
1,225	WHEAT	134,316	21,440
TOTAL FFW:		150,116	24,662

PL 480 TITLE II - FY 1978

Sponsor's Name: CRS

A. Maternal and Child Health.....Total Recipients: 391,271

No. of Recipients by Commodity	Name of Commodity	KGs (000's)	Dollars (000's)
391,271	WSB	3,194	852
391,271	CSM	3,194	1,502
391,271	S.F.Bulgur	10,647	2,172
391,271	Oil	2,129	1,268
TOTAL MCH:		19,164	5,794

B. School Feeding.....Total Recipients: 407,759

No. of Recipients by Commodity	Name of Commodity	KGs (000's)	Dollars (000's)
260,759	WSB	1,596	426
260,759	CSM	1,596	750
320,759	S.F.Bulgur	5,713	1,165
407,759	Oil	745	444
87,000	Flour	1,255	311
TOTAL SCHOOL FEEDING:		10,905	3,096

C. Other Child Feeding.....Total Recipients: 95,000

No. of Recipients by Commodity	Name of Commodity	KGs (000's)	Dollars (000's)
95,000	WSB	775	207
95,000	CSM	775	365
95,000	S.F.Bulgur	3,618	738
95,000	Oil	517	308
TOTAL OTHER CHILD FEEDING:		5,685	1,618

D. Food for Work.....Total Recipients: 660,000

No. of Recipients by Commodity	Name of Commodity	KGs (000's)	Dollars (000's)
660,000	Wheat	104,761	16,722
660,000	Oil	4,029	2,399
TOTAL FFW:		108,790	19,121

(contd.)

CRS - (contd.)

E. Other - Mother Teresa.....Total Recipients: 80,000

No. of Recipients by Commodity	Name of Commodity	KGs (000's)	Dollars (000's)
80,000	WSB	1,088	290
80,000	CSM	1,088	512
80,000	S.F.Bulgur	1,741	355
80,000	Wheat	1,741	278
80,000	Oil	435	259
TOTAL OTHER:		6,093	1,694

F. Other Institutions.....Total Recipients: 17,950

No. of Recipients by Commodity	Name of Commodity	KGs (000's)	Dollars (000's)
17,950	WSB	243	65
17,950	CSM	244	115
17,950	S.F.Bulgur	390	80
17,950	Wheat	390	62
17,950	Oil	97	58
TOTAL OTHER INSTITUTIONS:		1,364	380

INDIA: FY 1978 ABS

PL 480 TITLE II - FY 1978

Sponsor's Name: Church World Service and Lutheran World Relief (CWS/LWR)

A. Maternal and Child Health.....Total Recipients: 50,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGs	Dollars
50,000	SFB	816	166
50,000	SFSG	816	173
50,000	Oil	272	162
TOTAL MCH:		1,904	501

B. School Feeding.....Total Recipients: Nil

C. Other Child Feeding.....Total Recipients: Nil

D. Food for Work.....Total Recipients: 100,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGs	Dollars
30,000	Bulgur Wheat	2,916	537
70,000	Wheat	9,072	1,448
100,000	Oil	495	295
TOTAL FOOD FOR WORK:		12,483	2,280

E. Other (Specify).....Total Recipients: Nil

ASSISTANCE TO PVOs AND COOPERATIVES

In our FY 77 ABS we reviewed the recent history of PVO project activity in India and USAID's extensive experience in supporting such activities. We came to the conclusion that OPGs held substantial promise in India, although the necessity to secure GOI approval for their financing with U.S.-owned rupees would likely hold such activities to a modest scale.

Developments during the past year have led us to become less sanguine. The only complete OPG proposal received from U.S. VolAgs established in India (a CRS proposal for Community Nutrition Education) failed to secure GOI approval. It seems clear that only the highest priority and best locally-supported projects, from the GOI's point of view, are capable of gaining the high-level GOI concurrence required. The VolAgs, too, appear to be having great difficulty in preparing complete proposals in a timely manner. Despite a wealth of promising ideas, no proposals are presently in hand from the major India-based organizations. We are therefore scaling down our estimates of likely OPG activity in the coming years.

As a new type of activity in India, Mission policy is to encourage OPG proposals only from VolAgs already well established here that have gained local confidence and support. Following are the most promising project concepts discussed with the VolAgs. They are in various stages of preparation, as indicated.

1. <u>CARE-Medium-scale Food Processing Plants</u>
$330,000 FY 77

The project would construct and equip ten medium-scale food processing plants to supply MCH programs in the states of Punjab and Haryana. These are grain exporting states with above average per capita income and progressive administrations.

The plants would provide the basis for accelerated take over by these states of the bulk of all inputs to their MCH programs. CARE plans to finance three additional plants (one in Madhya Pradesh) on a test basis early in FY 77 with private funds.

The plants would produce a granular roasted food product from indigenous grains, raw sugar, and oil. On a two shift basis, each plant could produce three to four MT per day.

Each plant is estimated to cost $28,000 for equipment and $5,000 for building construction materials (rupee equivalent). The State governments would provide land, contribute to construction, and staff the facilities. Sample plans and specifications have been completed, and an OPG proposal is being prepared.

2. CLUSA (Cooperative League of the USA) -- Cooperative Oilseeds Development $140,000 FY 77

The project would provide technical assistance to develop and install efficient processing management systems in the cooperative oilseeds sector. There are presently twenty major oilseed solvent extraction coops operating about 400 mills throughout the country. This is only about 5 per cent of India's effective capacity, and there is great scope to expand cooperative endeavor for the benefit of the growers, if planning and operations are efficiently organized.

The project is part of a ten-year development program of the National Cooperative Development Corporation (NCDC) to bring the cooperative oilseeds processing sector to an equivalent position in the national economy to that of the cooperative sugar processing sector. The project will adapt existing U.S. cooperative management systems to Indian requirements and train the trainers for its installation. A three year program is envisioned, with the FY 77 OPG to be incrementally funded in FY 78 and FY 79, if successful. A total project cost of $360,000 is estimated.

OPG costs include expatriate consultants, in-service U.S. training for counterpart personnel, U.S. study tours,

and travel expenses for top level U.S. cooperative managers' participation in local workshops and seminars.

The primary beneficiaries would be the small and medium-scale farmers who raise most of the vegetable oil-seeds, usually in non-irrigated areas. Secondary beneficiaries would be the poorer consumers, since direct ties are envisioned between the processing coops and organized consumer societies.

This project has been under discussion by CLUSA with NCDC for several years. A firm proposal with clear targets, detailed specification of beneficiaries, and justification of the level of proposed U.S. inputs has yet to be developed.

3. CLUSA -- Women in Cooperatives. $70,000 FY 78

The project would establish a training cell within the National Cooperative Consumers' Federation with the objective of promoting active participation of women at all levels in consumer cooperatives: management, employees, and members. The cell would train trainers to further this objective at the regional level. The project would also include consumer protection activities.

Beneficiaries would be primarily from the poorer strata which form the membership of consumer cooperatives, and have the greatest need of consumer education. OPG costs would cover expatriate consultants and study tours.

This project is still in the concept stage, and a great deal of work remains to be done by CLUSA on the specification of outputs and identification of beneficiaries and their actual needs.

4. CRS - Rodent Control $250,000 FY 78

Building on the experience of a very successful rodent control project in Gujarat, which was AID-supported with Section 204 funds, CRS plans to extend similar activity to other

areas in cooperation with State governments. Rodent control has gained considerable GOI priority over the past year (a national plan is being completed), and we believe the expanded CRS activity has good potential for acceptance and accomplishment

Activities would take place in rural areas, both in field control and home protection. A village self-help approach is employed with extensive training at village, Block and District levels.

CRS plans to initiate the program in three states in FY 77 with private funds in excess of $100,000. If successful, the OPG would expand the effort in FY 78. The program is still in the planning stages, and we do not expect to receive a proposal until the last quarter of FY 77.

INDIA : FY 1978 ABS

SUPPORT TO PRIVATE VOLUNTARY ORGANIZATIONS AND DEVELOPING COUNTRY COOPERATIVES

Funding Table

($000)

	FY 1977	FY 1978	Functional Account
ONGOING GRANTS			
A. OPGs	-	-	
B. Non-OPGs	-	-	
NEW GRANTS			
A. OPGs			
Cooperative Oilseeds Development	140	180	FN
Women in Cooperatives	-	70	FN
Medium-scale Food Processing Plants	330	-	FN
Rodent Control	-	250	FN
Sub-total	470	500	
of which technical assistance to Cooperatives (non-add)	(140)	(250)	(FN)
B. Non-OPGs	-	-	
LOANS	-	-	

TABLE 1*

PROGRAM ANALYSIS FOR ORALS AND CONDOMS TO ACHIEVE REPLACEMENT LEVEL OF POPULATION GROWTH - INDIA

(Figures in Thousands)

	1975	1976	1977	1978	1979	1980
A. "Full Supply" Analysis						
1. Women (15 - 49)	121,708	124,264	126,874	129,534	132,258	135,035
2. 65% of line A1 (Contracepting women required to achieve replacement level)	79,110	80,772	82,468	84,197	85,968	87,772
3. 50% of line A1 (Contracepting women utilizing orals and condoms)	60,854	62,132	63,437	64,767	66,129	67,518
4. Annual stock requirements for "full supply"						
a. Orals-½ of line A3 x 13 monthly cycles	395,551	403,858	412,347	420,992	429,845	438,867
b. Condoms-½ of line A3x100 units	30,427,000	31,066,000	31,719,000	32,384,000	33,065,000	33,759,000
B. Annual New Supply from Non-AID Bilateral Sources						
1. Private Commercial Sector						
a. Orals	1,500	1,500	1,500	10,000	15,000	26,000
b. Condoms	114,000	114,000	144,000	144,000	144,000	144,000
2. Other Donors						
a. Orals	800	1,000	1,000	1,000	1,000	-
b. Condoms	100,000	100,000	-	-	-	-
3. Host Country Government Procurement						
a. Orals	-	-	-	-	-	-
b. Condoms	118,000	144,000	144,000	220,000	244,000	288,000
4. Total In-Country stock						
a. Orals	2,300	2,500	2,500	11,000	16,000	26,000
b. Condoms	332,000	358,000	288,000	364,000	388,000	432,000
C. Gap to be filled to Achieve "Full Supply"						
1. Orals (line A4a less line B4a)	393,251	401,358	409,847	409,992	413,845	412,867
2. Condoms (line A4b less line B4b)	30,095,000	30,708,000	31,431,000	32,020,000	32,677,000	33,327,000

D. AID Bilateral Supply Objectives	1975	1976	1977	1978	1979	1980
1. Orals	-	-	-	-	-	-
2. Condoms	-	-	-	-	-	-
E. Total New Supply						
1. Orals (line B4a plus line D1)	2,300	2,500	2,500	11,000	16,000	26,000
2. Condoms (line B4b plus line D2)	332,000	358,000	288,000	364,000	388,000	432,000
F. Remaining Supply Gap						
1. Orals (line A4a less line E1)	393,251	401,358	409,847	409,992	413,845	412,867
2. Condoms (line 4Ab less line E2)	30,095,000	30,708,000	31,431,000	32,020,000	32,677,000	33,327,000
G. People Gap						
1. Orals (line F1 divided by 13)	30,250	30,874	31,527	31,538	31,834	31,759
2. Condoms (line F2 divided by 100)	30,095	30,648	34,431	32,020	32,677	33,327
3. Total (line G1 plus line G2)	60,345	61,522	65,958	63,558	64,511	65,086

*NOTES:

1. This table has been prepared based on estimates of eligible population (reproductive age women 15 - 49 years old) and contraceptive user rates contained in AIDTO CIRC A-233. However, the GOI estimate of eligible population includes women in the age group of 15-45 only. Also, the proportion of eligible population using pills and condoms in India is different from those assumed in the circular. Accordingly, we are attaching a separate Table 1 reflecting GOI estimates of eligible population and pattern of contraceptive practices in India.

2. Tables 2 and 3 are not applicable to India since USAID has no bilateral programs in country; therefore, these tables have been omitted from the submission.

TABLE 1 (Based on GOI estimates)

PROGRAM ANALYSIS FOR ORALS AND CONDOMS TO ACHIEVE REPLACEMENT LEVEL OF POPULATION GROWTH - INDIA

(Figures in Thousands)

	1975	1976	1977	1978	1979	1980
A. "Full Supply" Analysis						
1. Women (15 - 45)[1]	102,248	104,774	107,347	109,975	112,644	115,337
2. 65% of line A1 (Contracepting women required to achieve replacement level)	66,461	68,103	69,776	71,484	73,218	74,969
3. 30% of line A1 (Contracepting women utilizing orals and condoms[2]	19,938	20,430	20,933	21,445	21,965	22,490
4. Annual stock requirements for "full supply"						
a. Orals-1/3 of line A3 x 13 monthly cycles	86,398	88,530	90,710	92,928	95,182	97,457
b. Condoms-2/3 of line A3 x 100 units	13,292,000	13,620,000	13,955,000	14,296,000	14,644,000	14,994,000
B. Annual New Supply From Non-AID Bilateral Sources						
1. Private Commercial Sector						
a. Orals[3]	1,500	1,500	1,500	10,000	15,000	26,000
b. Condoms[4]	114,000	114,000	144,000	144,000	144,000	144,000
2. Other Donors						
a. Orals[5]	800	1,000	1,000	1,000	1,000	-
b. Condoms[6]	100,000	100,000	-	-	-	-
3. Host Country Government Procurement						
a. Orals	-	-	-	-	-	-
b. Condoms[7]	118,000	144,000	144,000	220,000	244,000	288,000
4. Total In-Country Stock						
a. Orals	2,300	2,500	2,500	11,000	16,000	26,000
b. Condoms	332,000	358,000	288,000	364,000	388,000	432,000
C. Gap to be filled to Achieve "Full Supply"						
1. Orals (line A4a less line B4a)	84,098	86,030	88,210	81,928	79,182	71,457
2. Condoms (line A4b less line B4b)	12,960,000	13,262,000	13,667,000	13,932,000	14,256,000	14,562,000

D. AID Bilateral Supply Objectives	1975	1976	1977	1978	1979	1980
1. Orals	-	-	-	-	-	-
2. Condoms	-	-	-	-	-	-
E. Total New Supply						
1. Orals (line B4a plus line D1)	2,300	2,500	2,500	11,000	16,000	26,000
2. Condoms (line B4b plus line D2)	332,000	358,000	288,000	364,000	388,000	432,000
F. Remaining Supply Gap						
1. Orals (line A4a less line E1)	84,098	86,030	88,210	81,928	79,182	71,457
2. Condoms (line 4Ab less line E2)	12,960,000	13,262,000	13,667,000	13,932,000	14,256,000	14,562,000
G. People Gap						
1. Orals (line F1 divided by 13)	6,469	6,618	6,785	6,302	6,091	5,497
2. Condoms (line F2 divided by 100)	12,960	13,262	13,667	13,932	14,256	14,562
3. Total (line G1 plus line G2)	19,429	19,880	20,452	20,234	20,347	20,059

1/ GOI estimates of reproductive age women, 15 - 45 years old.

2/ The Indian family planning program has been heavily sterilization oriented (accounting for over 2/3rds. of current users) and is likely to remain so in the foreseeable future. Oral pills are not widely used in India and only about 3 per cent of eligible couples currently use condoms. GOI, however, plans to expand both programs so as to reach eventually about 10 per cent of eligible population through orals and 20 percent through condoms. Hence, these user rates are used in these calculations.

3/ Refers to local production of oral pills by private pharmaceutical companies (from wholly imported raw materials) now used mostly for gynaecological and obstetrical purposes. The GOI, however, plans to increase the use of orals in the nationwide family planning program and step up local production of orals (with indigenous raw materials) to about 26,000,000 cycles by 1980/81.

4/ Refers to annual production of condoms at the private sector factory in Madras, Tamil Nadu.

5/ Represents UNFPA supplies of orals; figures for 1975 and 1976 are actuals and for 1977 to 1979 best estimates of likely GOI requests to UNFPA.

6/ Represents SIDA supplies; no estimates are available for 1977 through 1980.

7/ Refers to annual production of condoms at the Government-owned factory in Trivandrum, Kerala.

THIRD COUNTRY TRAINING IN INDIA: JUSTIFICATION OF SPECIAL FOREIGN CURRENCY APPROPRIATION REQUEST

FY 1977	:	$400,000 equiv.
FY 1978	:	500,000 equiv.

1. Training in India of foreign nationals sponsored and financed by other USAID's has remained an active element of USAID/India's activities. India has the potential of offering quality courses of instruction and on-the-job training in almost all development fields at its educational/training institutions, many of which had received assistance from A.I.D. in the past. The cost of academic training in India remains about one-sixth the cost of similar training in the U.S., and since U.S.-owned excess Indian rupees are used, there is no dollar cost to the U.S. Treasury.

2. The FY 76 Appropriation Bill contains the first Special Foreign Currency (SFC) provision for third country training in India, in the amount of $200,000 equivalent. Use of these funds is limited to USAID/Nepal in practice, however, since the GOI has not yet agreed to accept AID-financed training requests from other countries.

3. Until the GOI suspension of third country training at the end of FY 1972, we had arranged training for about 1,700 foreign nationals from 32 countries -- almost 800 from Nepal and the remainder from Indonesia, Philippines, Thailand, Ceylon, Afghanistan, Iran, and Brazil, among others. In later years prior to FY 73, we were receiving 140 to 200 new participants per year in long and short-term programs, of which about 80 percent were from Nepal.

4. Pursuant to the provisions of the Indo-U.S. Rupee Agreement of February 1974, the Government of India agreed to reinstitute the rupee-financed training in India of Nepalese participants only. Any expansion of such A.I.D.-sponsored rupee-financed training for nationals of other countries would have to be approved by the GOI.

5. We have received specific training requests recently from Tanzania and Yemen. Indonesia, Bangladesh and Afghanistan have also shown continuing interest. We have not, however, been able to secure GOI agreement to include other countries in the program. (See New Delhi 15674 of 11/25/75.) We are hopeful of obtaining a favorable response in the coming year. Accordingly, we have included a modest program for such other countries -- $90,000 equiv. in FY 1977 and $120,000 equiv. in FY 1978 -- with Nepal continuing to absorb about three-fourths of the total Special Foreign Currency Appropriation requests for the two years.

6. In FY 1975, when Nepalese training was reinstituted, a total of 75 new participants were funded: 50 long-term 3-4 year B.Sc. Agriculture degree candidates, one B.Sc. Nursing, and 24 short-term Malaria trainees. With the exception of one B.Sc. Nursing candidate (now scheduled to start in July 1976), all others have started their programs.

7. In FY 1976 and the Interim Quarter, a total of 86 new Nepalese participants were funded: 56 long-term and 30 short-term. Of these, 25 B.Sc. Agriculture (first group), 2 Health Education and 10 short-term Malaria participants have started their programs; of the remaining, 25 B.Sc. Agriculture (second group), one M.Sc. Agriculture, and three other long-term participants are scheduled to start in July 1976, and 20 short termers will start at a later date. Fourteen additional M.Sc. Agriculture participants were programmed, but not implemented or funded. As stated above, training for no other countries was approved by the GOI in FY 1976. It thus appears that, of the $200,000 FY 76 SFC Appropriation, only $146,000 equivalent will be utilized.

8. The almost two-fold increase in the FY 1977 SFC estimate for Nepalese participants (from $146,000 equiv. in FY 1976 to $310,000 equiv.), as requested by the Nepal Mission, derives primarily from the need to finance 100 continuing students from prior years in the B.Sc. Agriculture course. Similarly, the increase in the FY 1978 request relates to the even greater number of continuing degree candidates.

9. Following is our estimated breakdown of the utilization of current and proposed SFC training appropriations:

FY 1976	Amount $000 Equiv.*
Nepal: (66 New, 51 Continuing a/):	
50 B.Sc. Agr. (new)	71
1 M.Sc. Agr. (new)	2
1 B.Sc. Nursing (new)	1
2 Health Education (new)	5
2 Health Education (new)	- b/
10 Short-term Malaria (new)	- b/
1 B.Sc. Nursing (continuing FY 75)	- b/
50 B.Sc. Agr. (continuing FY 75)	52
Total	131
Interim Quarter (funded from FY 76 SFC)	
Nepal:	
20 Short-term (new)	15
Total	15

* Rupee equivalent @ $1.00 : Rs. 8.50.

a/ Excludes 57 participants continuing in FY 76, which were fully funded in prior years.

b/ Funded with OMB-allocated PL-480 Indian rupees for Nepal prior to the 12/30/75 expiration date for obligation.

FY 1977	Amount $000 Equiv.*
Nepal: (113 New, 103 Continuing)	
50 B.Sc. Agr. (new)	74
15 M.Sc. Agr. (new)	25
4 Public Health Nursing (new)	4
4 Health Education (new)	9
10 Short-term Malaria (new)	8
30 Other Short-term (new)	59
50 B.Sc. Agr. (continuing FY 75)	53
50 B.Sc. Agr. (continuing FY 76)	74
1 M.Sc. Agr. (continuing FY 76)	2
2 B.Sc. Nursing (continuing FY 75/76)	2
Sub-Total:	310
Other Countries:	90
TOTAL:	400

FY 1978	
Nepal: (113 New, 142 Continuing)	
50 B.Sc. Agr. (new)	74
15 M.Sc. Agr. (new)	25
4 Public Health Nursing (new)	4
4 Health Education (new)	9
10 Short-term Malaria (new)	8
30 Other Short-term (new)	59
25 B.Sc. Agr. (continuing FY 75)	26
50 B.Sc. Agr. (continuing FY 76)	74
50 B.Sc. Agr. (continuing FY 77)	74
15 M.Sc. Agr. (continuing FY 77)	25
2 B.Sc. Nursing (continuing FY 75/76)	2
Sub-Total:	380
Other Countries:	120
TOTAL:	500

* Rupee equivalent @ $1.00 : Rs.8.50