

tinue aid to Cambodia after it had expelled the Americans. In South Vietnam itself, the extensive French trade was probably on balance injured by French foreign policy, but it helped French influence in Cambodia; here a military mission and equipment, teachers, aid, trade and so on are substantial, but they have not prevented Prince Sihanouk nationalising French interests in the export import trade and banking.

But these are the dramatic highlights, dramatic because they clash with American interests. Alongside these go extending contacts throughout Asia — the construction of the Hong Kong Airport, the Djatiluhur dam in Indonesia, the Multan fertiliser plant in Pakistan, extensive railway electrification and sale of Caravelles throughout the region. There are exhibitions scheduled in Manila, Hong Kong, Peking, Singapore and Bangkok, and Air France is one of the leading runners in the race to put through the first Europe-Peking-Tokyo air link, 1963 saw a substantial increase in all-round French aid and trade in the region — the maximum French imports (in order of importance) came from Malaya, Japan, Pakistan and India; French exports went to China, Japan, India and South Vietnam. But still the trading links are not so great — Franco's 1962 exports to Asia as a whole were still less than Britain's to India and Hong Kong alone. Aid has similarly proliferated — US 80 million dollars to India's Third Plan (as well as aid to coal mining and the Finance Corporation). France has also been drawing close to Pakistan; aid will probably be extended this year, and the General has graciously condescended to offer mediation on Kashmir,

None of this provides any substantial base which France could mobilise against her competitors for influence, despite eloquent pretensions to lead the 'third world'. Rightly, the South East Asia to which neutrality is offered still remembers that France is a member of SEATO. whatever her boat-rocking tactics within NATO. It is also remembered that although France did not intervene in the attempted or successful coups in Dakar, Togo, Congo-Brazzaville or Dahomey (1962-3), she did move troops very speedily

into Gabon last month to restore her puppet, President Mba (was the difference uranium deposits in Gabon?) Atomic status symbols detonated in the Sahara and keenly opposed by the surrounding states also do not improve her image, nowever, the under-developed as a whole can feel grateful, whatever her motives, for trench aid and her championing of their cause at next weeks UNCOTAD French aid is predominantly bi-lateral (the most useful for foreign policy) and is currently top of the OECD assistance league (1.96 per cent of French Gross National Product, equivalent to 10 per cent of gross fixed capital formation or 6 per cent of budget revenue) and leading in per capita terms. It has also increasingly spread out to countries other than those formerly French possessions. Given the sharp inflation in France, the rising labour troubles (a public sector strike was planned for this week, the third since last September's stabilisation measures), sharp criticism has been directed at this heavy burden of aid — and put alongside the estimated 8 million Frenchmen who are still relatively poor. Aid, like De Gaulle's foreign policy, wins very few votes at home — State visits to Iran, extensive help to Spain, excite only the tiny minority of sentimental chauvinists.

Not that criticism is for the moment likely to deter the General but it might if he cannot master domestic economic troubles and thereby halt the rising left vote before next year's Presidential elections. France profits little from De Gaulle's foreign adventures, though they seem to make Washington nearly as cross and huffy as Russia is with China. Fortunately, the aid needers do profit, which seems some reason to pretend that the General is what he says he is.

Refinance Corporation :

The Lags

THE annual report of the Refinance Corporation for Industry for the year ended December 31, 1963 records the rapid growth of the institution. Loans sanctioned and disbursements at Rs 24.09 crores and Rs 13.25 crores respectively, registered remarkable increases of 127 per cent and 66 per cent during the year. Total effective sanc-

tions since the inception of the Corporation stood at Rs 45.23 crores and formed 32 per cent of the total cost of the projects, all in the private sector, for which the Corporation had offered refinance facilities. The report does not indicate, however, to what extent newly-established industrial units have benefited from the Corporation's assistance. In this connection it is worth noting that refinance loans granted to the textile industry in 1963 amounted to Rs 705.98 lakhs as against a total of Rs 465.59 lakhs up to the end of 1962. Why this spurt in sanctions to this old-established industry? Disbursements to the textile industry, at Rs 254.86 lakhs, were also the highest in 1963.

To overcome the reluctance of commercial banks to make loans to the coal mining industry, which would enable it to utilise the World Bank loan of \$ 35 million, the Government instituted last year a scheme to guarantee advances by banks to collieries. The Government and the banks were to share losses in the ratio of 65 per cent and 35 per cent. The Refinance Corporation was made the "guarantee organisation" under this scheme. During the year the Corporation issued guarantees totalling Rs 2.03 crores. In addition, it also sanctioned refinance loans totalling Rs 116.50 lakhs to the coal mining industry out of which, however, only Rs 11 lakhs were disbursed.

The lag in disbursements was not, however, peculiar to the Corporation's assistance to the coal industry. Taking all loans, disbursements came to only 14 per cent in 1961. The percentage improved to 75 in 1962. but again declined to 55 in 1963. The report does not offer any reasons for the decline of disbursements. It is possible that the financial institutions getting refinance sanctions from the Corporation treat them as a sort of second line of defence and are in no hurry to secure reimbursement. It is also possible that institutions making medium-term loans have no clear idea of the time-schedule of their financial requirements. This indicates defective financial planning — a failing to which banks, with little experience in and knowledge of industrial medium-term lending, are particularly prone. The Reserve Bank has in the past drawn the

attention of the banks to the mount-
ma unutilised credit limits granted
by them; it is surprising, therefore,
that it has closed its eyes to the
starting gap between loans sane-
tinned and disbursements made by
the Refinance Corporation, which is
in effect a subsidiary of its.

The Refinance Corporation bran-
ched out into refinancing of medium
term export credits last year, but
its contribution in this vital field
has been rather disappointing.
Following the recommendations of
the Mathrani Committee the Corpo-
ration reduced its refinance rate to
4½ per cent provided the financing
institutions did not charge more
than 6 per cent to the exporters.
Further, with a view to extending
the benefits of the scheme to small
exporters who may ship goods in
instalments against a contract, the
Corporation has decided to refinance
export credits of even less than Rs
1 lakh provided the relative export
contract is for at least Rs 1 lakh.
A glance at the list of goods for
which refinance facilities may be
granted will show that in almost
all of them Indian manufacturers
have yet to establish themselves in
foreign markets. In any case, it is
too much to expect a small exporter
to obtain contracts of at least Rs
1 lakh for these goods. If the Cor-
poration is really serious about
helping small exporters in new
fields of exports, the limit should
forthwith be reduced to Rs 50,000.
This will also encourage a number
of smaller banks to avail them-
selves of the refinance facilities
which may lead to a considerable
expansion of the Corporation's
business in the sphere of export
credits since big banks, exchange
banks in particular, have been
lukewarm to the export credits re-
financing scheme.

Low-Profit-Making Still?

IN his Budget speech the Finance
Minister took up cudgels against
those who "think that public sector
enterprises should work on no pro-
fits or low profits". This approach
to running public enterprises he
dubbed as "wholly unsound in any
society, more so in which the State
seeks to own or control the major
sectors in production". Now, it is
true that there has been interested
criticism when public undertakings
like the State Trading Corporation

have made large profits but, on the
whole, the Planning Commission
and the Government do not seem to
have been troubled by doubts about
the lines on which these undertak-
ings should conduct their opera-
tions. Did not the Third Plan take
credit for the handsome sum of Rs
450 crores as the surplus from
State enterprises other than the

railways—Rs 300 crores from
Central Government undertakings
and the remaining from undertak-
ings of the State Governments? If
now it appears that these targets
will not be achieved, the reason is
not any deliberate concessions to
the "no-profit" approach. It is just
that costs have been much higher
than estimated, projects have lag-



n towards progress . . .

**India Steamship Co., Ltd., has
a steady record of progress . . .
Since Independence, its ton-
nage has increased from about
85,000 D.W. tons to over
200,000 D.W. tons—more ton-
nage being still on order.**

**Its services are also extending
to various trade routes. After
initial consolidation in the
India-U.K.-Continent trade—
the Company entered the
Indo-Soviet service to the
Russian Black Sea ports in**

**1956 and later to Rumanian
ports. In 1959 the Company
forged still another link in the
overseas with South America,
and in 1960 it extended its
service to Poland.**

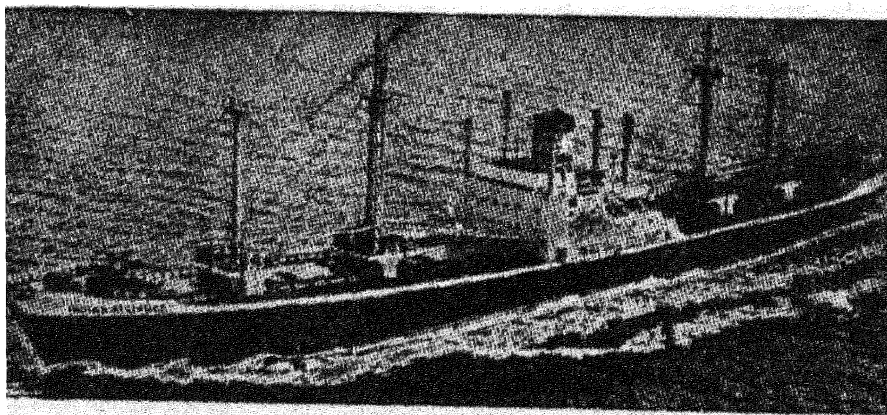
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