

materials and reservoir of [skilled] manpower.”

Currently, West Germany is also involved in modernizing and expanding the steel plant at Rourkela. Mannesman is bidding for a tender for a new steel plant at Paradeep, Orissa, along with Britain and Rumania.

Soviet involvement

Indian Planning Minister N. D. Tiwari, on a recent visit to Moscow, reportedly discussed with Gosplan head Babikov the idea of dovetailing India's Sixth Five-Year Plan with the Soviet Union's Eleventh, both currently under preparation. While an Indo-Soviet economic mission will meet in New Delhi in mid-November to discuss the options, it is not known if the Soviets will agree to expand their level of assistance to India. However, India is reportedly seeking \$5.2 to \$6.5 billion in Soviet assistance for coal, energy, steel, aluminum, and oil projects, and an increase in petroleum imports from the Soviet Union from 3.5 million tons per year to 7 million tons. Currently, Soviet credits to India total \$14.95 billion. It is expected that agreements for substantial Soviet aid to India will be signed during Brezhnev's upcoming visit.

Financing

India must also seek foreign financing for its development projects, given that the cost of India's oil imports this year alone add up to 70 percent of her total export earnings. Thus, the Sixth Five-Year Plan is proposing public sector allocations for industrial development of \$117 billion, when a projected \$182 billion allocation would be necessary to achieve an overall growth rate of 5 percent.

So far, India has been assured financing for the Paradeep steel project and the French aluminum project at Orissa. Rather than relying on aid from the World Bank, the Aid India Consortium, and government-to-government credits, India may well go into the private financial market, as exemplified by a \$680 million credit from the Eurodollar market recently granted to India with French aid.

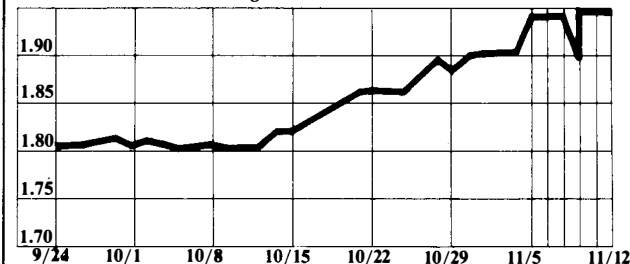
The large Eurocredit is to finance the French aluminum project and involved the Banque Nationale de Paris, the Société Générale, and the Bank of America. This type of credit is a relatively new departure in project financing for India, particularly in its size. India received excellent terms for the credit, reportedly at 0.5 percent over LIBOR, terms granted to good credit risks.

If India is to achieve the desired levels of industrial growth, considerably more capital aid from Europe and elsewhere will have to be made available. By January the new Sixth Five-Year Plan will be adopted, and it will be important to watch the response to India's newest industrialization proposals.

Currency Rates

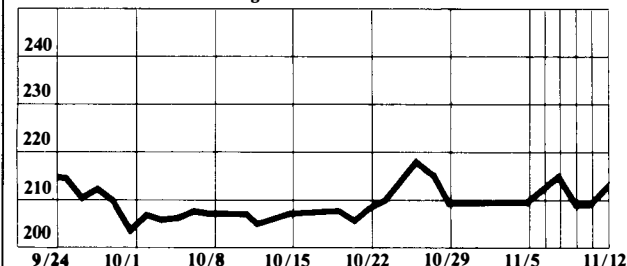
The dollar in deutschemarks

New York late afternoon fixing



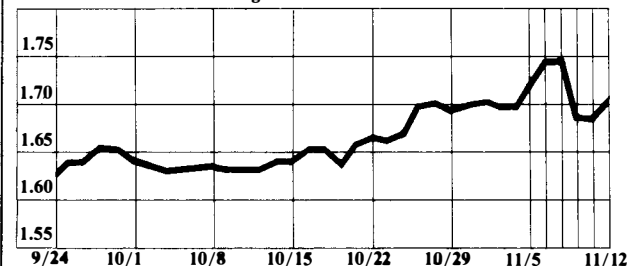
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

