

GOVERNMENT



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DEPARTMENT OF EXTERNAL AFFAIRS

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The Acting Secretary of State for External Affairs announced today that the Canadian Government has agreed to allocate \$5 million out of the Colombo Plan funds available to India during this current fiscal year for the purchase of wheat. The Indian Government had requested a larger proportion of Colombo Plan aid in the form of wheat but the Canadian authorities considered that the balance of funds available to India should be used for the provision of capital equipment directly related to the Indian economic development programme.

The Indian Government will set up a special fund to be derived from the sale of the Canadian wheat in India and equivalent in rupees to the \$5 million Canadian grant. This "counterpart" fund will be used for the internal financing of economic development projects to be mutually agreed upon by the two Governments.

Negotiations are proceeding with a view to deciding upon the most suitable development projects which Canada can assist by providing required equipment from the balance of the Colombo Plan funds available to India this year.