



PRESS RELEASE

DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

NO. 12

ADVANCE TEXT: NOT FOR PUBLICATION OR BROADCAST BEFORE 2:30 P.M.,
THURSDAY, FEBRUARY 20, 1958.

THE MINISTER OF FINANCE, THE HONOURABLE DONALD M. FLEMING, AND THE HIGH COMMISSIONER FOR INDIA IN CANADA, HIS EXCELLENCY DR. M.A. RAUF, SIGNED TODAY IN OTTAWA AN AGREEMENT PROVIDING FOR A LOAN OF \$25,000,000 TO INDIA TO FINANCE THE PURCHASE OF 400,000 TONS OF CANADIAN WHEAT.

UNDER THE TERMS OF THE AGREEMENT, THE CANADIAN GOVERNMENT WILL ADVANCE AT THE REQUEST OF THE GOVERNMENT OF INDIA FUNDS TO THE CANADIAN WHEAT BOARD TO PAY FOR WHEAT PURCHASED BY INDIA DURING THE CURRENT CROP YEAR. THE \$25 MILLION LOAN WILL BE REPAID IN SEVEN EQUAL ANNUAL INSTALMENTS BEGINNING ON MARCH 31ST, 1961. THE LOAN WILL BEAR INTEREST AT THE RATE OF 4 1/4 PERCENT PAYABLE ANNUALLY BEGINNING MARCH 31ST, 1959.

THE LOAN IS PART OF THE \$35 MILLION WHICH THE CANADIAN GOVERNMENT DECIDED TO MAKE AVAILABLE IN THE FORM OF CREDITS TO COLOMBO PLAN COUNTRIES IN ORDER TO ENABLE THEM TO FINANCE THE PURCHASE OF WHEAT AND FLOUR FROM CANADA. IT WILL BE RECALLED THAT IN ADDITION TO THIS \$35 MILLION, THE CANADIAN GOVERNMENT RECENTLY ANNOUNCED ITS INTENTION OF PROVIDING \$15 MILLION TO FINANCE GIFTS OF WHEAT AND FLOUR TO INDIA, PAKISTAN AND CEYLON. MANY OF THESE COUNTRIES, INCLUDING INDIA, ARE SUFFERING FROM FOOD SHORTAGES DUE TO CROP FAILURES.

THE LOAN AGREEMENT SIGNED TODAY IS INTENDED TO SUPPLEMENT AID GIVEN BY CANADA TO INDIA UNDER THE COLOMBO PLAN IN ORDER TO HELP INDIA CONSOLIDATE THE ECONOMIC GAINS WHICH IT HAS MADE IN RECENT YEARS. THE PERIOD OF REPAYMENT IS CONSIDERABLY LONGER AND THE RATE

-2-

OF INTEREST SUBSTANTIALLY LOWER THAN THOSE WHICH APPLY TO NORMAL COMMERCIAL SALES. THESE SPECIAL ARRANGEMENTS REFLECT THE CONTINUING INTEREST AND SYMPATHY WITH WHICH THE CANADIAN PEOPLE AND GOVERNMENT LOOK UPON THE EFFORTS OF THE PEOPLE OF INDIA TO DEVELOP THEIR ECONOMY AND TO RAISE THEIR STANDARD OF MATERIAL WELL-BEING.

ADVANCE TEXT: NOT FOR PUBLICATION OR BROADCAST BEFORE 2:30 P.M.
THURSDAY, FEBRUARY 20, 1958.