stantial value are permitted if covered by long-term foreign loans or investments, private or governmental; financed by the National Small Industries Corporation of India, a Government institution; or provided under a bilateral trade and payments agreement. A period of approximately 10 years is considered long term. Virtually all foreign aid granted bilaterally to India is tied to purchases in the donor country. Special payments agreements with Soviet bloc countries permit payment in rupees.

During 1961 there was a pronounced shift in import policy favoring actual user industrial units rather than established importers. Established importers now account for about 25 percent of India's import trade; the remaining 75 percent consists of imports of capital goods by actual users which are tied to foreign credits, iron and steel products licensed by the iron and steel controller, and food grains imported on Government account. To ease the supply situation of some scarce commodities and reduce procedural delays in issuance of import licenses; basic quota periods were extended and "repeat" licenses were again permitted for esablished importers. Raw materials needs of actual users were given priority consideration and special import licenses were granted for raw materials to be used in the manufacture of commodities for export.

Indonesia

Imports remain under strict control and may be effected only by officially recognized importers. All commercial imports require prior licenses from the Government's Commercial Foreign Exchange Bureau in the form of combined import-exchange premits. License applications must be accompanied by evidence that the required amount of prior deposit (currently 100 percent of the import's entrepôt cost and freight value) has been made to an authorized foreign exchange bank. The purposes of the controls are to permit the efficient utilization of foreign exchange and, to a lesser extent, to protect and promote domestic industries.

Indonesia's current system of controls does not provide for formal discrimination by currency areas. However, license applications are continuously subject to administrative screening with a view toward fulfilling bilateral trade agreement aims and budgeting the overall expenditure of foreign exchange.

A new series of finnacial measures, largely revising the country's exchange rate and import system, was announced in August 1960. The new measures effected a slight devaluation of the rupiah, simplified the multiple exchange rate structure and widened the spread in the selling rates. (Whereas previously there were in effect seven selling rates for foreign exchange ranging from 36 rupiah per dollar to 135 rupiah, under the new and current system the number of effective rates was reduced to five. Imports and invisible payments now are subject to the selling rates of 45, 56.25, 72, 90, and 200 rupiah per dollar.) The major effect of the change was a sharp depreciation for about one-third of the imports, mostly so-called less essential goods. Attention focused on the so-called free-list rate (200 rupiah) after the change since for the first time in several years importers were permitted to bring in a wide range of "luxury type" consumer articles.

The easing of import restrictions in 1960 caused a sharp increase in Indonesia's imports in 1961 in which the United States shared substantially as its major trading partner. On April 4, 1961, to reduce the rising volume of imports of less essential goods and check the worsening of its balance-of-payments position the Government shifted certain less essential commodities to more depreciated effective rates, raising the overall effective rate for imports. This reclassification and the accompanying movement of some commodities to a higher duty category were expected also to raise tax revenues. Subsequent tightening of import licensing in June still failed to reduce imports sufficiently and in November the Government stopped the licensing of all "free list" imports (at the 200 rupiah rate) and further reduced licensing of less essential imports.

The move toward increased state trading, which had picked up momentum in 1959, remains strong despite some disillusionment with the performance of the 10 state trading companies. These companies have monopoly responsibility for importing the country's most essential items, including rice, cloves, cambrics, fertilizer, raw cotton, weaving yarn and threads, textiles and textile machinery,