Russia's centre is not holding for Yeltsin

end of the session.

when Mr Yeltsin had his way in more than an indication of comalmost all respects. The outpou- munist raving. Mr Yeltsin realiring of dissent at the beginning sed parliamentary rebellion and the din thereafter were not had to be met immediately followed by any major measu- with real compromise to win re against presidential autho- time. He finally settled on such rity. Nonetheless, deputies wit- a compromise. nessed the assertion of parlia- In the end, deputies shelved mentary power as never befo- constitutional re. This included an advocacy which allowed the Supreme

to presidential reconstruction ments to crucial portfolios of of the Russian economy. This was not yearning for the affairs. Instead they agreed to past and the restoration of the the appointment of Mr Viktor

the December session were not constituency

This was behind Mr Yeltsin's the use of an assistant who, if

hose who gained from rendum on a new constitution. the December meeting He understood that when the the Congress of congress refused to appoint his People's Deputies were nominee, Mr Yegor, Gaidar, Russia's rebel democrats and prime minister, various paths centrists, not the communists. of reform were being projec-It is a tribute to the importance ted. These alternatives were Mr Yeltsin's creature. It is for of the presidency in the Russi- far different from the knee Mr Yeltsin who inducted him an government and his immen- jerk rejection of his economic into the cabinet last June, se personal influence that Mr reform programme by hardline along with vice premiers Shumeiko and Grigory Khiza Boris Yeltsin has been left with communists. The vote against most of his powers intact at the Mr Gaidar and the vote against of the "industrial" political faction, to strengthen the governhis own authority - which But the occasion was far from mustered well over 600 deput-a repeat performance of April ies in a house of 1,041 — was far ment's technocratic credentials. He has little love for Mr Gaidar and his radical reformist friends has no connections with the

Mr Chernomyrdin has been

But Mr Chernomyrdin also

net are far reaching, where

legislation is more the result of

presidential decree than mini-

sterial reflection. The appoint-

ment does not weaken the exe-

cutive's preeminence in Russi-

an politics

factions

with

rightwing opposition in the congress, the Russian Unity bloc made up of a constellation of communist hardliners and amendments nationalist names like Communists of Rusof parliamentary alternatives Soviet to determine appointsia, Russia, Fatherland and the Agrarian Union. He will operadefence, foreign and internal te in circumstances where the president's rights over the cabi-

command economy. What is Chernomyrdin, who lacks Mr alarming for Mr Yeltsin is that Gaidar's affection for millionaithe critics who were responsi- res, as prime minister in order ble for his discomfiture during to avoid an immediate crisis.

This appointment has given communists or national chauvi- Mr Yeltsin a breathing space in nists. They were the democrats which to apply his unconstrainand centrists who compete ed authority to the completion with him for his own of his own version of economic reform. It has also allowed him

hysterical references to "parli-amentary alternatives" when he called for an immediate refe-reasonably well.

In beating of a legislative ambush the Russian president only won himself a

a's reforms and the harbinger "nomenklatura reform" that is the concentration of of the old privileged caste of him simply ham fisted.

self evident in the December congress session. The challenge to Mr Yeltsin was not solefrom the hardliners of the old Communist Party of the Soviet Union and nationalists. Hardliner, it should be warned, is a vague term which encom-

passes everyone from antieltsinite social democrats to Stalinists. These groups, con-Western commentators, do not gress. The large no vote against sin cannot be attributed to the

> The Russian Unity bloc which is at the core of the communist patriot axis only commands the loyalty of about 29 per cent of congress members — 311 deputies. They carry

about the same parliamentary weight as the democratic bloc. This bloc comprises parties like Democratic Russia, Radical Democracy and so on and commands the support of about 250 deputies. This is somewhat more than the centrist constructionist bloc which coincides substantially with the Civic Union group. The constructionists can regularly count on 165 deputies.

Without the support of either democrats or centrists it would have been impossible Sale verge on such opinions. for Russian Unity to muster the massive numbers of votes that were the source of Mr Yeltsin's discomfiture.

This is even more true of the situation in the country at large. The Russian Unity bloc of the cliches of the centrist is deeply divided. The patriots openly refer to the hardline "deluded communists as people? The hardliners are themselves at odds with each other and split into a host of small groups which defy attempts at unity.

Attempts among communists to find trade union support has run into heavy weather. In the mining and metallurgy industry, the organisation of a pro-Russian Unity platform has merely led to a split in the union concerned. Without democratic and centrist assistance it is unlikely that the Russian left will make such headway in the country.

However, such support is not solve his problems.

blems

considerations.

ists are disinclined to believe Mr Yeltsin's protestations that he is unsure and thinks deeply about his actions. He has asked for the benefit of the doubt and they have been unwilling to give it to him. Admittedly Mr Yeltsin has won time through compromise. But this only puts off the day of reckoning; it does

likely to be forthcoming.

Democrats and centrists are

convinced that the communist

threat is more and more a fig-

ment of Mr Yeltsin's imagina-

tion. They are inclined to the

belief that the real threat of

the hour is Mr Yeltsin's and Mr

Gaidar's lack of concern for

containing privilege and an

excessive devotion to the dicta-

tes of US and European capi-

tal. Important Russian centr-

ists like Mr Arkady Volsky, Mr

Yuri Afanasev and Ms Maria

Mr Yeltsin has undoubtedly

been worried about such views

for some time. In a speech in

the Supreme Soviet in October

the president criticised the Gai-

Volsky programme, counsell-

ing a move away from the exces

sive macroeconomic perspec

tive of his cabinet and its lack

of attention to specific pro-

The Congress of People'

Deputies has demonstrated

that many democrats and centr-

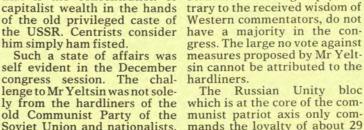
regional

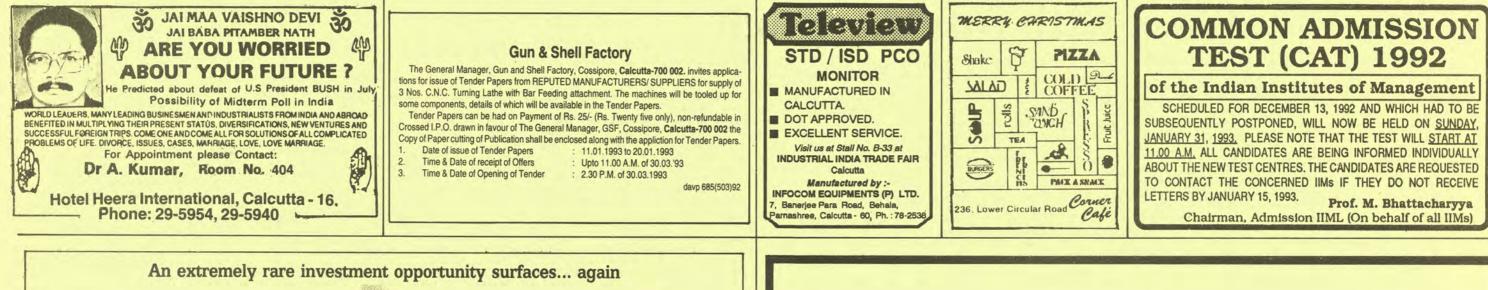
and

Boris Yeltsin: two steps forward, one step back

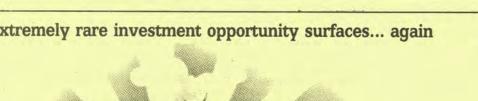
democratic and centrist supporters behind him. He requires new instruments to push on with his own style of presidential government and his own version of reform, based on the encouragement of American investment in Russia

But Mr Yeltsin has seen the In the autumn of 1991, accor-writing on the wall. Hence his ding to many democrats, Mr In the autumn of 1991, accordecision to move to a referen- Mikhail Gorbachev was the dum on the constitution in main obstacle to social and ecospring. He has learnt from the nomic reform in Russia. This behaviour of congress deputies autumn it is Mr Yeltsin whom that the communist bogey is many democrats single out as insufficient to rally his own the agent of distortion in Russi-





THERE'S **RETAI**







(Formerly The Shipping Credit & Investment Company of India Ltd)

Issue of 3,90,00,000 Equity **RISKS PERCEIVED BY** MANAGEMENT Shares of Rs. 10/- each for

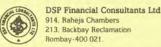
cash at a premium of Rs. 35/per share, aggregating Rs. 175.50 crores. Last Date for receipt of request

for Split Forms: November 30, 1992.

HIGHLIGHTS

- An existing profit making and dividend paying Development Financial Institution with strong fundamentals and good track record.
- Issue at Rs. 45 per share as against the market price of Rs. 95 (ex-rights) on the Bombay Stock Exchange on Nov. 3, 1992.
- To ensure easy liquidity, rights offer is in market lots of 100 equity shares or multiples thereof.
- · Based on audited accounts for the six month period ended September 30, 1992, the annualised adjusted E.P.S. on capital enlarged by the present issue of the Company works out to Rs. 8.56.
- In addition to existing activities, subject to the requisite approvals being obtained, the Company proposes to further diversify to assist all sectors.
- Listing on Bombay, Ahmedabad and Delhi Stock Exchanges.

LEAD MANAGERS TO THE ISSUE



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REGISTRARS TO THE ISSUE Tata Consultancy Services Unit: SCICI Lotus House, Sir Vithaldas Thackersey Marg. New Marine Lines, Bombay 400 020

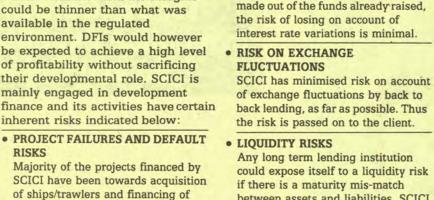
INTEREST RATE RISK

With deregulation, DFIs would not enjoy preferential treatment and would have to compete for resources with Commercial Banks and with each other. The Company's concessionary loan source is drying up due to the Government's policy to restrict interest free fund support from the Government and the reduction on SLR leading to fall in demand for such securities. The competition would be keener and the margins could be thinner than what was available in the regulated environment. DFIs would however be expected to achieve a high level of profitability without sacrificing their developmental role. SCICI is mainly engaged in development finance and its activities have certain

PROJECT FAILURES AND DEFAULT RISKS

Majority of the projects financed by SCICI have been towards acquisition of ships/trawlers and financing of aquaculture projects. The industries that SCICI has financed till date are dynamic, open to international competition, cyclical and to an extent dependent on nature. Any change in the macro-economic factors could affect the viability of the projects and consequently there could be defaults in repayments by clients. SCICI hedges itself against such risks by adopting a conservative lending policy and limiting exposure on individual clients. This has resulted in a well diversified client base. SCICI also follows a conservative income recognition and provision policy to cover any possible bad debts.

RIGHTS ISSUE CLOSES TODAY



Any long term lending institution could expose itself to a liquidity risk if there is a maturity mis-match between assets and liabilities. SCICI has been following a prudent policy in this regard and has always maintained a comfortable debt-service coverage ratio.

Interest rates on Rupee lending by

financial institutions were regulated

by the Government of India. With the

deregulation of interest rates, SCICI

could be exposed to risks arising out

mis-match in the maturity pattern of

its assets and liabilities. SCICI follows

of fluctuations in the interest rates.

SCICI as far as possible has been

following and would continue to

a policy of fixing its lending rate,

keeping in mind its cost of funds,

from time to time. Since all loans are

follow a policy of avoiding a

If the Company does not receive minimum subscription amount of 90% of the issue within 120 days from the date of opening of the issue, the Company shall refund entire subscription amount within 8 days, with interest for delay beyond 78 days from the date of closure of the issue as per Sec. 73 of the Companies Act, 1956.



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