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THE WORLD BANK

Washington, D.C.

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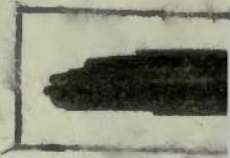
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RETURN TO ARCHIVES



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TOUR PROGRAMME OF ASANSOL, DHANBAD AND TATANAGAR.

The party proceeding to Asansol, Dhanbad and Tatanagar will consist of Messrs. Hoar, Rucinski, Basch, Gilmartin Suri and Miss Schulz. Two Personal Assistants and two peons will accompany the party.

Two tourist cars Nos. 5319 and 5321 have been placed at the disposal of the Mission. The party will entrain these tourist cars at Howrah Station on the 7th night. As the train leaves at 20.35 hours it will be necessary to have an early dinner at Government House and get into the tourist cars latest by 20.15 hours. The tourist cars will have three double bed rooms each plus a Secretary's room each. For the convenience of the party, I have arranged that both the tourist cars, as already fixed up, will proceed on this tour. Mr. Hoar, Mr. Basch and Miss Schulz will kindly occupy a room each, Mr. Sharma will go into the Secretary's room in the same tourist car. Messrs. Rucinski, Gilmartin and Suri will occupy a room each in the second tourist car and the other P.A. Mr. Rameshwar Pershad will ^{go to} into the Secretary's room. Mr. Sharma will know the rooms in which the baggage of each officer will be placed.

The party will arrive at Asansol on 7th February at 23.58 hours and continue to remain in the tourist cars till the morning. The Colliery owners will meet the party at 9 a.m. at Asansol when the party will proceed to Aluminium Works and Jambad-Kajora group of collieries. They will return for lunch at the Asansol Club which has been arranged by the coal industry. In the afternoon the party will proceed to Dishergarh group of collieries (the transport will be provided by the coal industry). The party will have tea with the Chief Mining Engineer, Bengal Coal Company, at ^{Sishazari} Isagarh. The same night the SCOBs. are arranging a dinner at Burnpur and the party will be provided ^{with} transport by the Company to pick them up. The dinner time will be 8 p.m. The Mission will sleep in the ~~xxxx~~ tourist car on the 8th night.

The party proceeding to Assaol, Bhand and Tatarar
will consist of Messrs. Honr. Noolaki, Basch, Gilmartin
Gurt and Miss Schula. Two Personal Assistants and two boys
will accompany the party.

Two tourist cars Nos. 3312 and 3321 have been placed
at the disposal of the Mission. The party will entrain these
tourist cars at North Station on the 7th night. As the
train leaves at 20.35 hours it will be necessary to have an
early dinner at Government House and get into the tourist
cars latest by 20.15 hours. The tourist cars will have
three double bed rooms each plus a Secretary's room each.
For the convenience of the party, I have arranged that both
the tourist cars, as already fixed up, will proceed on this
four. Mr. Honr. Mr. Basch and Miss Schula will kindly occupy
a room each, Mr. Sharma will go into the Secretary's room
in the same tourist car. Messrs. Noolaki, Gilmartin and
Gurt will occupy a room each in the second tourist car and
the other P.A. Mr. Ramnath Parash will into the Secretary's
room. Mr. Sharma will know the rooms in which the baggage of
each officer will be placed.

The party will arrive at Assaol on 7th February at
23.35 hours and continue to remain in the tourist cars till
the morning. The Colliery owners will meet the party at
9 a.m. at Assaol when the party will proceed to Alwar
Works and Jambud-Kajora group of collieries. The party will
return for lunch at the Assaol Club which has been arranged
by the coal industry. In the afternoon the party will
proceed to Dikhar's group of collieries (the transport
will be provided by the coal industry). The party will have
lunch at the Chief Mining Engineer, Bengal Coal Company,
at Dikhar. The night the 30th. are arranging a dinner
at Dikhar and the party will be provided a transport by
the Company to pick them up. The dinner time will be 8 p.m.
The Mission will sleep in the same tourist car on the 8th

30
210
2000
2000
2000

15
3

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2e
11/4c

11/20

9th morning. The party will leave by road to Mython ~~xxxxxx~~ in transport to be provided by the Damodar Valley Corporation, who will also arrange a lunch at Mython. Thereafter the party will proceed to Tilaya and after inspection of the site will have their tea at Tilaya and return to Dhanbad in the evening.

The tourist cars which will be left at Asansol will be taken to Dhanbad by an afternoon train. E.I.R. are issuing instructions that this will be taken by 7 up leaving Asansol at 13.52 hours arriving at Dhanbad at 15.29 hours. The party will on return from Tilaya get into the tourist cars and after a change will go to dine with the coal industry at Dhanbad; the exact place will be intimated later.

10th February. The party will proceed to Sindri Fertilizer factory and after inspection have lunch at Sindri. After lunch the party will return to Dhanbad and on the way visit Digwada and other collieries. There will be no other engagement for the Mission after this at Dhanbad and if the members of the party ^{may kindly entrain} get into the tourist car by about 7 p.m. ^{and} they will have their dinner in the tourist car which will proceed on its forward journey

The party will arrive at Tatanagar at about 5 o'clock in the morning of the 11th February when the tourist car will be placed in a suitable siding. The ^{Tals} Iron and Steel company has been informed and some officers will contact the party at 8 a.m. on the 11th morning in the tourist cars. Thereafter the party will proceed to the Directors' Bungalow at Tatanagar and stay in the Directors' Bungalow for 11th and 12th. After dinner on the 12th the party will entrain tourist car again which will leave Tatanagar early in the morning of 13th. Mr. Hoar will ~~xxx~~ stay at the Directors' Bungalow until he leaves Tatanagar for Nagpur on the night of February 13th

TOUR PROGRAMME FOR 8TH, 9TH and 10TH FEBRUARY
AT ASANSOL AND DHANBAD.

- 7th February. Arrive Asansol after midnight as originally planned in the programme and stay the night in the tourist car.
- 8th morning 9 a.m. Proceed to aluminium factory and then to the Jambad Kajora group of collieries. Lunch at Asansol Club with the coal industry.
- " Afternoon. Visit the Dishergarh group of collieries. Dinner at Burnpur Scob's Iron Works.
- 9th Feb. Morning. Leave for Maithan (Damodar Valley site)
Lunch at Maithan
Proceed to Tilaya after Lunch (Damodar site)
Tea at Tilaya
Return to Dhanbad in the evening.
- The tourist car which was originally to have to come to Dhanbad from Asansol late at 9th night will now get to Dhanbad earlier and I am arranging this with the Railway Authorities. The party on return from Talaya can get into the tourist car.
- 9th Feb. Night. Dinner at Dhanbad by the Coal Industry.
- 10th Feb. Morning. The party will proceed to Sindri to visit the site and have lunch there. After lunch the party will return to Dhanbad and on the way see certain coal mining areas and be back in the tourist car by tea time. The tourist car will then be put on to the train for Tatanagar.
(I am ascertaining the time today)

D r. Basch.

Telegram from Finance Secretary, Madras Government, Madras.

YOUR TELEGRAM DATED ELEVENTH INTIMATING THAT INTERNATIONAL BANK MISSION PARTY WILL ARRIVE MADRAS FOURTEENTH. ARRANGEMENTS BEING MADE CONNEMARA HOTEL ACCORDINGLY. SUGGEST FOLLOWING PROGRAMME. FOURTEENTH AFTERNOON VISIT TO THERMAL STATION MADRAS. FIFTEENTH FORENOON VISIT TO BUCKINGHAM CARNATIC MILLS AND AFTERNOON DISCUSSION WITH MADRAS GOVERNMENT MINISTERS AND OFFICIALS. SIXTEENTH VISIT TO TUNGHABADRA PROJECT WORKS. PARTY COULD LEAVE MADRAS BY TRAIN FIFTEENTH NIGHT AND RETURN SEVENTH MORNING. SEVENTEENTH FORENOON DISCUSSION WITH CHAMBERS OF COMMERCE. PROGRAMME COULD BE FINALISED OF MISSIONS ARRIVAL AT MADRAS. DEPUTY SECRETARY CROMBIE WILL MEET MISSION AERODROME.

Mr
Tue

We
Tue

.....

Copy to Dr. Basch.

Trn 9.30 Bank Cotton mills

17-18 cr. ↓ 11.45

11 a.m. chuff exp. Mad
9.15

2. Thermal station

3. Raghoban / Thiruv

th 10 a.m.

5. P.M. J. Green

Amaji Sleeper

5.15

Shrinanan

(External Finance Division)

Roster of meetings with the International Bank Mission for the week beginning 28. 2. 1949.

I have mentioned before that during their last week in New Delhi, the Mission will desire to have detailed discussions with the Ministries concerned with the main projects which we desire to place before the Bank. The Mission has now returned to New Delhi and, during this week, desires to finish technical discussions. This will necessitate the most concentrated discussions, since Mr. Hoar, the Leader, leaves New Delhi on Saturday, the 5th of March, 1949. We would, therefore, request that you would give these discussions the highest priority and kindly make it convenient to attend the meetings which it is proposed to hold. All meetings will be held in the Ministry of Finance Committee room (No. 132-B), North Block secretariat, at 10-30 a.m.

- (i) Tuesday, 1st March, 1949:
Discussions on Railway Project - Purchase of Locomotives etc.
- (ii) Wednesday, 2nd March, 1949:
Ministry of Agriculture - Plans for reclamation of land and tube-wells.
- (iii) Thursday, 3rd March, 1949:
 - (a) Damodar Valley Project; Bhakra and Nangal;
 - (b) Discussion as to priorities between the various schemes.
- (iv) Friday, the 4th March, 1949:
Railway Project - Locomotive Workshops.
- (v) Friday, 4th March, 1949 (afternoon):
General discussion on economic and financial affairs.

(Keith C. Roy)
28. 2. 49.

Mr. Bressly.

Distribution.Regarding (i) and (iv):

Copy forwarded to the Ministry of Railways (Railway Board)
Mr. D.C. Baijal, with the request that the officers concerned may be
asked to attend.

Regarding (ii):

Copy forwarded to the Ministry of Agriculture, Mr. S.Y.
Krishnaswamy, I.C.S., Joint Secretary, with the request that the
officers concerned may be asked to attend.

Regarding (iii)(a):

Copy forwarded to the Ministry of Works, Mines and Power,
Mr. N.D. Gulhati, Deputy Secretary, with the request that the
officers concerned may be asked to attend.

Regarding (iii)(b):

Secretary, Eco. Committee of Cabinet - Mr. Bhattacharyya
Joint Secretary (E.F)
Deputy Secretary (Budget)
Deputy Secretary (Special).

Regarding (v):

Additional Secretary (F)
Secretary, Eco. Com. of Cabinet - Mr. Bhattacharyya
Joint Secretary (E.F)
Joint Secretary (I.F).

Copy to all members of the International Bank Mission.

February 28, 1949

FROM: A.S.G. Hoar

SUBJECT: Central Government's Control of Development

1. I had a meeting this morning with K.C. Roy and B. K. Nehru at which I stressed that the coordination and control of development was a matter of primary importance, not only as affecting the efficiency of development, but as regards India's whole standing as a credit risk.
2. The Indian representatives said that they fully appreciated this point. K. C. Roy explained that there existed:

- (a) an Economic Committee of the Cabinet,

- (b) a Priorities Committee of the Cabinet;

both of which were concerned with the matter. The Priorities Committee had just completed an examination of all development schemes, whether being implemented already or merely in the stage of proposals, which would be financed by the Center or by the Provinces with Central Government financial assistance. As a result of their survey, the Provinces were to be informed that the financial aid for which they looked to the Center would be very seriously curtailed during the coming year.

3. K. C. Roy also referred to a memorandum which he was supplying to the Mission today, giving figures regarding the financial requirements of the 15 main projects under serious consideration.
4. I asked the Indian representatives to furnish the Mission with a formal memorandum explaining what machinery existed for coordination and control of development projects. It should embody a description of how the machinery worked, including its relation with the foreign exchange control, and the results obtained hitherto. Attached to this memorandum should be a statement, which might be based on the memorandum referred to in 3. above, showing (a) development plans which had already been sanctioned, distinguishing between those which had already been started upon and those which had not yet been started; (b) other development plans under consideration; (c) development plans which had been rejected, indicating briefly the reasons.

The memorandum should conclude with a short statement of the policy which is being applied at the moment and which it is intended to apply in the future.

5. The Indian representatives promised to supply this material and I stressed that it should be presented formally so that I could submit it as an authoritative statement to the President of the Bank.

India - ...

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

TIGER FIVE

Date: February 18, 1949
To: A.S.G. HOAR
c/o SIR C.D. DESHMUKH
RESERVE BANK HOUSE
CARMICHAEL ROAD
BOMBAY, INDIA
TEXT:

| CLASS OF SERVICE DESIRED | |
|-----------------------------------------------|-----------------------------------------------|
| FULL RATE <input checked="" type="checkbox"/> | NIGHT LETTER <input type="checkbox"/> |
| DAY LETTER <input type="checkbox"/> | CODE RATE <input checked="" type="checkbox"/> |

YOUR LETTERS ABOUT DAMODAR ENDING WITH IM-10.

ONE: I AM RELUCTANT THAT YOU SHOULD GIVE ANY ASSURANCE TO THE GOVERNMENT OF INDIA IN ANY WAY IMPLYING A COMMITMENT BY THE BANK TO FINANCE THIS SCHEME UNTIL AFTER WE HAVE HAD AN OPPORTUNITY TO EXAMINE IT IN MORE DETAIL ESPECIALLY IN THE LIGHT OF REPORT OF YOUR MISSION AND OF FURTHER INFORMATION WHICH WE SHOULD LIKE YOU TO OBTAIN. (SEE PARA TWO). AT THE SAME TIME PROVIDED YOU ARE YOURSELF SATISFIED ABOUT ITS FINANCIAL AND ECONOMIC MERITS I SEE NO OBJECTION TO YOUR SAYING TO THE GOVERNMENT THAT YOU REPEAT YOU PERSONALLY AS HEAD OF THE MISSION ARE PREPARED TO RECOMMEND TO THE MANAGEMENT ON YOUR RETURN THAT THE PROJECT SHOULD HAVE SYMPATHETIC CONSIDERATION FROM THE BANK.

TWO: THE NEXT STEP SHOULD BE TO OBTAIN SOME ADDITIONAL INFORMATION ABOUT THE PROJECT AND I AM MAILING YOU TO-DAY A SHORT QUESTIONNAIRE PREPARED BY REMBERT ON THE LINES OF WHAT WE ASKED FOR FROM THE FILIPINOS.

(continued)

OFFICIAL

PERSONAL

AUTHORIZED BY:

CLEARED BY:

NAME

DEPT.

AUTHENTICATED FOR DISPATCH BY:

DUPLICATE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

Date:

To:

TEXT:

| CLASS OF SERVICE DESIRED | | | |
|--------------------------|--------------------------|--------------|--------------------------|
| FULL RATE | <input type="checkbox"/> | NIGHT LETTER | <input type="checkbox"/> |
| DAY LETTER | <input type="checkbox"/> | CODE RATE | <input type="checkbox"/> |

-2-

THREE: IT IS ONLY AFTER WE HAVE HAD AN OPPORTUNITY OF DISCUSSING THE SITUATION WITH YOU AND OF CONSIDERING THE REPLY TO THE QUESTIONNAIRE THAT WE SHALL BE ABLE TO INDICATE THE PRECISE NATURE OF THE FURTHER ENGINEERING STUDIES THAT OUGHT TO BE UNDERTAKEN. YOU MAY INFORM THE GOVERNMENT THAT IF OUR INITIAL EXAMINATION INDICATES THE POSSIBILITY OF BANK PARTICIPATION, THE BANK WILL AT THE EARLIEST POSSIBLE DATE PROCEED WITH A FURTHER AND DETAILED TECHNICAL EXAMINATION WHICH IT MIGHT PERHAPS BE POSSIBLE TO DO IN WASHINGTON WITH, FOR EXAMPLE, THE ASSISTANCE OF ENGINEERS SENT HERE FROM INDIA. WE DO NOT HOWEVER AT THIS STAGE WISH TO PROPOSE TO THE GOVERNMENT THAT THEY SHOULD INCUR PERHAPS HEAVY EXPENSE IN ENGINEERING STUDIES IN SUPPORT OF A BANK APPLICATION.

FOUR: YOU MAY INFORM THE INDIANS THAT IT IS NOT THE BANK'S NORMAL PRACTICE TO FINANCE ENGINEERS AND CONTRACTORS SERVICES AND FEES BUT, IF PRESSED, YOU MIGHT SAY THAT THE MATTER IS OPEN FOR DISCUSSION IN WASHINGTON ON YOUR RETURN.

OFFICIAL

PERSONAL

AUTHORIZED BY:

NAME

DEPT.

CLEARED BY:

AUTHENTICATED FOR DISPATCH BY:

DUPLICATE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

Date:

To:

TEXT:

| CLASS OF SERVICE DESIRED | |
|-------------------------------------|---------------------------------------|
| FULL RATE <input type="checkbox"/> | NIGHT LETTER <input type="checkbox"/> |
| DAY LETTER <input type="checkbox"/> | CODE RATE <input type="checkbox"/> |

-3-

FIVE: I SHALL DISCUSS THE WHOLE QUESTION WITH EXIMBANK BUT NO APPROACH
HAD BEEN MADE TO THEM AS RECENTLY AS THREE DAYS A GO.

ILIFF

OFFICIAL

PERSONAL

AUTHORIZED BY:

NAME

W.A.B. ILIFF

DEPT.

LOAN DIRECTOR

AUTHENTICATED FOR DISPATCH BY:

CLEARED BY:

DUPLICATE

India

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
MRT DLT

INCOMING WIRE

For Filing
309

Date of Wire FEBRUARY 28, 1949

To ILIFF
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
From NEW DELHI

TEXT: COBRA TWELVE.
THANKS YOUR INDIA TWENTY AND QUESTIONNAIRE. A NUMBER
OF QUESTIONS IN LATTER HAVE BEEN ANSWERED BY TECHNICAL
DOCUMENTS LISTED AT BEGINNING MEMORANDUM FOUR ENCLOSED
WITH MY IM THREE. ^{Jan 31} SET OF THESE DOCUMENTS SENT BUTCHER
AIRMAIL BY MINISTRY FINANCE FIFTH FEBRUARY. ADDITIONAL
INFORMATION ALONG LINES INDICATED BY REMBERT REQUESTED BY
US BEGINNING FEBRUARY: SOME HAS BEEN SUPPLIED AND REST
AIRMAILED. SEVERAL ITEMS HOWEVER, FOR INSTANCE DETAILED
MARKET ANALYSIS, IMPOSSIBLE TO OBTAIN,

HOAR

REC: MARCH 1ST

ROUTING:

ACTION copy to MR. ILIFF

INFORMATION copy to

Decoded by

MAR 1 3 22 PM 1949

RECEIVED
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C.

ORIGINAL

ORIGINAL

Decoded by

RECEIVED
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INFORMATION copy to

ACTION copy to MR. IGLIE

MAR 1 3 55 PM 1949

ROUTING:

REC: MARCH 1949

NOTE

MARKET ANALYSIS IMPOSSIBLE TO OBTAIN
VIEWPOINT SEVERAL ITEMS HOWEVER FOR INSTANCE DERIVED
AS BEGINNING MEMORANDA: SOME HAS BEEN SUBMITTED AND BEST
INFORMATION ALONG LINES INDICATED BY MEMBERS REQUESTED BY
VIEWPOINT BY MINISTRY FINANCE-BUDGET MEMORANDA ADDITIONAL
WITH IN IN THESE SET OF THESE DOCUMENTS SOME OTHER
DOCUMENTS LISTED AT BEGINNING MEMORANDUM BOOK ENCLOSED
OF QUESTIONS IN TABLE HAVE BEEN ANSWERED BY TECHNICAL
THANKS YOUR INDIVIDUALLY AND COLLECTIVELY A NUMBER

TEXT:

COPIES ATTACHED

FROM

MEM DEPT

TO

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
IGLIE

DATE OF INFO

MEMORANDA 28 1949

INCOMING MIB

MIB DFL

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

*Jan 30
MIB
JGL*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

India
for filing
W! *309*

WU

INCOMING WIRE

Date of Wire FEBRUARY 27, 1949

To ILIFF
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C.
From NEW DELHI

TEXT:

COBRA ELEVEN ✓

REPLYING YOUR TIGER 8. PROVISION OF LOCOMOTIVES WOULD BE REPLACEMENT NOT DEVELOPMENT: HENCE POINTS SOMEWHAT TOWARDS EXIMBANK IF BOTH INSTITUTIONS ARE TO OPERATE HERE. DAMODAR IS LONG TERM DEVELOPMENT MORE IN OUR LINE THOUGH INSUFFICIENTLY JUSTIFIED YET ^{STOP} OF CLEARANCE OF JUNGLE LAND SEEMS FINANCIALLY UNSOUND BUT RECLAMATION WEED INFESTED LAND AND TUBEWELLS MORE ATTRACTIVE. BUT ALL THIS VERY TENTATIVE AND CAN MAKE NO DEFINITE RECOMMENDATIONS UNTIL:

1. CONCLUSION OF DISCUSSIONS THIS WEEK ON (A) COORDINATION AND CONTROL OF OVERALL DEVELOPMENT AND ^{DETAILED} ~~PHASE~~ JUSTIFICATION OF SPECIFIC PROJECTS REQUESTED BEFORE OUR TOUR.
2. AFTER DISCUSSION IN WASHINGTON DC OF FAR REACHING POLICY QUESTIONS INVOLVED.

HOAR

N. Butcher
This is as clear as mud!
I think we must ask N. Hoar
before we reach decision.
W!
28 Feb.

ROUTING:

ACTION copy to MR. ILIFF

INFORMATION copy to

Decoded by M. Georgion & K. Williamson

ORIGINAL

FILE COPY

Air Mail

February 24, 1949

Dear Mr. Roy:

✓ I am writing to thank you for your letter dated February 5 and three packages which arrived by Air Freight on Monday, February 21. I have checked the contents of these packages against the list which you enclosed in your letter of February 5 and find that all the documents listed were received.

Yours sincerely,

Leslie G. Butcher
Assistant Loan Officer

Keith C. Roy, Esquire
Ministry of Finance
Government of India
New Delhi, India

Mr. W.A.B. Iliff

February 24, 1949

Leslie G. Butcher

India: Nangal and Bhakra (East Punjab) Projects

The list dated February 2, 1949, of formal and informal applications then under consideration by the Ex-Im Bank includes under "Other Countries and Miscellaneous":

"INDIA: Nangal Power Project (Westinghouse
Electric International Company) \$7,560,000."

In Mr. Hoar's IM-10 he enclosed a statement entitled "Annual Dollar Requirements for the Projects which the Government of India desires to place before the International Bank for Financing at the Present Stage". This included:

"Nangal and Bhakra Dam Projects \$27,400,000. (Total)"

We have received no other information with regard to the Nangal and Bhakra Projects from Mr. Hoar, but it seems that the same project or part of it has been mentioned to both the Ex-Im Bank and I.B.R.D.

The following is summarized from the material recently received from Keith Roy.

The Bhakra Dam Project comprises a dam across a gorge in the River Sutlej; the reservoir so formed will have a capacity of 3.5 million acre-feet. The scheme will irrigate 4.5 million acres and generate 160,000 KW. The total cost is estimated at Rs. 70 crores (or \$210 million). The foreign exchange component of this scheme is not shown.

The Nangal Power Project comprises a weir across the Sutlej, 18 miles downstream from Bhakra, and two power houses with total installed capacity of 96,000 KW. The cost of the first part of this project is estimated at Rs. 22 crores (\$66 million). The foreign exchange component of this sum is not shown. After Bhakra is completed the total installed capacity will be increased to 144,000 KW.

LGB:bd

India

FILE COPY

Mr. Drew Dudley

February 24, 1949

Leslie G. Butcher

India: Mailing List

dated 6-1-49.

On November 10, 1948, Mr. Beecroft requested that Mr. B. S. Raghavendra Rao, Commissioner of Economic Development and Planning, Bangalore, Mysore, India, be put on the Bank's mailing list. We have received a later correspondence from this same office stating that all mail should be sent to the following address:

Sri J. B. Mallaradhya, M.A.
Commissioner of Economic Development
and Planning
Ali Asker Road, Civil Station
Bangalore, Mysore, India

Sri Mallaradhya has assumed charge of this office.

LGB:bd

India -

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

Date: FEBRUARY 23, 1949

To: A.S.G. HOAR
c/o SIR C.D. DESHMUKH
RESERVE BANK HOUSE
CARMICHAEL ROAD
BOMBAY, INDIA

TEXT: *Tiger 8* ✓

| CLASS OF SERVICE DESIRED | |
|-----------------------------------------------|-----------------------------------------------|
| FULL RATE <input checked="" type="checkbox"/> | NIGHT LETTER <input type="checkbox"/> |
| DAY LETTER <input type="checkbox"/> | CODE RATE <input checked="" type="checkbox"/> |

REFERENCE MY TIGER FIVE. I SHOULD BE GRATEFUL IF YOU WOULD TELEGRAPH AND LET ME KNOW HOW YOU SEE THE DAMODAR VALLEY PROJECT FITTING IN WITH THE RAILWAY PROJECT AND THE FIVE-YEAR AGRICULTURAL PLAN SO FAR AS BANK PARTICIPATION IS CONCERNED. HAVE YOU ABANDONED ANY IDEA OF FINANCING THE TWO LAST NAMED PROJECTS OR DO YOU CONTEMPLATE THE POSSIBILITY OF FINANCING DAMODAR PLUS SCALED DOWN VERSIONS OF THE OTHER TWO.

ILIFF

OFFICIAL

PERSONAL

AUTHORIZED BY:

CLEARED BY:

NAME W.A.B. ILIFF

DEPT. LOAN DIRECTOR

AUTHENTICATED FOR DISPATCH BY:

DUPLICATE

OUTGOING WIRE

| | | | |
|--------------------------|--------------|-------------------------------------|------------|
| CLASS OF SERVICE DESIRED | | | |
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| <input type="checkbox"/> | CODE RATE | <input type="checkbox"/> | DAY LETTER |

Date: FEBRUARY 23, 1949

To: A.S.G. HOAR
 c/o SIR G.D. BISHOP
 RESERVE BANK HOUSE
 CANNING ROAD
 BOMBAY, INDIA

TEXT:

Sign

DAMBAR PLUS SCALD DOWN VERSIONS OF THE OTHER TWO.
 TWO LAST NAMED PROJECTS OR DO YOU CONSIDER THE POSSIBILITY OF FINANCING
 PARTICIPATION IS CONCERNED. HAVE YOU ABANDONED ANY IDEA OF FINANCING THE
 RAILWAY PROJECT AND THE FIVE-YEAR AGRICULTURAL PLAN SO FAR AS BANK
 LET ME KNOW HOW YOU SEE THE DAMBAR VALLEY PROJECT FITTING IN WITH THE
 REVENUES BY FIVE FIVE. I SHOULD BE GRATEFUL IF YOU WOULD TELEGRAPH AND

LLTF

FEB 23 1 26 PM 1949

RECEIVED
 INTERNATIONAL BANK FOR
 RECONSTRUCTION AND DEVEL.

OFFICIAL
 PERSONAL

AUTHORIZED BY:

NAME W.A.S. LLTF
 DEPT. LOAN DIRECTOR

AUTHENTICATED FOR DISPATCH BY:

CLEARED BY:

DUPLICATE

FILE COPY

India

February 23, 1949

Dear Arey:

Subject: India

You will remember I mentioned to you at the State Department party for the Honduran Ambassador, that we had some reason to believe that the Damodar Valley Corporation might be applying to Eximbank to finance part of the project, namely, the steam power station at Bokaro. The foreign exchange cost of the whole project is approximately \$76 million, of which approximately \$25 million is attributable to Bokaro.

In a letter dated February 11, Hoar (who is in charge of the Bank mission now in India) told me that he understood that Dr. Sudhir Sen, the Secretary of the Damodar Valley Corporation would be coming to Washington within the next few weeks. Hoar believes that the purpose of Sen's visit is to apply for a loan from Eximbank to cover the cost of the Bokaro project.

I am sending you a memorandum which has been prepared by Butcher in the Loan Department of the Bank, which summarizes the Damodar Valley project and which may be of interest to you.

Perhaps we could remember to put this item on the agenda for our next joint meeting.

Yours sincerely,

W.A.B. Iliff
Loan Director

Mr. Hawthorne Arey
Director
Export-Import Bank of Washington
Washington 25, D.C.

BY AIR MAIL.

PUBLIC WORK SECRETARIAT,
HYDERABAD DECCAN.



No. 1308/A.B.

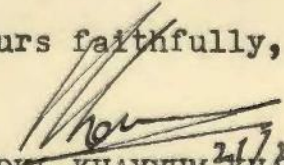
Dated/- 21st. February 1949.

Beecroft, Esqr.,
International Bank Mission,
C/O Ministry of Finance,
Government of India,
NEW DELHI.

Sir,

As directed by the Engineer-in-Chief and Secretary, P.W.D., Hyderabad Government, I am sending herewith a copy of the report on Post-War Planning incorporating the First Five-year Plan.

Yours faithfully,


(ABDUL KHAYYUM KHAN)

DEPUTY ENGINEER-IN-CHIEF, RWD.

Enc: One Report.

ack.
g/man

O.R. CHUMMAR, M.A. B.L.,
FINANCE SECRETARY TO
GOVERNMENT.



India
TI UZUR SECRETARIAT

ERNAKULAM

Dated 21st February 1949.

D.O.No.F(A)1-34990/24.

Dear Sir,

As desired by you, I am sending separately by Book Post copies of the Budget Estimate for the year 1124 Malayalam Era (1948-49), the Explanatory Memorandum on the Budget Estimate and the Reports on the Administration of Cochin State and of the Forest Department for the year 1122 Malayalam Era (1946-47). The Administration Reports of 1947-48 are not ^{yet} published. Please acknowledge receipt.

Yours sincerely,

O.R. Chummar

To

Eric Beecroft, Esq.,
Member, International Bank Mission,
C/o The Ministry of Finance,
New Delhi.

P.M.21 P.

201

*ack
of mail*

India

FILE COPY

FILES

February 21, 1949

Leslie G. Butcher

India; Damodar Valley Project.

Note of Meeting in Mr. Iliff's office, Friday, February 18.
Present: Mr. Iliff, Dr. Rembert, Mr. Butcher.

Mr. Iliff read the memorandum dated February 10, prepared by Mr. Butcher summarizing the information received from Mr. Hoar and two letters IM-9 and IM-10 dated February 11 from Mr. Hoar. Dr. Rembert had prepared a memorandum dated February 18 entitled "Outline of Presentation desired covering the Damodar Valley Project". He asked that it be sent to Mr. Hoar with the request that the Indians should obtain any additional information required and consolidate it with other information already available in order to make a complete presentation of the project. Dr. Rembert thought that it was too early to send engineers to India for an on-the-spot survey but engineers might be sent after the consolidated information has been examined here. After some discussion, India 20 and Tiger 5 were prepared and dispatched, and Mr. Butcher prepared a brief memorandum for the Export-Import Bank.

LSB:bd

By registered post

S.J. BRUFORD,
Chief Engineer, Hydro-Electric
Branch.

Office of the Chief Engineer,
Hydro-Electric Branch,
Cochin Government, Ernakulam,
Dated 18th February 1949.

ackd
mar. 2/49

Dear Sir,

With reference to our discussion
of this morning, I herewith forward for your infor-
mation a Note on the Hydro-Electric Developments
in Cochin State.

Yours sincerely,

S.J. Bruford 19/2

Eric Beecroft, Esq.,

c/o International Bank Mission,

Ministry of Finance,

NEW DELHI.

ack
2/11/49

India

Bombay Port Trust

Memorandum.

The following notes have been drawn up after a visit to the Bombay port on February 19, 1949.

Plans and particulars are given in the "Report" embodying a plan of development for the port of Bombay."

Statistics of tonnage handled, receipts and expenditure on capital and revenue account for the year 1946/47 are published in the administration Report.

Both these reports are appended.

The main deficiency of the port is that large vessels cannot enter Princes and Victoria Docks, and there is insufficient accommodation for them in the Alexandra Dock. At the time of the visit there were 5 berths vacant in the former and vessels were waiting in the stream to enter the latter. Ships are kept waiting in this manner up to 18 days.

The unloading of grain ships is very slow, about 1,000 tons per day involving the occupation of a berth for 10 days. If grain silos were installed a vessel could be discharged in a couple of days. Proposals for silos by the Port Trust have been rejected.

There is a great shortage of warehouse space. One million square feet were destroyed by the explosion. Improvised sheds are insufficient and inadequate as the roofs leak. There is a very large accumulation of perishable merchandise lying in the open.

The railways are not clearing the port as they should. When undue congestion takes place special trains are supplied (at the expense, however, of the general goods dispatched from the town). Wagons are not detained in the port. Loading and unloading is from ship to dock and dock to wagon and vice versa.

The port railway sidings marshalling yards are adequate and the working of these is satisfactory.

The Ballard pier is well provided for landing passengers, and mails and special cargo from large ocean liners without loss of time.

Hydraulic cranes are used; they are clumsy and slow.

Labour at rupees 4 per day is reported to be the dearest dock labour in the world.

The dry dock is adequate and a fairly good repair shop is attached thereto.

There are very few lighters to enable the discharge of vessels to be accelerated.

There is no deep sea tug.

Small coasting vessels utilise the port in considerable numbers.

Due to closing of Karachi the oil mole is handling considerably more ships.

In 12 months time the plan of development for the port of Bombay will be completed (see report attached). The Chairman of the Port Trust hopes to interest the International Bank in the project with a view to negotiating a loan.

W. Ryan
2
1/3/47

HYDRO-ELECTRIC DEVELOPMENTS IN COCHIN STATE.

Preliminary investigations show that the potentialities for Hydro-Electric Development lie chiefly in the Chalakudy river. This river is fed by tributaries which rise in the Anamalais and Nelliampathies Ranges, and has a catchment area of 370 square miles above the point where the development of power is now proceeding. It receives both the South West and the North East monsoons, the average rainfall being approximately 130 inches per annum. The maximum theoretical flood is 80,000 cubic feet per second, and the minimum rate of flow recorded is approximately 30 cubic feet per second.

Power Development appears possible at four sites within a six mile stretch of the river. Two primary sites comparatively close together but on different banks of the river and two subsidiary sites downstream of the primary sites where the tail waters of the primary sites can be reutilised on low head schemes.

The development falls naturally into five progressive stages, and, when these stages are all completed, will result in 100,000 K.W. of continuous power, or 200,000 KW at 50% load factor, being available for use.

The first stage now under construction consists of the building of a dam across the river above the Poringalkuthu falls, to obtain a storage of 1,200 million cubic feet of water (28,700 Acre feet). Water will be taken from this reservoir through a tunnel approximately 4000 ft. long, with a cross section of 140 square feet, to a Valve House and thence through three 52" internal diameter pipe lines to machines in the Power House. A gross head of 595 feet is available, and the First Stage installation will consist of 3 x 8000 KW M.C.R. Francis turbine driven generators, i.e., 8000 KW @ 50% Load Factor plus one stand by set.

The second stage will involve the erection of a dam about four miles upstream of the first stage Dam Site to store up to 21½ thousand million cubic feet (about 500,000 acre feet) of water, and the installation of two 64" pipelines and two 12000 KW M.C.R. Turbine Generators in the Power House. This will raise the capacity

of the Power House to 24000 KW continuous or 48,000 KW @ 50% Load Factor.

The erection of the Second Stage Dam will provide storage to enable the third stage to be proceeded with. This will be developed by diverting water from the Second Stage reservoir through a composite waterway of open canal, cut and cover, and tunnel about 4 miles long to a forebay at a point on the Right Bank of the river below the first and second stage Power House where a head of at least 850 ft. appears possible. This development should result in about 75000 KW @ 50% Load Factor.

The 4th Stage comprises the development of the Adirapilli Falls where a head of approximately 300 feet appears possible. This will result in about 50-55000 KW @ 50% Load Factor. If necessary this development could be divided into two stages.

The 5th Stage comprises the development of the Vazhachalkuthu Falls where a head of approximately 190 feet appears possible. This would result in about 20-22000 KW @ 50% Load Factor.

The total expenditure involved in the above schemes will be in the nature of Rs.20 crores. Out of this total of Rs.20 crores about Rs.5 - 6 Crores would be utilized for the purchase of machinery outside India.

S. H. Bruford. '9/2
Chief Engineer.

RGP.

File 1.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

18 February

*Ack by
Coburn 12
28/2*

INDIA 26

Dear Stanley,

With reference to my telegram Tiger #5, I enclose three copies of a questionnaire which Rembert has prepared covering the consolidated information we think we ought to have on the Damodar Valley Project before we can make up our minds about its bankability.

It occurs to us, on the very cursory examination that we have been able to give the project, that the assumptions on which revenue is based are, perhaps, rather optimistic, particularly in regard to the size of the investment required and on the service charges on the invested capital.

Rembert inclines to the view that the estimates of cost (especially if American contractors are to be used and American equipment is to be purchased) are on the low side, having regard to his past experience on comparable enterprises. You, yourself, will probably already have taken the point that a 3% interest basis and a seventy-five year amortization on the greater part of the cost of the project is on the low side, having regard to the fact that if they do borrow the foreign exchange costs from the Bank, the interest rate will be in the neighborhood of 4½% and the amortization period nothing like seventy-five years.

Sincerely,

Bill

W.A.B. Hiff

A.S.G. Hoar, Esq.
c/o Keith C. Roy
Ministry of Finance
New Delhi, India

D. Wayne Lambert

February 18, 1949

*Copies to Rucinski
27/2*

MEMORANDUM

OUTLINE OF PRESENTATION DESIRED COVERING THE DAMODAR VALLEY PROJECT

In order to permit a comprehensive analysis of this project, it is requested that a formal presentation be prepared along the following lines:

(1) Provide a detailed market analysis for power broken down by categories such as domestic, traction, public, industrial, agricultural, etc. Include estimates of the replacement load which might be anticipated through retirement of existing generating stations and various types of engines now in use. Give a schedule of the rate at which the new load is expected to develop. Provide rate schedules which are expected to apply to the categories used above and include all preferential rates which might be anticipated. Furnish estimated annual production from each station in the program and from existing stations compared with installed capacity. Estimated annual load curves are of interest.

Give details covering the anticipated sale of water for irrigation purposes, the rates to be applied and a brief description of the basis of the rate structure. Provide a schedule giving the rate at which the sale of water is expected to develop. Give details regarding estimated increased production of crops and the basis for the estimates.

Give estimates of other income from sale of water for domestic use, navigation, and other anticipated sources. Include a schedule of the rate at which this income is expected to develop by categories.

Give details of any increases in taxes to be applied in this area and other possible sources and amount of government aid to be provided to the various units in the project for operating purposes.

(2) Provide estimated balance sheets and profit and loss statements for the Damodar Valley Corporation covering the next 15 years. Include data on gross production, gross sales, profits and reserves.

(3) Provide a summary of outstanding long term debts of the DVC and an estimate of future loans with a consolidated schedule of annual service charges over the next 15 years.

(4) Provide a description of each item in the project, giving the more important technical details including principal specifications on structures and equipment. In the case of irrigation, provide information on water requirements, crop yields and similar items as well as the technical details of the systems. Some general drawings are desired, if available.

(5) Provide estimated costs by items in terms of domestic and foreign exchange requirements. In this presentation, the items should be grouped to cover the separate individual units within the over-all project, such as the thermo power station, individual dams and hydroelectric installations, etc. Give the estimated quantities and unit prices used in estimating costs.

(6) Provide information as to anticipated methods of financing, both with respect to foreign exchange and domestic currency requirements.

(7) Provide work schedules and estimated completion dates covering the major items in the project. Related to this, provide a schedule of expenditures both in foreign exchange and domestic currency.

(8) Provide details of estimated operating costs broken down by operating units, such as the thermo station, individual hydroelectric plants, the transmission system, the irrigation systems, etc. Provide details of the methods used for estimating financial charges.

(9) Provide a detailed justification of the project broken down by individual units, such as the thermo station, individual hydroelectric plants, irrigation, etc. This presentation should include details of net earnings on the investment, foreign exchange earnings or savings and similar considerations. Include also earnings and savings anticipated from new enterprises which will be made possible by the completion of this project.

(10) Provide information available on topographical surveys, data on water availability and data on boring tests which have been completed. Provide also geological information relating to the reservoir sites.

(11) Provide copies of proposals which have been received on equipment and construction items, as well as information available on competitive bids. Also, provide information concerning the extent to which work on the project can be carried out by Indian engineers and contractors.

(12) Provide copies of any reports and other information available which may be of assistance in appraising the technical and economic aspects of this project.

FILE COPY

India

Mr. W.A.B. Iliff

February 18, 1949

Leslie G. Butcher

India: Damodar Valley Project.

Attached is a brief note on this scheme for the Ex-Im Bank.

Attachment

LGB:bd

FILE COPY

INDIA

Damodar Valley Scheme

The International Bank now has a fact-finding mission in India, headed by Mr. A.S.G. Hoar, the Assistant Loan Director. One of the proposals about which officials of the Government of India have had some discussions with the mission is this multi-purpose scheme, the principal objectives of which are (a) irrigation, water supply and drainage, (b) the generation, transmission and distribution of hydroelectrical and thermal electrical energy, and (c) flood control. The total estimated cost of this scheme is \$165 million, of which the foreign exchange component is \$76 million, to be spent almost entirely in the United States. The foreign exchange cost of the steam power station (Bokaro) and transmission lines is estimated at \$25 million which is included in the total of \$76 million. In a letter dated February 11, Mr. Hoar informed the Bank that he understood that Dr. Sudhir Sen, the Secretary of the Damodar Valley Corporation, would be coming to Washington within the next few weeks. Mr. Hoar believes that the purpose of Dr. Sen's visit is to apply for a loan from Ex-Im Bank to cover the cost of the Bokaro thermal electric project.

FILE COPY

India

Dr. E. Wayne Rembert

February 17, 1949

Leslie G. Butcher

India: Damodar.

I enclose copies of two letters dated February 11 from Mr. Hoar to Mr. Iliff and numbered IM-9 and 10. I also enclose copies of the two enclosures that came with IM-10.

Mr. Iliff can see us tomorrow, Friday, at 4:00 o'clock and has asked that you have an opportunity to see these papers before the meeting.

Enclosures: 4.

IGB:bd

FILE COPY

India

Dr. E. Wayne Rembert

February 17, 1949

Leslie G. Butcher

India Fertilizers.

I enclose a copy of a letter dated February 11 from Mr. Hoar to Mr. Iliff and numbered IM-8. I also enclose copies of the two enclosures entitled "The Sindhri Fertilizer Factories" and "Visit of the International Bank Mission to the Fertilizer Factories, Sindhri, February 10, 1949".

Enclosures: 2

LGB:bd

FILE COPY

India

Mr. John L. Cook

February 16, 1949

Leslie G. Butcher

Information arriving from India

I am expecting certain information and publications from the Government of India. They will be addressed to me either by Keith C. Roy, Ministry of Finance, Government of India, or by Mr. Beecroft. It is more likely that they will come from Mr. Roy. I attach a list of the material which, I understand, is being sent in various packages by Air Freight. I shall be grateful if you will do what you can to expedite these papers through the Customs.

Attachment: As listed above.

LGB:bd

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

Date _____

TO- Name Room No.

1 Mr. Gilmartin 320

2

3

4

FOR-

Action

Initialing

Approval

Preparing Reply

Comment

Previous Papers

Filing

Noting and Returning

Full Report

Recommendation

Information

Signature

REMARKS

Returned with thanks

FROM-

J. Thomsen Lund

M. P. FLETCHER & CO.

POWERFARM

TELEGRAMS: "FLETCHER" JODHPUR.
CODE: BENTLEY'S.

EMPIRE

SCRAPERS. 2 TO 20 CU. YDS.

JODHPUR, RAJPUTANA.

AIR MAIL.

15th. February 1949.

REGISTERED POST.

Dear Mr. Gilmartin,

Your kind letter was received late last night on my return to Jodhpur, as I am leaving by the 7 o/c train this morning for Bombay I send these few lines.

I very much regret that I will have to remain in Bombay until the Saturday evening, the 19th. Feb. when I wished to return to Jodhpur to complete some very important work I have on hand.

If you could visit Jodhpur on Monday the 22nd. I would only be too happy to take you over the farm which I have made for His Highness and from where the enclosed Costing Statements were produced. On the other hand I will visit Delhi on Sunday if you cannot come to Jodhpur but I feel that you would be able to see results of sound land reclamation, soil conservation and controlled irrigation.

I have reclaimed many thousands of acres in deep rooted weed infested lands in most sections of India and can assure you, subject to having the correct implements, sound selection of working areas, first class supervision Staff and correctly trained and controlled operators, land can be reclaimed and the cost of such reclamation recovered and a profit made from the first year's crop. We sold our wheat on the farm at Rs.10.0.0. per (Jodhpur md.) or Rs.8/- per Railway md. of 82 lbs. and you will note that even if we had written off the total cost of land reclamation, leveling and making of irrigation canals that we would still have made a profit of Rs.34,232.9.3.

At the same time unless and until the Government of India are able to obtain the correct implements and care for the other points I have referred to the results will not be as good as they should justly expect.

Well I must close or miss my train, kindly send me a telegram c/o, Grand Hotel, Ballard Estate, Bombay informing me if you are able to come to Jodhpur on Monday the 22nd. or any date thereafter or if you wish me to visit Delhi arriving my Sunday's aircraft and if you do then remember that I also sleep at times and would appreciate Hotel accomadation which your friends may be able to fix for me.

With kind regards,
Yours sincerely,


M. P. Fletcher.

William M. Gilmartin Esq.,
c/o, Keith Roy Esq.,
Ministry of Finance,
Government of India, New Delhi-

| S.No. | Name of the operation. | Acreage. | Tr. TD-18 Hrs. | Tr. TD-40 Hrs. | Tr. WD-40 Hrs. |
|--------|-------------------------------|----------|----------------------|----------------------|----------------------|
| 1. | Reclamation & Improvement. | 2000 | .. | 356 | .. |
| 2. | Subsoiling. | 1200 | 817 | 64 | .. |
| 3. | Harrowing. | 5100 | 559 | 832 | 600 |
| 4. | Levelling. | 1700 | 112 | 390 | .. |
| 5. | Bunding & Making Channels. | 1700 | 413 | 114 | .. |
| 6. | Manuring. | 12 | 1087 .. | 6 | .. |
| 7. | Sowing. | 1700 | .. | 146 | .. |
| 8. | Seeds. | .. | .. | .. | .. |
| 9. | Irrigation. | .. | .. | .. | .. |
| 10. | Harvesting & Threshing. | 1700 | 38 | 500 | 394 |
| 11. | Marketing. | .. | .. | .. | .. |
| Total. | | | 1939 | 2408 | 994 |

2 1/2 hrs per acre partial
 3 " " " full

2

| S.N. | Tr. WD-6 Hrs. | Tr. F-14 Hrs. | Total Hrs. worked on each operation. | Total B.S.L.D. consumed. | Cost of B.S.L.D. consumed. | |
|---------------|---------------------|---------------------|-----------------------------------------------|--------------------------------|----------------------------------|------------|
| | | | | | Gallons. | Rs. a. p. |
| 1. | .. | 365 | 721 | 555 | 267- | 6-6 |
| 2. | .. | .. | 881 | 2254 | 1085- | 14-3 |
| 3. | .. | .. | 1991 | 4908 | 2365- | 14-6 |
| 4. | 8 | 140 | 650 | 933 | 448- | 14-9 |
| 5. | .. | .. | 527 | 1135 | 548- | 13-0 |
| 6. | .. | .. | 6 | 12 | 5- | 13-0 |
| 7. | 240 | 118 | 504 | 305 | 147- | 10-0 |
| 8. | .. | .. | .. | .. | | |
| 9. | .. | .. | .. | .. | .. | |
| 10. | 265 | 204 | 1401 | 1133 | 547- | 13-0 |
| 11. | .. | .. | .. | .. | .. | |
| Total. | 513 | 827 | 6681 | 11235 | 5418- | 3-0 |

Handwritten calculations:
 1700 + 3678 = 5378
 1401
 5078
 40 000
 20 000
 4559

3.

| S.No. | Total H.S.H.D. consumed. | Cost of B.S.H.D. consumed. | Engine oil consumed. | Cost of Engine oil consumed. | Petrol consumed. |
|-------|--------------------------------|----------------------------------|----------------------------|------------------------------------|---------------------|
| | Gallons. | Rs. a.p. | Gallons. | Rs. a.p. | Gallons. |
| 1. | .. | .. | 38 | 86-11-0 | 11 |
| 2. | .. | .. | 116 | 264- 9-3 | 28 |
| 3. | .. | .. | 257 | 585-14-9 | 63 |
| 4. | 5 | 4. 7-0 | 50½ | 114-12-6 | .. |
| 5. | 44 | 39- 3-0 | 42 | 95- 8-0 | .. |
| 6. | .. | .. | 1 | 2- 4-6 | .. |
| 7. | 220 | 196-14-0 | 40 | 91- 0-0 | .. |
| 8. | .. | .. | .. | .. | .. |
| 9. | .. | .. | .. | .. | .. |
| 10. | 498 | 491-13-0 | 106 | 241-13-0 | 241½ |
| 11. | .. | .. | .. | .. | .. |
| | <u>767</u> | 732- 5-0 | 650½ | 1482- 9-0 | 343½ |

H

| S.No. | Cost of Petrol consumed. | T.T. Oil Consumed. | cost of T.T. Oil consumed. | Kerosene oil consumed. | Cost of Kerosene consumed. |
|--------|--------------------------|--------------------|----------------------------|------------------------|----------------------------|
| 1. | Rs. a.p. | Gallons. | Rs. a.p. | Gallons. | Rs. a.p. |
| 1. | 20-10-0 | 12 | 26- 7-0 | 331 $\frac{3}{4}$ | 331-12-0 |
| 2. | 52- 8-0 | 38 | 83-13-0 | 52 | 52- 0-0 |
| 3. | 118- 0-0 | 87 | 191-14-0 | 117 | 117- 0-0 |
| 4. | .. | 22 | 48- 7-0 | 138 | 138- 0-0 |
| 5. | .. | 19 | 41-13-6 | 32 | 32- 0-0 |
| 6. | .. | $\frac{1}{4}$ | 0- 9-0 | .. | .. |
| 7. | .. | 18 | 39-10-6 | 131 | 131- 0-0 |
| 8. | .. | .. | .. | .. | .. |
| 9. | .. | .. | .. | .. | .. |
| 10. | 525- 6-0 | 28 $\frac{1}{2}$ | 66- 2-6 | 223 | 233-10-0 |
| 11. | .. | .. | .. | .. | .. |
| Total. | 716- 8-0 | 224 $\frac{3}{4}$ | 498-12-6 | 1024 $\frac{3}{4}$ | 1035- 6-0 |

5

| S.No. | Grease consumed. | Cost of Grease consumed. | Cotton Waste consumed. | Cost of C.Waste consumed. | Charcoal consumed. |
|--------|-------------------|--------------------------|------------------------|---------------------------|--------------------|
| | Ibs. | Rs. a.p. | lbs. | Rs. a.p. | mds. |
| 1. | 37 | 9-13-9 | 30 | 6-9-0 | 28 |
| 2. | 113 | 30-6-6 | 90 | 19-11-0 | .. |
| 3. | 263 | 70-14-0 | 190 | 41-10-0 | .. |
| 4. | 64 | 16-14-0 | 26 | 5-11-0 | .. |
| 5. | 53 | 14-0-0 | 22 | 4-13-0 | .. |
| 6. | $\frac{3}{4}$ | 0-3-6 | 1 | 0-3-6 | .. |
| 7. | 53 | 14-0-0 | 21 | 4-9-6 | .. |
| 8. | .. | .. | .. | .. | .. |
| 9. | .. | .. | .. | .. | .. |
| 10. | 276 $\frac{1}{2}$ | 78-2-6 | 258 | 53-15-6 | 144 |
| 11. | .. | .. | .. | .. | .. |
| Total. | 860 $\frac{1}{4}$ | 234-6-3 | 638 | 137-2-6 | 172 |

6

| S.No. | Cost of Charcoal consumed. | Spares. | Repairs. | Wages. | Hand Labour. |
|--------|----------------------------|-----------|-----------|-----------|--------------|
| | Rs. a.p. | Rs. s.p. | Rs. a.p. | Rs. a.p. | Rs. a.p. |
| 1. | 25- 1-0 | 542- 0-0 | 203- 4-0 | 400- 1-6 | 790440-0 |
| 2. | .. | 648- 0-0 | 248-12-0 | 489- 0-0 | .. |
| 3. | .. | 1465- 2-0 | 562- 8-0 | 1105- 0-0 | .. |
| 4. | .. | 478- 4-0 | 183- 8-0 | 360-12-0 | 38-0-0 |
| 5. | .. | 387-12-0 | 148-14-0 | 292- 8-0 | .. |
| 6. | .. | 4- 7-6 | 1-11-0 | 3- 5-0 | .. |
| 7. | .. | 370-12-0 | 142- 4-0 | 279-12-0 | 103-8-0 |
| 8. | .. | .. | .. | .. | .. |
| 9. | .. | .. | .. | .. | 3153-6-6 |
| 10. | 277- 4-0 | 1125- 3-0 | 395- 8-0 | 777- 8-0 | 1399-4-0 |
| 000000 | | | | | |
| Total. | 302- 5-0 | 5021- 8-6 | 1886- 5-0 | 3707-14-6 | 12598-12-6 |

| S.No. | Seeds. | Gunny Bags. | Total Direct cost. | Direct cost per acre. | Deprecian on TD-18 |
|---------------|-----------------|------------------|--------------------|-----------------------|--------------------|
| | Rs. a.p. | Rs. a.p. | Rs. a.p. | Rs. a.p. | Rs. a.p. |
| 1. | .. | .. | 9824..5-9 | 4-14-6 | .. |
| 2. | .. | .. | 2974-10-0 | 2- 7-9 | 875- 4-0 |
| 3. | .. | .. | 6623-13-3 | 1- 4-9 | 600- 3-0 |
| 4. | .. | .. | 1837-10-3 | 1- 1-3 | 120- 0-0 |
| 5. | .. | .. | 1605- 4-6 | 0-15-0 | 442- 8-0 |
| 6. | .. | .. | 18- 9-0 | 1- 8-9 | .. |
| 7. | .. | .. | 1521- 0-0 | 0-14-3 | .. |
| 8. | 8943- 5-9 | .. | 8943- 5-9 | .. | .. |
| 9. | .. | .. | 3153- 6-6 | .. | .. |
| 10. | .. | .. | 6213- 6-6 | 3-10-6 | 40-12-0 |
| 11. | .. | 3625- 5-0 | 3625- 5-0 | .. | .. |
| Total. | 8943-5-9 | 3625- 5-0 | 46340-12-6 | 16-12-9 | 2078-11-0 |

8.

| S.No. | Depreciation on TD-40 | Depreciation on WD-40 | Depreciation on WD-6 | Depreciation on F-14 |
|-------|--------------------------|--------------------------|-------------------------|-------------------------|
| | Rs. a.p. | Rs. a.p. | Rs. a.p. | Rs. a.p. |
| 1. | 265- 6-0 | .. | .. | 72-11-0 |
| 2. | 47-12-0 | .. | .. | .. |
| 3. | 621- 0-0 | 156- 8-0 | .. | .. |
| 4. | 291- 0-0 | .. | 4- 1-0 | 27-13-0 |
| 5. | 85- 8-0 | .. | .. | .. |
| 6. | 4- 8-0 | .. | .. | .. |
| 7. | 109- 0-0 | .. | 121-12-0 | 23- 8-0 |
| 8. | .. | .. | .. | .. |
| 9. | .. | .. | .. | .. |
| 10. | 373- 8-0 | 103- 0-0 | 134- 7-0 | 40- 9-0 |
| 11. | .. | .. | .. | .. |
| Total | 1797-10-0 | 259- 8-0 | 260- 4-0 | 164- 9-0 |

9

| S.No. | Total | Depre. on | Interest. |
|--------|--------------|----------------|-----------|
| | Depreciation | Imple. Mach. | |
| | on Tractors. | Fencinf, Tools | |
| | & Furniture. | | |
| | Rs. a.p. | Rs. a.p. | Rs. a.p. |
| 1. | 338- 1-0 | 1419- 2-0 | 540-10-0 |
| 2. | 923- 0-0 | 330- 8-0 | 662- 6-0 |
| 3. | 1377-11-0 | 747- 0-0 | 1496-10-0 |
| 4. | 442-14-0 | 243- 8-0 | 489- 2-0 |
| 5. | 528- 0-0 | 198- 2-0 | 395-15-0 |
| 6. | 4- 8-0 | 2- 4-0 | 4- 8-0 |
| 7. | 254- 4-0 | 189- 0-0 | 378- 8-0 |
| 8. | .. | .. | .. |
| 9. | .. | .. | .. |
| 10. | 692- 4-0 | 525- 8-0 | 1052-13-0 |
| 11. | .. | .. | .. |
| Total. | 4560-10-0 | 3655- 0-0 | 5020- 8-0 |

10

GENERAL OVERHEAD CHARGES.

| S.No. | Liveries. | Stationery. | Post & Tel. | Sundries. | Campuse. | Total. |
|--------|-----------|-------------|-------------|-----------|----------|-----------|
| 1. | 71-8-0 | 7- 8-0 | 1- 8-0 | 10- 8-0 | 30- 0-0 | 121- 0-0 |
| 2. | 86-2-0 | 8- 4-0 | 1-11-0 | 12- 4-0 | 36- 2-0 | 144- 7-0 |
| 3. | 195-0-0 | 18-12-0 | 3-14-0 | 27- 3-0 | 81-10-0 | 326- 9-0 |
| 4. | 63-6-0 | 6- 1-0 | 1- 4-0 | 8-14-0 | 26-10-0 | 106- 3-0 |
| 5. | 51-4-6 | 5-10-0 | 1- 0-9 | 7- 2-0 | 21-10-0 | 86-11-3 |
| 6. | 0-9-6 | 0- 1-0 | 0- 0-3 | 0- 1-3 | 0- 4-0 | 4- 0-0 |
| 7. | 49-6-0 | 4- 8-0 | 9-12-0 | 6-13-0 | 20-10-0 | 82- 1-0 |
| 8. | .. | .. | .. | .. | .. | .. |
| 9. | .. | .. | .. | .. | .. | .. |
| 10. | 136-8-0 | 13- 0-0 | 2-10-0 | 19- 2-0 | 57- 6-0 | 228-10-0 |
| 11. | .. | .. | .. | .. | .. | .. |
| Total. | 653-12-0 | 63-12-0 | 12-12-0 | 91-15-3 | 274- 4-0 | 1096- 7-3 |

1700 / 60673

11.

| S.No. | Total owners operation cost. | Owners operation cost per acre. | SUPERVISION. | | |
|---------------|------------------------------------|---------------------------------------|------------------|------------------|-------------------|
| | | | Salary, | T.A. | Total. |
| | Rs. a.p. | Rs. a.p. | | | |
| 1. | 12243- 2-9 | 6- 2-0 | 1004- 8-0 | 204- 8-0 | 1209- 0-0 |
| 2. | 5034-15-0 | 4- 3-0 | 1229- 0-0 | 250- 8-0 | 1479- 8 |
| 3. | 10571- 9-3 | 2- 1-3 | 2778- 0-0 | 565-15-0 | 3343-14 |
| 4. | 3119- 5-3 | 1-13-3 | 906-12-0 | 184- 8-0 | 1091- 4 |
| 5. | 2814- 0-9 | 1-10-6 | 935- 2-0 | 149- 8-0 | 884-10 |
| 6. | 3013-0 | 2- 9-0 | 8- 6-0 | 1-11-0 | 10- 1 |
| 7. | 2424-13-0 | 1- 6-9 | 703- 1-0 | 142- 0-0 | 845- 1 |
| 8. | 8943- 5-9 | .. | .. | .. | 8943- 5-9 |
| 9. | 3153- 6-6 | .. | .. | .. | 3153-6-6 |
| 10. | 8712- 9-6 | 5- 2-0 | 1954-11-0 | 398- 0-0 | 2352-11 |
| 11. | 3625- 5-0 | .. | .. | .. | 3625- 5-0 |
| Total. | 60673- 5-9 | 24-15-9 | 9319- 8-0 | 1896- 9-0 | 11216- 1-0 |

1700 $\frac{9}{71819}$

12

| S.No. | grand total cost. | Total cost per acre. | Improvement of property. | Yearly operation cost. | Total value of crop | PROFIT. |
|--------|-------------------|----------------------|--------------------------|------------------------|---------------------|------------|
| 1. | 13452- 2-9 | 6-11-6 | 13452- 2-9 | .. | | |
| 2. | 6514- 7-0 | 5- 6-9 | .. | 6514- 7-0 | | |
| 3. | 13915- 7-3 | 2-11-6 | .. | 13915- 7-6 | | |
| 4. | 4210- 9-3 | 2- 7-6 | 4210- 9-3 | .. | | |
| 5. | 3698-10-9 | 2- 2-9 | 3698-10-9 | .. | | |
| 6. | 40-14-0 | 3- 6-6 | .. | 40-14-0 | | |
| 7. | 3269-14-0 | 1-14-9 | .. | 3269-14-0 | | |
| 8. | 8943- 5-9 | .. | .. | 8943- 5-9 | | |
| 9. | 3153- 6-6 | .. | .. | 3153- 6-6 | | |
| 10. | 11065- 4-6 | 6- 8-0 | .. | 11065- 4-6 | | |
| 11. | 3625- 5-0 | .. | .. | 3625- 5-0 | Rs.107122/- | Rs.56594/- |
| <hr/> | | | | | | |
| Total. | 71889-6-8- | 31- 5-3 | 21361- 6-9 | 50528- 0-0 | Rs.107122/- | Rs.56594/- |

2900
+ 31
2900

FILE COPY

India

February 14, 1949

My dear Roy:

Thank you for your letter dated February 5, 1949, ✓
and the news that you are sending us additional
documents from which we will be able to fill in the
gap in your external trade figures from December
1947 through March 1948.

Yours sincerely,

W. A. B. Iliff
Loan Director

Mr. Keith C. Roy
Ministry of Finance
Government of India
New Delhi, India

WABI:LGButcher:bd

Leslie S. Butcher

FILE COPY

India - Mission

Mr. Leonard B. Rist

February 14, 1949

W.A.B. Iliff

India: Damodar Valley Project

We have received from the Mission the following documents which the Government of India has supplied in support of their inclusion of the Damodar Valley Project in their list of projects for the Bank's consideration:

1. Damodar Valley Corporation Act.
2. Damodar Valley Corporation: Budget Estimates for 1949-49 and 1949-50.
3. Central Technical Power Board: preliminary memorandum on the unified development of the Damodar River.
4. Damodar Valley Corporation: Case for a Dollar Loan to the Damodar Valley Corporation for carrying out the Program of Unified Development.

Mr. Hoar has asked that these papers be looked over quickly by our engineers in order that we may advise him of what kind of on-the-spot survey the Bank would require, assuming that the project qualifies for serious consideration. In the meantime, the mission is looking into the broad economic and financial aspects of the Damodar scheme as a whole and will advise us of their preliminary conclusions.

Mr. Butcher has prepared and given to Dr. Rembert a brief summary of the papers received from India. I shall be grateful if Dr. Rembert will examine the summary and, if necessary, the documents received from India and let us have his opinion of the general appearance of the whole scheme and, if his first impressions are favorable, his suggestions as to which aspects of the scheme should be examined on the spot.

Leslie G. Butcher

WABI:GGButcher:bd

588 DSS/49

Air Mail.

MINISTRY OF FINANCE

New Delhi, the 11th February, 1949.

My dear Rucinski,

I enclose herewith literature relating to certain multi-purpose schemes together with notes which have been drawn up on the basis of Hoar's pro forma. The object of my sending these to you is to give you an overall picture of the main multi-purpose development plans which have reached an advanced stage of preparation.

Yours sincerely,

Joseph Rucinski Esq,
Member, International
Bank Mission,
C/O Government House,
Calcutta.

Kent Ray

- 1. Hirakud Dam
- 2. Dochi Dam
- 3. Tungbhadra Project.

(sent separately under covers).

STATEMENT I.

Overall position regarding financial requirements
of main Projects.

| S. No. | Name of the Project | No. of years for completion. | Total cost of scheme Rs. in crores. |
|--------|-----------------------------------------|------------------------------|----------------------------------------|
| 1. | Damodar Valley Project | 7 years | 55 |
| 2. | Hirakud Dam Project | 7 " | 48 |
| 3. | Bhakra Dam and Nangal Projects | 9 " | 76 |
| 4. | Ganga Barrage | 13 " | 60.17 |
| 5. | Tungabhadra Dam Project | 6 " | 15.49 |
| 6. | Wainganga Project | 8 " | 50 |
| 7. | Chambal Project | 9 " | 24 |
| 8. | Dochi Dam Project | 4 " | 11 |
| 9. | Rihand Dam Project | 8 " | 25 |
| 10. | Delhi Central Electric Power Authority. | 4 " | 1.826 |
| 11. | Calcutta Electricity Supply Corporation | @ 4 " | 7.869* |
| 12. | Tata Hydro Electric Agencies Ltd. | @ 4 " | 2.109* (excluding domestic cost) |
| 13. | Khaparbheda Thermal Scheme | @ 4 " | 2.444* |
| 14. | New Steel Works | 5 " | 75 |
| 15. | Heavy Electrical Plant Manufacture. | 4 " | 24 |
| TOTAL | | | 477.908 |

@ Programme for next four years only.

* Requirement of finance during the next four years.

STATEMENT II.

Annual Dollar requirements for the various Projects.

| S.No. | Name of Project | 1948-49 | 1949-50 | 1950-51 | 1951-52 | 1952-53 | 1953-54 | |
|-------|-------------------------------------------------------------|------------------------------------------------------|---------|---------|---------|---------|---------|--|
| 1. | Damodar Valley Project (excluding Bokaro) | - | 9.2 | 10.75 | 13.25 | 10.25 | 7.55 | |
| | Bokaro Dam | - | 9.3 | 6.8 | 3.5 | 2.7 | | |
| 2. | Bhakra Dam Project | .36 | 10.14 | 11.22 | 6.15 | 6.63 | 6.78 | |
| | Nangal Project | 1.86 | 7.74 | 8.07 | 2.175 | 1.50 | - | |
| 3. | Dochi Dam Project | - | 3.0 | 6.0 | 5.0 | 2.0 | | |
| 4. | <u>Tungbhadra Dam Project</u> | | | | | | | |
| | Madras | .25 | .25 | .025 | .025 | .025 | | |
| | Hyderabad* | .25 | .25 | .025 | .025 | .025 | | |
| 5. | Hirakud Dam Project (being executed department- ally) | .75 | 4.92 | 5.78 | 4.30 | 1.23 | & | |
| 6. | Rihand Dam Project | .20 | 1.80 | 2.50 | 5.00 | | | |
| 7. | Ganga Barrage | Nothing for two years | | N.A. | | | | |
| 8. | Wainganga Project | <u>Nothing for two years</u> under investigation. | | N.A. | | | | |
| 9. | Chambal Project | - | 4.50 | 3.00 | - | | | |
| 10. | Delhi Central Electric Power Authority. | 1.32 | .18 | .03 | - | | | |
| 11. | Calcutta Electric Supply Corporation. | No dollar requirements. | | | | | | |

| S.No. | Name of Project | 1948-49 | 1949-50 | 1950-51 | 1951-52 | 1952-53 | 1953-54 | 1954 |
|-------|------------------------------------|------------------------------------------------------------------|------------------|-------------------|-------------------|-------------------|---------|------|
| 12. | Tata Hydro Electric Agencies Ltd. | .84 | .99 | 1.29 | 1.17 | | | |
| 13. | Khaparbheda Thermal Scheme | .66 | .09 | - | - | | | |
| 14. | New Steel Works | .3 [@] | 3.6 [@] | 31.5 [@] | 60.0 [@] | 30.0 [@] | | |
| 15. | Heavy Electrical Plant Manufacture | Rs. 18 crores (54 mil \$) outside India during the next 4 years. | | | | | | |

* Not yet available. It will be of the same order as for Madras.

\$ No orders of iron yet.

& for 1953-1963 \$ 9 millions

@ Amounts to be spent outside India. Figures for dollars separately are not available.

STATEMENT III.

Total Raw Material Required for a period of 5 years for the various projects.

| S.No. | Name of Project | Steel (tons) | Cement (tons) | Diesel Oil | Timber | Timber Pole (Numbers) |
|-------|----------------------------------------------------|------------------|---------------|---------------|---------------|--------------------------|
| 1. | Bhakra and Nangal Projects (Electrical side) | 14,000 | 10,000 | - | - | 20,000 Nos. |
| | Bhakra Dam Project (Dam Construction) | 33,700 | 8,39,000 | - | 6,30,000 cft. | - |
| | Nangal Project (Dam Construction) | 23,100 | 1,87,500 | - | 1,23,000 cft. | - |
| 2. | Rihand Dam and Power Station Scheme | 4,400 | 3,25,000 | 6,77,000 Gals | 1,37,000 cft. | - |
| 3. | Tungabhadra Project | Worth ₹ 15 lakhs | 25,000 tons | 72,000 tons | - | - |

M. Ruzinski

ANNUAL DOLLAR REQUIREMENTS FOR THE PROJECTS WHICH THE GOVERNMENT OF INDIA DESIRE TO PLACE BEFORE THE INTERNATIONAL BANK FOR FINANCING AT THE PRESENT STAGE.

(In \$ million)

| | <u>Prior to 1949.</u> | <u>1949</u> | <u>1950</u> | <u>1951</u> | <u>1952</u> | <u>1953</u> | <u>1954</u> | <u>Total</u> | |
|----------------------------------------------|-----------------------|---------------|----------------|----------------|---------------|--------------|--------------|----------------|----------------|
| * (1) <u>Agriculture:</u> | | | | | | | | | |
| (a) Reclamation | - | 34.0 | 30.6 | 30.4 | - | - | - | 95.0 | 9.15 34 |
| (b) Tube-wells. | - | 20.0 | 24.3 | 25.4 | - | - | - | 69.7 | 12.750 |
| (c) Fertilizers. | - | 9.5 | 12.2 | 12.2 | 12.2 | - | - | 46.1 | 22.500 - 164.7 |
| (d) Fisheries. | - | 1.1 | 2.1 | - | - | - | - | 3.2 | |
| Total | | 64.6 | 69.2 | 68.0 | 12.2 | - | - | 214 | |
| * (2) <u>Railways:</u> | | | | | | | | | |
| (a) Purchase of Locomotives etc. | 17.78 | 58.3 | 45.94 | - | - | - | - | 122.02 | 98 |
| (b) Mihinjam workshops. | - | 5.00 5.46 | 10.06 11.01 | 12.01 13.16 | 9.18 10.06 | 0.18 0.19 | 0.12 0.13 | 36.55 40.01 | 19 18 97 |
| Total | 17.78 | 63.76 | 56.95 | 13.16 | 10.06 | 0.19 | 0.13 | 162.03 | |
| * (3) <u>Damodar:</u> | | | | | | | | | |
| (a) Bokaro. | - | 9.3 | 6.8 | 3.5 | 2.7 | - | - | 22.3 | 18.6 24.2 |
| (b) Rest of Damodar. | - | 9.2 | 10.75 | 13.25 | 10.25 | 7.55 | - | 51.0 | 28 |
| Total | - | 18.5 | 17.55 | 16.75 | 12.95 | 7.55 | - | 73.3 | 184 |
| * (4) <u>Wangal and Bhakra Dam Projects.</u> | | | | | | | | | |
| | - | 13.1 | 14.3 | - | - | - | - | 27.4 | 28 12 36 |
| * (5) <u>Purchase of ships.</u> | | | | | | | | | |
| | - | 10.0 | 20.0 | - | - | - | - | 30.0 | |
| Total | 17.78 | 169.96 | 178.00 | 97.91 | 35.21 | 7.74 | 0.13 | 506.73 | |

Grand Total... \$506.73 million.

* These figures relate to financial years and not calendar years.

all for the Govt of India

"Kumar"

30
20
58.3
52
164.3

India

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25. D. C.

Ref: IM-10

February 11, 1949

Dear Bill:

Since dictating my earlier letter to you today, IM-9, two interesting documents have come to hand and I enclose copies of both.

Both the documents have been furnished by the Ministry of Finance. The first, "Annual dollar requirements for the projects which the Government of India desire to place before the International Bank for financing at the present stage", was sent to me formally by Keith Roy; the second, "Damodar Valley Corporation, Annual Dollar Requirements", was sent to Basch along with other factual information on totally different subjects.

You will observe that Bokaro (less transmission lines) is included in the first document but not in the second. This fact reinforces my anxiety about Dr. Sen's intentions in Washington. It looks as if the Damodar Valley Corporation would like to finance Bokaro from the Eximbank, leaving us with the financially less attractive items. As I indicated in my IM-9, the revenue from Bokaro is by far the most important source to which one can look to make the whole scheme self-supporting financially. I need not labor this point any further.

You will not have failed to observe that the total of \$481,000,000 which I sent you with my IM-2 of January 30 has now swollen to \$506,000,000 by the following increases:

- (a) Nangal and Bhakra dams - plus \$15,000,000
- (b) Ships - plus 10,000,000

Total + \$25,000,000

We are already beginning to form ideas on how to scale this absurd sum down to realities but I will not attempt to give them to you, even tentatively, until our tour has furnished more precise knowledge on some of the projects, particularly the agricultural ones.

Yours sincerely,

Stanley H.
A.S.G. Hoar

Encls.

Mr. W.A.B. Iliff
Loan Director
IBRD
1818 H Street, N.W.
Washington, D.C.

New Delhi

My dear Hoar,

I send herewith 3 copies of ^a statement showing the yearly breakdown of the dollar requirements for the projects which were included in the first note I handed to you. That figure added up to \$ 481 million, against the present \$ 506.73 million. The differences are as follows :-

- (i) The Nangal & Bhakra dam schemes have been raised from \$ 12m. to \$ 27.4m. Details of this scheme are being sent to Mr. Rucinski.
- (ii) The purchase of ships has been raised from \$ 20m. to \$ 30m.

These two items account for \$ 25.4 of the difference of \$ 25.73 . The balance of the difference has arisen in the rounding of the figures taken in the first statement.

2. I hope this may be of use to you as indicating broadly the yearly requirement of dollars on the basis of our present tentative views of the projects the Government of India would like the Bank to consider.

3. Copies of the Agriculture Ministry Plans are being sent to Gilmartin.

Yours sincerely,

Keith C. Roy
(Keith C. Roy)

A.S.G. Hoar Esqr.,
International Bank Mission,
c/o Sir Jehangir Ghandy,
General Manager, Tata Iron & Steel Works,
Tatanaagar.

India

ANNUAL DOLLAR REQUIREMENTS FOR THE PROJECTS WHICH THE GOVERNMENT OF INDIA DESIRE TO PLACE BEFORE THE INTERNATIONAL BANK FOR FINANCING AT THE PRESENT STAGE.

(In \$ million)

| | <u>Prior to 1949.</u> | <u>1949</u> | <u>1950</u> | <u>1951</u> | <u>1952</u> | <u>1953</u> | <u>1954</u> | <u>Total</u> |
|----------------------------------------------|-----------------------|---------------|---------------|--------------|--------------|-------------|-------------|---------------|
| * (1) <u>Agriculture:</u> | | | | | | | | |
| (a) Reclamation | - | 34.0 | 30.6 | 30.4 | - | - | - | 95.0 |
| (b) Tube-wells. | - | 20.0 | 24.3 | 25.4 | - | - | - | 69.7 |
| (c) Fertilizers. | - | 9.5 | 12.2 | 12.2 | 12.2 | - | - | 46.1 |
| (d) Fisheries. | - | 1.1 | 2.1 | - | - | - | - | 3.2 |
| Total | | 64.6 | 69.2 | 68.0 | 12.2 | - | - | 214 |
| * (2) <u>Railways:</u> | | | | | | | | |
| (a) Purchase of Locomotives etc. | 17.78 | 58.3 | 45.94 | - | - | - | - | 122.02 |
| (b) Mithiham workshops. | - | 5.46 | 11.01 | 13.16 | 10.06 | 0.19 | 0.13 | 40.01 |
| Total | 17.78 | 63.76 | 56.95 | 13.16 | 10.06 | 0.19 | 0.13 | 162.03 |
| * (3) <u>Damodar:</u> | | | | | | | | |
| (a) Bokaro. | - | 9.3 | 6.8 | 3.5 | 2.7 | - | - | 22.3 |
| (b) Rest of Damodar. | - | 9.2 | 10.75 | 13.25 | 10.25 | 7.55 | - | 51.0 |
| Total | - | 18.5 | 17.55 | 16.75 | 12.95 | 7.55 | - | 73.3 |
| * (4) <u>Nangal and Bhakra Dam Projects.</u> | | | | | | | | |
| | - | 13.1 | 14.3 | - | - | - | - | 27.4 |
| * (5) <u>Purchase of ships.</u> | | | | | | | | |
| | - | 10.0 | 20.0 | - | - | - | - | 30.0 |
| Total | 17.78 | 169.96 | 178.00 | 97.91 | 35.21 | 7.74 | 0.13 | 506.73 |

Grand Total... \$506.73 million.

* These figures relate to financial years and not calendar years.

"Kumar"

ARCHIVES DIVISION

Enclosed With Letter

From *Indian Mission*

Date *11 Feb. 1949*

DAMODAR VALLEY CORPORATION

Annual Dollar Requirements
(on account of dams and hydro-electric plants).

Total dollar requirements for the dams and the hydro-electric plants have been estimated at \$51 millions.

The work is expected to be completed in 5 years.

Subject to readjustments that may be necessary after the appointment of Consulting Engineer and Contractors, dollar requirements per annum have been estimated as follows :-

(a) Breakdown in %

| | <u>1st year</u> | <u>2nd year</u> | <u>3rd year</u> | <u>4th year</u> | <u>5th year</u> | <u>Total</u> |
|---------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| (i) Hydro-electric plants & equipments | 15 | 25 | 25 | 25 | 10 | 100 |
| (ii) Construction equipments. | 30 | 20 | 30 | 10 | 10 | 100 |
| (iii) Consulting Engineers services & fees. | 25 | 25 | 25 | 12.5 | 12.5 | 100 |
| (iv) Contractors services and fees. | 10 | 15 | 25 | 25 | 25 | 100 |

(b) Breakdown showing annual dollar requirements

(in millions of dollars)

| | <u>1st year</u> | <u>2nd year</u> | <u>3rd year</u> | <u>4th year</u> | <u>5th year</u> | <u>Total</u> |
|---------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| (i) Hydro-electric plants & equipments | 2.7 | 4.5 | 4.5 | 4.5 | 1.8 | 18.0 |
| (ii) Construction equipments. | 3.0 | 2.0 | 3.0 | 1.0 | 1.0 | 10.0 |
| (iii) Consulting Engineers services & fees. | 2.0 | 2.0 | 2.0 | 1.0 | 1.0 | 8.0 |
| (iv) Contractors ' services and fees. | 1.5 | 2.25 | 3.75 | 3.75 | 3.75 | 15.0 |
| Total | 9.2 | 10.75 | 13.25 | 10.25 | 7.55 | 51.0 |

.....

"Kumar"

ARCHIVES DIVISION

Enclosed With Letter

From *in Indian Mission*

Date 11 Feb. 1949

RECEIVED
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

2

FEB 17 8 35 AM 1949

W

| | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 |
|-----|------|------|------|------|------|------|
| ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... |

| | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 |
|-----|------|------|------|------|------|------|
| ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... |
| ... | ... | ... | ... | ... | ... | ... |

...

India

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

WASHINGTON 25, D. C.

Ref: IM-9

February 11, 1949

Dear Bill:

You will have learned from the papers I sent you with my IM-3 of January 31 that the Damodar scheme, as it is at present envisaged, is principally directed towards flood control and irrigation, and the generation of electric power from hydroelectric and thermal plants.

Since we left New Delhi we have had further conversations with the Damodar Valley Corporation people, both in Calcutta and on the sites. From these discussions it appears that the main object of the scheme as originally conceived was to provide flood control and to irrigate about 900,000 acres north of Burdwan, the supply of power being secondary. Nevertheless, because it has emerged that the successful financial operation of the whole scheme will depend upon the supply of electric power, priority has in fact been given to that sector.

The engineering plans for the thermal power station at Bokaro were drawn up some time ago by Kurjean of Philadelphia, Pa. and the equipment has already been ordered from ~~the~~ International General Electric, the Government having granted exchange permits for the whole cost of some \$22 million.

The Corporation has not yet decided to whom it will entrust the engineering of the hydroelectric plants and the construction of the dams. It is inclined to favor U.S. firms, both for engineering and construction, and it would like the Bank to finance the cost of the services and fees of the American firms. There are several representatives of European and American engineering and construction firms lobbying in Calcutta at the moment, e.g., Harza Engineering of Chicago, Ateliers de Construction de Batignolles, Morrison & Knutsen.

Last Wednesday, February 9, during our visit to the Asansol/Dhanbad industrial region, we were accompanied by some of the Damodar people, and by two engineers from the Kurjean engineering firm, to the sites of the dams and of the proposed barrage, and to see the existing irrigation facilities in the area. What we have seen has confirmed the impression we had formed from conversations with knowledgeable people in Calcutta, that the Damodar project is of major importance, both economically and politically, and that its importance for agriculture (through irrigation and flood control) justifies giving high priority treatment to those parts of the scheme. At the same time, we share the doubts which are entertained as to the soundness and the priority allocated to the electric power part of the scheme.

The latest figures we have for Damodar are the following:

| | |
|-------------------------------------------------|---------------------|
| 1. Bokaro Power Station and transmission lines: | \$24,000,000 ✓ |
| 2. Services and fees - | |
| (a) of consulting engineers: | 8,000,000 |
| (b) of construction firms: | 15,000,000 ✓ |
| 3. Hydroelectric plants: | 18,000,000 ✓ |
| 4. Construction equipment for dams and barrage: | <u>10,000,000</u> ✓ |
| Total | \$75,000,000 |

The importance of the Bokaro project is that its earning power is essential for the financial soundness of the whole Damodar scheme and our preliminary reaction is to agree that, on the whole, it is attractive from the economic as well as the financial point of view. There are, however, many aspects which will have to be looked into very carefully before any recommendation ~~could~~ be made. At the same time, we understand that Dr. Sudhir Sen, the Secretary of the Damodar Valley Corporation, will be going to Washington within the next few weeks and we suspect that he will be lobbying for Export-Import Bank finance.

I am forming an increasingly strong opinion that, in the long run, the Damodar Valley scheme is likely to prove the most suitable subject for the Bank to handle. The fact that, at the moment, a number of its projects are half-baked does not alter the essential importance of its objectives and what appears to us to be the soundness of the overall conception. It, therefore, seems to me important that Dr. Sen should not be given any encouragement which would divert attention from the necessity of proceeding soundly to prepare first things first. You may think this matter worth ventilating at an early Monday Meeting with the Export-Import Bank people.

As regards our handling of the matter at this end, I would like to tell the Government, after our return to New Delhi, that the Bank would, in principle, be willing to consider financing the Damodar objectives, but could not proceed actively in the absence of detailed engineering studies of the dams and hydroelectric stations, and of complete technical and financial information on the Bokaro thermal station. The Corporation should, therefore, go ahead with its planning and come to the Bank when the engineering studies had been completed. I would also be inclined to say that it is not the Bank's practice to finance the payment of engineers' and contractors' services and fees. (You will observe that the deletion of Item 2 from the costs as listed above, would reduce the total to approximately \$50,000,000 for the 5-year construction period). In order to show our interest, however, I would like also to say that the Bank would be willing to send to India, in the near future, experts on irrigation and hydroelectric power who would examine the soundness of the whole scheme. I would be glad if you would give me authority to speak on these lines when I return to New Delhi about February 23.

Yours, sincerely,

Stanley A. Hear
A.S.G. Hear

Mr. W.A.B. Iliff
Loan Director, IBRD
1818 H Street, N.W.
Washington, D.C.

4. th February Morning.

1. One member of the Mission Mr. Gilmartin proceeds to the two Ordnance Factories at Isapore at 9. 30 and returns to Government House for lunch.

2. Afternoon. The whole party proceeds to the Calcutta Fort. An officer from the port trust will be at Government House at 3 p.m. to take the party round.

5th February.

Morning. The party will be met at 10 a.m. at Government House by Mr. Church of the Calcutta Electric Supply Corporation and Mr. Chatterjee, Secretary, Commerce and Industries Department and will start on a visit to the Electric Supply installations at Cossipore. There they will be met at 11 a.m. by an officer of the Ordnance Directorate. The party may at this stage divide into two, one group proceeding to the Gun and Shell Factory and the other proceeding on an inspection of the rest of the Electric Supply installations.

Lunch with Mr. Das Gupta. 1.15 p.m.

Afternoon. The party will visit the officers of the Damodar Valley Corporation at 3 p.m.

Dinner with Chamber of Commerce.

6th February.

Morning. The party will meet Ministers and officials of the West Bengal Government at Writers' Buildings at 10 a.m..

Afternoon. Programme will be arranged later.

7th February.

Morning. The party will be met at Government House by a representative of the Indian Jute Mills Association Mr. S. Nageswaran at 9 a.m. and will be taken on a visit to the Howrah Jute Mill.

7th February.

Afternoon.

The party will meet representatives of the Bengal Chamber of Commerce, the Indian Chamber of Commerce and the Bengal National Chamber of Commerce at 3 p.m. at Writers' Buildings.

Leave for Asansol.

8th February. Visit Indian Iron and Steel Company and the Steel Corporation of Bengal. Also if possible the Aluminium Corporation of India.

Calcutta - Feb. 13 Luncheon with the W. Bengal Minister of Finance, Nalini Ranjan Sarker, who seems to be a very good economist, which confirmed in general the excellent impression which we have obtained from our previous meeting with the whole Government of W. Bengal. Several times he emphasized the heavy direct taxation and its effect on investment. He was outspoken in his attitude towards the Government's interference in business and certainly is not in favor of nationalization. He would encourage private foreign investment and establish a principle according to which the Government should not borrow from abroad if private industry could obtain foreign capital.

Feb. 14 - Flight to Madras. On our arrival we were met by Mr. Crombie, a Deputy Secretary, and Mr. Sri Rao Bahadur A. R. Venkata, Chief Engineer for Irrigation. We were invited in a previous telegram to visit the Tungahabadra Project Works. Because of the shortage of our stay in Madras and the very long distance, the two gentlemen themselves rather discouraged us from going to ~~displays~~. The Government organized very well all the services connected with irrigation and electrification so that we would be informed what Madras has been doing and what are its future projects.

Feb. 15 - In the morning we visited first the Buckingham/Carnatic Mills, a British owned concern. The factory in Madras employs nearly 16,000 workers, is producing standard cloth with some specialized cloth for military purposes. In the past it had substantial exports, in particular to Australia, Burma and Dutch East Indies. At present the Government is limiting exports in view of the shortage of cloth in India. The management of the mills is very efficient and ~~has~~ is achieving a good output in spite of very old weaving machinery (around 30 years old). Wages increased about 250%. The Communist movement is very strong. At present the leaders were put in jail but the agitation continues.

From there we went to see the Madras Steam Power Station which has installed 48,000 kw. There we were shown various models of hydro-electric schemes already in existence, in construction, or in a long-range plan. Especially interesting was the existing Mettur Hydro Station completed recently, helping to irrigate a rather substantial area. We were told that the planning, construction and engineering all is being done by the Engineering and Irrigation Department of the Government in Madras.

In the afternoon we had first a talk with T.N.S. Raghavan, Finance Secretary. We asked a question whether the general reduction of the Central Government ~~grants~~ for development purposes in the Provinces has affected some projects in Madras. The answer was that it has not because Madras is not spending in this year what it was expected to spend. Therefore, the reduction was not felt. For the next year, however, Madras was promised a grant of 5 crore as compared to 3 crore this year.

At 4:00 PM we were received by the whole Government, including the Prime Minister, Ministers of Industries, Agriculture, Public Works, etc. Our meeting lasted nearly 1½ hour. We were impressed by the high level of the members of the Government and also by the frankness with which they discussed various problems and answered our questions. The general economic situation in Madras continues to be good. ~~So far~~ ~~xx~~ there are stocks ~~or projects~~ because the transportation is in a very bad shape and the railways are unable to provide sufficient cars to move, for instance, cement. The Government revenue is steadily going up, and will amount to 53.3 crores in 1948/49. Madras has not been going on the market to borrow money but the Secretary of Finance believes that he would

take a chance to raise money in the market if necessary because of a generally high credit standard of Madras.

It was admitted that the capital is shy but it was also said that perhaps the reason of slow progress in any new investment was because of the generally tied money conditions.

As to the "Grow More Food Program", we were told that Madras could become self-sufficient in five years. It needs only to produce 500,000 tons of rice more yearly. If enough machinery, manual, is provided and some of the irrigation schemes completed, this can be accomplished. The farmers here are alert. They know the importance of water and they would not hesitate to plant double crops anywhere it is possible.

The procurement system has been working better in Madras than in most other Provinces. In spite of it, it is impossible to eliminate black markets which account for about 15% of the supply of grain. Unemployment does not represent any problem and the Government works are absorbing a great amount of labor. During the tea I had an informal talk with the Hon. Sri H. Seetharama Reddy, Minister of Industries, from whom I obtained the following information: In a meeting in New Delhi, a priority of hydro projects was decided to be presented to the Bank. The Madras project was not included and the results, the Bank should consider. Madras hopes, however, that one of the two planned steel works will be placed in Madras. A huge iron-ore deposit was found in Northern Madras, surveyed by the American firm, Koppas, and is supposed to contain 67% f.e. After the meeting with the Government, we were invited to a big garden party given by B. V. Ramanswami. The party was attended by what I believe represent the whole official, business, banking and industrial community of Madras.

Feb. 16 - In the morning we were shown the offices and laboratories by the Chief Engineer for Electricity and the Chief Engineer for Irrigation. We were impressed by a thoroughness of their work, by a sober and scientific approach, by contact with foreign experts, especially the Simmons in Denver, Colorado. Dr. K. L. Rau spent nearly a year in the States studying the problem of dam building and is the leading man in the Madras office. The difference between the organization in Madras and that of the Damodar Valley we saw in Calcutta was even more striking. Only a specialist in irrigation will be able to pass judgement on all the schemes now being prepared in Madras. Yet it seems that they are being worked out very carefully and thoroughly. Some of them are in construction, others in detail preparation. If all of them are carried out, let us say that within 10 or 15 years, the Madras Province which even now has the largest percentage of irrigated area in India will become a rice exporting Province.

Dr. Burch

ITINERARY OF IBRD MISSION (LEFT)

CALCUTTA

Arrive by air Thursday, February 3 afternoon

| | | | |
|--------|-----------------|---|----------|
| Remain | <u>Friday</u> | " | <u>4</u> |
| | <u>Saturday</u> | " | <u>5</u> |
| | <u>Sunday</u> | " | <u>6</u> |
| | <u>Monday</u> | " | <u>7</u> |

Leave " " 7 evening

Travel by train overnight " 7 - 8

ASANSOL to see railway workshops; part of Damodar site; and coal field area.

Remain in area Tuesday, February 8
Wed. " 9

Travel by train overnight " 9 - 10

DHANBAD to visit Sindhri fertilizer plant (10 miles from Dhanbad)

Thursday, February 10

Travel by train overnight, Feb. 10 - 11

JAMSHEDPUR to visit Tata steel and other works

Remain Friday, February 11
Saturday, February 12

Leave by Tata plane AM Sunday, February 13

PARTY I

PARTY II

VIZAGAPATAM

Remain Sunday, February 13
Monday, February 14

Leave by special plane
AM, Tuesday, February 15

VIZAGAPATAM

Leave by commercial plane 11 AM, Monday, February 14

BANGALORE

Arrive Tuesday, February 15

Leave, by car, midday, Wednesday, February 16

MADRAS

Arrive 1:40 PM, Mon., Feb. 14

Leave AM, Wednesday, Feb. 16

MYSORE CITY

Arrive evening February 16

Leave, by car, midday Friday, February 18

HYDERABAD

Arrive Wednesday, February 16

Leave AM, Friday, February 18

BOMBAY

Arrive evening, Friday, Feb. 18

PARTY I (Cont'd)

BANGALORE

Arrive evening, February 18

Leave by plane, Saturday, February 19

BOMBAY

Arrive Saturday, February 19

BOTH PARTIES

Leave Wednesday, February 23 for DELHI

S23/67

Meetings between GOT &
IBRD Mission Jan. 1949

Return to Basch
Group

A meeting of representatives of the International Bank Mission and from various Ministries of the Indian Government concerning external finance and trade relations.

1. As member of the sterling area, India turns all net earnings of various currencies over to the Bank of England where they are credited to India's sterling account. For example, if there is a net surplus to India in ESCUDOS or in Canadian dollars these are converted from time to time into sterling by the U.K. Between times of settlement, however, currency surpluses can be used directly for current account transactions in the particular currencies.

2. India's exchange and foreign trade controls are independent of and are not required to directly synchronize with U.K. controls. India is free to use, as it sees fit, all her hard currency earnings as well as negotiated convertible releases from the sterling balances, except that the U.K. must be assured that hard currency expenditures are for essential purposes. This expenditure is not considered any problem since India's import policy is actually more austere than that of the U.K.

3. Until 1947, India's import control policy was on a qualitative basis without discrimination as to areas. As a result, there were heavy dollar expenditures, especially during the period of sterling convertibility. Since July 1947, the import control policy has been revised to discriminate against hard currency areas. India has signed the I.T.O. charter but this has not yet been ratified.

(In summary of exchange control policy, Dr. Basch pointed out and it was agreed that a kind of synchronization of U.K. - India controls is maintained through the necessity for mutual agreement, that dollar imports be confined to essentials and in view of the fact that India requests further conversion of its pounds balances into dollars.)

5. In connection with the widespread agreements of the U.K. with various countries for conducting trade in sterling, it was asked if India can order her trade with different countries according to the sterling deficit or surplus position. In answer, it was stated that this is difficult. The U.K. can do this since about half of its trade is on Government account. However, in India the bulk of trade is on private account and this is licensed for six months or more in advance. Consequently, there is a six months time lag in India's ability to control the direction of trade. Furthermore, it was stated that the countries with which India has balance of payments difficulties are usually areas where the U.K. has a deficit, and that India's import requirements are usually not available in areas where the U.K. has a surplus. Also India has no problem of holding medium and soft currencies since all are converted by the U.K. in sterling.

6. Dr. Basch asked, in view of the extended U.S. market, what India has done to increase its hard currency exports. In answer the case of jute manufactures was cited for which export quotas to soft currency areas have been set at a low level in order to make larger amounts available for hard currency exports. Actually restrictions on soft currency exports of manufactured jute have left supplies for hard currency export in excess of demand.

7. Regarding exports of manufactured jute, the question was raised as to why India maintains an export duty on manufactured jute and also what might be done regarding Pakistan export duties on raw jute. It was stated that the Indian export duty on jute manufactures (5%) is small in relation to the wide fluctuations in manufactured jute prices. It was also stated that the demand for manufactured jute is so high that to cut prices would unnecessarily cut the earnings on soft currency exports of jute manufactures. Concerning the Pakistan export

duty.....

duty, it was stated that this is an important revenue earner for Pakistan and it is doubtful if they would be willing to reduce it.

8. The question regarding accelerated exports to the U.S. was again raised and it was pointed out that there were opportunities in many other items outside jute, for example, chromite, manganese, ilmanite, kyanide and Mica. In answer, it was stated that transportation difficulties are the basic reason why exports of most of these items are still below pre-war levels. Although in the case of Ilmanite, it was stated that there are special reasons which were not discussed. It was also said that it is expected that manganese exports in 1949 will be double than those for 1948. The total target for exports of manganese, chromite and kyanide will be 700,000 tons in 1949 of which 600,000 will be manganese. The larger share of this is expected to go to the U.S. with Belgium also receiving a large supply. Exports to other areas will be much smaller.

9. It was asked if trucks might be used in connection with the transportation problem. The reason, this would not be helpful, was stated to be due to the shortage of petroleum. It was stated that it is not possible now to transport more petroleum internally than is now being handled. Further, in connection with the transport problem, it was said that railway shipping is now on a priority basis with first priorities given to grain and foodstuffs, coal, cement, textiles and iron and steel. Of these priority items, about 90% of the demand can be handled; on other items, however, only about 40 to 50% of the demand can be handled. The export commodities, including manganese, fall outside the first priority commodities.

10. Regarding the prospects for increased mica export, it was stated that there is now a world over supply due to the fact that during the war the U.K. built up a mica stock pile which reached an amount equivalent 2½ years production in India. This is now being exported by the U.K. over 5 to 6 years. Thus India can continue to expect competition from the U.K. over this period. A further difficulty concerning mica exports is that the U.K. was formerly the centre for handling world mica orders and all samples and grades were available there. Now, however, it is difficult to centralise orders because of the wide variety of samples and grades of various producers. It was stated that it would be possible for India to establish a centralised marketing arrangement for mica but this would not substantially increase exports so long as the U.K. stock pile exists.

11. Returning to the question of jute exports, it was said that there is now an over supply at the mills of manufactured jute. A reduction in the price of raw jute is not expected and, therefore, there is no margin for further cuts in manufactured jute prices. Any further cut would simply result in curtailed production. During the present year, there was a short jute crop which makes it difficult to get any current reduction in prices. Chances for price concession may be better in the future, especially since the Indian Government intends to expand the production of Indian jute. At present India produces about 2 million bales and imports 5 million bales from Pakistan. The target for next year's jute production is 3 million bales. However, jute production will not be expanded at the expense of food production. This, however, is recognised as a short term solution and it is hoped to iron out the jute price problem with Pakistan. Pakistan's present minimum price of raw jute is Rs.30 per maund. India's maximum jute potentiality is about 3½ million bales.

Pakistan's production is about 6½ million bales.

12. Regarding possibility for export of new products to America, it was stated that the problem has not been tackled except in a small way by private companies. However, the Commerce Ministry plans to establish a show-room for Indian handicrafts in New York. It is also thought that there are possibilities for increased exports of Indian textiles to Canada.

13. Regarding estimates of future food imports, the following estimates for 1950 were presented:-

Total estimated requirements at 2.7 million tons.

Of this, soft currency areas would account for 2.1 million tons broken down as follows:-

| | | | | | | |
|------|----------|------|----|--------|------|-----------------------------------------|
| 750 | thousand | tons | of | wheat | from | Australia. |
| 50 | " | " | " | barley | from | Australia. |
| 50 | " | " | " | barley | from | Iraq. |
| 150 | " | " | " | wheat | from | U.S.S.R. |
| 100 | " | " | " | grains | from | Middle East, East Africa and Turkey. |
| 1000 | " | " | " | of | rice | from Burma & Siam. |

This will leave about 6 hundred thousand tons to come from hard currency areas at a cost of about 180 million rupees. This cost is estimated with no allowance for price reductions.

14. A question was asked how do the export-import controls operate? In answer, it was stated that control policy is laid down by the particular Ministries concerned. It is then translated into licensing practice by the export-import control Agency which directs individual licensing offices regarding licensing operations. To obtain licences, exporters must complete a form of shipment agreeing to surrender exchange earnings. Copies are then sent to the Reserve Bank and to the Customs. Importers must certify that they have tried to obtain goods in soft currency areas before hard currency import licences are granted. All licences for hard currency capital goods imports are scrutinized by a special committee in Delhi.

Rooms desired by members of International Bank Mission:

(*Date of arrival in last week of Feb. to be determined later) (Gilmartin, however will arrive on Feb. 16)

| | | |
|-----------|---------|-------------------------------------------------------|
| Gilmartin | Feb. 16 | Single room in good condition and location with bath. |
| ✓ Basch | * | Same as above |
| Rucincki | * | " |
| Schuls | * | " |
| Ryan | * | Would like No. 40 again. |
| Beecroft | * | Would like Nos. 236-37 a gain. |
| Hoar | * | Would like Nos. 236-37 again. |

Ref: Memo 4

February 2, 1949

TO: Messrs. Basch, Beecroft, Gilmartin, Rucinski, Ryan.

FROM: A.S.G. Hoar

SUBJECT: Particular responsibilities of members of Mission.

1. Before we set out on tour, and go our separate ways, I have thought it useful to furnish each of you with an outline of the individual responsibilities of each of the members of the Mission.
2. These rough "job descriptions" are attached. They are ^{not} intended to be exhaustive, nor are they intended to offer exclusive terms of reference. Obviously, each one of us will from time to time obtain information of interest, or will form opinions, which he will wish to pass on to the member of the Mission who is primarily responsible.
3. You will observe that no specific reference is made in these "job descriptions" to the Damodar Valley scheme, the Nangal Dam or to shipping.
 - (a) With regard to the Damodar scheme, Mr. Gilmartin will have something to say about its irrigation value and Mr. Rucinski will go into the financial aspects. As regards the value of the scheme from the point of view of power development, flood control and navigation, general enquiries should be made by anyone who has the opportunity, while we are in the Calcutta-Damodar Region. Thereafter we should be in a position to reach a rough conclusion on the matter, and, if we think ^{satisfactory}, to request Washington to send out specialists for an engineering and irrigation survey.
 - (b) The Nangal Dam presents the same features, from the point of view of our investigations, as the Damodar scheme. The only difference is that we may have to arrange for someone to visit the site, but the decision as to that can wait until we have more descriptive material available.
 - (c) Anyone having the opportunity, should discuss the need for more shipping for India, and the competence of the Indians to operate shipping, with knowledgeable people in Calcutta, Vizagapatam and Madras. Otherwise consideration of this project can be left for review in the light of the general shipping studies of the Economic Department back in Washington.

Attachments

Basch/Gilmartin

General appreciation of :

Economic activity, problems and prospects-

- (a) Agriculture
- (b) industry
- (c) mining
- (d) power
- (e) internal transport
- (f) shipping
- (g) fisheries
- (h) labour supply and skills
- (i) commercial exchanges, internal and external.

2. Financial situation, problems and outlook-

- (a) Budgets
 - (i) Central finances
 - (ii) Provincial and state finances
 - (iii) local authority finances
 - (iv) government agencies.
- (b) Monetary supply, banking and investment.
- (c) Balance of payments
 - (i) problems and outlook
 - (ii) adequacy of present efforts to improve trend.

3. India as a lending risk

General summary and observations.

BEECROFT

General appreciation of:

1. Political situation.

- (a) Internal political situation generally.
- (b) Provincial and state relations with Central Government.*
- (c) Political relations with Pakistan. †
- (d) Position within the Commonwealth.

2. Administration.

- (a) Competence and effectiveness of provincial and state administrations.

3. Labour relations.

* financial as well as political.
† including economic and financial aspects of the partition.

GILMARTIN

1. Assessment and evaluation of projects aiming at expansion of food production.
 - A. Description of reclamation and irrigation (tubewells, and river irrigation) projects.
 - (i) Areas to be cultivated.
 - (ii) Expected production.
 - (iii) System of settlement and cultivation.
 - (iv) Total cost and foreign exchange requirements.
 - (v) Methods of financing.
 - (vi) Provision for personnel and material requirements.
 - B. Evaluation of those projects.
 - (i) Technical feasibility.
 - (ii) Contribution to solution of food problem, in time and in amount.
 - (iii) Total and dollar costs in relation to food contribution.
 - (iv) Financial, personnel, material, and settlement aspects.
 - C. Fertilizer import proposals: description and evaluation.
 - D. Fisheries proposal: description and evaluation.
2. General summary of proposals for expanding food production and observations on the suitability of particular projects for Bank financing.

In connection with B (i) and (iv) please compare with past experience with existing schemes.

RUCINSKI

1. Preliminary appraisal of financial aspects of specific projects from the point of view of their suitability for the Bank's financing, and in particular an analysis of:

- (a) productive character of the project,
- (b) cost in relation to expected returns.
- (c) foreign exchange element of the cost of the project, distinguishing currencies involved and breaking down by years.
- (d) availability and sources of local financing, its terms and conditions.
- (e) amounts of expenditure already made and orders placed.
- (f) effect of completion of the project on the balance of payments.
- (g) prospects for effective end-use supervision.
- (h) legal problems.

Ryan

1. General appreciation of the present state of the railways and the extent to which adequate use is being made of presently available equipment.
2. Critical survey of the Government's railway project as submitted to the Bank, relating it to:
 - (a) needs;
 - (b) practical possibilities of utilisation.
3. In the light of 2, a suggested break-down of the project into convenient periods e.g. 1949/50, 1951/52.
4. An appreciation of other factors in the movement of goods to which the railways are related e.g. roads, ports, aviation.

No.

New Delhi 28th January 9

Dear Mr. Das Gupta,

Please refer to my D.O. of the 27th in which I promised to let you know the subjects on which the Mission will require information from the Government of West Bengal or which we desire you to enlighten them on. I now enclose a statement giving this information.

Yours sincerely,

(P. N. Suri)

B. Das Gupta, Esqr.,
Secretary, Finance Deptt.,
West Bengal Government,
Calcutta.

STATEMENT.

A. GENERAL FINANCIAL POSITION.

- 1) General financial position of the Province of West Bengal.
- 2) Financial relations with the Centre.
- 3) Sources of taxation open to the Provincial Government.

B. INDUSTRIES.

- 1) General position of Industry in Bengal - state of production and bottlenecks, if any.
- 2) Investment in Industries.
- 3) Capital market generally.
- 4) Position of foreign capital.
- 5) Reference to state of Jute Industry - both position and supply of raw jute and level of jute manufacture.

C. AGRICULTURE.

- 1) General food position.
- 2) Provincial production and requirement.
- 3) How rationing is working.
- 4) Price position.
- 5) Schemes for increasing production.

D. LABOUR.

- 1) Relation between capital and labour.

E. PARTITION.

- 1) How it has affected the economy of Bengal.
 - 2) How inter-Dominion trade is flowing.
-

D.O. No. 446 F.B.
Finance Department
Writers Buildings,
Calcutta
January 19, 1949.

My dear Roy,

Please refer to your d.o. No. 3/LO IBM/21
dated 11th January 1949.

2. Representatives of the Government of West Bengal
would be very pleased to meet the Mission when it visits
Calcutta. The Departments most interested are-

Finance;
Industries and Commerce; and
Agriculture, Forests and Fisheries.

Secretaries of these Departments will be glad to meet the
Mission. Their names are-

Sri B. Das Gupta, Secretary, Finance Department;
Sri S.K. Chatterjee, I.C.S., Secretary, Industries
and Commerce Departments; and
Sri S.K. Dey, I.C.S., Secretary, Agriculture,
Forests and Fisheries Departments.

3. It would be very helpful if you could kindly let
us have an indication of the programme of the Mission in
Calcutta and, in particular, the subjects on which it will
require information from us or on which you would desire
us to enlighten it.

Yours sincerely,

Sd. B. Das Gupta

Keith C. Roy, Esquire, I.C.S.,
Deputy Secretary to the Government of India,
Ministry of Finance, New Delhi.

New Delhi 28th January 9

Dear Mr. Raghavan,

Will you please refer to my letter of date in connection with the visit of the International Bank Delegation? I enclose herewith a statement indicating the subjects etc. on which the Mission will require information from the Government of Madras or which we desire you to enlighten them on, while the Mission is in Madras.

Yours sincerely,

(P. N. Suri)

T.N.S. Raghavan, Esqr., ICS,
Secretary,
Finance Department,
Govt. of Madras,
Madras.

STATEMENT.

A. GENERAL FINANCIAL POSITION.

- 1) General financial position of the Province of Madras.
- 2) Financial relations with the Centre.
- 3) Sources of taxation open to the Provincial Government.

B. INDUSTRIES.

- 1) General position of Industry in ^{Madras} ~~Bengal~~ - state of production and bottlenecks, if any.
- 2) Investment in industries.
- 3) Capital market generally.
- 4) Position of foreign capital.

C. AGRICULTURE.

- 1) General food position.
- 2) Provincial production and requirement.
- 3) How rationing is working.
- 4) Price position.
- 5) Schemes for increasing production.

D. LABOUR.

- 1) Relation between capital and labour.
-

No:

New Delhi 28th January, 9

Dear Mr.Venkatappiah,

Will you please refer to your D.O. No.O/D/33 dated 24th January, 1949, regarding the visit of the International Bank Mission to Bombay? The final tour programme of the Mission is not yet settled but it is expected that the Mission will be in Bombay sometimes between the 19th to 26th February. As soon as the dates are settled I shall let you know. Meanwhile we thought you would like to know the subjects on which the Mission may require information from the Provincial Government or on which we would desire you to enlighten them on and I enclose herewith a statement indicating these subjects.

I shall let you know during the course of next few days whether the Mission would like to meet the Ministers of the Bombay Presidency at a conference or individually.

Yours sincerely,

(P . N . S u r i)

B.Venkatappiah, Esqr.,
Secretary, Finance Department,
Government of Bombay,
Bombay.

STATEMENT.

A. GENERAL FINANCIAL POSITION.

- 1) General financial position of the Province of Bombay.
- 2) Financial relations with the Centre.
- 3) Sources of taxation open to the Provincial Government.

B. INDUSTRIES.

- 1) General position of Industry in Bombay - state of production and bottlenecks, if any.
- 2) Investment in industries.
- 3) Capital market generally.
- 4) Position of foreign capital.

C. AGRICULTURE.

- 1) General food position.
- 2) Provincial production and requirement.
- 3) How rationing is working.
- 4) Price position.
- 5) Schemes for increasing production.

D. LABOUR.

- 1) Relation between capital and labour.
-

D.O.No.0/D/33
Finance Department,
Bombay Castle, 24th January '49.

My dear Roy,

Would you please refer to your d.o. letter No.3/LO/IBM/21 dated 11th January 1949, about the visit of the Mission from the International Bank to Bombay?

It would be helpful if the Mission could meet the following officers of the Government of Bombay:-

1. Mr.M.D.Bhat, Chief Secretary to Government.
2. Mr.B.Venkatappiah, Secretary, Finance Department.
3. Mr.N.P.Gurjar, Secretary, Public Works Department
(Irrigation).
4. Mr.D.N.Mahta, Secretary, Agricultural and Rural Development Department.
5. Mr.N.K.Dravid, Secretary, Labour Department.
6. Mr.A.L.Dias, Director of Civil Supplies.
P.B.Advani
7. Mr.~~XXXXXXXXXX~~, Electrical Commissioner.
8. Dr. B.N.Uppal, Director of Agriculture, and
9. Mr.M.P.Kanga, Director of Industries.

I presume that the Mission will meet the Ministers of this Province either at a conference or individually. The Premier has expressed a desire to entertain the Mission when in Bombay.

Yours sincerely,

Sd/-

B.Venkatappiah.

K.C.Roy, Esqr., I.C.S.,
Deputy Secretary to the Govt.of India,
Ministry of Finance,
New Delhi.

New Delhi

29th January, 9.

Dear Mr. Radhakrishnan,

As you know the Government of India had invited a Mission from the International Bank for Reconstruction and Development to visit India. This Mission has now arrived and will be proceeding to Calcutta on the 3rd February. After visiting Asansol, Dhanbad and Tatanagar, the party is likely to split. While the rest of the party proceeds to the South, the Leader of the Delegation, Mr. A.S.G. Hoar will proceed to Nagpur by train next on the 14th. What the date of exact arrival, I will intimate to you in due course. He is likely to stay in Nagpur for a day or so and then proceed to Bombay. While Mr. Hoar is in Nagpur, he would like to contact various officials of the Government of the Central Provinces and the Ministry of Finance trust that you will be able to arrange this without much inconvenience.

Yours sincerely,

(P.N. SURI)
UNDER SECRETARY.

R. Radhakrishnan, Esquire,
Secretary,
Finance Department,
Government of C.P.,
Nagpur.

No.

New Delhi

20th January, 9.

Dear Mr. Gopalakrishnan,

As you are aware, the Government of India had invited a Mission from the International Bank for Reconstruction and Development to visit India. This Mission has arrived and will now proceed to various parts of the country. One member of the Mission Mr. Eric Beedroft will be visiting U.P. in the first week of February. He is expected to leave Delhi by the Bharat Airways on the 3rd February and arrive in Lucknow the same day and after spending a day at Lucknow, he will proceed to Kanpur and from there to Patna and Calcutta. While in Lucknow, he would like to contact the various officers of the Government of U.P. and I thought I write and inform you about this visit.

You would, no doubt, like to know the subjects on which the Mission may require information from the U.P. Government or on which we would desire to enlighten them on and I accordingly enclose a statement indicating the subjects.

Yours sincerely,

(P.N. SURI)

Under Secretary.

P.A. Gopalakrishnan,
Secretary,
Finance Department,
Government of U.P., Lucknow.

New Delhi

29th January, 9.

Dear Mr. Agarwala,

As you are aware, the Government of India had invite a Mission from the International Bank for Reconstruction and Development to visit India. This Mission has arrived and will now proceed to various parts of the country. One member of the Mission Mr. Eric Beecroft will be visiting U.P. in the first week of February. He will arrive in Patna on the 6th evening and stay in Patna for a day. While in Patna, he would like to contact the various officers of the Government of Bihar and I thought I write and inform you about this visit.

You would, no doubt, like to know the subjects on which the Mission may require information from the Bihar Government or on which we would desire to enlighten them on and I accordingly enclose a statement indicating the subjects.

Yours sincerely,

(P.N. SURI)
Under Secretary.

P.P. Agarwala, Esquire,
Secretary,
Finance Department,
Government of Bihar,
Patna.



Record Removal Notice

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------|
| File Title India - General - General Negotiations - Correspondence - Volume 1 | | Barcode No. 1840724 | | |
| Document Date Jan 28, 1949 | Document Type Letter | | | |
| Correspondents / Participants Mr. Keith C. Roy Mr. Crombie | | | | |
| Subject / Title Mission from the International Bank for Reconstruction and Development - Visit to Madras | | | | |
| Exception No(s). <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input checked="" type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict | | | | |
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| Withdrawn by Chandra Kumar | Date Sep 4, 2013 | | | |

DETAILS OF THE TOUR PROGRAMME OF THE
INTERNATIONAL BANK MISSION.

Mr. Hoar, the Leader will proceed by Calcutta Mail to Calcutta arriving Calcutta on the 4th February. I have written to Station Superintendent to reserve a berth for him. Please check up whether the ticket should be bought in advance. From Calcutta Mr. Hoar will join the party going to Asansol, Bhanbad and Tatanagar.

Ticket should be purchased and reservation made. I have requested Mr. Beecroft.

Sd. P. H. Suri.
31.1.49

Mr. Beecroft proceeds by Aircraft (Bharat Airways) on 3rd February to Lucknow. Bharat Airways have written to us that they have booked a seat for him upto Lucknow and they are taking action to similarly book a seat for him from Kanpur to Gaya and again from Patna to Calcutta. I have written to the Governments of U.P. and Bihar regarding Mr. Beecroft's visit and sent copies of that to him already. He leaves Calcutta for Madras on 12th and I have telegraphed to the Airways to make reservation for him for his visit from Calcutta to Madras, Madras to Trivandrum, from Trivandrum to Cochin, and Cochin to Bangalore. I have also ~~also~~ written to Deccan Airways to reserve a seat for him from Bangalore to Hyderabad and Hyderabad to Bombay.

I have received intimation that this is O.K.

Mr. Hansraj should go across and see Mr. Ganesan Dy. Secy and get the copies of telegram issued by him.

am doing this. I have told Connemara

I have intimated the tour programme to Mr. Ganesan, Deputy Secretary, Ministry of States and told him that Mr. Beecroft would like to talk to state officials and talk about Food and Agriculture problems. Mrs. Beecroft will join Mr. Beecroft at Madras on Saturday, 12th February and I will take action to reserve and inform the Air companies to book an additional seat for him from Madras onwards. I will also telegraph to Connemara Hotel, Madras for accommodation for Mr. Beecroft on the dates he will be there.

Please purchase the tickets from the INA's office to-day.

I have done this.

2. Messrs Ryan, Rucinski, Basch, Gilmartin, Suri and Miss Schulz will leave Delhi on 3rd February by INA plane and seats have been booked for them. I had kept the 7th seat for Mr. Sundaresan but as he probably will not have arrived in Delhi by then, I will write to

the INA to cancel the seat.

This party except Mr. Ryan for whom separate arrangements are being made will entrain the tourist car on the 7th night and proceed to Asansol, Dhanbad and Tatanagar. I have informed the authorities in Calcutta, Asansol and Dhanbad regarding the tour programme and the places which will have to be visited. I will give a copy of this to the Mission (This was verbally discussed with the Leader and Messrs Rucinski and Beecroft on the 28th evening) No reply has so far been received from Sir Jehangir ^RGandhi, but as he had offered to put the party at the Director's Bungalow in Tatanagar, it is O.K. I shall, however, contact Sir Jehangir if no reply is received from him before we leave Delhi.

I am in touch with
u.
Sd.
P.N.Suri.
31.1.49.

3. Mr. Hoar will proceed on the 14th February from Tatanagar to Nagpur and then to Bombay. I shall arrange for his reservation while I am in Calcutta. Meanwhile I have informed the Government of the Central Provinces regarding his visit. It will be necessary to inform the Government of Bombay also and this I shall do from Calcutta.

Mr. Gilmartin will either go to Calcutta from Tatanagar with the rest of the party or return for visiting Tubewells and Reclamation Works. I shall contact him and shall take further action. The rest of the party including Mr. Sundaresan who might join the party at Tatanagar will return to *Calcutta* in the tourist car. I will have to inform the Great Eastern Hotel to find accommodation for the 13th day and night for the party until they leave for Vizagapatam on the 14th morning by Air.

I have written to Mr. Mathur, Railway Board for reservation of BMR Rest House in Vizagapatam for the party. I will contact him tomorrow and follow up this arrangement. Meanwhile I have written to the Railway Board separately for informing the authorities in Vizagapatam to enable the Mission to visit the Harbour.

4. This party (Messrs Rucinski, Basch, ^{Suri}Sru and Miss Schulz) will proceed to Madras. Connessara Hotel

He told me yesterday that he will go to Calcutta in the Tourist car.
Sd.
P.N.Suri.
31.1.49.

have informed us that they have reserved accommodation for the party. I shall check up this again en route and ensure that it is alright while I am in Calcutta. The party leaves ^{Madras} for Bangalore on the 17th and I have sent a copy of the tour programme to Mr. Ganesan, Ministry of States. The journey from Bangalore to Mysore will be done by car and I will contact Mr. Ganesan to tell the state authorities to provide the transport.

5. I have telegraphed to both the Airways and Air Lines and the Deccan Air Lines for reservation of the seats for this party from Calcutta onwards upto Bombay. This will have to be confirmed while I am in Calcutta. I have asked Civil Aviation direct also to tell the companies to help in the matter.

From Calcutta I shall inform the Government of Bombay about the date of the arrival of this party and also the Madras Government. We shall have to ask Mr. Ganesan to give us the copies of the instructions he has issued to the various states concerned so that I could get in touch with them when I am in Calcutta.

6. Accommodation for the various members of the Mission arriving in Bombay on different dates will have to be intimated to the authorities and also to Mr. Jeejeebhoy so that accommodation could be reserved. I shall contact the various members in Calcutta by which time the position will be definite and inform all concerned.

I have
confirmed.
Sd. P.N. Suri.
31.1.49.

Mr. Hansraj
to collect
this today.

(P.N. SURI)
30.1.1949.

1/24/49

The Bank Mission would like a short meeting with those officers mainly concerned with the general problem of the various factors affecting India's external financial position with particular reference to the dollar sector of the balance of payments position in so far as it may relate to (i) a possible increase in exports; (ii) a possible diversion of imports to soft currency areas; (iii) a possible reduction in food imports and/or a diversion of food imports to soft currency countries, and (iv) the effect of the transport situation on the development of the economic position of the country as a whole.

2. While some of these points have already ^{been} covered in the notes which the Ministries have been kind enough to make available to us, Mr. Nehru feels that an informal discussion round the table might help in the first instance. We should, therefore, be very grateful if you could make it convenient to attend a meeting at 10-30 a.m. on Friday next the 28th of January, 1949 in room No. 132-B, North Secretariat.

Keith C. Roy
(Keith C. Roy)
26. 1. 49.

- Min. of I & S - Mr. Bhoothalingam.
- C.C.E. - Mr. Jha.
- C.C.I. - Mr. Kamat.
- Min. of Commerce - Mr. Banerjee.
- Min. of Food - Mr. V. Sahay.
- Min. of Railways - Mr. Bakhle.
- J.S.(EF) - Mr. Nehru.
- J.S.(IF) - Mr. Bhattacharyya.
- DS(Food) - Mr. Saksena.
- DS(Budget) - Mr. Rangachari.
- Min. of EA & CR - Prof. Adarkar.

Copy to 1) Dr. Basch.
2) Mr. Beecroft.

MINISTRY OF FINANCE.

The following engagements have been made:-

1. Friday, January the 28th, 3.30 P.M., Dr. Basch to meet Damodar Valley Representatives (Committee Room)
2. Friday, January the 28th, 2.30 P.M., Mr. Ryan to meet Chief Commissioner, Railways (Chief Commissioner's room).
3. Saturday, January the 29th, Sir S.V. Ramamurti to meet Dr. Basch at 10.30 A.M.
4. Monday, January the 31st, 12 O'clock noon, Mr. Hoar and Dr. Basch to meet Messrs. Bhattacharyya and Rangachari for discussion on public finance.
5. Wednesday, February the 2nd, 2.30 P.M. Dr. Basch and others to meet Messrs. Venkataraman and Bhoothalingam for discussions on industry. (Mr. Venkataraman's room, I & S. Ministry, Jaisalmer House)

*Former
Advisor to
Govt. of Madras,
now retired.*

M. C. Sharma.

P.A. to Deputy Secretary,
(Special)
28-1-49.

Copy to:-

1. Mr. A.S.G. Hoar.
2. Mr. Eric Beecroft.
3. Mr. Joseph Rucinski.
4. Dr. Antonin Basch.
5. Mr. William M. Gilmartin.
6. Mr. Mervyn Frederick Ryan.

7. Mr. D.L. Mazumdar, ICS - Min. of W.M. & P.
8. Rai Sahib N.B. Chatterji. -do-
9. Mr. N.D. Gulhati. -do-
10. Mr. N.P. Dube -do-

11. Chief Commissioner (Railways) (Mr. K.C. Bakhle)
12. Sir S.V. Ramamurti, KCIE., ICS (Retd)

13. Mr. P.C. Bhattacharyya - Min. of Finance.
14. Mr. M.W. Rangachari - Min. of Finance.

15. Mr. S.A. Venkataraman, ICS - Min. of I & S.
16. Mr. S. Bhoothalingam, ICS -do-

332-DSS/49
(External Finance Division)

Immediate

The Bank Mission have asked for a projection of the population of India in the period 1960 with reference to the likely food requirements for the then population and related to the possibilities of internal production at that time.

2. The Census Commissioner could, no doubt, give us a projection of the population statistics for that period. On the basis of these, the Ministry of Food could no doubt give an estimate of the requirements of food and Ministries of W.M.&P and Agriculture could together give us a projection of the likely internal food production at that time.

3. We would be very grateful if the officers concerned could kindly consult with one another and let us have this projection as early as possible.

(Keith C. Roy)
26. 1. 49.

Census Commissioner - Mr. Yeatts.

Ministry of Food - Mr. V. Sahay.

Ministry of Agriculture - Mr. Krishnaswamy.

Ministry of W.M. & P - Mr. Dube.

✓ Copy to Dr. Basch for information.

Meeting of members of the International Bank
Mission with officials of the Finance Ministry
regarding public finance.

1. It was stated that there are as yet no figures available on the actual budget for 1947-1948. There are, however, figures for the first six months and these will be furnished to the Mission. It was stated that the ordinary budget for 1947-48 will probably show a surplus. Regarding the capital account it was stated that any deficit may be covered by Government balances with the Reserve Bank. These balances amounted to 229 crores of rupees as at the 24th of September 1948. The balances arose from the fact that the Government borrowed more during the war than was actually spent. The use of these balances would result in an increase in the volume of money except when used for purchase of foreign exchange.
2. Concerning Government financing, it was stated that the capital market is now very shy due to special and unusual circumstances largely resulting from partition. Because of the limited borrowing ability in the market, the Government's balances with the Reserve Bank were reduced by 75 crores between January and September 1948. One of the major difficulties with regard to new financing is the necessity for the Reserve Bank to support the Government securities market at a time when there has been heavy selling of Government securities especially by the States. This has been responsible for an increase by about 48 crores in Reserve Bank holdings of Government securities.
3. Attempts are being made to reduce the deficit in the capital budget through the curtailment of development projects, caution in proceeding with the zamindari programme etc.
4. Concerning revenues, the chief sources of revenue are customs, excises, and income-taxes (including the corporation tax). Concerning Corporation taxes, it was asked if business complains that they are excessive. It was stated that the

chief complaint arises with regard to the personal super-tax. It was pointed out, however, that this is a very small revenue producer and so the effects can only be psychological. The increase in corporation tax has been from 2 annas per rupee before the war to 7 annas per rupee. (40% of the net earnings)

5. Regarding the increased depreciation rate allowance, it was stated that this has been doubled for new plants. Its effect will not necessarily decrease income since it applies only on increased production. Dividend limitations have been applied for the period October 1948 to December 1950. For all plants, the limitation is based on the average for the years April 1946 to March 1948. On new companies the limitation is 6% and it was not felt that the dividend limitation will increase the difficulties of new security floatations.

6. Concerning depreciation reserves of the Railways which are held by the Government it was stated that these are not in any special account and as required the amounts or any investment for the railways would have to be raised by the Government.

7. Food subsidy payments are classified in the budget under "Miscellaneous". The food subsidy expenditure amounting to about 20 crores in 1948-49 will probably be higher in 1949-50. Food purchases involved in the "State Trading" are for stock piling purposes and since no stock pile was accumulated there were no expenditures to speak of on this score.

8. It was explained that the large increase in Treasury Bills held by the Reserve Bank was due to Bills issued to cover payments to the U.K. from the Sterling Balances under the sterling agreement. The Treasury Bills were issued to the Reserve Bank to off set the reduction in the Reserve Bank's sterling account.

9. It was stated that the floating debt held by the market, including the provinces, amounts to about 100 crores.

10. Provincial deficits may be covered through;
- (1) Borrowing in the market with approval of the Centre.
 - (2) Borrowing from the Centre.
 - (3) Use of previous surplus now invested in Government securities.

The Provinces may also borrow for three months' period and in limited amounts from the Reserve Bank. Regarding provincial budgets it was stated that the provinces are independent of the Centre by law but that through party influence control is maintained over provincial finance.

11. The borrowing from the Government by the Reserve Bank is not prevented by law although the Government cannot compel the Reserve Bank, to lend it funds.

12. Concerning the present proportion of the budget spent on defence, it was stated that it is unlikely that this percentage will be reduced.

Meeting of members of the International Bank
Mission with officials of the Finance Ministry
regarding public finance.

Govt

1. It was stated that there are as yet no figures available on the actual budget for 1947-1948. There are, however, figures for the first six months and these will be furnished to the Mission. It was stated that the ordinary budget for 1947-48 will probably show a surplus. Regarding the capital account it was stated that any deficit may be covered by Government balances with the Reserve Bank. These balances amounted to 229 crores of rupees as at the 24th of September 1948. The balances arose from the fact that the Government borrowed more during the war than was actually spent. The use of these balances would result in an increase in the volume of money except when used for purchase of foreign exchange.
2. Concerning Government financing, it was stated that the capital market is now very shy due to special and unusual circumstances largely resulting from partition. Because of the limited borrowing ability in the market, the Government's balances with the Reserve Bank were reduced by 75 crores between January and September 1948. One of the major difficulties with regard to new financing is the necessity for the Reserve Bank to support the Government securities market at a time when there has been heavy selling of Government securities especially by the States. This has been responsible for an increase by about 48 crores in Reserve Bank holdings of Government securities.
3. Attempts are being made to reduce the deficit in the capital budget through the curtailment of development projects, caution in proceeding with the zamindari programme etc.
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11. The borrowing from the Government by the Reserve Bank is not prevented by law although the Government cannot compel the Reserve Bank, to lend it funds.

12. Concerning the present proportion of the budget spent on defence, it was stated that it is unlikely that this percentage will be reduced.

A meeting of representatives of the International Bank Mission and from various Ministries of the Indian Government concerning external finance and trade relations.

1. As member of the sterling area, India turns all net earnings of various currencies over to the Bank of England where ^{their equivalents} they are credited to India's sterling account. For example, if there is a net surplus to India in ESCUDOS or in Canadian dollars these are converted from time to time into sterling by the U.K. Between times of settlement, however, currency surpluses can be used directly for current account transactions in the particular currencies.

2. India's exchange and foreign trade controls are independent of and are not required to directly synchronize with U.K. controls. India is free to use, as it sees fit, all her hard currency earnings as well as negotiated convertible releases from the sterling balances, except that the U.K. must be assured that hard currency expenditures are for essential purposes. This expenditure is not considered any problem since India's import policy is actually more austere than that of the U.K.

3. Until 1947, India's import control policy was on a qualitative basis without discrimination as to areas. As a result, there were heavy dollar expenditures, especially during the period of sterling convertibility. Since July 1947, the import control policy has been revised to discriminate against hard currency areas. India has signed the I.T.O. charter but this has not yet been ratified.

(In summary of exchange control policy, Dr. Basch pointed out and it was agreed that a kind of synchronization of U.K. - India controls is maintained through the necessity for mutual agreement, that dollar imports be confined to essentials and in view of the fact that India requests further conversion of its pounds balances into dollars.)

5. In connection with the widespread agreements of the U.K. with various countries for conducting trade in sterling, it was asked if India can order her trade with different countries according to the sterling deficit or surplus position. In answer, it was stated that this is difficult. The U.K. can do this since about half of its trade is on Government account. However, in India the bulk of trade is on private account and this is licensed for six months or more in advance. Consequently, there is a six months time lag in India's ability to control the direction of trade. Furthermore, it was stated that the countries with which India has balance of payments difficulties are usually areas where the U.K. has a deficit, and that India's import requirements are usually not available in areas where the U.K. has a surplus. Also India has no problem of holding medium and soft currencies since all are converted by the U.K. in sterling.

6. Dr. Basch asked, in view of the extended U.S. market, what India has done to increase its hard currency exports. In answer the case of jute manufactures was cited for which export quotas to soft currency areas have been set at a low level in order to make larger amounts available for hard currency exports. Actually restrictions on soft currency exports of manufactured jute have left supplies for hard currency export in excess of demand.

7. Regarding exports of manufactured jute, the question was raised as to why India maintains an export duty on manufactured jute and also what might be done regarding Pakistan export duties on raw jute. It was stated that the Indian export duty on jute manufactures (5%) is small in relation to the wide fluctuations in manufactured jute prices. It was also stated that the demand for manufactured jute is so high that to cut prices would unnecessarily cut the earnings on soft currency exports of jute manufactures. Concerning the Pakistan export

duty.....

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duty, it was stated that this is an important revenue earner for Pakistan and it is doubtful if they would be willing to reduce it.

8. The question regarding accelerated exports to the U.S. was again raised and it was pointed out that there were opportunities in many other items outside jute, for example, chromite, manganese, ilmanite, kyanide and Mica. In answer, it was stated that transportation difficulties are the basic reason why exports of most of these items are still below pre-war levels. Although in the case of Ilmanite, it was stated that there are special reasons which were not discussed. It was also said that it is expected that manganese exports in 1949 will be double than those for 1948. The total target for exports of manganese, chromite and kyanide will be 700,000 tons in 1949 of which 600,000 will be manganese. The larger share of this is expected to go to the U.S. with Belgium also receiving a large supply. Exports to other areas will be much smaller.

9. It was asked if trucks might be used in connection with the transportation problem. The reason, this would not be helpful, was stated to be due to the shortage of petroleum. It was stated that it is not possible now to transport more petroleum internally than is now being handled. Further, in connection with the transport problem, it was said that railway shipping is now on a priority basis with first priorities given to grain and foodstuffs, coal, cement, textiles and iron and steel. Of these priority items, about 90% of the demand can be handled; on other items, however, only about 40 to 50% of the demand can be handled. The export commodities, including manganese, fall outside the first priority commodities.

10. Regarding the prospects for increased mica export, it was stated that there is now a world over supply ^{due} to the fact that during the war the U.K. built up a mica stock pile which reached an amount equivalent $2\frac{1}{2}$ years production in India. This is now being exported by the U.K. over 5 to 6 years. Thus India can continue to expect competition from the U.K. over this period. A further difficulty concerning mica exports is that the U.K. was formerly the centre for handling world mica orders and all samples and grades were available there. Now, however, it is difficult to centralise orders because of the wide variety of samples and grades of various producers. It was stated that it would be possible for India to establish a centralised marketing arrangement for mica but this would not substantially increase exports so long as the U.K. stock pile exists.

11. Returning to the question of jute exports, it was said that there is now an over supply at the mills of manufactured jute. A reduction in the price of raw jute is not expected and, therefore, there is no margin for further cuts in manufactured jute prices. Any further cut would simply result in curtailed production. During the present year, there was a short jute crop which makes it difficult to get any current reduction in prices. Chances for price concession may be better in the future, especially since the Indian Government intends to expand the production of Indian jute. At present India produces about 2 million bales and imports 5 million bales from Pakistan. The target for next year's jute production is 3 million bales. However, jute production will not be expanded at the expense of food production. This, however, is recognised as a short term solution and it is hoped to iron out the jute price problem with Pakistan. Pakistan's present minimum price of raw jute is Rs.30 per maund. India's maximum jute potentiality is about $3\frac{1}{2}$ million bales.

Pakistan's production is about 6½ million bales.

12. Regarding possibility for export of new products to America, it was stated that the problem has not been tackled except in a small way by private companies. However, the Commerce Ministry plans to establish a show-room for Indian handicrafts in New York. It is also thought that there are possibilities for increased exports of Indian textiles to Canada.

13. Regarding estimates of future food imports, the following estimates for 1950 were presented:-

Total estimated requirements at 2.7 million tons.

Of this, soft currency areas would account for 2.1 million tons broken down as follows:-

| | | | | | | | |
|------|----------|------|----|--------|------|-----------------------------------------|---------------|
| 750 | thousand | tons | of | wheat | from | Australia. | |
| 50 | " | " | " | barley | from | Australia. | |
| 50 | " | " | " | barley | from | Iraq. | |
| 150 | " | " | " | wheat | from | U.S.S.R. — 31/10 | |
| 100 | " | " | " | grains | from | Middle East, East Africa and Turkey. | |
| 1000 | " | " | " | of | rice | from | Burma & Siam. |

This will leave about 6 hundred thousand tons to come from hard currency areas at a cost of about 180 million rupees. This cost is estimated with no allowance for price reductions.

14. A question was asked how do the export-import controls operate? In answer, it was stated that control policy is laid down by the particular Ministries concerned. It is then translated into licensing practice by the export-import control Agency which directs individual licensing offices regarding licensing operations. To obtain licences, exporters must complete a form of shipment agreeing to surrender exchange earnings. Copies are then sent to the Reserve Bank and to the Customs. Importers must certify that they have tried to obtain goods in soft currency areas before hard currency import licences are granted. All licences for hard currency capital goods imports are scrutinized by a special committee in Delhi.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

India

Ref: IM-8

February 11, 1949

Dear Bill:

I enclose two (2) sets of memoranda on the new fertilizer factory at Sindri. I thought you might care to keep one set in the Loan Department and send the other to Rembert.

Yours sincerely,

Stanley H.
A.S.G. Hoar

Encls.

Mr. W.A.B. Iliff
Loan Director
IBRD
1818 H Street, N.W.
Washington, D.C.

P.S.

This is a matter of general interest, only. Sindri is not up for Bank financing.

SH.

RECEIVED

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1000

FEB 17 8 45 AM 1949

Handwritten initials

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

Ref: IM-7

February 11, 1949

Dear Bill:

The jute situation is a little disquieting. As I understand it, the main advantage of jute as a fiber is its cheapness, and that quality is tending to be destroyed by taxation, both of the raw jute in Pakistan, and the finished product in India. The jute interests in India are very much alive to the danger of encouraging the development of substitutes but express anxiety that that danger is less realized by the Governments both in Delhi and Karachi. So far as India is concerned we shall explore the matter further when we get back to Delhi, but it would be useful to learn at first-hand how thinking in Karachi is developing. Consequently, I would rather like Basch to call in at Karachi on his way home.

On the other hand, Pakistan is still wrangling with the Fund, so far as I know, about her quota and it might be as well if someone had a word with Gutt before sending a Bank representative to Karachi at this juncture. Will you please be so good as to look into this and advise me as soon as possible?

Yours sincerely,

Stanley H.

A.S.G. Hoar

Mr. W.A.B. Iliff
Loan Director
IBRD
1818 H Street, N.W.
Washington, D.C.

FILE COPY

India -

Mr. W.A.B. Iliff

February 10, 1949

Leslie G. Butcher

India: Damodar Valley Project

Attached is a summary of the Damodar Valley Project prepared from the papers which Mr. Hear sent us on January 31. The project is a multi-purpose scheme, the three principal objectives being irrigation, flood control and power. The total cost of the scheme is estimated at \$165 million, of which the foreign exchange component is \$76 million to be spent almost entirely in the United States. There are a few points to which I would like to invite your attention:

(1) The estimates of cost are qualified by warnings that some of them were prepared some time ago and may now be outdated. The decision to use cost-plus-fixed-fee contracts for the engineering work must also be remembered in considering the reliability of these figures.

(2) Orders have already been placed for some \$22 million worth of equipment and machinery for the Bokaro thermal electric plant. This undertaking has the highest priority.

(3) In the estimates of revenue and expenditure, interest on the entire cost of the project is provided for at 3% per annum. The estimated annual profit is \$3.1 million. The servicing of a 4½% loan of \$76 million (the foreign exchange cost) could not be met out of the presently anticipated revenues.

Attachment

LGB:bd

FILE COPY

Summary of Damodar Valley Corporation's Program of Unified Development

Prepared from information supplied by the Government of India.

I. DAMODAR VALLEY

The Damodar River flows through Bihar and West Bengal joining the Hoogly River 30 miles below Calcutta. Its valley covers 8,000 square miles. The highlands of the Upper Valley are suited for forests and its lowlands for agricultural crops. The Lower Valley consists of alluvial soil which would be suitable for year-round cropping with adequate water supply. The Valley's economic advantages include rich mineral deposits, proximity to the Port of Calcutta, facilities of road and rail communication and relatively high industrial development.

II. DAMODAR VALLEY CORPORATION PROJECT

(i) General. DVC is an autonomous public agency formed in 1948 under the DVC Act to promote and operate schemes for; irrigation, water supply and drainage; the generation, transmission and distribution of hydro-electrical and thermal electrical energy; flood control; navigation; afforestation and the prevention of soil erosion; and public health and general well-being.

DVC's engineering program includes; (a) an irrigation barrage with a network of irrigation canals and distributaries, (b) eight multi-purpose storage dams with hydro-electric plants and two additional hydro-electric plants (total capacity 200,000 KW), (c) a steam power plant of 200,000 KW capacity (Bokaro), (d) power transmission grid initially to include 200 miles of 132 KV, 80 miles of 66 KV and 40 miles of 33 KV lines and (e) an 80-mile navigation canal. The Governors of West Bengal and Bihar have requested that the program be completed in five years.

(ii) Funds. The Central Government and the Provincial Governments of Bihar and West Bengal will provide DVC's capital. With the Central Government's approval DVC may borrow money.

Total costs of the unified project are estimated at Rs. 55 crores (\$165 million), Rs. 13 crores for irrigation, Rs. 28 crores for power and Rs. 14 crores for flood control. These figures compare with a total of \$222 million if the three main objectives of irrigation, power and flood control were carried out separately. Foreign exchange costs are estimated at \$76 million -- steam power station and transmission lines at \$25 million and dams and hydro-electric plants at \$51 million. The latter includes \$18 million for plants and equipment, \$10 million for construction equipment, \$8 million for consulting engineers' fees, etc., and \$15 million for contractors' fees. A summary of the revenues and expenditures is attached.

III. BENEFITS OF PROJECT

Anticipated benefits include;

(i) Increase in the irrigable area to 900,000 acres from the existing 185,000 inadequately irrigated acres with additional annual output of clean rice alone of 200,000 short tons and the possibility of second crops,

(ii) Combined hydro and thermal capacity of 400,000 Kw,

(iii) Prevention of floods,

(iv) Conservation of high grade coal resources by the use of coal with high ash content in the steam power stations and some electrification of the railways.

(v) Relief of traffic congestion by railway electrification and the 80-mile navigable canal connecting the Damodar with the Hoogly about 30 miles above Calcutta,

(vi) Availability of industrial and domestic water supply following the conversion of the Damodar from a seasonal to a perennial river and resulting in the speeding up of industrial development and relief from the shortage of drinking water in the dry season.

(vii) Industrial development which will follow flood control and the supply of water and power making possible extensive mining of valuable minerals; electrification of the coal mines; the erection of new iron and steel plants and the erection and expansion of other plants using coal, iron and steel. The industrial potentials of the Damodar Valley are compared with those of the Ruhr Valley in Germany and the Monongahela Valley in the U.S.A.

(viii) Cultivation of fish in the reservoirs, river and irrigation canals yielding additional income and alleviating the protein deficiency.

(ix) Establishment of a recreation industry in the Upper Valley.

IV. PRESENT SITUATION

(i) The main features of the entire scheme were approved by Messrs. Riegel and Schlemmer of TVA who went to India in 1946.

(ii) Hydrological and meteorological data have been and are being assembled.

(iii) Complete preliminary drawings for the irrigation barrage and the alignment of the main canals with their distributaries are ready,

(iv) Topographical surveys, contour maps and aerial photographs are available.

(v) Geological data have been completed on the dam sites. Six drilling machines have been ordered and deliveries are now starting. A Canadian drilling expert has joined DVC. The Geological Survey of India will publish shortly a study of the mineral resources of the Valley.

(vi) Plans and cost estimates have been prepared for three of the dams and the major engineering features of all the dams have been outlined.

(vii) The Central Electricity Commission has prepared a load survey of the Valley.

(viii) Orders placed or about to be placed total \$22.2 million, of which \$18.6 million is for the plant, equipment, accessories and services for the Bokaro Steam Power Station and the balance for transmission lines. DVC believes that suitable engineers and the required delivery of equipment can be obtained only from the U.S. and, to a limited extent, from Canada.

(ix) Camps equipped with essential services are being established.

(x) All necessary divisions of DVC have been set up. To facilitate recruitment as soon as the consulting engineers and construction firms have been hired, the Personnel Branch is preparing registers of technically qualified people.

(xi) By the end of 1948, 67 lakhs (\$2 million) had been spent, mostly on surveys. DVC's budget for the year ending 31 March 1949 was Rs. 2.22 crores (\$6.7 million) and for the year ending 31 March 1950, Rs. 7.5 crores (\$22.5 million).

V. PLANS.

DVC will employ consulting engineers and construction firms rather than attempt departmental construction since this is, it believes, a quicker and more practical method and will ensure preferential deliveries from manufacturers of heavy capital goods. Engineering will be separated from construction and a cost-plus-fixed-fee type of contract will be used. DVC will insist that Indian engineers are given adequate training. Contracts with selected firms will be finalized as soon as assurance of the availability of the required hard currency is received. Construction can begin almost immediately on four dam sites.

Leslie G. Butcher
Loan Department
February 10, 1949

DAMODAR VALLEY PROJECT

Summary of Estimated Annual Revenue and Expenditure in Lakhs of Rupees

| <u>PROJECT</u> | <u>WEST BENGAL</u> | | <u>BIHAR</u> | | <u>CENTRE</u> | | <u>TOTALS</u> | | | <u>Dollar Equivalent in Millions</u> |
|----------------|--------------------|--------------|--------------|-------------|---------------|--------------|---------------|--------------|-----------------|--------------------------------------|
| | <u>Rev.</u> | <u>Exp.</u> | <u>Rev.</u> | <u>Exp.</u> | <u>Rev.</u> | <u>Exp.</u> | <u>Rev.</u> | <u>Exp.</u> | <u>Net Rev.</u> | |
| Irrigation | 48.85 | 52.00 | 1.20 | .50 | — | — | 50.05 | 52.50 | - 2.45 | (- .1) |
| Water Supply | 1.50 | — | 1.50 | — | — | — | 3.00 | — | 3.00 | (.1) |
| Power | 120.00 | 70.00 | 120.00 | 70.00 | 120.00 | 70.00 | 360.00 | 210.00 | 150.00 | (4.5) |
| Flood Control | <u>4.50</u> | <u>27.00</u> | <u>—</u> | <u>—</u> | <u>4.50</u> | <u>27.00</u> | <u>9.00</u> | <u>54.00</u> | <u>- 45.00</u> | <u>(- 1.4)</u> |
| Totals | 174.85 | 149.00 | 122.70 | 70.50 | 124.50 | 97.00 | 422.05 | 316.50 | 105.55 | (3.1) |

Notes: A. This summary is prepared on the assumptions that: -

- (i) West Bengal and the Centre will share costs of, and revenue from, Flood Control,
- (ii) Cost of Irrigation will be proportioned to areas irrigated in West Bengal and Bihar,
- (iii) Water Supply revenues will originate in equal proportions in both Provinces and
- (iv) Power costs and revenues will be split equally among two Provinces and Centre.

B. Expenditures include Rs. 165 lakhs interest at 3% on Rs. 55 crores and Rs. 48 lakhs depreciation charges, mostly on a 75-year 3% sinking fund basis.

1 lakh = 100,000.

Rs. 1 lakh = Approximately \$30,000.

1 crore = 10,000,000.

Rs. 1 crore = Approximately \$3,000,000.

Leslie G. Butcher
Loan Department
February 9, 1949

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

Date 5/9/49

| TO- | Name | Room No. |
|-----|------------------------|----------|
| 1 | Mr. Rucknoki | 421 |
| 2 | Mr. Belmont | |
| 3 | Mr. ... | |
| 4 | Mr. ... | |

| FOR- | Action | Initialing |
|------|-------------|----------------------|
| | Approval | Preparing Reply |
| | Comment | Previous Papers |
| | Filing | Noting and Returning |
| | Full Report | Recommendation |
| X | Information | Signature |

REMARKS

I have not seen the attachment referred to in this memo.

FROM- *affiliated*

Form DS-10 Department of
6-1-45 State

Date
5/5

REFERENCE SLIP

To: *IBRD - Mr. Hooker*

Advise
 Approve & Return
 As You Requested
 Attention
 Attach File
 Comment & Return
 Consider
 Copying
 Correct
 File
 Follow-up
 Hold
 Initials Needed
 Investigate & Report
 Instruct
 Justify
 Keep Me Advised
 Legal Matter
 Memo Required
 Not Interested
 Note & Destroy
 Note & Forward

Note & Return
 Note & File
 Per Telephone Talk
 Previous Correspon.
 Priority Action
 Reconsider
 Recommend Action
 Record
 Reply
 Return to Sender
 Rewrite
 Signature Required
 See Me
 Take Action
 Transfer
 Type
 Verify
 Reply for Signature of

REMARKS:

From *Phil R. Otterberry*



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

India
18-9m Hooker
✓

UNCLASSIFIED

NO. 71 American Embassy, New Delhi, India Feb. 9, 1949
(POST) (DATE)

REFERENCE:

MAILED VIA: Unaccompanied Diplomatic
Air Pouch

NUMBER OF
ENCLOSURES 1

ATTACHED x

REC'D
FEB 21

SUBJECT: Wasteland Reclamation

PREPARED BY: Clifford C. Taylor, Agricultural Attache

DISTRIBUTION
(For Dept.
use only)

- ITP ENC -
- FR
- DCR
- NEA ENC -
- POS ENC -
- UFAA
- AGRIC ENC
- COM ENC
- TARIFF
- BUR RECL ENC
- ECA

On December 17, 1947, the Central Tractor Organization of the Government of India started its fleet of tractors on the first phase of a major project which is to bring under cultivation vast areas of wasteland. Personal observations on that day were submitted as report No. 267 of December 19, 1947.

Recently Mr. Raja, now Under Secretary, Ministry of Agriculture, Government of India, prepared an illustrated booklet describing the first year's progress toward developing and settling this particular tract. Copies are enclosed.

Nearly 10,000 acres in this tract, Ganga Khadir, located about 75 miles northeast of Delhi, grew rice etc. last summer and about 7,000 acres are also growing wheat and other winter crops now.

The Government of the United Provinces has allotted 10 acres to each family, most of whom are refugees from eastern Pakistan. Fragmentation is forbidden; the landholder can nominate only one heir. These families are organized regionally into nine cooperative societies for the purpose of buying supplies, marketing produce, and owning livestock and machinery but not for pooling individual returns. Experimentally, however, the provincial government is retaining 1,000 acres to operate as a State Farm and also proposes to operate another 1,000 acres as a collective farm on the Russian model.

Approved:

For the Ambassador:

Howard Donovan
Howard Donovan
Counselor of Embassy

Clifford C. Taylor
Clifford C. Taylor
Agricultural Attache

INFORMATION COPY

Enclosure

Do not return to DC. This copy is for divisional files or other disposition in accordance with security regulations

UNCLASSIFIED

American Embassy
New Delhi, India
Report No. 71,
February 9, 1949

-2-

Enclosure:

Booklet entitled "Ganga Khadir",
by Shanti Kumar T. Raja. (4 copies).

521.1
CCTaylor/drg.

Original to the Department.

Copies to: Consulates General, Bombay, Calcutta and Madras;
Embassy, Karachi, Pakistan;
Consulate General, Lahore, Pakistan;
OFAR, U.S. Department of Agriculture, Washington, DC.

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INFORMATION COPY

Do not return to DC. This copy is for divisional files or other
disposition in accordance with security regulations

New Delhi

My dear Hear,

I send herewith 3 copies of ^a statement showing the yearly breakdown of the dollar requirements for the projects which were included in the first note I handed to you. That figure added up to \$ 481 million, against the present \$ 506.73 million. The differences are as follows :-

- (i) The Nangal & Bhakra dam schemes have been raised from \$ 12m. to \$ 27.4m. Details of this scheme are being sent to Mr. Rucinski.
- (ii) The purchase of ships has been raised from \$ 20m. to \$ 30m.

These two items account for \$ 25.4 of the difference of \$ 25.73 . The balance of the difference has arisen in the rounding of the figures taken in the first statement.

2. I hope this may be of use to you as indicating broadly the yearly requirement of dollars on the basis of our present tentative views of the projects the Government of India would like the Bank to consider.

3. Copies of the Agriculture Ministry Plans are being sent to Gilmartin.

Yours sincerely,

(Keith C. Roy)

Copy, with 4 copies of the statement forwarded to Mr. Rucinski, with the request that he would give one each to Messrs. Basch and Gilmartin.

Keith C. Roy
(Keith C. Roy)

Ms fill survey file
General

Statement showing the Import of Machinery and Mill Work into India from Dollar Area, 'Hard Currency Area' and the Rest during 1947-48 (Financial Year)

(Figures in thousand Rs.)

| S. No. | Description | Dollar Area | | Other hard Currency Area | | Rest | | Total |
|--------|-----------------------------------------------|-------------|--------------------|--------------------------|--------------------|---------|--------------------|---------|
| | | Amt: | % of total imports | Amt: | % of total imports | Amt: | % of total imports | |
| 1. | Prime Movers. | 87,00 | 16.3 | 26,44 (25,01) | 5.0 | 4,17,84 | 78.7 | 5,31,28 |
| 2. | Electric Machinery. | 1,56,18 | 20.4 | 21,51 (18,06) | 2.8 | 5,88,03 | 76.8 | 7,65,72 |
| 3. | Aerated Water Machinery. | 82 | 52.0 | - | - | 77 | 48.0 | 1,59 |
| 4. | Agricultural Machy. | 97,08 | 78.0 | 38 | 0.4 | 26,96 | 21.6 | 1,24,42 |
| 5. | Boilers | 6,22 | 2.0 | 2(2) | - | 3,14,99 | 98.0 | 3,21,23 |
| 6. | Boot & Shoe Mfg. & Leather Tanning Machinery. | 4,35 | 39.0 | - | - | 7,07 | 61.0 | 11,42 |
| 7. | Metal Working Machinery. | 92,72 | 25.0 | 3,61(3,37) | 1.0 | 2,69,08 | 74.0 | 3,65,41 |
| 8. | Mining Machy. | 18,49 | 37.7 | 15(9) | 0.4 | 30,31 | 61.9 | 48,95 |
| 9. | Oil Crushing & Rfg. Machy. | 23,25 | 33.0 | - | - | 47,42 | 67.0 | 70,67 |
| 10. | Paper Mill Machy. | 8,31 | 16.5 | 53(43) | 0.9 | 41,31 | 82.6 | 50,15 |
| 11. | Pumping Machy. | 27,91 | 21.0 | 205(157) | 1.0 | 1,03,18 | 78.0 | 1,33,14 |
| 12. | Rice & Flour Mill Machy. | 2,89 | 12.5 | 36(27) | 1.5 | 20,47 | 86.0 | 23,72 |
| 13. | Saw Mill & Wood Working Machy. | 6,36 | 26.4 | 93(38) | 3.6 | 16,90 | 70.0 | 24,19 |
| 14. | Sewing & knitting. machy | 20,00 | 15.6 | 342(342) | 2.5 | 1,04,91 | 81.9 | 1,28,33 |
| 15. | Sugar Machy. | 11,18 | 12.0 | - | - | 81,01 | 88.0 | 92,19 |
| 16. | Tea Machy. | - | - | - | - | 56,29 | 100.0 | 56,29 |
| 17. | Cotton Textile Machy. | 25,64 | 4.4 | 1,517 (1507) | 3.0 | 5,0804 | 92.6 | 5,48,85 |
| 18. | Jute Machy. | 5,41 | 2.5 | - | - | 2,05,04 | 97.5 | 2,10,45 |
| 19. | Shuttles | 1,49 | 3.3 | 82(20) | 1.7 | 42,22 | 95.0 | 44,53 |
| 20. | Wool Machy. | 9 | 1.1 | - | - | 6,21 | 98.9 | 6,30 |
| 21. | Other sort of Textile Machy. | 11,49 | 8.5 | 11,39 (11,33) | 8.5 | 1,12,26 | 83.0 | 1,35,14 |
| 22. | Printing & Litho-graphic Presses | 99,80 | 65.2 | - | - | 53,52 | 34.8 | 1,53,32 |

| | | | | | | |
|------------------------------|----------|------|-------------------|--------------|------|----------|
| 23. Other sort of Machinery. | ,05,44 | 36.0 | 38,66 (33,12) | 8,54,19 | 61.0 | 13,98,29 |
| Grand Total | 12,12,12 | 23.2 | 125,44 (12,76) | 2.3 39,08,02 | 74.5 | 52,45,58 |

Note:- Figures under Hard Currency include the imports from Sweden and Switzerland; these are, however, indicated within brackets against each item.

Statement showing import of Machinery and Mill work into India from Dollar Area, Hard Currency Area and rest of the countries from April, 1948 to October, 1948.

(Figures in thousand Rupees)

| S. No. | Description | Dollar Area | | Other hard Currency Area | | Rest | | Total |
|--------|-----------------------------------------------|-------------|------------|--------------------------|------------|--------------------|------------|---------|
| | | Amt: | % of Total | Amt: | % of Total | Amt: | % of Total | |
| 1. | Prime Movers. | 94,81 | 19.8 | 2,71 | 0.6 | 3,80,51 (13,08) | 79.6 | 4,78,03 |
| 2. | Electrical Machinery. | 1,58,52 | 23.4 | 9,71 | 1.5 | 5,09,10 (17,69) | 75.1 | 6,77,51 |
| 3. | Aerated Water Machinery. | 74 | 23.0 | - | - | 2,46 | 77.0 | 3,20 |
| 4. | Agricultural Machinery. | 91,96 | 63.8 | 10 | - | 52,31 (19) | 36.2 | 1,44,37 |
| 5. | Boilers. | 8,73 | 4.5 | 1 | - | 1,83,29 (47) | 95.5 | 1,92,03 |
| 6. | Boot & Shoe Mfg. & Leather Tanning Machinery. | 1,30 | 23.0 | - | - | 4,33 (1) | 77.0 | 5,63 |
| 7. | Metal Working Machy. | 61,96 | 28.6 | 1,78 | 0.8 | 1,52,76 (4,98) | 70.6 | 2,16,50 |
| 8. | Mining Machy. | 20,24 | 36.8 | - | - | 34,73 | 63.2 | 54,97 |
| 9. | Oil Crushing and Ffg. Machy. | 17,32 | 44.5 | - | - | 21,51 | 55.5 | 38,83 |
| 10. | Paper Mill Machinery. | 1,77 | 3.8 | 32 | 0.7 | 44,59 (1,41) | 95.5 | 46,68 |
| 11. | Pumping Machy. | 27,93 | 28.2 | 3,15 | 3.3 | 67,71 (2,70) | 68.5 | 98,79 |
| 12. | Rice & Flour Mill Machy. | 2,63 | 17.0 | 13 | .8 | 13,16 (24) | 82.2 | 15,92 |
| 13. | Saw Mill & Wood working Machy. | 7,87 | 33.6 | 20 | 1.0 | 12,32 (17) | 60.4 | 20,39 |
| 14. | Sewing & knitting Machy. | 25,01 | 24.0 | 3,10 | 3.0 | 76,62 (3,65) | 73.0 | 1,04,73 |
| 15. | Sugar Machy. | 7,64 | 10.3 | - | - | 66,23 | 89.7 | 73,87 |
| 16. | Tea Machy. | - | - | - | - | 29,48 | 100.0 | 29,48 |
| 17. | Cotton Textile Machinery. | 38,65 | 8.8 | 12,45 | 3.0 | 384,42 (15,93) | 88.2 | 4,35,52 |
| 18. | Jute Machy. | 2,31 | 1.6 | - | - | 132,20 | 98.4 | 1,34,51 |
| 19. | Shuttles | 3,33 | 9.0 | 2,80 | 6.4 | 31,31 (22) | 84.6 | 37,44 |
| 20. | Wool Machy | - | - | - | - | 1,24 | 100.0 | 1,24 |
| 21. | Other Sort of Textile Machy. | 27,51 | 18.0 | 1,24 | 1.0 | 1,23,63 (7) | 81.0 | 1,52,38 |
| 22. | Printing & Litho-graphic Machy. | 10607 | 73.6 | 1,94 | 1.4 | 36,06 (20,16) | 25.0 | 1,44,07 |

| 23. Other sort of Machinery. | 3,65,65 | 36.0 | -2- 18,73 | 1.8 | 6,30,42 (1,09) | 62.2 | 10,14,80 | |
|------------------------------|----------|------|--------------|-----|---------------------|------|----------|--|
| GRand Total | 10,71,95 | 26.0 | 58,55 | 1.4 | 29,90,39 (82,06) | 72.6 | 41,20,89 | |

Note:- 1. Figures under the Rest also include the imports from Sweden and Switzerland; these are, however, indicated within brackets against each item.

2. Imports on Government account from April 1948 onwards and imported from Pakistan by Sea from March 1948 are also included.

India - Con Mps

OFFICE MEMORANDUM

TO: Mr. A. D. Spottswood

DATE: February 7, 1949

FROM: Leslie G. Butcher

SUBJECT: India

Not attached

Here are my notes on fertilizers. They are very brief, but I don't think that there was much more information supplied by the Government of India in response to our original questionnaire.

1. India manufactures some ammonium sulphate and potassium nitrate.
2. All available supplies are controlled by I.E.F.C.
3. India's requirements are not met by I.E.F.C.
4. (a) The Government of India is encouraging India's cultivators to produce sulphate of ammonia.
 (b) Sindhri production of sulphate of ammonia is expected to reach 350,000 tons per annum.
 (c) The Government is encouraging the use of phosphatic manures (superphosphate, bone-meal, etc.).
5. In view of the insufficiency of supplies, all supplies are pooled and controlled by the Government of India. Supplies are made available to provincial and state governments on annual allocation bases at a pool price fixed by the Government of India.

LGB:bd

Leslie G. Butcher

570 DSS/49

Air Mail.

MINISTRY OF FINANCE

New Delhi, the 5th February, 1949.

My dear Mr. Butcher,

Mr. Beecroft has, I understand, written to you saying that you will be receiving certain information and publications from the Government of India. This is being sent in various packages by air freight and I attach herewith a copy of the documents etc. which are being sent.

2. I should be grateful if you would kindly acknowledge their safe receipt.

Yours sincerely,

Keith Roy
(Keith C. Roy)

L.G. Butcher, Esquire.
International Bank,
1818 H Street, N.W.
Washington 25 DC.

*ack
24 Feb 49. / 605*

List of the Statistical Material sent to the International Bank.

A. INFORMATION PREVIOUSLY ASKED FOR BY INTERNATIONAL BANK AND SUPPLIED IN INDIA.

1. Item D.II(K) Shipping
2. Item D.II(h) Industry
3. Item D.II(i) Fuel
4. Development Plan of the Ministry of Industry and Supply.
5. Development Plan of the Ministry of Works, Mines and Power together with Daniodar valley Corporation Progress Summary.
6. Development Plan of the Ministry of Transport.
7. Posts and Telegraphs Plan.

B. ADDITIONAL INFORMATION REGARDING RAILWAY PLAN.

1. Development Plan of the Ministry of Railways with the revised statement of requirements.
2. Plan for Mihijam Workshop.
3. Note regarding overall position of Railways.

C. NOTES OF THE MINISTRY OF INDUSTRY AND SUPPLY REGARDING DEVELOPMENT OF INDUSTRIES.

D. GENERAL STATISTICS.

1. Balance of payments statistics.
2. Food statistics.
3. Industrial statistics.
4. Trade statistics.
5. Bulletin (statistics).

E. BUDGET PAPERS.

1. Papers regarding the Budget for the period 15th August 1947 to 31st March 1948.
2. Papers regarding the Budget for the period 1948-49.

F. SET OF BRIEFS ON THE GENERAL ECONOMIC AND FINANCIAL POSITION OF INDIA SUPPLIED TO THE BANK MISSION IN INDIA.

G. MISCELLANEOUS PAPERS SUPPLIED TO THE BANK MISSION IN INDIA.

1. Agricultural Situation in India. (Monthly). from April 1948 to November 1948.
2. Crop Calendar (September 1948).
3. Monthly Survey of Business conditions in India (November 1947 to June 1948; October and November 1948).
4. Administration Report and Annual Accounts for the year 1946-47 (for the port of Calcutta) and 1947-48.
5. Indian Customs Tariff schedule.

6. Trade Agreements of India.

- o (a) Trade Agreement between the representatives of India and the representatives of US/UK Military Governments in Germany.
- o (b) Trade Agreement between India and Japan.
- o (c) Swiss Treaty of Friendship.
- o (d) Indo-Argentine Food Agreement dated 6.10.1948.
- o (f) Agreement between the Government of India and the Government of the Federal Peoples' Republic of Yugoslavia.
- o (g) Indo-Pakistan Agreement on Mutual Supply of Certain Essential Commodities.
- o (h) Agreement reached at the Inter-Dominion Conference at New Delhi from 6th to 14th December, 1948.

7. ~~Now~~ Projects for Irrigation and Power in India.

8. Irrigation in India.

9. Irrigation Research in India.

o 10. Hydro-electric development in India

Rec'd B 11. Preliminary Memorandum on the Unified Development of the Damodar River.

o 12. Kosi Dam Project (Preliminary Report).

o 13. Mahanadi valley Development Hira Kud Dam Project (Specification No. H.D.P. 201 for Generating Plant and Equipment 1948).

o 14. Mahanadi Valley Development Hira Kud Dam Project (June 1947).

o 15. Annual Report (Technical) of Work done during the year 1946, by the Indian Water-ways Experiment Station Pooana (C.B.I.).

Rec'd B 16. Memorandum: case for a dollar loan to the Damodar Valley Corporation for carrying out the programme of unified development.

o 17. Indian Market Review (December 18, 1948 to January 8, 1949).

o 18. Monthly Abstract of Statistics, December 1948.

o 19. Preliminary Memorandum on the Unified Development of the Damodar River, August, 1945.

o 20. Report on the Preliminary Investigation for the Maithon Project by W.L. Voorduin.

o Part I. Report.

o Part II. Illustrations.

o 21. Damodar Valley Dams Preliminary Report on the Tilaiya Project.

o 22. Preliminary Report on the Development of the Konar River.

23. Consulting Engineers' Report (American).
24. Outline of Project Features Damodar Valley Dams.
25. Report on the lead survey of Damodar Valley and Adjoining Areas.

Volume I.

Volume II.

26. Damodar Valley Project Bokaro Steam Power Station Preliminary Studies.
27. Damodar Valley Project Bokaro Steam Power Station Location.
28. Damodar Valley 132KV Transmission Lines(First Stage). Specification No. E-1.
29. Damodar Valley Project specification No. E-3 for power transformers.
30. Damodar Valley Corporation Act.
31. Damodar Valley Corporation Budget estimates for 1948-49 and 1949-50.
32. Damodar Valley Corporation: Invitation for preliminary proposals on the design, purchase of materials and equipment and supervision of construction of two of the Dams under the Damodar Valley Project.
33. Summary mineral resources of the Damodar Valley and adjacent region and their utilisation for Industrial Development.
34. Notes on the examination of cores from boreholes at the maithon and telaiya, damsites of the Damodar Valley Project (November 1947).
35. Geology of the Tilaiya reservoir basin and the Dam site (July 1947).
36. Geological report on the Konar projects, Damodar Valley (March 1948).
37. Preliminary report on the Panchet Hill Damsite, Damodar River, Manbhum District, Bihar, (January, 1948) (With Plates I-IV).
38. Preliminary Report on the Balpahari Dam site, Hazaribagh District, Bihar, (January 1948).
39. Silting on the Damodar Basin and sand-stowing (November, 1946).
40. Note on Ceramic Clay in the Damodar Valley operational area.

*Read
Rec'd*

501 55/49

Air Mail.

MINISTRY OF FINANCE

New Delhi, the 5th February, 1949.

My dear Illiff,

Will you kindly refer to your letter of the 19th of January, 1949, in which you asked us to let you have information about the gap in the external trade figures between December, 1947 and March, 1948.

2. At Beecroft's request, we are sending a whole series of papers and documents to Mr. L.G. Butler and among these is the January issue of the Statistical Abstract. This publication contains the figures which were missing before.

Yours sincerely,

Keith C. Roy
(Keith C. Roy)

W.A.B. Illiff, Esquire.
Loan Director,
International Bank,
1818 H Street,
Washington 6 DC.

ack Feb. 14/49

Ref: IA-3

February 2, 1949

TO: Mr. K. C. Roy

FROM: Mr. A.S.G. Hoar

SUBJECT: Draft Outline for Specific Projects.

1. During my talk which I had the day before yesterday with the Minister of Finance, Dr. John Matthai asked me whether we could furnish you with a form for presenting specific projects. I explained to him that we have no standard form, but I promised him that I would supply you with an outline of points which we should like to have covered when a specific project is submitted to us.
2. You will find attached three copies of the outline. It would be appreciated if you would communicate this outline to the respective departments so as to enable them to prepare the documents along the lines indicated in the outline. I understand these documents will be submitted to us after our return to New Delhi.

Attachments

1. Short description of problem to be met.
2. Form of organisation to operate project to meet that problem and its legal and financial structure.
3. Short description of project, summarising technical studies made (both of construction features and of the supply situation affecting required equipment) and their results.
4. Cost of project, broken down by currencies for each year.
5. Source of required funds in each required currency in each year.
6. Estimate, by years, of growth of production from the project and the marketability of the product.
7. Financial forecasts for each of the next ten years of:
 - (a) investment;
 - (b) gross earnings;
 - (c) operating expenses, including administration but excluding reserves for replacements;
 - (d) charges resulting from commitments already entered into.

MEMORANDUM FOR THE FILES

February 2, 1949

FROM: A.S.G. HOAR

SUBJECT: Possible duration of loan discussions.

At 11:30 AM I saw K. C. Roy and told him of my discussion with the Finance Minister on 31st January. He confirmed that the full \$481 million list of projects was intended as a comprehensive one out of which we would select the most urgent and suitable projects for practical discussion.

I then went to tell him that when we returned to New Delhi, on about February 23, we would expect to have a series of meetings to discuss projects and that we would wish those meetings to be attended by representatives of the respective sponsoring Ministries and the Ministry of Finance. Roy confirmed that they would be ready for such meetings.

Roy then asked how quickly we could expect to get to the stage of reasonable certainty that the Bank would make a loan. I told him that this would depend upon the course of our discussions. I said that I would not, of course, be able to enter into any commitment before I returned to Washington, but that I hoped to be in a position to make recommendations to the President with regard to the basis for a loan. Whether I could do so would depend upon: (a) our assessment of India as a lending risk; (b) the course of our discussions on what projects were suitable and ready for Bank financing. I could not at this stage forecast (a), and (b) would depend upon the degree to which the Indian Government and the Mission were able to see eye to eye. Assuming, however, that both (a) and (b) developed satisfactorily the Bank should be able to communicate their preliminary views to the Government within, say, a month or six weeks of my return to Washington. What these views would be I could not say but they might at the first stage be an indication that the possibility of a loan seemed to exist provided that certain further technical information or verification stood up to the Bank's tests.

Roy said that the Government were anxious to be able to gauge the possibility of a Bank loan before the next convertibility talks with the U.K. at the beginning of June. I said that the Bank would make every effort, on their side, to clear the issues before that date.


A.S.G. HOAR

Cop. LABI. 29/

file.

Ref: IA-1

TO: Mr. K. C. Roy

January 29, 1949

FROM: Mr. A.S.G. Hoar

SUBJECT: Government of India's submission of projects for financing

1. This memorandum is to acknowledge receipt of your note of today's date giving the following list of projects, with their estimated cost, which the Government of India desires to place before the International Bank for financing at the present stage.

1) Agriculture:

| | <u>\$ million</u> | <u>\$ million</u> |
|-----------------|-------------------|-------------------|
| (a) Reclamation | 95 | |
| (b) Tube wells | 70 | |
| (c) Fertilisers | 45* | |
| (d) Fisheries | <u>4</u> | <u>214</u> |

* The question whether a consumable store of this nature should be financed from capital funds to be a matter for further discussion.

2) Railways:

| | | |
|----------------------------------|-----------|------------|
| (a) Purchase of locomotives etc. | 122 | |
| (b) Mihijan Workshops | <u>40</u> | <u>162</u> |

3) Damodar:

| | | |
|---------------------|-----------|-----------|
| (a) Bokara | 22 | |
| (b) Rest of Damodar | <u>51</u> | <u>73</u> |

4) Nangal Dam Project 12 12

5) Purchase of ships 20 20

Grand total \$481 million

2. I am transmitting a copy of your memorandum at once to the President of the International Bank, in Washington.

Copies to J. J. MCG and WAB. 1/1/49. Ex.

File.
1A

List of projects with their estimated cost which the Government of India desires to place before the International Bank for financing at the present stage.

1) Agriculture:

| | | £ million | £ million |
|-----|----------------|-----------|------------|
| (a) | Reclamation .. | 95 | |
| (b) | Tube wells .. | 70 | |
| (c) | Fertilisers .. | 45* | |
| (d) | Fisheries .. | <u>4</u> | <u>214</u> |

* The question whether a consumable store of this nature should be financed from capital funds is a matter for further discussion.

2) Railways:

| | | | |
|-----|--------------------------------|-----------|------------|
| (a) | Purchase of locomotives etc .. | 122 | |
| (b) | Mihijan Workshops .. | <u>40</u> | <u>162</u> |

3) Damodar:

| | | | |
|-----|--------------------|-----------|-----------|
| (a) | Bokara .. | 22 | |
| (b) | Rest of Damodar .. | <u>51</u> | <u>73</u> |

4) Nangal Dam Project. .. 12 12

5) Purchase of ships .. 20 20

Grand total .. £ 481 million.

Received

from K. C. Roy

January 29, 1949.

Ex.

The Bank Mission would like a short meeting with those officers mainly concerned with the general problem of the various factors affecting India's external financial position with particular reference to the dollar sector of the balance of payments position in so far as it may relate to (i) a possible increase in exports; (ii) a possible diversion of imports to soft currency areas; (iii) a possible reduction in food imports and/or a diversion of food imports to soft currency countries, and (iv) the effect of the transport situation on the development of the economic position of the country as a whole.

2. While some of these points have already^{been} covered in the notes which the Ministries have been kind enough to make available to us, Mr. Nehru feels that an informal discussion round the table might help in the first instance. We should, therefore, be very grateful if you could make it convenient to attend a meeting at 10-30 a.m. on Friday next the 28th of January, 1949 in room No. 132-B, North Secretariat.

(Keith C. Roy)
26. 1. 49.

Min. of I & S - Mr. Bhoothalingam.
C.C.E. - Mr. Jha.
C.C.I. - Mr. Kamat.
Min. of Commerce - Mr. Banerjee.
Min. of Food - Mr. V. Sahay.
Min. of Railways - Mr. Bakhle.
J.S.(EF) - Mr. Nehru.
J.S.(IF) - Mr. Bhattacharyya.
DS(Food) - Mr. Saksena.
DS(Budget) - Mr. Rangachari.
Min. of EA & CR - Prof. Adarkar.

Copy to 1) Dr. Basch

✓ 2) Mr. Beecroft.

Notes used 27.1.48 for talk to officials of Departments
of Indian Government listed below.

BANK'S APPROACH TO LOANS

1A

1. Need for Bank's comparatively small resources to be placed where will do most good.

Therefore need to find:

- (a) Well-knit practical programme.
 - (b) Projects fitting into it and dealing with most important problems.
 - (c) Good engineering and market survey.
 - (d) Effective management.
 - (e) General political, financial, stability to provide conditions for effective operation of projects.
2. No grants, strictly on repayment basis. Therefore sound financial foundations and operation essential and balance of payments important.
We shall look for "amortisation sheet".
Guaranteed loans made on the same basis.
 3. No tied loans but will expect to find purchases made in easiest currency market compatible with good equipment and appropriate delivery terms.
 4. No local currency (or £ - for India).
 5. No food, fuel or, except very exceptionally raw materials.
 6. Size of loan geared to compact, self-contained project covering imports within restricted period. Series of loans if necessary.

* Agriculture
External Affairs (Economic Sections)
Railways
Mines and Power
Food
Industry and Supplies
Shipping.
Finance.

BANK'S STANDARD CONTRACTUAL REQUIREMENTS

1. Representations of facts and policy.
2. Negative pledge.
3. Consultation. (periodic information)
4. Parliamentary authority to borrow (or ratification)
5. Disbursements - Reimbursement against documents or payments on the basis of approved contracts.
6. End-use supervision. (engineering and financial)

Shape of loan

1. Amortisation geared to projects and general b.p. situation.
2. Build up of charges ($3\frac{1}{4} + \frac{1}{4} + 1$).
3. Commitment charge for a determined period, afterwards full interest.

Ly 27
/1.

January 25, 1949

1A.

MEMORANDUM FOR RECORD:

Subject: General Outline of Indian Government's Development Plans.

K. C. Roy and B. K. Nehru had a short talk with the Mission this afternoon in which they gave a rough outline of their Government's development plans and of those projects in which they would like the Bank to interest itself. The items mentioned were as follows:

Railways -

| | <u>Cost</u> |
|----------------------------------------------------------------------------------------|------------------|
| (1) 900 locomotives have been ordered in the U.S.A. and Canada for delivery up to 1951 | 104 mil. dollars |

Agriculture -

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| (2) Land reclamation - 2 million acres of forest land and 4 million acres of weed infested land to be reclaimed over 5 or 6 years. The necessary capital equipment, if ordered by mid-1949, can be delivered within 3 years. | 100 mil. dollars |
| (3) Tube well irrigation - The contract has been awarded to the Johnston Pump Company for construction in 3 to 4 years. | 70-80 mil. dollars |
| (4) Importation of fertilizers. | ? |
| (5) Fisheries - Apparently, purchase of fishing boats and tackle over 2 to 3 years. | 1½ mil. dollars |

Apparently, all of the above are intended for Bank consideration. As will be seen, the total cost involved, over 4 years or so works out at about 300 million dollars.

Other projects which Roy mentioned, but in connection with which he made no mention of the Bank, were:

(a) Government projects -

- (1) Damodar Valley.
- (2) Industrial development.
 - (i) Electric cables.
 - (ii) Heavy electrical machinery.

(b) Private sector -

- (1) Tata hydroelectrical scheme in Bombay Province.
- (2) Calcutta electricity supply corporation scheme.

A.S.G. Hoar

India

Tuesday, January - Mr. Edwin Haward, India Burma Assoc., 222

Strand, London W.C.2. Mr. Hoar and I saw Mr. Haward at 10:00 AM. His comments were rather general, mainly to the effect that the situation in India was somewhat better than he had expected it to be prior to the transfer of power. The Indians had, he thought, managed their affairs in Government and business more ably than most people had expected. He said that there had been recently a mellowing of the Indian official attitude toward foreign and, particularly, British participation in trade as well as in industrial investment. He referred to a recent confidential report which he had received from the Representative of the Assoc. in New Delhi, Mr. John Cristie (who had also been mentioned to us by Mr. Goodfellow on the day before). Mr. Haward gave us copies of a number of recent issues of Indian Affairs and drew our particular attention to articles concerning a statement by Dr. Matthal, the Finance Minister and to a speech of Mr. A. P. Benthall, President of the Associated Chambers of Commerce of India, on India's commercial problems. Mr. Haward also gave us a copy of an article by Mr. G. W. Tyson, Editor of Capital on "British Trade and Industry on India in relation to Britain's Overseas Trade".

Mr. Hoar and I saw Mr. Archibald Rowlands, Permanent Sec'y. of the Ministry of Supply at Shell-Mex House at 11:00 AM. (Rowlands had been in 1944 and 1945 an Administrative Advisor to the Viceroy; Finance Member of the Government of India in 1945-46; and, following partition, Financial Advisor to the Government of Pakistan.) In this interview, Sir Archibald made only some general comments as to people and places to see in India. He thought that it would be advisable to visit Pakistan for informal discussion. He also felt that a visit to Travancore and/or Mysore would be useful on account of the superior accomplishments in those states. He offered to have a further discussion with Mr. Basch and myself at his Club in the evening to discuss Pakistan particularly. In this later talk he spoke very highly of Keith C. Roy and B. K. Nehru as very able officers of the Finance Department in India. He also suggested that we should try at some time to see Manu Subedar, a Director of several Companies, whom he described as a good economist and an able businessman. Subedar is likely to be in Bombay. For discussion in Pakistan, Rowland suggested particularly: Ghulam Mohamed, the Finance Minister; Mohamed Ali, Secretary General of the Pakistan Cabinet, Zahid Hussein, Governor of the Reserve Bank; MacFarquhar, attached to the Commerce Department; and Victor Turner if he is still in Karachi. Asked about F. M. Innes, Rowlands said that Innes was in the same position in Karachi as John Cristie in New Delhi, representing the India/Burma Assoc. as a political and Economic advisor. In discussion with Sir Archibald, the settlement of the old Indian debt between India and Pakistan, I found out that the main reason why India remained a debtor for the whole amount has been because this debt was issued in the main of India. Pakistan offered in the beginning to compensate India only for 10% and India asked for 35% of that. The final settlement of 17½% is just arithmetic compromise.

The final settlement of the sterling balances will be made only after Pakistan surrenders various assets belonging to India as a counterpart of these balances. The balances never belonged to the Government. They were owned by the Reserve Bank of India.

January 19, 1949

AIR MAIL

My dear Roy,

Thank you for your three letters dated 23, 24 and 30 December 1948 with which you enclosed information relating to:

- D-ii-k Payment Clearing and Similar Agreements
- D-ii-q Prices and Wages
- D-ii-p External Trade

With regard to External Trade, we shall be grateful for the information covering the gap from December 1947 to March 1948, inclusive when it is prepared. I am passing on to Hoar the news that you are unable to separate the pre-partition figures to show imports and exports for the Dominion of India alone. I am asking Hoar to decide whether we need any further information in this connection.

Yours sincerely,

W.A.B. Iliff
Loan Director

Keith C. Roy, Esq.
Ministry of Finance
Government of India
New Delhi, India

Leslie G. Butcher
LGButcher:mwg

India

Additional material received from INDIA
18 January 1949

D-II-p Annual Statement of Sea-Borne Trade of British India for the fiscal year ending 31 March 1939. (Covers 1934/35 thru 1938/39)

Sea-Borne Trade and Navigation of India, November 1947. (Covers April thru November 1948)

D-II-q Statistics and charts and other papers relating to prices, wages and Cost of Living.

Labour Investigating Committee's Main Report, March 1946.

D-II-x General Agreement on Tariffs and Trade and Relevant Protocols and Declaration, 24 March 1948.

Trade Agreements between

- H.M.G. and Government of India
- Japan and India (includes some other countries in sterling area)
- Switzerland and India
- Pakistan and India (Trade and Payments Agreements)
- Germany (U.K. & U.S. Military Govts.) and India

Summary of Foreign Exchange Regulations

Brief Summary of Exchange Control 15 Feb. 1948

Sterling Balances (Review of discussions with U.K. Representatives June/July 1948)

Statement of Exchange Control Policy with letter dated 7 Oct. 1948 from Ministry of Finance to Reserve Bank of India.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. A. S. G. Hoar
FROM: Eric Beecroft *E.B.*
SUBJECT: INDIA and PAKISTAN

DATE: January 10, 1949

Attached are lists of Indian Government officials and other personalities in India for use on the Mission.

cc: Mr. Basch
Mr. Gilmartin
Mr. Rucinski

PAKISTAN

Index of Personalities

by

Functions and Alphabetically

PAKISTAN

| | |
|------------------------|-----------------------|
| Governor General | Mr. Khwaja Nazimuddin |
| Prime Minister | Mr. Liaquat Ali Khan |
| Finance Minister | Mr. Ghulam Mohammed |
| Foreign Minister | Zafrullah Khan |
| Minister of Industries | F. Rahman |

SIND

Cabinet

| | |
|----------|--------------|
| Governor | Din Mohammed |
|----------|--------------|

Ministers

| | |
|--------------------------------------------------------------------------------------------------|--------------------|
| Premier, Political Services,) General Administration, Home) Legal and Education Depts.) | Pir Illahi Baksh |
| Revenue and Public Works | Ghulam Ali |
| Finance, Refugees, Rehabili-) tation, Local Self-Governments) and Public Health) | Syed Mohammed Shah |
| Food and Civil Supplies,) Agriculture and Industries) | Mohammed Azam |

EAST BENGAL

Cabinet

| | |
|---------------------------------------------------------------------|----------------------|
| Premier, Home Affairs, Judicial) and Legislative Departments.) | Mr. Nurul Amin |
| <u>Ministers</u> | |
| Finance, Commerce and Industries | Mr. H. H. Chowdhury |
| Education | Mr. Abdul Hamid |
| Communications, Buildings and) Irrigation) | Mr. Hassan Ali |
| Civil Supplies | Mr. S. M. Afzal |
| Health & Local Self Government | Mr. M. H. Chowdhury |
| Agriculture | Dr. A. M. Malik |
| Relief and Rehabilitation | Mr. Mafizuddin Ahmed |
| Revenue | Mr. Tafazzal Ali |

PAKISTAN

NORTH WEST FRONTIER PROVINCES

| | |
|----------|-----------------------|
| Governor | Sir George Cunningham |
|----------|-----------------------|

PAKISTAN
WEST PUNJAB

| | |
|------------------|---------------------------|
| Governor | Sir Robert Francis Mudie |
| Premier | Khan Iftikar Hussain Khan |
| Finance Minister | Mumtaz Daultana |

| | |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Afzal, S. M. | Minister of Civil Supplies, East Bengal |
| Ahmed, Mafizuddin | Minister of Relief and Rehabilitation, East Bengal |
| Ali, Ghulan | Minister of Revenue and Public Works, Sind |
| Ali, Hassan | Minister of Communications, Buildings and Irrigation, East Bengal |
| Ali, Tafazzal | Minister of Revenue, East Bengal |
| Amin, Nurul | Premier, and Minister of Home Affairs, Judicial and Legislative Departments, East Bengal |
| Azam, Mohammed | Minister of Food, Civil Supplies, Agriculture, and Industry, Sind |
| Baksh, Pir Illahi | Premier, and Minister of Political Services, General Administration, Home Legal and Education Departments, Sind |
| Chowdhury, H. H. | Minister of Finance, Commerce and Industries, East Bengal |
| Chowdhury, M. H. | Minister of Health & Local Self Government, East Bengal |
| Cunningham, Sir George | Governor, North West Frontier Provinces |
| Daultana, Muntaz | Minister of Finance, West Punjab |
| Hamid, Abdul | Minister of Education, East Bengal |
| Khan, Khan Iftikar Hussain | Premier, West Punjab |
| Khan, Liaquat Ali | Prime Minister, Pakistan |
| Khan, Zafrullah | Foreign Minister, Pakistan |
| Malik, Dr. A. M. | Minister of Agriculture, East Bengal |
| Mohammed, Din | Governor, Sind |
| Mohammed, Ghulam | Finance Minister, Pakistan |
| Mudie, Sir Robert Francis | Governor, West Punjab |
| Nazimuddin, Khwaja | Governor General, Pakistan |
| Rahman, F. | Minister of Industries, Pakistan |
| Shah, Syed Mohammed | Minister of Finance, Refugees, Rehabilita- tion, Local Self-Governments and Public Health, Sind |

Loan Department
I.B.R.D.
January 7, 1949

India

FILE COPY

January 10, 1949

My dear Roy:

✓ Many thanks for your letter, reference 2953 DSS/ue,
of December 31, enclosing information relating to External Debt.

I expect this will be the last installment of information to reach the Mission before its departure. We are off on Wednesday morning and I look forward to seeing you before long.

Yours sincerely,

A.S.G. Hoar

Keith C. Roy, Esq.
Ministry of Finance
New Delhi, India

India
2953-55/48

MINISTRY OF FINANCE

New Delhi, the 31st December, 1948.

Ack
10/1

given to
Basch 10/1

My dear Hoar,

In continuation of previous correspondence, I send herewith information relating to heading D-ii-w - External Debt.

Yours sincerely,

Keith C. Roy
(Keith C. Roy)

A.S.G. Hoar, Esquire,
Assistant Loan Director,
International Bank for
Reconstruction & Development,
1818 H Street,
Washington 25 DC.

ack
10 Jan 49

MINISTRY OF FINANCE

RECEIVED
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

JAN 10 4 27 PM 1949

FILE COPY

India

December 31, 1948

My dear Roy:

I received nine letters from you yesterday; one dated December 10, one December 15, six December 21, and one December 22, enclosing some valuable instalments of the additional information for which I asked ~~for~~ in my letter dated November 12. The Bank staff is now studying this material.

Sundaresan, has sent you, at his own suggestion, a long list of questions on Indian economic problems which has been prepared in our Economic Department. You will, I am sure, understand that this is not a list of fresh requests but a reflection of the kind of questions to which we shall endeavor to find the answers during our stay in India. I agreed with Sundaresan that it should be sent to you in the thought that it might assist those to whom we shall be talking to be able to prepare themselves for some, at least, of the lines of enquiry we shall follow.

Many thanks and kindest regards.

Yours sincerely,

A.S.G. Hoar
Assistant Loan Director

Mr. Keith Roy
Deputy Secretary
Ministry of Finance
New Delhi, India

ASGH/ts

New Delhi, the 30th December, 1948.

My dear Hoar,

In continuation of previous correspondence, I send herewith information relating to head D-II-p- External Trade.

2. It seems to us that the best method by which we can give you the full information you require on this head is to send the published accounts of the sea-borne trade of India. We have been informed that there is already in the Fund and Bank Library a copy of these accounts for the year 1943-44. In this volume will be found the figures for the years 1939-40 to 1943-44. We are now sending herewith a volume for 1938-39 which contains the figures for the years 1934-35 to 1938-39. Unfortunately, owing to the partition and the administrative disruption which ensued, there has been a break in the accounts for the period December, 1947 to March, 1948. We have no data at all which would be of any value to you for these four months; but the arrears are gradually being made up and the relevant monthly volumes will be forwarded to you as soon as they are ready.

3. We are sending herewith the monthly volume for November, 1947 which gives figures for the eight months April to November, 1947. After this, as I have said already, there is a gap from December 1947 to March, 1948. For the period April, 1948 to September, 1948, we have arranged for advance proof copies of the main heads of the trade accounts to be made available to the Ministry of Finance before the published volumes are issued. I send herewith a cyclostyled copy of the advance proof for the

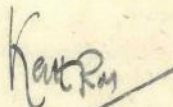
month/

month of September, 1948 which gives information for the six months April to September, 1948.

4. We have considered most carefully, in consultation with the Reserve Bank, whether it would be possible to break up the pre-partition figures to show imports and exports for the Dominion of India alone. We feel that this is not possible.

5. I hope that the above volumes will give you most of the information you require. We are arranging in future to send to the Fund and Bank Library two copies of the cyclostyled advance monthly accounts.

Yours sincerely,



(Keith C. Roy)
30.12.48.

A.S.G. Hoar Esquire,
Assistant Loan Director,
International Bank for
Reconstruction and Development,
1818 H Street,
WASHINGTON 25 D.C.



ack by Mr Giff
Jan 19 1949

Handwritten notes:
M. J. ...
...



WASHINGTON 25 D.C.
1818 H Street,
Reconstruction and Development,
International Bank for
Assistance and Development,
A.S.C. Room 5417E

30 JAN 48
(Kerrin C. ...)

Handwritten signature: Kerrin

Yours sincerely,

monthly accounts.
I enclose two copies of the cyclostyled advance
statements in future to send to the Fund and Bank
most of the information you require. We are
I hope that the above volumes will give you
information. We feel that this is not possible
to show imports and exports for the Dominion of
be possible to check up the pre-valuation figures
consultation with the Reserve Bank, whether it would
We have considered most carefully, in
the six months April to September, 1948.
month of September, 1948 which gives information for

Mr. Canavanagh

India

Mr. W. A. B. Iliff

December 29, 1948

D. Crena de Longh

Mission to India

At a meeting of the Staff Loan Committee last week on the above subject, it was felt that it would be desirable if the Mission would try to obtain information on the possibility of carrying out supervision of disbursements and end-use in case the Bank would grant a loan to India.

I am, therefore, attaching hereto two lists of questions, one relating to supervision of disbursements and the other to end-use supervision. It may well be that during the conversations in India the Mission will feel that not all of the questions in the lists should be raised. I leave it entirely to their judgment to eliminate those questions which they think to be inappropriate.

Attachment

Saldewereld/mg

| FILE REFERENCE | |
|----------------|---|
| ORIGINAL | 8 |
| COPY 1 | |
| COPY 2 | |
| COPY | |

I. Supervision of Disbursements

1. Are the goods to be financed destined for a particular project or not?
2. What are key references with respect to purchases to indentify goods with projects or subprojects to be carried out in the case of project loans or to trace the distribution of the goods within the borrower's country in the case of general purpose loans?
3. Will the goods be purchased from suppliers by a central agency of the member, which is borrower or guarantor, or through private trade channels?
4. Is there a purchasing agency of the member established in the United States?
5. If possible, furnish estimated rate at which the loan will be drawn down, broken down by various currencies to be expended.
6. Will goods to be imported be financed through documentary letters of credit? If not, how will financing be accomplished?
7. How many purchase transactions is it estimated will be financed under the Bank loan?
8. Will purchases be made under purchase contracts providing for periodic payments? If so, will borrower desire reimbursement for payments before final delivery of the goods? Have arrangements been made to make copies of contracts available?
9. Have orders been placed or contracts signed for the goods to be financed? If so, have any payments been made?
10. Has system been organized to provide that borrower will have available for submission to Bank evidence of payment and shipment and copies of invoices? Will individual evidence be available for each transaction or will evidence submitted cover many purchases, some of which may not be financed by the Bank?

11. Furnish name and address of person to whom questions regarding the borrower's procedure may be addressed by the Bank.
12. Explain the arrangements by which borrower will insure shipment of goods financed. Will insurance charges be subject of request for reimbursement.
13. Will borrower have available for submission to Bank evidence of payment for freight and insurance?
14. How will borrower relate freight and insurance charges to goods which the Bank will finance?

II. End Use Supervision

(a) General Purpose Loan

1. How is the policy determining the allocation of foreign exchange resources among different types of import (both visible and invisible) decided?
2. How is the policy governing the distribution within the borrowing country of imported goods decided?
3. Through what administrative machinery are these policies put into effect?
4. What are the relevant procedures? (Samples of forms, licenses etc. should be given).
5. What records are maintained by the authorities concerned?
6. What are the key references to those records (i.e. what information concerning a given shipment of goods is necessary in order to identify that shipment in the records with a minimum of trouble and delay)?
7. Has any government authority the legal right to require dealers in and users of imported goods to furnish information concerning such goods and facilities for inspecting them?
8. Is export of the types of goods likely to be financed subject to license?

9. Are the goods which it is proposed to finance out of the proceeds of the loan to be purchased from suppliers by a central agency or through private trade channels?
10. Is there any purchasing agency in the U. S. A.?
11. If the list of goods to be financed under a prospective loan includes material to be used in the construction of a large project (e.g. a steel mill), is such material to be financed exclusively out of the proceeds of the loan or if not what proportion of the cost of the imported materials or equipment will be loan-financed? Will the records maintained in the borrowing country be adequate for the purpose of identifying loan-financed equipment in the project?
12. It is the policy of the Bank to endeavour to trace every consignment of loan-financed goods to the ultimate end user if such a procedure is reasonably possible. In the case of raw materials, which at some point in the chain of distribution usually lose their identity before reaching the ultimate end users, it is necessary to supplement the direct check with an overall check on the use to which the borrowing country has put all materials in this category available for consumption in the period during which loan-financed materials are imported. Does the borrowing country maintain statistical records in a manner which would enable the Bank to make such an overall check?

(b) Project Loans

1. Are the goods to be financed under the proposed loan intended for use in one or more projects or sub-projects?
2. Has a complete schedule of the equipment to be imported for incorporation in the project or projects been established as if so copies should be submitted to the Bank?

3. Is it intended that the total cost of all equipment to be imported shall be financed out of the proceeds of the proposed loan or will other credits be available for this purpose (e.g. credits from suppliers)?
4. Are the applicants able to furnish a detailed estimate of the cost of the project or sub-projects showing the proportion of the estimated total cost to be financed out of the proposed loan and the proportion it is intended shall be financed out of other funds?
5. Is it intended that any part of the loan proceeds should be used in payment of engineering fees or technical consultants services?
6. Will the imported material which it is intended shall be financed out of the proceeds of the proposed loan consist exclusively of large equipment items or equipment items and general construction material and construction equipment?
7. If it is intended to import some general construction material, are adequate records maintained to satisfy the Bank that such material is incorporated in the project? The records should be set up in such a way as to show clearly whether materials are used for the construction of the project or for general maintenance purposes. Samples of existing records should be furnished.
8. Has any substantial part of the construction or development of the project been sub-contracted? If so, copies of contracts should be furnished to the Bank. How is control over contractors effected?
9. Are the goods which it is proposed to finance out of the proceeds of the loan to be purchased from suppliers by a central agency or through private trade channels?
10. Have any contracts already been placed abroad for equipment which it is intended shall be financed out of the proceeds of the proposed loan?

11. Are the applicants able to furnish a geographical location plan showing the physical lay-out of the project and its sub-divisions or structures?
12. Has preparatory work at the site commenced? If so, to what extent has this preliminary work progressed?
13. On the assumption that a loan is granted by the Bank, when is it estimated that the Project will be completed?
14. Will the applicants be able to furnish the Bank with the following:
 - (a) 1. A statement showing the present status of the engineering planning with regard to the project or sub-projects, together with a forecast of the dates of anticipated completion of those parts of the engineering work which are still being carried out or which have not yet been commenced;
 2. Subsequent monthly reports showing the progress which has been made towards the completion of the engineering work and any revisions which may have to be made in the anticipated completion dates for the various phases of the project or sub-projects;
 - (b) A description of the accounting system used for the control both of expenditures (in local currency and also in foreign currency) and of materials and equipment used in the construction of the project or sub-projects.
15. Can the borrowers provide the Bank with a statement of assets and liabilities in local currency, plus an estimate of their local incomes and outgoings, month by month for the following twelve months?
16. Is there any purchasing agency in the U. S. A.?

India
2905 DSS/48

MINISTRY OF FINANCE

New Delhi, ~~the 24th December, 1948~~
57th



My dear Hoar,

In continuation of previous correspondence, I send herewith information relating to heading D-ii-q - Prices and Wages. The note, ^{attached to} ~~transmitted~~ the charts, explains how the indices have been compiled.

2. As regards statistics relating to wages, statement IV of the pamphlet explains the difficulties in making available to you statistics for the period which you require. Further, in order that the Bank may have some idea of the position, I send herewith a copy of the Labour Investigation Committee's report which, as far as I am able to ascertain, is the most comprehensive survey of the subject.

Yours sincerely,

Keith Roy

(Keith C. Roy)

A.S.G. Hoar, Esquire,
Assistant Loan Director,
International Bank for Reconstruction
and Development,
1818 H Street,
Washington 25 DC.



*ack. by Mr. Liff
Jan 19th/48*

2-20-49

MINISTRY OF FINANCE

New Delhi, the 24th December, 1948

My dear Sir,

In continuation of previous correspondence, I send herewith information relating to heading D-II-4 - Prices and Wages. The note, attached to the sheets, explains how the indices have been compiled.

3. As regards statistics relating to wages, statement IV of the pamphlet explains the difficulties in making available to you statistics for the period which you require. Further, in order that the Bank may have some idea of the position, I send herewith a copy of the Labour Investigation Committee's report which, as far as I am able to ascertain, is the most comprehensive survey of the subject.

Yours sincerely,

Kelch C. Roy

(Kelch C. Roy)

A.S.C. Hoar, Esquire,
Assistant Loan Director,
International Bank for Reconstruction
and Development,
1818 H Street,
Washington 25 DC.



✓ Reserve Bank of India Bulletin - February 1947 - through - October 1948
Jan. 1947 (Vol. 1 No.1) Missing

D-II-r Note on National Income

D-II-v II Note on Internal Debt

D-II-v Note on Revenues and Expenditures of Provinces and Local Authorities

D-II-e Note on Fisheries

I-c-iv Industry and Supply Quarterly Bulletin - 1st three quarters issues
Note on Government Control of Trade and related papers
Nationalization of Reserve Bank of India Act

D-II-j Note on Organization of Electricity Supply in India
Public Electricity Supply All India Stat. Summary 1947
✓ Monthly Abstract of Statistics October & November 1948 (2 copies of each)
(This is new publication)
✓ Public Electricity Supply - All India Rate Book 1948

D-II-s (v) Insurance Rules 1939
✓ Insurance Act 1938 & amendments
✓ Indian Insurance Year Books 1938, 39, 46, 47

D-ii-iv Note and Statistics Road Transportation

1(b)(iii) Financial Negotiations between India and Pakistan & related correspondence
Note on Partition
Partition Proceedings Vol II (Division of Assets and Liabilities)
Vol III (Currency, Coinage Exchange & Economic Relations)
42 Orders issued by the Governor General under the India Independence Act.

Records of Decisions reached at Inter-Dominion Discussions
I Dec. 1947 New Delhi
II Mar 1948 Lahore
III Apr. 1948 Calcutta
IV Jul. 1948 Lahore

India - 7-10
Copy No. 14
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11/40
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DECLASSIFIED

AUG 29 2013

STAFF LOAN COMMITTEE

WBG ARCHIVES

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

Minutes of Staff Loan Committee Meeting, Held at 2:30 p.m. on Thursday, December 23, 1948, in Room 1005.

1. There were Present:

- Mr. R. L. Garner
- Mr. W. A. B. Iliff
- Mr. D. Crens de Jongh
- Mr. C. A. McLain
- Mr. L. B. Rist
- Mr. A. J. Rosenthal (Secretary)

In Attendance:

- Mr. A. S. G. Hoar
- Mr. R. H. Demuth
- Mr. E. G. Burland
- Mr. J. M. Penton
- Mr. E. A. Beecroft
- Mr. A. Basch
- Mr. M. M. Rosen
- Mr. W. M. Gilmartin

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Staff Loan Comm.

2. India: Proposed Mission

The Committee considered the "Summary Study of the Economy of India" and the Appendix thereto; SIC/O/T1 (Terms of Reference for Proposed Mission to India); and the "Schedule of Important Questions on Indian Economic Problems for the Use of the Mission", and

RECOMMENDED:

- (i) that the "Summary Study of the Economy of India", and the "Schedule of Important Questions on Indian Economic Problems" be approved;
- (ii) that the "Terms of Reference" be approved, with the following modifications:
 - a. that there be added to the last sentence of Paragraph 1 (b) of the "Terms of Reference": "and their influence on the economy and balance of payments of India";
 - b. that it should be left to the discretion of the chief of the mission while in India whether to seek an invitation to visit the Dominion of Pakistan;

- c. that the last sentence in Paragraph 6 be deleted;
- (iii) " that it be sought to induce the Indian Government to pay for the salaries and expenses of any outside experts who might be engaged in connection with the proposed Indian loans, only in cases where the services of such experts would work to the benefit of India rather than to that of the Bank. "

3. Belgium: Proposed Loan

The Committee considered advices on the current status of negotiations with the Belgian representatives, and

RECOMMENDED:

that the Bank be willing to accept either of the following methods of drawing down the money to be lent:

- a. an account would be set up in the Federal Reserve Bank of New York, in the name of the National Bank of Belgium; when withdrawing funds, the National Bank would certify to the IBRD the uses to which such funds would be put; or
- b. the National Bank would buy from the Belgian Government the dollars lent by the IBRD, and in turn would sell those dollars to the companies. The companies would keep the dollars in accounts which could be drawn against only with the permission of the IBRD.

4. Belgium: Suggested Additional Loan

The Committee considered ^{a proposal} that a loan of the order of \$50 million be made to Belgium, the dollars to be deposited in the National Bank, thereby to serve immediately as a currency reserve which would enable the Belgian Government to issue francs for a public works program without inducing a corresponding inflationary effect, but the dollars to be drawn down only for such specific projects proposed from time to time as met the approval of the IBRD, and

AGREED:

to give further consideration to the justification for and possible consequences of such a loan, with particular study of the extent to which Belgium's relatively fortunate balance-of-payments position was the result of its own efforts rather than of fortuitous circumstances, and with a view to suggesting such conditions on the loan as would appear advisable.

5. The meeting adjourned at 5:00 p.m.

DISTRIBUTION:

1. Mr. J. J. McCloy
2. Mr. R. L. Garner
3. Mr. W. A. B. Iliff
4. Mr. D. Crena de Longh
5. Mr. C. A. McLain
6. Mr. L. B. Riet
7. Mr. R. H. Demuth

India
Dr. A. D. S. P. U.

MINISTRY OF FINANCE

New Delhi, the 23rd December, 1948.

24/12

My dear Hoar,

In continuation of previous correspondence, I send herewith information relating to heading D-ii-x - Payments Clearing and Similar Agreements.

Yours sincerely,

Keith Roy

(Keith C. Roy)

A. S. G. Hoar, Esquire,
International Bank for
Reconstruction & Development,
1818 H Street,
Washington 25 DC.

*ack. by Mr. Hoar
Jan 19/48*

MINISTRY OF FINANCE

New Delhi, the 18th January, 1949

30

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MINISTRY OF FINANCE

New Delhi, the 22nd December, 1948.
23rd.

My dear Hoar,

In continuation of previous correspondence, I send herewith information on item D-ii-n - Road Transportation.

2. I also send information on item 1(b)(iii) - Relationships between India and Pakistan. The proceedings relating to the inter-dominion conference which has recently been held in New Delhi are not yet available, but will be sent to you as soon as possible.

Yours sincerely,

Keith C. Roy
(Keith C. Roy)

A.S.G. Hoar, Esquire,
International Bank for
Reconstruction & Development,
1818 H Street,
Washington 25 DC.

ack 21 Dec 48

*Note and Statistics on Road Transportation
over*

Basch 31: XIII: 48

(6) (1.) Financial Agt between
I & P and related
correspondence
Note on Partition

Partition Proceedings Vol II
(Div of Assets & Liab)

Vol III Currency, Coinage
Exchange & Econ. Relations

42 Orders issued by Gov.
Gen under India Indep. Act

Basch 31: XIII: 48

Record of decisions Reached
at Inter-Dominion Discussions

- I Dec 1947 New Delhi
- II Mar 1948 Lahore
- III Apr 1948 Calcutta
- IV July 1948 Lahore

India

D.O. No. 2865 Dss/48.
Government of India
Ministry of Finance

...

New Delhi, the 21st December, 1948.

My dear Hoar,

In continuation of previous correspondence, I send herewith information regarding heading D-ii-V(ii) - Internal debt. The information requested in sub-head (i) of this heading is being dealt with under item I(b) (iii).

Yours sincerely,

Keith Roy

(Keith Roy)

A.S.G. Hoar, Esquire,
Assistant Loan Director,
International Bank for
Reconstruction & Development,
1818 H Street,
Washington 25 DC.

Internal Debt - J. Basch 31 Dec '48

*ack
31 Dec 48*



Judicial
2863DSS/48.

MINISTRY OF FINANCE.

New Delhi, the 21st Dec, 1948.

My dear Hoar,

In continuation of previous correspondence, I send herewith information relating to heading D-i-i-e- Fisheries.

Yours sincerely,

Keith Roy

(Keith C. Roy)

A. S. G. Hoar, Esquire,
International Bank for
Reconstruction & Development,
1818 H Street,
Washington, 25DC.

ack 48
31 Dec 48

Note on Fisheries

Post-war trends of Indian Fisheries
Report of Fish Sub-committee of
Policy Committee No. 5. on Agr.
Forestry and Fisheries
Brochure on Marketing of Fish in India

India

D.O. No. 2864 DSS/48
Government of India
Ministry of Finance

...

New Delhi, the 21st Decr, 1948-

My dear Hoar,

In continuation of previous correspondence, I send herewith information relating to sub item (v) of item D-ii-s- Money and Banking. Information as regards items (i), (ii) and (iii) has already been sent. As regards items (iv) and (vi), we hope to let you have the information in a short while.

Yours sincerely,

Kent Roy

(Keith C. Roy)

A.S.G. Hoar, Esquire,
Assistant Loan Director,
International Bank for Reconstruction
and Development,
1818 H Street,
Washington 25 DC.

Insurance Rules - 1939
Insurance Act 1938 & Amendments
Indian Insurance Yearbooks 38, 39, 46, 47

*ack
31 Dec 48*

India

D.O. No. 2866 DSS/ug.
Government of India
Ministry of Finance

...

New Delhi, the 21st Decr, 1948.

My dear Hoar,

In continuation of previous correspondence, I send
herewith a note on heading D-ii-r- India's National Income.

Yours sincerely,

Keith C. Ray
(Keith C. Ray)

A.S.G. Hoar, Esquire,
Assistant Loan Director,
International Bank for
Reconstruction & Development,
1818 H Street,
Washington 25 DC.

Boach / Note on India's National Income.
31: XII: 48

ack
31 Dec 48

India

D.O. No. 2867DSS/48
Government of India
Ministry of Finance

New Delhi, the 21st Decr, 1948.

My dear Hoar,

In continuation of previous correspondence, I send
herewith statistics relating to item D-ii-u - Revenues and Expenditure
of Provincial and Local Authorities.

Yours sincerely,

Keith C. Roy
(Keith Roy)

A.S.G. Hoar, Esquire,
Assistant Loan Director,
International Bank for
Reconstruction & Development,
1818 H Street,
Washington, 25 DC.

Basch 31: X 11:48

*ack
31 Dec 48*

286 ^{Eyedia} 5/10/48

MINISTER OF FINANCE

New Delhi, the 21st December, 1948.

My dear Hoar,

In continuation of previous correspondence,
I send herewith information required in head I-c-iv -
Nationalisation and Government Control of Trade.

Yours sincerely,

Keith C. Roy

(Keith G. Roy)

A.S.G. Hoar, Esquire,
Assistant Loan Director,
International Bank for
Reconstruction & Development,
1818 H Street,
Washington 25 DC.

Basch 31: X 11: 48

I + S 1st 3 Quarters 1948
note on _____

Nationalization of Reserve Bank of India
ack Act
31 Dec 48

India

December 17, 1948

Dear Sunlaresani

Thank you for your letter of December 14, in which you informed me that you were requesting the President to send a mission to India on the lines we had discussed, and asked me to let you know as soon as possible the composition of the delegation.

As Mr. Garner has said in his letter to you today, the Bank will be happy to comply with the request of your Government to send a mission to India. I am afraid we shall be unable to arrange for them to arrive so early as the first week in January, and the weekend, January 22 - 24, looks more likely. We will confirm the exact date as soon as possible.

The mission will be led by the Assistant Loan Director, Mr. A.S.G. Hoar, who will be accompanied by two officers of the Loan Department and by Mr. Antonin Rasch and Mr. Gilmartin of the Economic Department. There will also be a girl secretary attached to the mission. For detailed study of the projects, we shall wish to attach to the mission a railway technician and an agricultural expert, whose names will be advised to you later, and whom we shall have to engage from outside as we have no qualified personnel in this field on the full-time staff of the Bank.

The mission's terms of reference will, broadly, be to study the general financial and economic situation of India, to form an idea of the main problems of Indian development and to examine the projects you have in mind, with a view to making recommendations to the President on the kind and magnitude of financial assistance which the Bank might provide.

We shall be grateful for the good offices of your Government for administrative arrangements and transport. With regard to the costs of the mission, the Bank will certainly be prepared to meet the cost so far as the full-time members of the Bank staff are concerned. We would, however, wish to reserve

our position as to the costs arising in connection with the experts that we shall have to engage from outside, and we would wish to keep this open for discussion with the Government of India at a later stage when we know more precisely than at present what is the order of the amounts involved. "

The tentative suggestions for the areas to be visited indicate a satisfactory program which can be worked out in detail when the mission arrives. I agree that it looks as though a total stay of about six weeks will be required in order to do a proper job.

This letter is merely to provide you with material for a first cable to Delhi to enable those responsible to rough out their plans. There will, of course, be considerably more detail to be fixed up and advised to you when it is ready.

Yours sincerely,

W.A.B. Iliff
Loan Director

Mr. N. Sundaresan
Executive Director for India
International Bank for Reconstruction
and Development
Washington, D.C.

India

December 17, 1948

Hear Mr. Sundaresan:

✓ In Mr. McGloy's absence I am replying to your letter of December 14 in which you convey a formal invitation from the Government of India that the Bank should send a mission to India to study the merits of the plans which the Indian Government has in mind for the development of her railways and agriculture, and also the general economic conditions in India, before making recommendations to the President and to the Board of Executive Directors on any formal proposals which may be received from the Government of India.

I have discussed the question with Mr. McGloy and I am happy to be able to let you know that the Bank will be glad to send a mission to India early in the New Year.

I understand that Mr. Iliff, the Loan Director, is discussing the matter with you and that he will write to you in more detail with regard to the proposed personnel of the mission and its terms of reference.

Sincerely yours,

R.L. Garner

Mr. N. Sundaresan
Executive Director for India
International Bank for Reconstruction
and Development
Washington, D.C.

cc Mr. Garner

India

OFFICE MEMORANDUM

TO: Mr. A.S.G. Hoar

DATE: December 16, 1948

FROM: Eric Beecroft *E.B.*

Mr Beecroft

SUBJECT: India study for S.L.C.

This is the last edition of the full India study.

Basch is considering whether this study or another summary (partly written) would be more suitable for the S.L.C. discussion. I am to talk with him about it tomorrow after he has gone over the material again.

Shall I then see that the usual number of copies are available for S.L.C. distribution?

please.
(a) *If questions of new typing and multi-graphing, please get adequate run made*
(b) *If not, we can no doubt get by with 5 or 6 existing copies.*

EB

EBeecroft:bd

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AUG 29 2013

WBG ARCHIVES

STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

1. Mr. Sundareshan (the Executive Director for India) has today informed me that he has been instructed by the Government of India to request that the International Bank should send a mission to India early in the New Year to discuss with the Government of India a loan application which was discussed informally in Washington by the Indian Delegation during the Board of Governors Conference.
2. The Government of India had in mind three projects:-
 - A. Rehabilitation of the Inter-State Railways
 - B. A Five-Year Agricultural Plan
 - C. Acquisition of ships for the Indian Mercantile Marine.
3. Mr. Sundareshan informed me that the Government of India has now dropped Project C. and also that Project B. will not be adequately worked out for some months. The Government of India, however, attaches great importance to Project A. and would wish the Bank to take it into consideration as soon as possible.
4. Having regard to the amount of finance involved (approximately \$150 million for the Railway Project and \$120 million for the Agricultural Plan) and also having regard to the fact that India is one of the Big Five, I think that this particular mission should be headed by a very senior member of the Loan Department and accordingly I propose that the Bank should entrust the mission to the Assistant Loan Director, Mr. Hoar. The task of the mission will also include a general survey of the economic and financial condition of India and for this purpose I should be grateful if the services of a senior member of Mr. Rist's economic staff could be made available (I would suggest Mr. Basch). For detailed study of the projects I think that two technical experts should be attached to the mission - one, an expert in railway management and operation, and the other an expert in agriculture with special emphasis on agricultural irrigation. I think we could find a suitable railway technician in the United Kingdom. I think we ought to try and find an American citizen with the

qualifications to advise on the agricultural aspects of the programme. In view of the large field to be covered, I propose to send Mr. Beecroft of the Loan Department to assist Mr. Hoar and I think that the mission should be accompanied by a Secretary.

5. Mr. Sundareshan will shortly address a formal request to the President conveying the invitation of the Government of India that the Bank should despatch a mission as soon as possible.

W. A. B. Iliff
Loan Director

December 14, 1948.

DECLASSIFIED STAFF LOAN COMMITTEE

AUG 29 2013

WBG ARCHIVES

Date: December 15, 1948

TO:

A meeting of the Staff Loan Committee will be held at 10:30 a.m.
on Wednesday, December 15, 1948, in Room No. 1005.

A. J. Rosenthal

Secretary, Staff Loan Committee

ADDITIONAL ITEM TO BE INCLUDED IN THE
AGENDA

3. Proposed Mission to India

(See SLC/O/70, attached)

Distribution

5

FILE COPY

India

Air Mail

December 15, 1948

My dear Roy:

Many thanks for your letter of November 24, 1948, with the additional maps, reports and other material. By the time you receive this letter we should have advanced a good deal further with our plans for the Mission.

Yours sincerely,

A. S. G. Hoar

Mr. Keith Roy
Deputy Secretary
Ministry of Finance
Government of India
New Delhi, India

ASG

ASGHoar:EBecroft:bd

India

DEC 15 REC'D



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

WASHINGTON 25, D. C.

December 14, 1948

Dear Mr. President:

As you are aware, the Government of India has been preparing for some time to approach the Bank for a loan in connection with the development of her railways and agriculture. During the last Annual Meeting of the Boards of Governors, one of the officers of the Government of India who came with the Indian delegation was deputed to discuss the question with the officials of the Bank, and it was agreed at that time, that, following the usual practice, the Bank would on request by the Government of India send a mission to India to study the merits of the plan and the general economic conditions before making recommendations to the President and to the Board of Executive Directors on any formal proposals received from the Government of India. I have now received advice from the Government of India to request you to send such a mission to India very early in January. Mr. Clif, the Loan Director, is aware of the position, and I shall be much obliged if you would be good enough to accede to the request of the Government of India by sending a mission early next month.

Yours sincerely,

Handwritten signature

Mr. John J. McCloy,
President,
International Bank for Reconstruction
and Development,
Washington 25, D.C.

ack. 17 Dec '48

E. Percroft has seen

RECORDS AND DEPT.
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
WASHINGTON

DEC 12 10 12 AM 1948

DEC 15 RECD



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON 25, D.C.

December 14, 1948

Dear Mr. President:

As you are aware, the Government of India has been preparing for some time to approach the Bank for a loan in connection with the development of her railways and agriculture. During the last Annual Meeting of the Board of Governors, one of the officers of the Government of India who came with the Indian delegation was deputed to discuss the question with the officials of the Bank, and it was agreed at that time that, following the usual practice, the Bank would on request by the Government of India send a mission to India to study the merits of the plan and the general economic conditions before making recommendations to the President and to the Board of Executive Directors on any formal proposals received from the Government of India. I have now received advice from the Government of India to request you to send such a mission to India very early in January. Mr. Jiff, the Loan Director, is aware of the position, and I shall be much obliged if you would be good enough to accede to the request of the Government of India by sending a mission early next month.

Yours sincerely,

Handwritten signature

Mr. John J. McCloy, President, International Bank for Reconstruction and Development, Washington 25, D.C.

DEC 15 10 15 AM 1948

RECEIVED INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVEL.

Handwritten note at bottom right

By Air Mail.New Delhi 3, ~~the~~ 14th December, 1948.

15th

My dear Hoar,

I have found it somewhat difficult to collect together the various statistical data which you require about Money and Banking and feel that perhaps the best thing I can do is to send you one complete set of the Reserve Bank of India bulletins. These contain all the information which, I think, you require, but if there are any further details which are not covered in the statistics in these bulletins, I shall be only too happy to supply.

Yours sincerely,

Keith Roy

(Keith Roy)

D-11-S

A. S. G. Hoar, Esquire,
Assistant Loan Director,
International Bank for
Reconstruction & Development,
1818 H Street,
Washington 25 DC.

Enclosures: R.B.I. Bulletins.

Reserve Bank of India Bulletin
Feb 1947 thru Oct 1948
(Vol. 1 No. 1 Jan 1947 is not included).

Dr. Basch has Oct 48 issue

31 Dec 1948

ack 31 Dec 48

India

December 1, 1948

My dear Roy:

Very many thanks for your letter of November 18 and the accompanying maps which should be very helpful.

We will now await further word about the Government of India's final decision as regards an invitation to the Bank to send a mission out early in the New Year.

Kind regards,

Yours sincerely,

A.S.G. Hoar
Assistant Loan Director

Keith C. Roy, Esq.
Deputy Secretary
Finance Department
New Delhi, India

ASGH/ts

India

OFFICE MEMORANDUM

TO: FILES

DATE: November 30, 1948

FROM: Eric Beecroft *EB*SUBJECT: India: Interview of Mr. A. Walker and Mr. Patel with Mr. Garner on India's need for cattle-feed. *4*

I attended this discussion in Mr. Garner's office yesterday afternoon as you requested.

The interview had been arranged on the initiative of Mr. Allen Walker, who represents an association of hybrid corn producers. Mr. Walker said that he had wanted Mr. Patel, a delegate to the F.A.O. conference, to meet Mr. Garner and explore the possibility of getting a loan to finance the urgently-required imports of cattle-feed and of seed-corn to improve India's production.

Mr. Walker also acted as spokesman during most of the interview. Mr. Patel, in the course of several brave efforts to speak for himself, gave a very well-informed and eloquent account of the basic importance of cattle in Indian agriculture and urged that the Bank should explore the requirements for feeding them. He also made it quite clear that his visit with Mr. Walker was not authorized or requested by the Government of India.

Mr. Garner said that the Bank was going to look thoroughly into India's entire agricultural improvement program, as well as its other economic development plans, and that a mission for this purpose would go to India before long. He also pointed out that the Bank preferred to finance capital equipment and would not normally finance emergency requirements. In answer to a specific query as to whether the Bank would be willing to finance the immediate emergency cattle-feed program, pending a more comprehensive study of the agricultural and other programs, Mr. Garner said that the Bank could not do so. He remarked that the Government of India might itself see fit to finance such an immediate program, if the emergency seemed to require it, in anticipation of possible later external financing which might be arranged on suitable projects.

Mr. Patel expressed satisfaction with the interview, stating that he was not disappointed.

EBeecroft:bd

Soldet 5

OFFICE MEMORANDUM

India

TO: Mr. A. S. G. Hear

DATE: November 29, 1948

FROM: A. Basch

A. B.

SUBJECT: Prospects of India's Exports to the U.S.A.
in 1949 and 1950

I am sending you, attached hereto, a study on the prospects of India's exports to the U.S.A. in 1949 and 1950 which you might find useful.

enclosure

144

India
W. Beecroft

D.O. No. 2580 -DSS/48
Government of India
Ministry of Finance
..

New Delhi, the 24th November, 1948.

My dear Hoar,

In continuation of my d.o. No. 2481-DSS/48, dated the 19th of November, 1948, I send herewith certain further material which, I trust, will be of use to you.

The four maps about the railways in India show the latest position and may kindly be read in conjunction with the other material which has already been made available to you.

Item No. D-ii-v: The statements give details of the provincial budgets and the budgets of the Chief Commissioners' provinces which may broadly be called the Local Authorities. The information as regards the States is nearly ready and we shall forward it to you as soon as possible. I am having this information broken down into the main heads of revenue and expenditure so that you will have a clearer picture of the component parts of the budgets.

Item No. D-ii-s: I enclose herewith a copy of the Act for the nationalisation of the Reserve Bank of India as well as a copy of the report on Currency and Finance for 1947-48.

The other information required under this head is being collected, but I send herewith a copy of the statistical tables relating to banks in India for the year 1946 which has been issued by the Reserve Bank of India. Later figures ^{than} ~~and~~ those embodied in this publication will be sent to you as soon as possible.

Dec 15 1948

I enclose a copy of the White Paper recently issued on Indian States which gives a considerable amount of factual detail. A further note is being prepared showing the effect, from the financial and economic points of view, of the integration of the states.

Yours sincerely,

Keith Roy

(Keith C. Roy)

A.S.G. Hoar, Esquire,
Assistant Loan Director,
International Bank for
Reconstruction & Development,
818 H Street,
Washington 25 DC.

Attachments:

RECONSTR. AND DEVEL.
INTERNATIONAL BANK FOR

RECEIVED

DEC 2 4 53 PM 1948

I enclose a copy of the White Paper recently issued on
Indian States which gives a considerable amount of factual detail. A
further note is being prepared showing the effect, from the financial
and economic points of view, of the integration of the States.

Yours sincerely,

Keith G. Roy
(Keith G. Roy)

A. S. G. Hoar, Esquire,
Assistant Loan Director,
International Bank for
Reconstruction & Development,
818 H Street,
Washington 25, DC.

DEC 13 4 23 PM 1948
Attachments:

RECEIVED
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT.

India

Additional material received from the Government of India (Keith Roy, Ministry of Finance, New Delhi) under date of ~~13~~ 24 November 1948.

BILL - to bring the share capital of the Reserve Bank of India into public ownership and to make consequential amendments in the Reserve Bank of India Act, 1934

Govt. of India - White Paper on Indian States - July 1948

DOCUMENT

Map I Railways

Map II Railway P.O.H. Shops in India

DATED

Map III Plan showing division of N.W.R. on Partition, Worked lines & Running Power Arrangements between India and Pakistan

Map IV Plan showing Division of B.A. Rly. on Partition, worked lines & Running Power Arrangements between India & Pakistan

TO

Reply to Heading D.II.u Revenue and expenditure of Provincial State and Local Authorities. Actual Revenue and Expenditure.

Report on Currency and Finance for the year 1947-48

FROM

Statistical Tables relating to Banks in India for the year 1946

SUMMARY



Additional material received from the Government of India (Keith Roy, Ministry of Finance, New Delhi) under date of 24 November 1948.

CROSS REFERENCE SHEET

BILL - to bring the share capital of the Reserve Bank of India into public ownership and to make consequential amendments in the Reserve Bank of India Act, 1934

DOCUMENT: Govt. of India - White Paper on Indian States - July 1948

Map I Railways

DATED: Map II Railway P.O.H. Shops in India

Map III Plan showing division of N.W.R. on Partition, Worked lines & Running Power Arrangements between India and Pakistan

TO: Map IV Plan showing Division of B.A. Ry. on Partition, worked lines & Running Power Arrangements between India & Pakistan

Reply to Heading D.II. n Revenue and expenditure of Provincial State and local Authorities. Actual Revenue and Expenditure.

FROM: Report on Currency and Finance for the year 1947-48

SUMMARY: Statistical Tables relating to Banks in India for the year 1947-48

FILED UNDER:

CROSS REFERENCE:



India

November 22, 1948

My dear Roy:

Many thanks for your letter of November 2 addressed to Iliff, which crossed the one I wrote to you on November 12. You will now be in possession of the list of desired further information to which you refer.

Iliff has been down in Latin America for the last few weeks and will not return until sometime next month. At the moment he is in Montevideo.

Kind regards,

Yours sincerely,

A.S.G. Hoar
Assistant Loan Director

Mr. Keith Roy
Deputy Secretary
Finance Department
New Delhi, India

ASGH/ts

Hyderabad
2481-DSS/48

FINANCE DEPARTMENT,

Fast Air Mail.

New Delhi, the 18th Novr: 1948.
19th

Ans
1/11

My dear Hoar,

Thank you for your letter of the 12th of November, 1948, which I received yesterday and for your note on the points on which the Bank requires further information. We are collecting this and it will, I hope, be ready by the end of the current year.

2. I hope also to be able to let you know, within the course of the next ten days, the Government of India's final decision as regards their invitation to the International Bank to send a Mission out here early in the New Year. Tentatively, it would, however, I suggest, be safe for you to assume that we shall extend an invitation for the Mission to visit us, broadly as we discussed when I was in the states.

3. I am sending herewith two copies each of maps of India showing the boundaries of the new Dominions and the Eastern and Western boundaries in greater detail. I trust

these..
Oct 1 Dec. 1948

Post Air Mail

New Delhi, the 13th Nov: 1948

: 2 :

these will be helpful to you. With kind regards.,

Yours sincerely,

Keith Roy

(Keith C. Roy)

A.S.G. Hoar, Esquire,
Assistant Loan Director,
International Bank for
Reconstruction and
Development,
Washington 25 D.C.

Attachments: Maps.

Self-Determination

India

Mr. Rosenstein-Rodan

November 15, 1948

A.S.G. Hoar

Summary Report on India

- NR

I have just read Mr. Gilmartin's Study which I think extremely interesting and useful.

I have one or two very minor points which can be cleared up when the time comes for multigraphing a more final version.

The only substantial points I would make are:

1. That I would like to see some mention, in connection with the survey of industry, of the availability of technical skill and managerial competence.
2. That I would like to see a section on the banks, indicating not only what proportion of them is Indian, but the kind of function they discharge and their adequacy for the task.

ASGH/ts

cf. Memo from M. Rosenstein-Rodan 10 Nov. 1948.

India.

November 12, 1948

My dear Roy:

I believe that you expected to be back in New Delhi about this time. Does it now appear to you that early January would be a suitable time for the arrival of a mission from the Bank? While, as you will recall, we thought tentatively that we could arrange for a mission to leave here shortly after New Year's Day, we have not yet made definite arrangements. I believe that we could arrange the January visit if it is agreeable to your Government but, if we are to do so, it will be necessary to firm up our plans fairly soon. I shall be most grateful if you can let me know your present thoughts in this matter, either by airmail or cable.

✓ Meanwhile, the Bank staff have now had an opportunity to examine the documents you delivered to Eliff with your letter of September 27. As you pointed out at the time, those documents do not cover the whole range of information we would like to have, and we assume that the Departments concerned are preparing the additional material to forward to us. In this connection, we shall appreciate it if the subjects mentioned in the attached memorandum can be given priority, although we hope to receive all of the remaining data as soon as possible. As the material is further studied here by our staff during the coming weeks, I hope we may ask you for additional information if it becomes necessary.

A personal request. I should very much like to have a good map of India showing the partition boundaries so far as they are yet fixed. Do you think you could send me one?

Kindest regards,

Yours sincerely,

Attachment

Mr. Keith Roy
Deputy Secretary
Ministry of Finance
New Delhi, India

A.S.G. Hoar
Assistant Loan Director

ack 19. 7. 1948

ASGH/ts

Additional Information on Indian Economy

1B (3)

Relationship between India and Pakistan

The Bank would like to know the terms of settlements between India and Pakistan, particularly of those covering the division of assets and liabilities. It would like to know also the terms of trade, currency, and exchange agreements and of other financial settlements implementing partition.

1C (4)

Nationalization and Government Control of Trade

The Bank would like to be informed about the policies and programs of the Central and Provincial Governments with regard to nationalization, government participation and regulation in trade, industry and finance.

D-II-b (1)

Constitution and Government

The Bank would like to receive:

- (1) A copy of the draft Constitution.
- (ii) A description of the working relations between the Central and Provincial Governments in connection with financial and economic problems.

D-II-d

Agriculture

The Bank would like to be informed with regard to:

- (i) Programs of land redistribution;
- (ii) land reclamation: experience to date and program contemplated;
- (iii) fertilizers: production, distribution and utilization;
- (iv) agricultural education;
- (v) training for operation and maintenance of equipment.

D-II-e

Fisheries

Information has already been requested.

D-II-h

Industry

Information has already been requested.

D-II-i

Fuel

Information has already been requested.

D-II-j

Electric Power

The Bank would appreciate more detailed information concerning the operation of electric utilities; consumption by different classes of consumers; transmission systems; organization and financing of the industry; government regulation of the industry; and rate systems.

Item Number

D-II-k

Shipping

Some information has already been requested; in addition the Bank would like to receive a breakdown of Indian coastal and maritime trade, indicating classification of ships according to country of registration.

D-II-m

Railroad Transportation

In addition to points listed in the original questionnaire, the Bank would like to be informed on the following:

- (i) The revised long-term plan for the development of the railways (with cost and accomplishments to date), supplementing details furnished with "The Railway Plan", September 1948.
- (ii) Details of the projects for the production in India of locomotives and other rolling stock, rails, fastenings and other railway equipment.
- (iii) Measures taken and to be taken to standardize gauges.
- (iv) Plans for electrification.
- (v) Age and condition of the rolling stock other than locomotives.

D-II-n

Road Transportation

Information has already been requested.

D-II-p

External Trade

The Bank would like to be supplied with the following statistical information:

- (i) External trade figures classified by Countries and Commodities, showing Volume and Value, and including figures for trade on both government and private account, for 1947-48.
- (ii) Comparable statistics for 1937-8 or 1938-39; and 1945-46 and 1946-47.

For pre-partition years, the Bank would like to have figures, if available, of imports and exports attributable to that area now included in the Dominion of India.

- (iii) Any available forecasts.

D-II-q

Price and Wages

Information has already been requested.

D-II-r

National Income

Information has already been requested.

D-II-s

Money and Banking

The Bank would like to receive the following:

D-II-s
(Cont'd)

- (i) A copy of the Act for the Nationalization of the Reserve Bank of India.
- (ii) A copy of the Annual Report on Currency and Finance of the Reserve Bank of India for 1947/8.
- (iii) Recent Statistics on Commercial Banks.
- (iv) Recent information on Savings Bank time deposits (prewar and 1945 to present).
- (v) Information concerning insurance institutions.
- (vi) A statement of recent revisions of credit policies in the light of the anti-inflation program.

D-II-u

Revenues and Expenditure of Provincial, State and Local Authorities

Information has already been requested.

D-II-v

Internal Debt

In addition to information already submitted, the Bank would like to receive the following:

- (i) The most recent statement of the status of the financial settlements between India and Pakistan.
- (ii) A statement of the service payments on the internal debt and their relationship to total revenues.

D-II-w

External Debt

In addition to information already submitted, the Bank would like to receive:

- (i) A statement of Indian external obligations other than those to U.K.
- (ii) A statement of the details of the settlement regarding outstanding Railway Annuities.
- (iii) A statement of the external obligations due to India.
- (iv) A statement of the private external obligations with their estimated annual service cost.
- (v) A summary of the present private foreign investment in India.
- (vi) A summary of the external debts of the Provinces.

D-II-x

Payments, Clearings and Similar Agreements, etc.

The Bank would like to have copies or summaries of existing bi-lateral trade and clearing agreements.

D-II-y

Outstanding Claims

Information has already been requested.

D-II-z (1)

Balance of payments

The Bank would like to receive a breakdown of the balance of payments between hard and soft currencies for the years requested for undivided India, and for 1946/7 and 1947/8 for the Dominion of India.

Item Number

- 4 -

D-II-z (1)
(Cont'd)

Development Plans

The Bank would like to be informed of any development plans in addition to plans which have already been made available to it.

India

OFFICE MEMORANDUM

TO: Mr. A. S. G. Hoar

DATE: November 10, 1948

FROM: P. N. Rosenstein-Rodan *R.R.*

SUBJECT: Summary Report on India

I am sending you herewith a summary report on the economy of India which has been prepared by Mr. Gilmartin of this Department. I think you will find this a very interesting paper and I shall be glad to have any comments that you may care to make on it.

I have asked Mr. Gilmartin, in consultation with Dr. Basch, to follow up this report with a short summary note indicating:

- (a) The main conclusions on the economic situation in India, at which it is possible to arrive before a mission goes to that country. These conclusions will put special emphasis on any potential dollar and other foreign exchange earning capacity.
- (b) The main problems on which a mission to India should concentrate, e.g. problems concerning finance and development, planning priorities, etc. These suggestions may be useful in framing the terms of reference for such a mission.

India

Mr. A.S.G. Hoar

November 9, 1948

Eric Beecroft

Letter to Keith Roy - INDIA

The attached wording in regard to the economic data on India could be used either (1) as a letter to Keith Roy (if there is nothing else to say to him at this point), or (2) as a paragraph in a letter which might contain other comment or suggestions. We might use the following paragraph to start the letter:

"I believe that you expected to be back in New Delhi about this time. Does it now appear to you that early January would be a suitable time for the arrival of a mission from the Bank? While, as you will recall, we thought tentatively that we could arrange for departure of a mission about New Year's, we have not yet made definite arrangements. We shall be glad if you will write by airmail or cable us your thoughts on this matter. I believe that we could arrange the January visit if it is agreeable to your Government, but if we are to do so, it will be necessary to make our plans definite at an early date."

Attachments
EBeecroft:mwg

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

Hear
Mr. Beecroft

Is there anything I
promised to Roy which was
not covered in the letter I
sent the other day? I recall
~~nothing else.~~

Or does Roy's letter need
only a "yours crossed mine"
acknowledgment? yes.

Ev 19/x1.

ER.

India
Do. No. 304-DS/ps.

FINANCE DEPARTMENT

New Delhi , the 2nd November, 1948.

Ack
22/11

My dear Illiff,

I have now reached India again and am considering, in consultation with our Ministry, the further steps in regard to the loan plans. I shall, as soon as we have been able to clear the ground, write to Sundaresan and let him know what the Govt. of India's final views are on the subject. In the meantime, I wonder whether you would be good enough to ask Hoar if he could very kindly let me have the note which he promised me setting out the further information which the Bank would require after a more detailed examination of the material which I left with you. This note will be of immense help to me in progressing the case further.

Yours sincerely,

Keith Roy
(Keith C. Roy)

W.A.B. Illiff Esquire,
International Bank for Reconstruction
& Development,
1818 H Street,
Washington 25 D.C.

ack. 22 Nov. 1948

India

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Leonard B. Rist

DATE: 11 October 1948

FROM: W.A. B. Iliff

SUBJECT:

Attached is a summary of the projects submitted to us
by the Government of India as a possible basis for a loan.

W.A.B. Iliff

India

INFORMATION SUBMITTED BY THE GOVERNMENT OF INDIA
IN RESPONSE TO IBRD QUESTIONNAIRE - 23 MARCH 1948

PLANS

- "Purchase of shipping Plan"
- "All India Radio Plan"
- "Railway Plan"
- "Civil Aviation Plan"
- "The Five Year Agricultural Plan"
- "Specific Data in connection with the Agricultural Plan"

REPLIES TO QUESTIONS HEADED:

Pre-Partition Regime - A brief summary of economic and social developments during the 10 years period ending August 15, 1947, with particular reference to the direct and indirect effects of World War II on the economic and social life of the country.

B-1

Copies of the instruments defining partition into India and Pakistan with full supporting documents relating to the political, social and economic clauses.

B-2

Copies of the instruments defining the relationship the Dominion of India the United Kingdom and the British Commonwealth.

B-3

Report of Expert Committee - No. IV Controls
Copies of instruments between the Dominion of India and Pakistan relating to "modus vivendi" in all fields with full supporting documents.

B-4

A brief summary of social and economic developments in India following on partition for the period concerned with special reference to relations with Pakistan.

C-1

An outline of the economic and financial policies of the Central and Provincial Governments for the future with special reference to "Shifts of Population (Folder is empty)

C-2 and C-3

An outline of the economic and financial policies of the Central and Provincial Governments for the future with special reference to the following:
2. "Adjustment of Industry and electric power, irrigation, transportation and communication systems to changed conditions due to reconversion from war activities and results of partition".

C-4

An outline of the economic and financial policies etc. with particular reference to: "Long term changes in the structure of the Indian economy including and proposed measures for the nationalization of Government control of trade, industry of finance."

D-II-a

Statistical and other data - Geography - Description of the present area of India and of the territorial changes resulting from the establishment of the Dominion of India and the partition of India and Pakistan.

D-II-b

1. Constitution
2. Composition of Government
3. Representative of Political Parties and regional and communal groups.

D-II-c

Population and Employment

1. Population and population trends.
2. Distribution between urban and rural areas.

D-II-d

1. Land utilization and ownership distinguishing between arable land, forests pasture land, forests and unproductive areas including lakes.
2. Types of land tenures size of holdings including a statement of the main provisions and effects of land redistribution measures.
3. Effects of the shifts of population upon agriculture.
4. Livestock by classes giving imports and exports.
5. Production, imports and exports of agricultural products.
6. Fertilizer situation.
7. Cooperative organizations.

D-II-e

FORESTRY

1. Area under forest and quantity of standing timber according to principal types of trees.
2. Annual growth, normal and actual annual removal.
3. Quantity and value of timber cut.
4. Utilization of cut timber.

D-II-f

FISHERIES

1. The number of fishing vessels now in operation
2. The amount of annual catch.
3. The value of annual catch.
4. The value of local consumption and the amount of value of exports.
5. The development plans for expansion of this industry.

D-II-g

Production and utilization (in quantities and values) and estimated reserves of principal minerals.

D-II-h

INDUSTRY

1. Number of establishments of principal industries and number of workers in each.
2. Quantity of value of output of principal industrial products.

D-II-i

FUEL

1. Production of timber for fuel in quantities and values.
2. Production and utilization of coal, coke, petroleum and petroleum products in quantities and values.
3. Imports of petroleum and petroleum products in quantities and values.

D-II-j

ELECTRIC POWER

1. Potential production of hydro-electric power.
2. Installed capacity and production, distinguishing between hydroelectric, thermoelectric and deisel plants.
3. Consumption, indicating the distribution between different classes of consumers.
4. Effects of partition on electric power system.
5. Development plans.

D-II-l

INLAND WATER WAYS

1. Navigable length of inland waterways.
2. Number of vessels.
3. Merchandise carried.
4. Effects if any of partition on the inland waterways.
5. Break down into categories of workers by occupations (professional, skilled and unskilled)
6. Employment in principal branches of activity and in civil services and armed forces.
7. Unemployment.

D-II-m

RAILROAD TRANSPORTAION

1. Mileage operated, distinguishing between steam, oil and electric traction.

D-II-m

2. Rolling stock, including information on present state, planned purchases, repairs at home and abroad, retirements, number of railway workshops and capacity for repair and new construction of rolling stock.
3. Freight and passengers carried.
4. Fuel requirements.
5. Effects of partition. *(empty)*
6. Development Plans.
7. Railway Budget and proportion of net earnings made available to Central Government.

D-II-n

ROAD TRANSPORTATION

1. Indication of extent of animal drawn transportation.
2. Number of commercial vehicles of various types in service by age.
3. Imports and assemblage of commercial vehicles.
4. Mileage of road systems by class or type of road.

D-II-o

AIR TRANSPORTATION

1. Number and types of aircraft in service on domestic airlines and on Indian-owned international airlines.
2. Production and repair establishments.
3. Commercial aircraft imported (types and origin)
4. Freight, mail and passengers carried.
5. Development plan for civil aviation.

D-II-s

MONEY AND BANKING

1. Legislation and regulation affecting Banking and Insurance.
2. Central Bank, including its power and organization.
3. Commercial Banks.
4. Savings Banks, Chit funds, nidhis etc.
5. Mortgage Banks.
7. Cooperative credit societies and consumer's cooperative societies.
8. Postal saving system.

Con't

D-II-s

MONEY AND BANKING

9. Credit policy and structure of interest rates.
10. External value of currency included in folder heading I-A.

D-II-t - on next page

D-II-v

INTERNAL DEBT WITH SPECIAL REFERENCE TO SETTLEMENTS RESULTING FROM PARTITION.

1. Internal debt of Government and Public Bodies.
2. Internal debt in foreign ownership (amounts of each of the above categories in the ownership of residents outside India)

D-II-w

EXTERNAL DEBT WITH SPECIAL REFERENCE TO SETTLEMENTS RESULTING FROM PARTITION

1. External Debt of Government and Public Bodies.
 - (a) Date of issue and general discription of title.
 - (b) Principal amount at present outstanding.
 - (c) Amount in ownership of residents in India.
 - (d) Interest rates and dates of payment thereof.
 - (e) Amount of sinking fund and method of application.
 - (f) Maturity dates and amounts of principal payment* there on.
 - (g) Description of any security.
 - (h) Description of any default in payment.
2. External debt of others.
3. Annual cost of debt service (for the years 1948 through 1976)

D-II-x

PAYMENTS, CLEARING AND SIMILIAR AGREEMENTS AND EXCHANGE CONTROL.

1. All payments to which this Government or its agency in any form or the Central Bank is a party and set forth for each such arrangement:
 - (a) Method of operation.
 - (b) Limit of indebtedness there under.
 - (c) Current credit/debt service.
2. Outline of the present system of exchange control and of general foreign exchange policy.

D-II-z

BALANCE OF INTERNATIONAL PAYMENTS

1. Statistics for 1937, 1938 and each of the years 1945 through 1947 as rendered to the IMF in the form prescribed in their "Balance of Payments Manual" dated Jan. 1948.
2. Projection of the figures for each of the years 1948 through 1950.

Memo sent by indicating the information required in connection with the loan application (Lists Indian Government offices to which the IBRD questionnaire was sent requesting each office to answer specific questions.)

1. Brief prepared for the third session of the Economic Commission held at Ooty in June 1948 and
2. Pamphlet showing the estimates of area and yield of principal crops in India. 1936-1946.

Major Petroleum Products - Estimates of Import Requirements for the period 1948-1952.

D-II-t

REVENUE AND EXPENDITURE OF THE CENTRAL GOVERNMENT

1. Revenue and expenditure for each of the years 1937, 1938, 1945 and 1947.
2. Estimated budget revenue and expenditure, above for 1947, 1948, and 1948/1949.

C-a and C-3

3. Temporary measures necessitated by Partition.

OFFICE MEMORANDUM

TO: FILES

DATE: October 5, 1948

FROM: Eric Beecroft *E.B.*SUBJECT: Meeting with Messrs. Sundareshan and Roy,
October 5.

Mr. Hoar explained in general terms, with a number of examples, the types of information which would be wanted by the Bank in connection with the economic and financial position of India, as well as for the justification of the loan projects. It was agreed that within the next couple of weeks we would examine in more detail the information and project folders which Mr. Roy had submitted, and would let Mr. Roy know more specifically what types of information would still be required.

Mr. Roy indicated, as on the day before, that the railway plan and the agriculture plan would have the highest priority. Mr. Sundareshan said that, with respect to the shipping plan, further details would have to be studied after Mr. Roy's return to India. Mr. Roy added that, by next Spring, the Damodar project, involving hydroelectric and irrigation development along the lines of T.V.A., would probably be ready to submit.

In answer to questions of Mr. Iliff it was explained that the Government of India would be the borrower in the case of both the railway loan and the agriculture loan. Mr. Roy said that, later, in the case of the Damodar project which would be under an autonomous public corporation, the corporation might be the borrower. Mr. Sundareshan questioned this, in view of the fact that the Damodar project would not itself be a dollar-earner. Mr. Iliff said, however, that it was not necessary to go into that question fully at present.

In a discussion regarding the schedule for a Mission, Mr. Roy pointed out that he would probably not be in India until about the first of November, and would like to have some days following that to make preparations. It was also pointed out that on account of Mr. Iliff's South American trip it would not be possible for Mr. Hoar to leave Washington before the end of November. Mr. Sundaresan explained his ideas with regard to a schedule for Mr. Hoar which would include a short stay in New Delhi; visits to the steel center at Tatanagar; the Damodar site, railway shops, and main centers of agricultural development; then another short stay in Delhi to be followed by a stop-over in Bombay (particularly for contact with the shipping people); from whence the return journey might be made to the U.S. It was finally agreed that the first^{week} of January would be the objective for Mr. Hoar's arrival in India. Mr. Roy had expressed his own personal preference for this arrangement.

There was also a suggestion by Mr. Hoar that someone else from the Bank might precede him by a couple of weeks to prepare some of the basic data and gather additional information about the projects; but no definite proposals were made as to the make-up of the Mission.

Mr. Iliff asked whether India would have any objection to the use of its 18% for loans. Mr. Sundaresan said he saw no objection to this but he doubted very much whether there was anything which India could supply on rupee credit, ^{because} /so far as steel or other materials and industrial equipment were made in India, they were usually needed urgently there. Mr. Roy pointed out that India had given rupee credit in one or two instances, as in the case of Siam, but these were short-term credits to expedite food supply.

OFFICE MEMORANDUM

TO: Mr. A.S.G. Hoar

DATE: October 1, 1948

FROM: Eric Beecroft

SUBJECT: Material received from India.

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WBG ARCHIVESBasic Data

The folders received from Mr. Roy with the attached letter of September 27 contain material under headings corresponding to those in the list we gave to Mr. Sundaresan when he was leaving for his trip to India some months ago. The Finance Department of the Government of India had our list mimeographed and circulated it to the Departments with a request for data. It is obvious that some of the Departments did a good deal of work on the subjects assigned to them. On several of the subjects, however, no material is included in this first instalment. The subjects omitted are: external trade; prices and wages; national income, consumption and capital formation; insurance institutions; revenues and expenditures of provincial, state and local authorities; outstanding financial claims of the Central Government. On some other subjects, for example, fuel, the material is scanty. There is also little information on development plans, with the exception of those to be referred to hereafter.

Plans

The plan folders submitted by Mr. Roy relate to the following:

Purchase of Shipping Plan
Civil Aviation Plan
All India Radio Plan
Railway Plan
Agriculture Plan

Mr. Butcher and I have made the attached summaries of these plans as they are presented in the folders. With the exception of the Civil Aviation Plan, they have been worked out in a good deal of detail with a substantial amount of supporting data. In most cases, it would still be necessary, as Mr. Roy implies in his letter, to secure additional supporting information and analysis. The following brief tentative comment on these plans may be appropriate.

The Shipping Plan calls for an expenditure of about \$30 million for 200,000 tons over the next three years. This tonnage is the equivalent of about 30 vessels, and the cost is calculated to include their purchase price and the cost of refitting them. This represents the requirement for purchases in the United States and Canada. An additional 100,000 tons, it is estimated, could be procured from the U.K. and other non-dollar areas. Most of the new ships would be for the use of 3 new mixed corporations, the proposed organization of which is described in the attachments. A few of the ships might be taken by private shipping companies engaged in the coastal and India-Burma-Ceylon trade.

It occurs to me to suggest that the Indians might study the Dutch Shipping Loans as a possible model for purchases in the United States and Canada and might accordingly consult private banking houses for their views.

The coastal trade and the India-Burma-Ceylon plans are premised upon certain assumptions regarding the division of the Indian shipping trades between Indian and British interests. I believe no firm arrangements have been arrived at. This would require looking into.

The Government's attention should perhaps be drawn to the commitment fee, because I note in one of their Government memoranda that they assume interest to be payable only on actual drawings.

The total dollar requirements of the Railway Plan for the two years 1948/49 and 1949/50, as summarized in the attachment are \$121.92 million, of which cover has already been obtained for \$63.32 million. This leaves a total requirement for two years of \$58.60 million, of which \$5.84 million are required for the remainder of the year 1948/49 and \$52.76 million for 1949/50. This 2-year program appears to include the more immediate requirements, mainly locomotives, tank wagons, construction machinery and replacement materials for maintenance of way. The 5-year postwar program which was prepared during and immediately after the war has, of course, had to be considerably revised since partition. The cost of the whole program as originally estimated amounted to Rs. 2,360,000,000. The portion of that program which is now estimated to be applicable to the Indian portion of the Railways is \$1,985 million. Some of the points on which information would be required (in addition to the details of the full five-year program) are: (1) details of projects for future locomotive production in India; (2) details of plans for local production of rails, fastenings, sleepers, and other maintenance of way supplies; (3) details of measures to be taken to standardize gauges; (4) plans for electrification.

The total estimated expenditure for the 5-year agricultural plan is Rs. 3,280 million, of which it is anticipated that half will be borne by the cultivators. Of the other half, that is, Rs. 1,640 million, the local Governments are expected to provide for Rs. 820 million and the Government of India for the other Rs. 820 million. The Government of India's share is broken down into Rs. 700 million in foreign exchange and Rs. 120 million in local currency. Foreign exchange, in turn, is divided into \$120 million (Rs. 400 million) and £ 23 million (Rs. 300 million). In the attached summary there is a breakdown of this Government of India expenditure under the following headings: fertilizer, reclamation machinery and tube-well equipment. The summary also shows the breakdown of dollar expenditure over the 4-year period 1948/49 to 1951/52. The material which we have received includes few details regarding the portion of the program and the costs (Rs. 2,460 million) for which the provincial and local governments and the cultivators are to be responsible. Such questions as the following appear to call

for further data: (1) details of projects for the increase of local fertilizer production (we know that such projects are under consideration); (2) availability of personnel to operate and maintain the heavy tractors, the light machinery and the mobile workshops which are included in the reclamation program; (3) details of surveys made of tube-well requirements, for example, the one made by Johnston-International, Inc.

The eight-year Radio Plan derives importance from the fact that India's broadcasting facilities have hitherto been very inadequate and from the belief that radio can provide one of the quickest and most effective means of promoting the education of the people, disseminating information and spreading modern knowledge about agriculture and sanitation. It is estimated that the dollar requirements for the years 1949-56 amount to about \$3.4 million. The cost of the initial part of the program, already completed or under way, has been met out of current resources.

The two-year civil aviation plan, requiring about \$8 million in dollar purchases, is of course a modest one; but details are not given and difficulties confronting expansion of air transport over the next few years are acknowledged. No doubt, it is intended to expand this statement later.

Attachments:

Memoranda on Projects

Letter from Mr. Roy

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Purchase of Shipping Plan

The Government of India has decided to increase Indian tonnage and to obtain a larger share for Indian shipping in various trades, both coastal and overseas. In furtherance of this decision, it has decided to set up three shipping corporations in which the State will participate.

There have been negotiations with the Government of the U.K. to secure the latter's assistance (a) in obtaining ships now on British register, and (b) in securing for India a reasonable share in overseas trades, through the machinery of shipping conferences. While these conversations have not been concluded, the Indians have been given to understand that they cannot hope to obtain more than a limited proportion of their requirements of shipping tonnage from the U.K. and that very little tonnage can be acquired from other sterling sources. It appears to be necessary, therefore, to make an estimate of the tonnage that will have to be acquired from dollar sources and to find ways of securing the dollar exchange.

The Memorandum on this subject suggests that the Indian Finance Ministry, in consultation with the Commerce Ministry, should examine the possibility of finding the dollars from India's resources and/or the possibility/desirability of financing acquisition of ships by a loan from the International Bank.

It seems to be assumed that the increase in trade will be effected through the three new mixed corporations and that their total requirements will be 300,000 tons, not less than 200,000 tons of which will be sought during the next two or three years. The first corporation to be set up is the one which will be shared by the Government with the Scindia Company and managed by Scindia. It is believed that its full quota of 100,000 tons, and perhaps even a little more, will be required during this period. The Scindia Company are already operating ships in both U.S.A. and U.K. trade, for which it is believed that they will require 16 ships to meet present requirements, besides an increase of 9 ships for the India-U.K. trade. Against these requirements they have purchased 8 liberty ships and constructed 2 ships in the U.K. and have placed building orders for several more.

Scindia will likely have to acquire the additional tonnage from the U.S., possibly 4 more ships (about 32,000 tons) costing some \$3,000,000 during this period. Even a cautious estimate of their requirement is placed at 20,000 tons.

The India Steamship Company has indicated that it does not propose to purchase any ships during the coming two or three years.

Coastal Trade

In the coastal trade, private companies will continue to have the initiative, since, for the present, the mixed corporations will not enter this field. The Government of India, according to present plans, will

permit British shipping to have a share of about 50% in the purely Indian coastal trade for five years.

For Indian companies to take up the rest of the trade will require about 150,000 tons in three years in addition to roughly 90,000 tons at present.

Adding to this the Burma and Ceylon trades may require 30,000 tons, assuming a 50% share at the end of five years, of which 20,000 tons may be needed in the first three years.

This makes a total of at least 80,000 tons for the India-Pakistan-Burma-Ceylon trades in the next three years. Present indications are that private capital is forthcoming.

Summary of Tonnage Requirements
during next three years

New Trades (overseas)

Three new Corporations.
~~out of (total ultimate requirement of 300,000 tons) Scindia-managed corporation will probably require full quota of 100,000 out of the 3-year total of 200,000~~

200,000

Existing Trades (overseas)

| | | |
|-------------------|---------------|--------|
| India Steamship | nil. | |
| Scindia - 4 ships | <u>32,000</u> | 32,000 |

Coastal Trade

| | | |
|---------------------------------------------------------------------------------|---------------|---------------|
| To bring total tonnage in India trade from present 90,000 to 150,000 in 3 years | 60,000 | |
| India-Burma-Ceylon trade | <u>20,000</u> | |
| | | <u>80,000</u> |
| | | 312,000 |

Sources of Purchases

| | |
|--------------------------------------|--------------|
| From Non-dollar sources, mainly U.K. | 100,000 tons |
| From U.S. | 200,000 |

No special difficulties are anticipated in the acquisition of 200,000 tons in the three years. Ships have been offered in U.S. and Canada.

Total dollar cost of the 200,000 tons (equivalent to about 30 standard-type vessels) is estimated at about \$30 million. If all were to be liberty ships, cost would be about \$22.5 million, but allowance must be made for costlier types and for refitting and modifications. It is expected that 40% to 50% of the cost would be incurred in the first year and the rest in equal instalments in the second and third years.

Figures are presented showing that India has 3% of world trade and only 0.23% of world tonnage.

Under the mixed Corporation Scheme, each of the 3 Corporations will be set up on the following basis:

The Government of India will subscribe 51%; the Managing Agents, 26%; and the public, 23% of the shares. Any share not taken up by the public will be taken up by the Government.

The Managing Agents of the 3 Corporations will be, respectively, the Scindia Steam Navigation Co., the India Steamship Co., and Bharat Line, Ltd. The authorized capital of each Corporation will be Rs. 100,000,000, divided into 1 million ordinary shares of Rs. 100 each. It is expected that the initial capital issue of the Corporations will be about Rs. 70,000,000, Rs. 40,000,000 and Rs. 30,000,000 respectively.

The overseas trades are to be allocated among the the three corporations (according to a tentative proposal) as follows.

- | | |
|---------------|-----------------------------------------------------------------------|
| Scindia: | India to Persian Gulf; Red Sea and Egypt; China and Japan; Australia. |
| India S.S.Co: | India to N. and S. America; East and West Coast Ports. |
| Bharat: | India to E. and S. Africa; and U.K. and Europe. |

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RAILWAY PLAN

I. BACKGROUND

The Post-War New Construction Program of the Indian Government Railways prepared in consultation with the Provincial Governments provided for 5,000 miles of new construction, only 1,100 of which will be constructed in the 5-year period starting 1948/9. Priority is being given to those lines required for opening up new coalfields and for the transport of coal from existing coalfields. The Indian Railways are dependent on foreign sources of supply for (a) Equipment not produced in India (locomotives, boilers, steamers, barges, allied spare parts, signalling equipment, etc.) and (b) Equipment produced in India in insufficient quantities (rails, fastenings, steel sleepers, wheels, tires, axles, allied spare parts, etc.). Equipment is now in very poor condition; and the operations of the railways are limited principally by lack of new locomotives and materials for constructing rolling stock. No locomotives are made in India. Locomotive building works are now under construction but no deliveries can be expected before 1952.

II. REQUIREMENTS
AND

DELIVERIES (i) Locomotives

Contacts have been made with manufacturers of locomotives in the U.K., Europe and North America, the last being the only likely source of supply. Orders have been placed or firm capacity found for 963 locomotives for delivery by the end of 1950.

(ii) Tank Wagons

On the de-rationing of petrol it was estimated that petrol consumption would increase by 20% from 40,000,000 gallons to 48,000,000 quarterly, and 650 additional Tank Wagons were ordered, 300 in India and 350 in Canada, the latter for delivery in the fourth quarter of 1948. Present estimates show that petrol consumption will increase by 75% to about 71,000,000 gallons quarterly, resulting in additional requirements for Tank Wagons. No mention is made of plans to remedy this situation.

(iii) New Line

As a result of partition, the railway system in Assam has been cut off from the railway system of the Indian Dominion and a new railway line must be constructed speedily. This involves the need for (i) earth moving machinery, (ii) machinery for making hollow concrete blocks and (iii) Armco pipes. Orders have been placed in the U.S. for this equipment.

(iv) Permanent Way

The permanent way is in bad condition. Domestic production of rails is 72,000 tons annually. Normal replacement requirements are 96,000 tons annually. Annual requirements including new construction are 172,000 tons. Orders have been placed in Canada for 130,000 tons of 90-lb. rails and fastenings, 112,000 tons of which are scheduled for delivery in 1948 and 18,000 tons in the first half of 1949. Negotiations are underway for 85,000 tons of rails and fastenings from the U.S. in 1949.

There is a present need for nearly 4,000,000 Broad and Metre Gauge Sleepers (Wooden, Cast Iron and Steel). Normal annual requirements are

about 4,000,000. The heavy exploitation of the forests during World War II has resulted in inadequate supplies of timber sleepers. The domestic capacity for the manufacture of cast iron sleepers is about 900,000 annually but actual production, limited by the supply of sleeper bars, is only 412,000. To reach capacity 38,000 tons of sleeper bars must be imported. Arrangements are being made to order 10,000 tons from Belgium with deliveries scheduled at 1,500 tons annually.

IV. SUMMARY

Foreign exchange requirements for 1948/49 and 1949/50 are: -

| | (\$ 1,000,000) | | (£ 1,000,000) | |
|-------------------------------------------------|----------------|--------------|---------------|-------------|
| | 1948/9 | 1949/50 | 1948/9 | 1949/50 |
| (i) <u>Locomotives</u> | | | | |
| Ordered | 26.97 | 18.73 | .52 | .98 |
| To be Ordered | - | <u>34.40</u> | <u>.17</u> | <u>1.26</u> |
| Totals | 26.97 | 53.13 | .69 | 2.24 |
| (ii) <u>Rolling Stock and Machinery</u> | | | | |
| Ordered | 9.52 | .15 | 1.58 | 0.88 |
| To be Ordered | <u>1.48</u> | <u>6.99</u> | <u>.04</u> | <u>1.58</u> |
| Totals | 11.00 | 7.14 | 1.62 | 2.46 |
| (iii) <u>Permanent Way and Engineering Plan</u> | | | | |
| Ordered | 14.41 | 0.22 | - | - |
| To be Ordered | <u>.34</u> | <u>8.71</u> | - | - |
| Totals | 14.75 | 8.93 | - | - |
| Total Ordered | 50.90 | 19.10 | 2.10 | 1.86 |
| Total to be Ordered | <u>1.82</u> | <u>50.10</u> | <u>.21</u> | <u>2.84</u> |
| Grand Totals | 52.72 | 69.20 | 2.31 | 4.70 |

Dollar Requirements 46.88 16.42
 Dollars Required 5.84 52.76

Dollar requirements by half-yearly periods are (in millions of dollars): -

| | | |
|------|----------|-------------|
| 1948 | 1st half | 4.10 |
| | 2nd half | 30.76 |
| 1949 | 1st half | 41.97 |
| | 2nd half | 35.45 |
| 1950 | 1st half | <u>9.64</u> |
| | | 121.92 |

1 October 1948

6 October 1948

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THE FIVE YEAR AGRICULTURAL PLANI. BACKGROUND

The plan presented by the Ministry of Finance shows the total annual requirements of foodgrains to achieve a balanced diet of 18 ozs. per adult per day for the total population of the Indian Union to be about 50,000,000 tons. The total requirements to allow a minimum rationed diet of 12.8 ozs. per head per day for the farm population (70% of total population) and 9.6 ozs. per head per day for the non-farm population are estimated at about 41,000,000 tons. The total deficits on these two bases are estimated at 14,000,000 and 5,000,000 respectively. In an attempt to meet the latter figure, a Five Year Plan to increase production of foodgrains was initiated in 1947/8. This plan known as the "Grow More Food Campaign" has as its objective the increase of production of foodgrains by 4,000,000 tons by 1952. As a result of the first year's operations, production was increased by 434,865 tons.

The overall cost of the plan is estimated at Rs. 328 crores (Rs. 3,280,000,000) which is the equivalent of about U.S.\$1,000,000,000. One half of this sum, Rs. 164 crores, will be made available by the cultivators themselves either in the form of direct labor or by contributions. The Central Government will provide one-half of the balance and the Provincial and State Governments the other half. Of the Rs. 82 crores (Rs. 820,000,000) to be provided by the Central Government, the amount required in local currency is Rs.120,000,000, in dollars Rs. 400,500,000 (U.S.\$120,000,000) and in sterling Rs. 304,600,000 (£23,000,000).

II. REQUIREMENTS

Requirements are divided into three main categories: -

(i) Fertilizers

| <u>Sources</u> | <u>Quantity</u> (1,000 Tons) | <u>Cost</u> (Millions of Rupees) | |
|----------------|---------------------------------|-------------------------------------|----------------|
| Sterling Area | 400 | 116.0 | (£9,000,000) |
| Dollar Area | 240 | 69.6 | (\$20,880,000) |
| Local | 420 | 121.8 | |
| | 1,060 | 307.4 | |

(ii) Reclamation Machinery (in millions of Rupees)

| <u>Sources</u> | <u>Heavy Machinery</u> | <u>Light Machinery</u> | <u>Fuels & Oils</u> | <u>Totals</u> |
|----------------|------------------------|------------------------|-------------------------|----------------------|
| Sterling Area | - | 67.5 | 62.2 | 129.7 (£10,000,000) |
| Dollar Area | 100.0 | 67.5 | 62.2 | 229.7 (\$69,000,000) |
| Local | n.a. | n.a. | n.a. | |

(iii) Tubewell Irrigation Projects (in millions of Rupees)

| <u>Sources</u> | <u>Equipment</u> | <u>Stores & Materials</u> | <u>Totals</u> |
|----------------|------------------|-------------------------------|------------------------|
| Sterling Area | 2.500 | 56.330 | 58.830 (£4,000,000) |
| Dollar Area | 55.125 | 46.154 | 101.279 (\$30,380,000) |
| Local | 73.875 | 7.920 | 81.795 |
| | 131.500 | 110.404 | 241.904 |

III. DELIVERIES (i) Fertilizers

These are subject to allocation by IEFC and supplies are taken as assured.

(ii) Reclamation Machinery

(a) In order to reclaim 6 million acres in 6 to 7 years, 1,000 heavy crawler type tractors each with 120 horse power on the draw bar are required. With these tractors jungle-clearing equipment such as tree dozers, rooters, stump-extractors and heavy plows will be needed and mobile workshops will be necessary for servicing machinery in the field. Average cost of these tractors and associated equipment is estimated at Rs. 1 lakh, or \$30,000, totalling \$30,000,000. Firm commitments have not been made but agents in India of Caterpillar Tractor, International Harvester and Allis-Chalmers have indicated that, from the date of firm orders, the following schedule of deliveries could be met:

| | <u>At end of</u> |
|---------------------------------------|------------------|
| 300 tractors and associated equipment | - 18 months |
| Additional 350 tractors " " " | - 30 months |
| Additional <u>350</u> tractors " " " | - 42 months |

1,000

(b) The light machinery consists of standard agricultural wheel-type tractors with 30 horse power on the draw bar, and associated equipment such as plows, cultivators and seed drills. Mobile workshops are also necessary.

In addition to the dollar requirements, the same sum (Rs. 67,500,000) will be spent in the sterling area for similar equipment.

The delivery position is similar to that for reclamation machinery. It will therefore be necessary to continue to depend on bullocks and supplement this with tractor cultivation for heavy operations.

(c) The requirements for fuels and oils are divided equally between the sterling and dollar areas.

(iii) Tubewell Construction Program

The Central Government has reduced the much more ambitious program of the Provincial Government to the construction of 3,000 tubewells by 1952 instead of the originally planned 10,665. Two representatives of Johnston International Inc., an American firm, have visited the three major tubewell provinces of the East Punjab, Bihar and the United Provinces and are now preparing estimates of the cost at which American firms would be willing to undertake construction work, on a contract basis, for the entire operations, supplying their own equipment, materials and technical staff. Their report was expected by the end of August 1948.

IV. SUMMARY

A summary of the funds needed by the Central Government for materials for the "Grow More Food Campaign" follows in millions of Rupees:

| <u>Currency</u> | <u>Fertilizers</u> | <u>Reclamation</u> | <u>Tubewell</u> | <u>Totals</u> | |
|-----------------|--------------------|--------------------|-----------------|---------------|------------------|
| Sterling | 116.0 | 129.7 | 58.9 | 304.6 | (£ 23 million) |
| Dollars | 69.6 | 229.7 | 101.2 | 400.5 | (\$ 120 million) |
| Local | <u>121.8</u> | <u>-</u> | <u>-</u> | <u>121.8</u> | |
| | 307.4 | 359.4 | 160.1 | 826.9 | |

Expenditures for imports from dollar sources (\$120,000,000) are scheduled as follows:

| | <u>Rupees</u> | <u>U.S. \$</u> |
|---------|-------------------|-------------------|
| 1948/9 | 73,400,000 | 22,000,000 |
| 1949/50 | 108,500,000 | 32,500,000 |
| 1950/1 | 137,000,000 | 41,100,000 |
| 1951/2 | <u>81,600,000</u> | <u>24,500,000</u> |
| | 400,500,000 | 120,100,000 |

1 October 1948

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ALL INDIA RADIO PLAN

This is an 8-year plan, envisaging the establishment of ten high-power transmitters at Delhi, Bombay, Madras, Calcutta and Allahabad; eight 10/20 k.w. medium wave transmitters for new broadcasting centers at Shillong (Gauhati), Cuttack, Nagpur, Ahmedabad, Bezwada, Calicut, Dharwar and possibly one in East Punjab; and four 10/20 k.w. transmitters for rural broadcasting. Several of the stations have been opened in 1948 and some others will be ready before the end of the year.

The total expenditure for the Plan, covering the 8-year period, was estimated at \$11.04 million, out of which it was calculated that the dollar portion would be about \$5.4 million and the sterling portion \$1.74 million, the balance of \$3.90 million being in domestic currency.

The dollar expenditure of \$5.4 million was scheduled as follows:

| | |
|---------|------------|
| 1947 | \$0.3 |
| 1948 | 1.6 |
| 1949 | 1.7 |
| 1950 | 0.8 |
| 1951 | 0.2 |
| 1952-56 | <u>0.8</u> |
| | \$5.4 |

During 1947 and 1948, apparently, the expenditures have been met out of current resources, imported equipment having accounted for \$1.35 million during 1948. It is now estimated that \$2.52 million will be required during 1949 and 1950 and about \$0.9 million during the years 1951-56: a total remaining requirement of about \$3.4 million.

No difficulty appears to be anticipated in the procurement of steel, cement, copper or other supplies. Similarly, it is said, the plan has been examined in relation to the requirements of radio-receivers, and on this score also little difficulty is expected. There is a memorandum setting forth the position in regard to the supply of radio-receivers from India, the U.K., U.S. and other sources.

The ordering of the imported equipment required for the transmitters is done through the India Supply Mission in Washington.

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CIVIL AVIATION PLAN

Estimate of dollar expenditures over 2 years amounts to \$8.04 million (Rs. 26 million) divided as follows:

| | |
|-------------------------------------|---------------|
| (1) Purchase of aircraft | \$6.0 million |
| (2) Equipment for Works Services | .69 " |
| (3) Aerodrome operational equipment | .63 " |
| (4) Communications Equipment | <u>.72</u> " |
| | \$8.04 " |

In the material presented to us, no detail whatever is given as to Item 1, purchase of aircraft. Details as to suppliers and prices of equipment are given as to Items 2, 3 and 4. The detailed schedules also show that of the \$2.04 million required under these three categories, about \$.75 million would be required in 1948 and \$1.29 million in 1949.

Both internal and external air services are contemplated, but little detail is given. Reference is made in the brief statement to the following difficult factors:

- (a) the high cost of operation of air services, with the consequent unsatisfactory economic position of most of the air transport companies;
- (b) the uncertainty about adequate supplies of petrol in coming years;
- (c) the necessity in the near future to obtain suitable replacements for the present aircraft.

Nevertheless, "as a very rough guess, it is expected that the scale of internal operations will be doubled within the next five years."

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

WASHINGTON 6, D. C.

Ex.

September 27, 1948

Dear Mr. Iliff,

As promised at our meeting this morning, I send herewith certain documents relating to proposals for a loan by India from the International Bank for Reconstruction and Development.

With Mr. Beecroft.

2. As we said at the meeting, our approach at this stage is entirely informal and without commitment and we have not so far divulged to anybody that we are contemplating this approach. I should therefore be very grateful if you would kindly treat this matter as entirely confidential.

3. I mentioned to you the three main projects which we feel call for primary consideration; i.e. the agricultural plan, the railroad plan and the purchase of shipping plan. In addition to the information on these three plans I also enclose documents relating to a civil aviation plan and a radio plan. The dollar element involved in these is not very considerable but they may be found useful for rounding off any figure which we finally decide upon as the basis of our first approach.

4. I also enclose a set of documents giving the replies to some of the questions which it was suggested to us earlier in the year would have to be replied to. This information is, as I mentioned to you, by no means complete and we have made no attempt to put it into its proper form. The documents do, however, contain a very considerable amount of factual detail which I think may be of assistance to the Bank in obtaining a general background of Indian economical and political conditions.

After you have had a chance to make a preliminary study I shall be entirely at your disposal to give you any more information which you may require or for any further discussions that you may wish to pursue.

Yours sincerely,

Kent Roy

Oct. 12 Nov. 48

Mr. W.A.B. Iliff,
Director, Loan Department,
International Bank for
Reconstruction and Development.

To be answered, India

Mr. B. S. RAGHAVENDRA RAO,
Commissioner.

OFFICE OF THE COMMISSIONER OF
ECONOMIC DEVELOPMENT AND PLANNING,
Bangalore, dated 26-7-1948

N. B3-612/47-48

To

ERIC BEECROFT, ESQ.,
International Bank for
Reconstruction and Development,
Washington 25 D.C.

Dear Sir,

I acknowledge, with thanks, your letter dated July 13, 1948. I am glad that you are continuing to evince such interest in our great State and I am confident that with your intimate knowledge of our country you would be able to assist us in several ways in our efforts at securing its economic development. I would be very glad to have and would take this opportunity to request you to kindly send me publications in your country that may be useful to us and in respect of priced publications, intimate the same to me in advance so that I may arrange for payment.

Yours sincerely,

B. S. Raghavendra Rao

COMMISSIONER.

ack. 10/11/48

India

July 13, 1948

Mr. B. S. Raghavendra Rao
Commissioner
Office of the Commissioner of
Economic Development and
Planning
Bangalore, Mysore, India

Dear Mr. Raghavendra Rao:

I am very glad to have the books relating to the plans for the development of Mysore. These were listed in your letter of May 19 (L.Dis. B3-612/47-48) and came under separate cover.

My interest in Mysore goes back to my stay in India during 1943-45 in connection with U. S.-India economic activities, and particularly to a very pleasant and informative visit to Mysore. At that time, October 1944, I had the pleasure of Meeting Mr. Krishna Rao and talking with him at length about the work of your department, of which he was then, I believe, Commissioner.

I appreciate your interest in sending us publications which you may issue from time to time.

Yours sincerely,

Eric Beecroft

cf 26 June 48

EB:dea

ROUTING SLIP *India*Date July 12/48

| TO- | Name | Room No. |
|-----|----------------------------------------------------------------------|----------|
| 1 | F. A. Conzolo <i>JOL</i> | |
| 2 | Mr. W. A. B. Stiff <i>9 months. 1 year interest. W.A.</i> | 401 |
| 3 | Conzolo <i>JOL</i> | 417 |
| 4 | | |

FOR-

| | |
|-------------|----------------------|
| Action | Initialing |
| Approval | Preparing Reply |
| Comment | Previous Papers |
| Filing | Noting and Returning |
| Full Report | Recommendation |
| Information | Signature |

REMARKS *Fred*: Perhaps this estimate of India's requirements as to external financing would be interesting to Mr. Stiff & others, especially in view of Birla's position in the pol. & econ. situation. The Economist course is a Birla organ to some extent. It also reflects sometimes a good deal of New Delhi Government *think very*

FROM-

July 9, 1948

MEMORANDUM

TO: Office Files
FROM: Eric Beecroft
SUBJECT: India: Birla Plan Financing

In a special article entitled "Financing the Birla Plan," the Eastern Economist estimates that about Rs. 600 crores (\$1.8 billion) may have to be found in foreign exchange to finance the minimum five-year program which Mr. G. D. Birla proposes. The remainder of the estimated cost of the Birla plan, amounting to a total of Rs. 1,500 crores, would have to be found in India.

The Eastern Economist goes on to suggest the sources for the \$1.8 billion of external finance. These are:

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| (1) continued purchases from I.M.F. for about 2½ years | \$200 million |
| (2) hard currency quota from the sterling balances | 400 " |
| (3) sterling from the sterling balances | 500 " |
| (4) borrowings from Export-Import Bank | 100 " |
| (5) borrowings from IBRD | 200 " |
| (6) export surpluses at the end of 2½ years, to be used to meet the balance of capital required and to repay the Fund and the Export-Import Bank within the 5-year period | 700 " |
| Total (including \$300 million for re- payment of I.M.F. and Exim Bank) | <hr/> \$2,100 million |

900 crores

A copy of the detailed table is attached.

Sources of external finance during the five years from 1st January 1948.

| Probable limit of availability during five years | Amount in rupees. | Present rate of utilisation or availability. | Remarks. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Purchase from the I.M.F. | Rs. 66-2/3 crores. (\$200 million) | Rs. 12.02 crores (\$36 millions) in a half-year. | At the present rate of drawings from the fund of approximately Rs. 13.3 crores (\$40 million in a half-year) we shall probably have to use the fund for about 2½ years. |
| Hard currency quota from the sterling balances. | Rs. 133-1/3 crores. (\$400 million) | Rs. 13.3 crores (\$40 million) in a half-year. | Total provision for the dollar needs of the sterling area is \$180 million in the current half-year. It is assumed that this scale will not be further restricted. |
| 3. Sterling available from the sterling balances. | Rs. 166-2/3 crores. (\$500 million) | Approximately (\$164 million in a half-year. | Probably a liberal estimate. |
| 4. Borrowings from the Export-Import Bank. | Rs. 33-1/3 crores. (\$100 million) | Nil. | Uncommitted resources of the bank were \$810 million at the end of August 1947 and are now probably somewhat less than \$370 million. |
| 5. Borrowing from the International Bank for Reconstruction and Development. | Rs. 66-2/3 crores. (\$200 million) | Nil. | Bank's loans as of 1-3-48 amounted to \$497 million. Since then, Chile has obtained a loan of \$16 million. The Bank may easily be able to find \$200 million. Current policy of the bank is to amortise a loan during a term of 25 to 30 years after an initial period of 2½ to 5 years. On these terms, it is not necessary to plan at this stage for repayment beyond the five-year period out of our export surpluses. |
| 6. Export surpluses at the end of 2½ years from 1-1-48, to meet the balance of capital required and to repay the fund and the Export-Import Bank within the quinquennium. | Rs. 133-1/3 crores. (\$400 million) plus Rs. 100 crores (\$300 million). | Nil. | Annual export surplus of Rs. 93.3 crores (\$280 million) if repayment and import of capital goods are to be completed within 2½ years. If the period is prolonged, the required export surplus will be less. |

Mr. B. S. RAGHAVENDRA SAO,

Commissioner.

OFFICE OF THE COMMISSIONER OF
ECONOMIC DEVELOPMENT AND PLANNING,

Bangalore, dated 19-5-1948

L.Dis. B3-612/47-48

Enc: 7 books.

Dear Sir,

As desired in your letter dated the 3rd May 1948, I am sending herewith copies of the following books relating to the plans for the development of Mysore.

- (i) Mysore Information Bulletin of 31st October 1947;
- (ii) An Introduction to the Development Schemes of Mysore;
- (iii) A Plan for the Economic Development of Mysore;
- (iv) Development Schemes of Mysore (Vols. I & II)
- (v) Report of the Coordination and Finance Committee re: the above;
- and (vi) Report of the Secretary, Mysore Economic Conference presented to the Conference in May 1947.

The receipt of the books may kindly be acknowledged.

This department is not undertaking any publications as the Publicity department and development departments like Agriculture, Public Health, etc., have their own publicity organisations on a small and limited scale. I shall however note to send you any interesting publications that we may come

Yours sincerely,

B. S. Raghavendra Rao

Eric Beecroft, Esq.,
International Bank for
Reconstruction and Development
WASHINGTON 25, D.C.

19.1-

FILE COPY

India

May 3, 1948

Mr. B. S. Baghavendra Rao
Committee of Economic Development
and Planning
Government of Mysore
Bangalore, Mysore, India

Dear Sir:

I shall be glad if you will send me a copy of the Mysore Information Number which, I understand, contains a detailed account of plans for the development of Mysore.

Do you have any other publications on economic development? Having visited your great State during 1944 and talked with Mr. Madhava Rao, Mr. Krishua Rao and others, I have been eager to keep in close touch with your problems. If your committee has a mailing list for publications, I shall be very glad to have my name included.

Yours sincerely,

Eric Beecroft

EB:dea

ack. 5 May 48

India

FILE COPY

March 23, 1948.

Dear Mr. Sundaresan,

With reference to our conversation, I have pleasure in enclosing the following documents:

- (i) Two copies of a list showing the type of information which the Bank would need from the Government of India in the event of the latter deciding to make an application for a loan. The schedule is based on a standard questionnaire which we use in drafting tentative ones designed to fit the economies of individual countries.
- (ii) A copy of the letter from Industrial Development and Finance Corporation Ltd. of Bangalore City, dated March 5, requesting a loan of five crores.
- (iii) A copy of our reply dated March 18.

orig copies filed Loans - N.E.A. India

I am sorry we were unable to let you have the list of questions before your departure; its preparation involved a good deal of work.

I hope you have had a pleasant journey to India. If, at any time, I can be of assistance to you, please do not hesitate to call upon me.

Sincerely yours,

(sd) Walter Hill

Walter Hill
Assistant Loan Director.

Mr. N. Sundaresan,
c/o The Reserve Bank of India,
Mint Road,
BOMBAY, 1.

WH/MLC

In-57 info
Apr - 48

SCHEDULE A

INFORMATION WHICH WOULD BE DESIRED OF THE GOVERNMENT OF INDIA

Notes to Schedule

1. Six copies of all information should be prepared.
2. If any item in the Schedule is inapplicable or if the information called for by any item is unavailable, it should be so stated.
3. If any figures are estimated, it should be so stated; and it should be stated how such estimates have been reached.
4. It is not necessary that all the information called for by the Schedule be presented in the first instance. In fact it would be appreciated if various portions of the information may be presented from time to time as they shall be assembled.
5. To the extent that the information called for by any item in the Schedule is available in statistical or other publications, such publications may be furnished in answer to such item. Information which is furnished to the International Monetary Fund and which is made available by the Fund to the Bank need not be furnished to the Bank, but may be incorporated by reference in answer to any item.
6. The Schedule is not intended to be exhaustive and additional information may be required by the Bank, if necessary.

Schedule of Information

Plan

Information necessary for a preliminary study of the economic and financial position of India would be desired under the following headings:

- A. Pre-Partition Regime (i.e. up to August 15, 1947).
 - B. Transition Regime (1947/1948).
 - C. The Future.
 - D. Statistical and other data.
- A. Pre-Partition Regime - A brief summary of social, and economic developments during the ten year period ending August 15, 1947, in what was then British India and the Indian States, with particular reference to the direct and indirect effects of World War II on the economic and social life of the country.
- B. Transition Regime -
1. Copies of the instruments defining partition into India and Pakistan with full supporting documents relating to the political, social and economic clauses.
 2. Copies of the instruments defining the relationship between the Dominion of India, the United Kingdom and the British Commonwealth.
 3. Copies of instruments between Dominion of India and Pakistan relating to "modus vivendi" in all fields with full supporting documentation.
 4. A brief summary of social and economic developments in India following on partition for the period concerned, with special reference to relations with Pakistan.

C. The Future - An outline of the economic and financial policies of the central and provincial governments for the future with special reference to the following:

1. Shifts of population.
2. Adjustment of industry and electric power, irrigation, transportation and communication systems to changed conditions due to reconversion from war activities and to results of partition.
3. Temporary measures necessitated by partition.
4. Long-term changes in the structure of the Indian economy including any proposed measures for the nationalization or government control of trade, industry or finance.

D. Statistical and Other Data

I. Information on the subjects listed under II below. Except where indicated otherwise, or where statistical treatment is obviously inappropriate, this information should consist of the following statistics which, for the period preceding partition (i.e. up to August 15, 1947) should be adjusted so as to reflect as far as possible conditions in that part of the territory which has, following on partition, become the Dominion of India:

- a. Statistics for 1937 and 1938 and each of the years 1945 through 1947.
- b. Statistics for intermediate years when necessary to explain the present situation.
- c. Estimated figures for 1948 and subsequent years where appropriate.
- d. Descriptive material in sufficient detail to enable the material to be properly assessed.

II. The subjects to be covered are:

a. Geography

Description of the present area of India and of the territorial changes resulting from the establishment of the Dominion of India and the partition of India and Pakistan.

b. Constitution and Government

1. Constitution
2. Composition of Government
3. Representation of political parties and regional and communal groups.

c. Population and Employment

1. Population and population trends
2. Distribution between urban and rural areas
3. Breakdown into categories of workers by occupations (professional skilled and unskilled).
4. Employment in principal branches of economic activity and in civil service and armed forces.
5. Unemployment.

d. Agriculture

1. Land utilization and ownership, distinguishing between arable land, pasture land, forests and unproductive areas, including lakes.
2. Types of land tenure, size of holdings, including a statement of the main provisions and effects of land redistribution measures.
3. Effects of the shifts of population upon agriculture.

4. Livestock, by classes, giving imports and exports.
 5. Production, imports and exports of agricultural products.
 6. Fertilizer situation.
 7. Cooperative organizations.
- e. Forestry
1. Area under forest, and quantity of standing timber, according to principal types of trees.
 2. Annual growth, normal and actual annual removal.
 3. Quantity and value of timber cut.
 4. Utilization of cut timber.
- f. Fisheries
1. The number of fishing vessels now in operation.
 2. The amount of annual catch.
 3. The value of annual catch.
 4. The value of local consumption and the amount and value of exports.
 5. The development plans for expansion of this industry.
- g. Mining and Mineral Resources
- Production and utilization (in quantities and values) and estimated reserves of principal minerals.
- h. Industry
1. Number of establishments of principal industries and number of workers in each.
 2. Quantity and value of output of principal industrial products.

i. Fuel

1. Production of timber for fuel, in quantities and values.
2. Production and utilization of coal, coke, petroleum and petroleum products, in quantities and values.
3. Imports of petroleum and petroleum products, in quantities and values.

j. Electric Power

1. Potential production of hydroelectric power.
2. Installed capacity and production, distinguishing between hydroelectric, thermoelectric and diesel plants.
3. Consumption, indicating the distribution between different classes of consumers.
4. Effects of partition on electric power system.
5. Development plans.

k. Ocean and Coastal Shipping

1. Number and tonnage of steam, motor, and sailing vessels.
2. New construction, purchases abroad and losses.
3. Distribution of fleet by ownership, tonnage and age.
4. Gross earnings on liner service and voyage charter and time charter, expenses in foreign countries and foreign currency earnings.
5. Development plans.

1. Inland Waterways

1. Navigable length of inland waterways.
2. Number of vessels.
3. Merchandise carried.
4. Effects, if any, of partition on the inland waterways.

m. Railroad Transportation

1. Mileage operated, distinguishing between steam, oil and electric traction.
2. Rolling stock, including information on present state, planned purchases, repairs at home and abroad, retirements, number of railway workshops and capacity for repair and new construction of rolling stock.
3. Freight and passengers carried.
4. Fuel requirements, home produced and imported.
5. Effects of partition.
6. Development plans.
7. Railway budget and proportion of net earnings made available to central government budget.

n. Road Transportation

1. Indication of extent of animal drawn transportation.
2. Number of commercial vehicles of various types in service, by age.
3. Imports and assemblage of commercial vehicles.
4. Mileage of road system by class or type of road.
5. Road building development plans.
6. Commercial vehicle production plans.

o. Air Transportation

1. Number and types of aircraft in service on domestic airlines and on Indian-owned international airlines.
2. Production and repair establishments.
3. Commercial aircraft imported (types and origin).
4. Freight, mail and passengers carried.
5. Development plans for civil aviation.

p. External Trade

1. Exports and imports, showing geographical distribution by principal commodities (volume and value) and by total value.
2. Volume of imports and exports by commodities.
3. Forecast of exports and imports for 1948 and 1949 showing geographical distribution and principal commodity groups.

q. Prices and Wages

1. Wholesale prices.
2. Import and export prices.
3. Cost of living regionwise with special reference to the more industrialized areas (e.g. Bombay, Calcutta, etc.)
4. Wages.
5. Description of the present system of rationing, if any, and price and wage controls.

r. National Income Consumption and Capital Formation

1. Estimates for each of the years 1938 through 1948.

s. Money and Banking

1. Legislation and regulations affecting Banking and Insurance.
2. Central Bank, including its powers and organization.
3. Commercial banks.
4. Savings banks, chit funds, nidhis, etc.
5. Mortgage banks.
6. Insurance institutions.
7. Cooperative credit societies and consumers cooperative societies.
8. Postal savings system.
9. Credit policy and structure of interest rates.
10. External value of the currency.

t. Revenue and Expenditure of the Central Government

1. Revenue and expenditure under principal headings for each of the years 1937, 1938 and 1945 through 1947. (Current and capital budget expenditure, budgets of the government-owned or sponsored agencies and enterprises should be shown separately.)
2. Estimated budget revenue and expenditure, as above, for 1947/1948 and 1948/1949.

u. Revenue and Expenditure of Provincial, State and Local Authorities

Actual revenue and expenditure.

v. Internal Debt with Special Reference to Settlements Resulting from Partition

1. Internal Debt of Government and Public Bodies

All outstanding indebtedness expressed in local currency issued, assumed or guaranteed by:

Government or agencies thereof

Political subdivisions or agencies thereof

State-owned or sponsored enterprises

divided into:

Short-term debt (finally repayable in 2 years or less)

Medium-term debt (finally repayable 2-5 years)

Long-term or irredeemable debt.

2. Internal Debt in Foreign Ownership

Amounts of each of the above categories in the ownership of residents outside India.

w. External Debt with Special Reference to Settlements Resulting from Partition

1. External Debt of Government and Public Bodies

All outstanding indebtedness, including any credits, (other than credits arising under payments, clearing or similar agreements) payable in any currency other than local currency issued, assumed or guaranteed by the Government or any of its political sub-divisions or agencies or any agency of any political sub-division or State-owned or sponsored enterprise, and as to each such indebtedness or credit set forth the following:

- i. Date of issue and general description or title.
- ii. Principal amount at present outstanding, stated (a) in the currency in which payable, and (b) in local currency and exchange rate used for converting into local currency. In the case of a credit, show in addition to the amount outstanding any amount available but not drawn.
- iii. Amount in the ownership of residents in India, distinguishing between amounts held by the debtor or an associated institution and amounts held by the public.
- iv. Interest rate and dates of payment thereof.
- v. Amount of sinking fund and method of application.
- vi. Maturity dates and amounts of principal payable thereon.
- vii. Description of any security.
- viii. Description of any default in payment of principal, interest or other charges and of any steps to cure or settle default.

2. External Debt of Others

Under the headings given in 1. above, all outstanding indebtedness payable in any currency other than local currency of individuals and bodies other than those included under 1. above.

3. Annual Cost of Debt Service

By currencies, the annual amounts of principal, interest and other charges payable on such credits, debts and obligations for the years 1948 through 1973, showing

separately the amounts applicable to debt now held by residents in India.

x. Payments, Clearing and Similar Agreements and Exchange Control

1. All payments, clearing and similar agreements to which the Government, or any of its political sub-divisions or agencies or any agency of any political sub-division or the Central Bank is a party, and set forth for each such agreement:

- i. Method of operation.
- ii. Limit of indebtedness thereunder.
- iii. Current credit/debit status.

2. Outline of the present system of exchange control and of general foreign exchange policy.

y. Outstanding Claims

1. All outstanding claims (both contingent and actual) for substantial amounts against the Government or any of its political sub-divisions or agencies or any agency of any political sub-division or state-owned enterprise, other than those claims already covered under sections (v), (w), and (x) of Part D and set forth for each such claims:

- i. Description and status of the claim.
- ii. Principal amount claimed.
- iii. Currency in which claimed.
- iv. Description of any security for the claim.
- v. Description of any agreement with claimants.

State the amount of claim deemed substantial for purposes of this item.

2. All outstanding claims (both contingent and actual) for substantial amounts due to the Government or any of its political sub-divisions or agencies or any agency of any political sub-divisional or state-owned enterprise.

z(1) Balance of International Payments

The following information should be furnished in totals and divided into principal currency areas:

1. Statistics for 1937, 1938, and each of the years 1945 through 1947 as rendered to the International Monetary Fund in the form prescribed in their "Balance of Payments Manual" dated January 1948.
See Note 5 to the present Schedule.
2. Projections of these figures for each of the years 1948 through 1950.

z(2) Foreign Assets and Liabilities with Special Reference to Settlements Deriving from Partition

1. Estimates of foreign assets and liabilities of residents in India, showing distribution between principal currency areas.
2. Details of steps taken to register or mobilize Indian-owned foreign assets.
3. Details of any of the assets included under 1. above which are blocked or pledged.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

WU D113

India

Date of Wire MARCH 22, 1948

To *HILL*
WORLD BANK, 1818 H. ST., WASHINGTON, D.C.

From LONDON

TEXT: 4647 FROM SUNDARESAN PLEASE AIRMAIL QUESTIONNAIRE TO
RESERVE BANK BOMBAY URGENTLY.

HICOMIND

MARCH 22ND

ROUTING:

ACTION copy to MR. HILL

INFORMATION copy to

Decoded by

ВНД ДЕЛЕГОВАНІ
ЛОУ РЕКОСТРУКЦІОН

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INTERNATIONAL BANK

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FOR RECONSTRUCTION AND DEVELOPMENT

УСЛОВИЯ сохл го

НЕ · НИГ

ВОЛТИС:

MARCH 25 1948

INCOMING

ВЕЗЕНАЕ БАНК ВОЗЕВА ПУЗЕНТЛА

TEXT: *Q*1 FROM SANDBERGA PLEASE VISUALI QUESTIONNAIRE TO

From LONDON

To WORLD BANK 1818 N. ST. WASHINGTON D.C.
НИГ

Date of wire MARCH 25 1948

ML DTJ3

INCOMING WIRE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT