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THE WORLD BANK

Washington, D.C.

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The World Bank

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William Diamond – Chron files, India
1959-05 -1959-06



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THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

Subject FIROZ TRADING CO., PRIVATE LTD.

30th June, 1959.

Mr. G. L. Mehta

Mr. Johnson

I had a visit Saturday from Mr. M.R. Patel, who came at the suggestion of Mr. Bhabha of the Central Bank. Mr. Patel's firm proposes to establish a new plant for the production of citric acid, which will be the first in India, according to him. A brief statement concerning the project appears in the attached.

I gave Mr. Patel a copy of the "Guide to Applicants", and asked him to submit as much information as he could concerning his project as well as a clear statement of what kind of assistance he wishes from the ICICI.

W. Diamond

Development Finance Corporation of Ceylon

Telephone: GENERAL MANAGER 78674
SECRETARY 78675
Telegrams: "DELCEY" COLOMBO
Your Ref:
Our Ref:

HEMAS BUILDING,
YORK STREET,
P. O. BOX 1397,
COLOMBO.

29th June, 1959

Dear Bill,

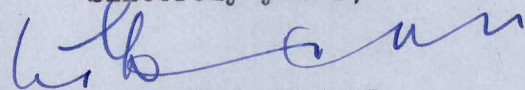
Thank you for your letter of the 26th June.

Any time which suits you for your visit would suit me and I had only suggested August as that is generally considered a good time in Colombo. In my experience, the weather is quite good in the later months of the year.

Much as I would like a trip to Washington, I am afraid my Corporation would not be prepared to foot the bill for travelling and expenses and I do not feel inclined to meet it from my own pocket, so I shall have to miss the Conference this year.

With best personal regards;

Sincerely yours,



W.T. YOXALL.

William Diamond, Esq.,
The Industrial Credit & Investment Corporation
of India Limited,
Union Bank Building,
Apollo Street,
Bombay 1,
India.

WTY/VL

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED


Subject _____

29th June, 1959.

To

Messrs.
Doodhmal
Johnson
Colaco
Jahagirdar
Poonegar
Soonawalla
Soparkar

Concerning my memorandum of June 27, I regret that it is already necessary to change the time proposed for our discussion on industrial finance institutions. Wednesday morning at 10 o'clock is not possible. I am, therefore, proposing Wednesday afternoon, July 1, at 4.30. I hope this is satisfactory.


W. Diamond

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED,
BOMBAY 1.

29th June, 1959.

Mr. L.C. Gupta
Sydenham College Hostel
Cumballa Hill
BOMBAY 26

Dear Mr. Gupta:

Mr. Jahagirdar passed on to me your letter of
June 27. I should be very pleased to see you and
discuss your work with you. Will Thursday morning be
convenient, say at 9.30 ?

Sincerely yours,

William Diamond

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

29th June, 1959.

Mr. J.D. Choksi
Bombay House
Bruce Street
BOMBAY 1

Dear Mr. Choksi,

Sometime ago, when Mr. Tata invited me to visit Jamshedpur, he told me that in the event I wanted to make arrangements sometime in his absence, I should let you know about it. I am enclosing herewith a copy of my letter addressed to Mr. Tata who, I am told, is in Europe. If he is, would you be good enough to let me know whether the arrangement I suggested will be satisfactory ?

With best regards,

Sincerely yours,

William Diamond

29th June, 1959.

Mr. J.R.D. Tata
Bombay House
Bruce Street
BOMBAY 1

Dear Mr. Tata,

A few months ago, you were good enough to invite me to visit Jamshedpur. You said you would be able to have me picked up in and delivered to Calcutta. I told you at that time that I would try to make my Jamshedpur visit coincide with my visit to Calcutta, which would take place as soon as the ICICI Board met there.

At long last, a Board meeting in Calcutta has been scheduled. It will take place August 10, and I shall take the occasion to spend a few additional days in Calcutta. I should like, if it is possible, to go to Jamshedpur on Thursday evening August 13, and return to Calcutta Sunday morning August 16, in time to catch the plane from Calcutta to Bombay.

Would you be good enough to let me know whether a visit on those days would be convenient to your people in Jamshedpur? I hope it will be.

With best personal regards,

Sincerely yours,

William Diamond

29th June, 1959.

Mr. T.K. Ramasubramaniam
Chief Officer
Industrial Finance Department
Reserve Bank of India
BOMBAY 1

Dear Mr. Ramasubramaniam,

I wrote to you June 26, asking that you make return air reservations for me in connection with the Seminar on Small-Scale Industries. In view of the uncertainty of air travel during the monsoon period, and in view of the fact that I can be away from Bombay a little longer than I expected, I should like to change my request. Would you be good enough to arrange return railway accommodation for me, leaving Bombay on Saturday July 18 and returning on July 25 ? It will thus be possible for me to participate also in the visit that you propose to organize on July 24.

With many thanks,

Sincerely yours,

William Diamond

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED,
BOMBAY 1.

29th June, 1959.

Mr. L.C. Gupta
Sydenham College Hostel
Cumballa Hill
BOMBAY 26

Dear Mr. Gupta:

Mr. Jehagirdar passed on to me your letter of
June 27. I should be very pleased to see you and
discuss your work with you. Will Thursday morning be
convenient, say at 9.30?

Sincerely yours,

William Diamond



H. J. Park
SHERATON-PARK HOTEL
WASHINGTON 8, D. C.

Sunday, 28.6.57

My Dear Diamond,

Many thanks for your cable received earlier in the week regarding the advice you had given to Gudman. I was also very happy to receive your card from Guilmer, Keshner sent on the last day of your stay.

I was much relieved to receive the cable on 25th of Board's approval of Loan Agreement without any changes. You must have seen the next draft which we sent on 25th. Since then slight changes have been made.

I am now utilizing the hire going round the Bank. I have spent some time with Mr. Seabrook. Met Mr. Lipkowitz, Armstrong, ~~or~~ M. Hoffman and several others. Everybody remembers Tom. Garver also enquired about Tom. I had several meetings with J & C people.

The Bank expects to send the revised draft of the Press Release to you on Monday or Tuesday. If change and proposed cable may be sent directly to Bank.

I am busy leaving for home, all or after one
Week's stay will spend 2 days - Boston & 2 days
at T.V.A., returning to Washington on 10th, Signif
will take place on 15th.

I have also completed my round of sight seeing.
I was delighted to see Arlington Cemetery and Stuart
Veram. The National art gallery is very impressive as
so is Lincoln memorial. Last, but not least, the home
of the 13th. Diamond at Cherry Chase. The taxi driver
was not very familiar as we could locate the area after
his enquiry at the nearby fire engine station. I
looked round the house in vain to catch sight of
the cat. I of course did not knock the door. This is
a beautiful ~~area~~ surrounding. The more I see of Washington
the more I like it.

Please remember me to Mrs. Deane, with all

good wishes -

Yours
Parish

Present
Address:

(Sydenham College Hostel,
(Cumballa Hill,
(BOMBAY-26.

L. C. GUPTA

M. Com.

Shri Ram College of Commerce
University of Delhi
DELHI-8.

June 27, 1959.

Mr. William Diamond,
World Bank Expert,
Industrial Credit and Investment
Corporation of India, Ltd.,
Union Bank Building,
BOMBAY.

Dear Mr. Diamond,

I am doing research on financial institutions for industry in India under the supervision of Dr. K.N. Raj, Professor of Monetary Economics, Delhi School of Economics, University of Delhi.

My article briefly reviewing the first ten years' working of the Industrial Finance Corporation of India appeared in 'Commerce' (published from Bombay) of September 6 1958. I am reproducing on the sheet attached some of the critical observations that I made there for your valuable comments and observations. I am further thinking of undertaking a more detailed case-study of this special institution and would like to discuss the same with you.

I shall be grateful if you kindly give me an early opportunity of meeting you. I have to leave for Delhi around the 10th of July. Kindly indicate any day before the 10th July which may be convenient to you for this meeting.

With regards,

Yours sincerely,

L. C. Gupta

FIRST DECADE OF INDUSTRIAL FINANCE CORPORATION OF INDIA

(Commerce, September 6, 1958)

Some observations from this article are being reproduced below:-

Government Directive

Generally speaking, loans are advanced on the security of of all present and future fixed assets belonging to the concern. In April 1954, the Government issued a directive to the Corporation that, in sanctioning loans "a minimum margin of 50 per cent. should be generally aimed at." The wording of this instruction is such that there could be an endless debate on its exact meaning. The words "minimum" and "generally" do not seem to go well together and, in the interest of clarity, either of them should be dropped. Moreover, it leaves open the important question as to how the assets are to be valued for purposes of security--on the basis of their realisable value or their book value--and, as such, loses much of its mandatory significance. Whatever its true meaning, in practice it is bound to have an extremely restrictive effect on the discretion of the Corporation and the flexibility of its loan policies. Indeed, it appears to have already resulted in considerable rigidity in the application of margin requirements. Even though there may be quite a strong case for lowering the margin below 50 percent in suitable cases, such as of well-managed concerns with good prospects but not enough fixed assets, the Corporation would hesitate to do so, lest it should be accused in Parliament of disobeying a Government directive.

*Instruction itself
or fact that an
instruction was given*

Though ostensibly intended to ensure safety of the Corporation's funds, the directive is based on a misconception. This kind of defect in the loan policies of public financial institutions has been pointed out by the well-known writers, Messrs. Guthmann and Dougal, in very apt words: "Whereas commercial bankers were often accustomed in the past to rely too heavily upon personal reactions and general reputation, there is now the danger of too much emphasis by supervisory authorities upon

.....contd.

statistical factors....No financial formula can take the place of banking judgment that is competent to give proper weight to such intangibles as personal character and business ability which factors should influence the interpretation of statistical information."

In view of the great difficulty of raising equity capital at present, particularly by the small and medium-sized companies, the aforesaid directive is likely to be particularly harsh on them. It is imperative that the Government should leave greater discretion with the Board of the Corporation and the directive pertaining to the margin of security should be amended to the effect that the margin should be determined having regard to the earning capacity and prospects of the industrial concern, the competence of its management and other relevant considerations.

Risky Business

There are two other important factors which also have made the task of the Corporation more difficult and hindered the adoption of a bolder policy. The first of these is Parliament. As the debates have shown very clearly, Parliament has not fully appreciated the fact that some risk is inevitable in the business of granting loans particularly long-term loans, to existing as well as new industrial enterprises. It also appears that the statutory audit conducted on behalf of the Comptroller and Auditor-General of India tends to concentrate attention on the security aspect alone and place undue emphasis on it. All this restricts the environment in which the Corporation has to work. Chairmen of a few State Financial Corporations also have spoken about this kind of attitude on the part of the State Legislatures. It is not fully realised by our legislators that the business of long-term lending is everywhere inherently risky and complicated and, further, that it is more risky in underdeveloped countries like India.....

Guaranteed Dividend

The second factor, which seems to have retarded the progress of the Corporation, is its unsuitable capital structure with the guaranteed minimum dividend. The shares of the Corporation are guaranteed by the Central Government as to the repayment of the principal and the payment of the annual dividend

at a minimum rate of 2 1/4 per cent. per annum. When the profits of the Corporation are not sufficient to pay the guaranteed dividend in full, the deficiency is made good by the Government by paying a subvention to the Corporation. The Government subvention is not treated as a grant but is a liability of the Corporation to be repaid to the Government. The experience of the working of the Industrial Finance Corporation, as also of the State Financial Corporations, has clearly shown the undesirability of this feature. The guaranteed minimum dividend without any provision whatsoever for Government grants virtually means that the Corporation does not possess any equity capital. This, in combination with the Corporation's liability to pay income-tax and super-tax on its income, has imposed a very heavy burden on the Corporation. It has prevented the Corporation from building up reasonable reserves which are absolutely necessary in this type of business. After five years of operation, the reserves of the Corporation totalled only Rs.3 lakhs against a paid-up capital of Rs.5 crores. The Government had, therefore, to amend the Industrial Finance Corporation Act in 1952 by providing for the creation of a Special Reserve Fund in which all dividends accruing on the shares of the Corporation held by the Central Government and the Reserve Bank, are, instead of being paid to them, to be credited until it exceeds Rs.50 lakhs. This has certainly provided some relief but, even on 30th June 1957, the reserves of the Corporation totalled only about Rs.40 lakhs which is not entirely satisfactory. There is a good case even today for granting to the Corporation at least partial exemption from income-tax and super-tax.

It will be interesting to note, in this connection, that the two Corporations started in the U.K., namely, the Industrial and Commercial Finance Corporation and the Finance Corporation for Industry did not pay out any dividend until their ninth and tenth year, respectively. The Finance Corporation for Industry followed from 1951 to 1954 a policy of using any surplus income accruing at the end of each year for writing down its investments which is equivalent to ploughing back all profits to reserves. The ICICI also has the advantage of an interest-free advance from the Central Government and no liability to pay any minimum dividend.....

It may be observed that Government policies and Parliamentary attitude have a close bearing on the successful working of the Corporation. At present, they do not allow for a sufficient degree of flexibility in the operations of the Corporation. It is common knowledge to students of Corporation finance, as also to practical business men, that one single form of finance, namely, mortgage loans with 50 percent. security margin may not quite suit all types of enterprises that require finance.

The discussion above would have shown that the responsibility for the lack of an adequate degree of flexibility in the operations of the Corporation lies primarily on the Government and Parliament. The Corporation, perhaps, has had more than its fair share of criticism. The question of the proper relationship of the Government and Parliament to statutory Corporations is still in a very fluid state in our country. It is necessary to settle these issues on proper lines as early as possible.

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THE INDUSTRIAL FINANCE CORPORATION OF INDIA

(A case study)

I. Statutory Structure:

- (1) Origin.
- (2) Scope and nature of activities.
- (3) Financial Structure and Resources.
- (4) Management and Administrative Organisation.
- (5) Relation to Government.

II. Policies and Procedures:

- (1) Guiding considerations in the selection of industrial projects for assistance.
- (2) Lending Operations:
 - (a) Requirements as to security;
 - (b) Interest rate;
 - (c) Repayment terms;
 - (d) Other usual conditions attached to loans:
Dividend limitation;
Representation on Board of Directors.
- (3) Under-writing Operations:
Legal restrictions on underwriting operations.
Other difficulties.
- (4) Guaranteeing deferred payments.
- (5) Procedures for making and administering loans and other assistance:
Formal application for a loan.
* Project examination.
Control over utilisation of funds.
Periodical inspection and reports.

Study procedure

III. Economic Characteristics of corporations assisted:

- (1) Size classification of companies receiving assistance;
- (2) New and existing enterprises;
- (3) Profit and dividend record of assisted companies before grant of assistance;
- (4) Whether the securities of the company were quoted;
- (5) Distribution of assistance by Managing Agency houses.

*Nature of assistance
Relation to Govt policy
& programs*

IV. IFC's Place in Corporate Finance.

- (1) A brief review of the progress of operations;
- (2) Companies receiving assistance in relation to the entire corporate sector;

?

- (3) Corporation's loans in relation to sources of finance for the assisted companies. (Based on an analysis of sources and uses of funds of the loanee companies over a period divided into two phases: (a) Period when the loan is disbursed which is apparently the period when investment is taking place, financed partly out of the loan and partly from other sources; (b) Period during which the loan is being repayed which would probably be accompanied by a massive ploughing back of profits by the repaying concern).
- (4) Loan finance and ploughing back of profits: examination of the percentages of net profit (after tax) ploughed back by loanee companies during the period of loan, particularly the repaying period.
- (5) Cost of finance ^{+ conditions} from IFC as compared to other sources of finance.
- (6) Indirect benefits to borrowing concerns: enhancement of credit

V. Financial Results of working.

VI. Problems confronting the Corporation

- (1) The tightness of its position resulting from its capitali-sation, statutory conditions and the attitudes of the Government and Parliament.
- (2) Problem of resources.
- (3) Some features of our industrial economy which handicap the work of financial institutions.

27th June, 1959.

Mr. Michael Hoffman
World Bank
Washington 25 D.C.

Dear Mike,

You don't know how close you came !

Krishna and I have not set up an illicit E.D.I. But - next week I am starting a series of discussions with ICICI staff on industrial finance institutions and on project appraisal. And from July 20 to 23, I shall be a participant in a Seminar on Financing Small-Scale Industries, which Krishna is helping to organize.

Many thanks for the circular letter. I now feel I am one of the Fellows, if not one of the boys.

I was pleased to get Ben's appraisal outlines. I wish you would send me the outlines on "Structure of the economy", which you circulated to Fellows with the previous letter. I note also that Siem conducted a Seminar on project preparation, and would like very much to have a copy of the outline. Any (and all) other outlines would also be greatly appreciated.

I envy you your trip to Jamaica. I like to think that I might have been with you, had I not been here, and that I am making a great sacrifice for Mother India and for the Free World.

Lois joins me in best wishes to Katherine, Peter and you - and to Mrs. T, Ben and Al.

Sincerely yours,

William Diamond

27th June, 1959.

Mr. P. Stewart Macaulay
The John Hopkins University
Baltimore, Maryland

My dear Macaulay,

For years I have been looking for an excuse to write to you and have at last found one. Since, however, it is only an excuse, I will let it go to the latter part of this note.

The reason I wanted so long to write, is partly to say "hello" and ask how you are, and partly to maintain, even in a tenuous way, my contacts with the University. I am afraid I have been remiss in the latter respect, though I suppose no more than most alumni. I manage to exchange notes with and infrequently to see various members of the history faculty, past and present, and some of the people with whom I studied so many years ago. (At least it seems many to me.) Aside from that, my only contact in recent years has been with the Press. The Press was good enough to take a book from me, which, I am pleased but not surprised to learn, has done much better than my doctoral dissertation. I am afraid I have not been to Homewood for almost ten years.

The letter-head under which I write should not shock you. I am on leave for a year from the World Bank to help the Corporation over some hurdles.

I hope you can find the time sometime to send me a note about yourself. I still see you as you were 18 years ago, and I suspect there have been some changes, in form if not in substance.

And now for the excuse. For many years my favourite reading has been Johns Hopkins Magazine. It is forwarded to me here in Bombay, while I am away from home, as indeed it has always been forwarded whenever I go away. Somehow I seem to have missed the April 1959 issue, which perhaps was sent by sea instead of by air or may simply have been lost. In any event, I was attracted by the letters to the Editor in the May issue, concerning Boas's article. Could

: 2 :

you manage to send me a copy of it, and also a copy of the article on education in the same issue of the Magazine ? In the first place, I am interested in the subject of Boas's article; and in the second place, he has remained, for reasons I wish I could explain, one of my heroes. If you do, as I hope you will, send the copies, you may save postage by addressing them to me C/o the World Bank, 1818 H Street, N.W., Washington 25 D.C.

With best regards,

Sincerely yours,

William Diamond

COPY

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

Subject _____


27th June, 1959.

To

Messrs.
Doodhmal
Johnson
Colaco
Jehagirdar
Poonegar
Soonawalla
Soparkar

1. The Chairman has asked me to inform you that he wishes to have a staff meeting, in his office, at 3 p.m. Tuesday. The purpose of the meeting will be (1) to inform you of the decisions taken and views expressed with regard to investment projects at the Thursday's Board meeting, and (2) to review the status of proposals under consideration by the Corporation.

2. At the suggestion of some of you, I promised to organize a few discussions on the subject of industrial finance institutions. If it is convenient to you, we could begin next Wednesday morning at 10 o'clock. If you are interested, please let me know whether that will be a convenient time. We can set subsequent dates for continuing the discussion, as we go along.


W. Diamond

27th June, 1959.

Mr. Sam Lipkowitz
World Bank
Washington 25 D.C.

Dear Sam:

Are you still in Turkey? The last time I saw you, you had a glow in your eye and a glass of brandy (Turkish) in your hand. I am sure the brandy is gone. I hope the glow is still there.

Two years ago, in response to a request made by one of the Fellows of the EDI, I asked you for references to books on industry and industrial processing. You were good enough to give me a small bibliography concerning processes in various fields of industry. I regret very much that I do not have that list with me; and I am writing, therefore, to ask you to help me again.

One of the minor things that I am interested in here is to help build up a small library, both economic and technical, to be used as reference by the ICICI staff in project appraisals. I should be interested in getting from you references to any thing which you might think relevant so far as technical and industrial hand-books are concerned. I remember in particular one three-volume book that you mentioned on food-processing industries; and I have a vague recollection of another book on the metallurgical industry. These and others like them would be of great interest. If you know of anything else on the particular subjects of sugar, paper, rubber, cement, automotive accessories, machine-tools, plastics, chemicals, I should be interested also in them.

My wife joins me in best wishes to your wife and yourself.

Aside from a reply to the question put to you above, I should like very much to hear from you about how you are.

Sincerely yours,

William Diamond

27th June, 1959.

Mr. E.T. Kuiper
General Manager
Pakistan Industrial Credit & Investment
Corporation Ltd.
Insurance House No.2
Habib Square
Bunder Road
Karachi 2
Pakistan

Dear Kuiper:

I wrote to you on May 2, replying to an earlier letter of yours, and in the course of my letter I made a suggestion in the last paragraph about a visit to Bombay. Perhaps you did not receive the letter, and I am therefore enclosing a copy of it.

My reasons for raising the question with you now are the following. Firstly, when Svoboda was here last month, he mentioned the fact that you were likely to go to Washington in July or August. Secondly, it suddenly occurred to me, within the past few days, you might also be visiting Washington for the Bank Fund meeting in September. It is thus possible that the get-together that I suggested might not be able to take place until October. In any event, I should like very much to get your reaction to my suggestion, so that I can start the ball rolling.

You may be interested to learn that a new loan to this institution is in process in Washington. The negotiations are virtually completed, and I would expect that the loan agreement will be signed within the next week or two. That loan agreement will be the first to reflect the new Bank policies with regard to development banks, for instance the variable rate of interest. As soon as the text of the new agreement is available, I will send it to you.

You might also be interested to hear that we here have taken a new look at the Heads of Agreement, covering the loans we make. We discovered, on careful examination, that a few important items were missing, that there was a lot of overlapping, and that the Heads of Agreement - having grown provi-

: 2 :

sion by provision over the years - were put together in a rather illogical order. Accordingly, we have drafted a new model of the Heads of Agreement, which is both a little shorter and a little clearer, and we have sent it to Washington for such comments as the Bank may have. We propose henceforth to use this model as the basis for all Heads of Agreement. In the case of projects involving World Bank funds, we will no longer, as we have done in the past, send the entire document to World Bank for approval. We will simply inform the Bank of such changes as we propose to make in the model, for the particular case in hand. This procedure should save time and money for both the Bank and for us.

If you should be interested in this new model, I should be very pleased to send you a copy for your personal information, as soon as we have some comments from the Bank.

With best regards,

Sincerely yours,

William Diamond

COPY

INTERNATIONAL FINANCE CORPORATION

1818 H STREET, N. W.
WASHINGTON 25, D. C.

OFFICE OF THE PRESIDENT

June 26, 1959

Dear Bill:

Thanks for your letter of June 1. I was glad to get word of you. We have had two or three useful conversations with Mr. Parekh and as a result I am hopeful that we will be able to do some business together. Incidentally, he said you were getting along fine.

We, too, have been particularly busy in the last month or so. I am glad to say that volume seems to be picking up and we have put through about five deals this month with quite a few more to come which will probably be closed during the summer. Our experience as to the number of transactions is paralleling that of the Bank and although, of course, our amounts are much smaller, the amount of work required is not in proportion to the size.

You will be interested to know that Neil Paterson and Ted Lamont are both proving to be extremely valuable members of our staff and that Gordon Grayson is going to join us next month. I am particularly pleased to have some of my old associates with me again.

Since the annual meeting I have made one short trip to Europe but otherwise felt it necessary to stick close to home. My future travel plans are indefinite but I don't see any chance of getting to India in the near future.

My best to Lois. As always,

Sincerely,


R. L. Garner

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building, Apollo Street
Bombay 1, India

26th June, 1959.

Mr. T.K. Ramasubramaniam
Chief Officer
Industrial Finance Department
Reserve Bank of India
BOMBAY 1

Dear Mr. Ramasubramaniam,

Please forgive my delay in acknowledging receipt of your several letters concerning the Reserve Bank Seminar on Small-scale Industries. I have been away from Bombay and have only just returned. I acknowledge them all now.

78/1-59	of	June 8
85/1-59	of	June 11
86/8-59	of	June 13
96/1-59	of	June 20

I am pleased to accept your invitation to participate in the seminar and would like to take advantage of your offer to make all arrangements, i.e. to arrange for me to go by air on July 19 and return by air on July 24, and to make hotel reservations for me.

As you know, Mr. Parekh was to have attended the Seminar, too. He is now in the United States, and it is uncertain whether he will be back in time.

With best regards,

Sincerely yours,

William Diamond

26th June, 1959.

Mr. S. Hartz Rasmussen
World Bank
Washington 25 D.C.

Dear Rasmussen,

A few days ago I received a copy of the pamphlet on India issued by the NPA. I assume I have you to thank for it, and I do so now.

I am now getting bolder and would like to ask you for two more pamphlets. Firstly, I have seen a reference in the Indian press to a new publication of the United Nations, concerning private foreign investment. It is called "International Flow of Private Capital 1956-59". Secondly, I have also seen a reference to a booklet published by P.E.P. in London called "Management and Underdeveloped Territories". I should be most grateful if you could get and send me copies of these two items.

With best regards,

Sincerely yours,

William Diamond

26th June, 1959.

Mr. Joseph Rucinski
World Bank
Washington 25 D.C.

Dear Jeff:

When Mr. Mehta returned to Bombay Monday night,
he told me that you had pneumonia. I hope this is not
true. If it is, I hope that by this time you are fast
recovering. Please let me know how you are.

Lois joins me in best wishes to you,

Sincerely yours,

William Diamond

COPY

26th June, 1959.

Mr. Hector Prud'homme
World Bank
Washington 25 D.C.

Dear Hector:

You probably heard the name of Mr. V.M. White of Westinghouse, who used to be the alternate American Director of the ICICI. In May, White called to ask me some general questions about the World Bank policies concerning the selection of equipment to be used in Bank financing projects. He raised the issue at that time because of his concern about an interim power plant which the Bank was considering financing for the city of Karachi. He was worried about the matter and I said that, if he wishes, I could make appropriate enquiries in Washington, because I knew nothing about the project. He asked me not to make any enquiry, but said that he was satisfied with my description of the general role of the Bank in the selection of the equipment.

He called me today again on this subject and asked me if I would put a question to you. According to him, the IBRD turned down entirely, on technical grounds, the proposal for using a gas turbine for the interim power plant. According to him, there is no question about the technical merits of such a solution to the interim power problem. He is concerned not only about the rejection of the Westinghouse bid; he is more concerned about the fact that the whole idea of a gas turbine has been rejected. He would like to know why, so that he and his firm can learn from the experience.

I promised him I would write to the Bank. You may wish to send me a note which I can show him. Alternatively, you may wish me simply to inform him to have his Washington representative ask the question directly of you. In any event, I should like to be able to give him some kind of reply, even if it is not an informative one.

With best regards,

Sincerely yours,

William Diamond

26th June, 1959

Mr. John DeWilde
Resident Representative
International Bank for Reconstruction
and Development
KARACHI

Dear John:

I am sending a letter to Dick Demuth in your care. Would you please be good enough to pass it on to him when he reaches Karachi ?

I am also attaching a copy of a letter I have today sent to Hector. If there is anything you would like to tell me on this subject, other than to tell me to keep my nose out of your business, I should appreciate it.

Three weeks ago, I wrote to friends in Washington that at long last the monsoon had broken. We had a hell of a rain that day, which pleased us very much. But according to the newspapers, the monsoon did not break until yesterday. It was simply gloomy and drizzling all day. However, the maximum temperature yesterday was only 29° C, which is lower than it has been since early March. I hope the monsoon blows its way up to you before long.

Best regards to Martha and yourself,

Sincerely yours,

William Diamond

26th June, 1959.

Mr. Richard H. Demuth
C/o Mr. John DeWilde
Resident Representative
International Bank for Reconstruction
and Development
Post Box 339
KARACHI

Dear Dick:

According to the weekly bulletin which I received today, you are scheduled to leave for Pakistan this weekend. I presume that in your case, Pakistan means Karachi. Do you realise that Karachi is only 2½ hours away from Bombay? And that Bombay is as easy a place from which to return to Europe and United States as Karachi is? All this is just another way of saying that Lois and I hope very much that you will look in on us, while you are in this part of the world.

I expect to be here during the whole of July, except for the period beginning July 19 and ending July 24. From the 20 through the 23, the Reserve Bank of India is sponsoring a seminar in Hyderabad on Financing Small-scale Industries. I am one of the people who have been invited. (Incidentally, Krishnasway is one of the organizers of the seminar.) I shall attend; and it occurs to me that that, if you are to be able to spend a little time here, it would be very easy, I think, to arrange for an invitation to you as well. The participants in the seminar will be representatives of all the State Finance Corporations, the nation-wide development banks like the IFC and the ICICI, many bankers and government officials who are concerned with the development financing.

Please come to see us.

With best regards from Lois and myself,

Sincerely yours,

William Diamond

26th June, 1959.

His Excellency In Sang Song
Minister of Finance
Republic of Korea
Seoul
Korea

My dear Song:

I have just received the news of your appointment of Minister of Finance. I congratulate you and my wife does too.

I can only say, however, that you deserve the punishment. For two years you have been laying out development plans for Korea. It is only fair that you should now be given the responsibility for finding the money with which to finance those plans. More power to you !

My wife joins me in hoping that you and your family are all well. I hope we will sometime have the opportunity of seeing you again, and of meeting your wife and children.

With best personal regards,

Sincerely yours,

William Diamond

26th June, 1959.

His Excellency Sunthorn Hongladarom
Minister of Finance
Kingdom of Thailand
Bangkok

My dear Sunthorn:

I have just received the news of your appointment as Minister of Finance. My wife joins me in congratulations and best wishes.

My only regret in hearing the news of your appointment is that, in my experience, Finance Ministers are not as gay as we always remember you were. I hope the burdens of office will not change you too fast.

My wife and I often speak of the people in the first course of the Institute who, somehow or other, remain closest to us. After all, the counterpart of the suffering they went through as the result of our experimentation on them, was the excitement and stimulation of trying out something quite new.

With best personal regards,

Sincerely yours,

William Diamond

26th June, 1959.

Mr. Craig Donald
Secretary for Finance
Entebbe
Uganda

Dear Craig:

I had an unexpected visit, a mong ago, from Colin Hill, who passed on the exciting news of the honour you received on the New Year. Lois joins me in congratulations.

I hope you too can sometime manage a visit to Bombay. After all, you too have cotton to sell.

How are Mary, you and your daughter? We think of you all often.

With best wishes,

Sincerely yours,

William Diamond

26th June, 1959.

Mr. James Reid
World Bank
Washington 25 D.C.

Dear Jim:

Is there an outline of the filing system of the World Bank? I know there is a printed outline of the set-up of the Research Files, and I think that there is also one of Operational Files. If the latter exists, would you be good enough to send me a copy? If it does not exist, could you write out for me some information on how your files are set up? Would you also write out for me a statement on how the files of any individual project are organized. For instance, take one particular project, say the Yankee of Thailand. What are the headings of the file folders you have on that subject?

I am asking you for this information because the files here are very messy. The ICICI is now building a new office and will have an opportunity, at the end of the year, to start many things with a clean slate. One of the things that ought to be done is the acquisition of modern and efficient archives equipment and the inauguration of an efficient system of files. I can help the ICICI in this, if you will help me.

I hope your wife and the baby are well, and, you too.

Sincerely yours,

William Diamond

26th June, 1959.

Mr. W.T. Yoxall
General Manager
Development Finance Corporation of Ceylon
Hemas Building
York Street
Colombo
Ceylon

Dear Yoxall:

Several months ago, we exchanged a few letters concerning the visit which I should very much like to make to Colombo. I believe that, in your latest letter, you suggested that August would be an appropriate time. I did not reply to that suggestion because, as you knew then, I was uncertain about what my plans would be here.

It appears now that August will be a virtual impossibility for me, and I am writing therefore to ask if you would mind a visit sometime later in the year, perhaps not until the autumn. I hope this will make no important difference to you. Incidentally, in letting me know whether any particular time is out of the question so far as you are concerned, you might want to take into account any plans you may have for visiting Washington during the annual meeting of the Bank and the Fund.

With best personal regards,

Sincerely yours,

William Diamond



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

June 25, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1, India

Dear Bill:

I am sending you under separate cover a revision of the development bank handbook. Would you read this one and let me have your comments as soon as you conveniently can? I think you will find many of your comments on the first draft reflected in this version. It also takes account of the factual corrections by participants (all except Kuschke's, which are on their way but which, we understand, are minor).

Most of the changes have been made in Part I. Former Chapter I has been substantially rewritten. Chapter II contains material that formerly appeared in Chapters II, III and V. The chapter on financial resources has been amended somewhat but more in presentation than substance, and the material in the chapter on the board of directors has been reorganized. In Part II, the principal changes are in the beginning of the chapter on the selection of enterprises. And throughout the book many stylistic changes have been made and material added. The Appendix material is new.

We are not going to send this version to participants for further comment. I don't include you in the category of "participant" for this purpose; I hope you will have the time and inclination to give us just as detailed comments as you did before. I am about to go off on a three-week trip, principally to Pakistan to see about an agricultural commission which is to be set up there, and during the course of all the flying I am to do I may get to read this in the clean version myself. If you could possibly get your comments to us by about the third week in July, I should appreciate it.

Mr. William Diamond

- 2 -

June 25, 1959

One other point: you wrote that ICICI's smallest investment was "less than the equivalent of \$100,000", but you did not say what it was. We may get the figure from Parekh before he leaves, but in any case could you supply it, for purposes of the table on page 84? (That table needs to have an indication of the period it covers, which would be through April 1959).

I hope you and Lois are enjoying yourselves. You would both have been pleased to hear the highly complimentary remarks made about you by both the Chairman and General Manager in the course of the loan negotiations here. No one doubted they were well deserved.

Best wishes -

Sincerely,

A large, stylized handwritten signature in blue ink, appearing to be 'R. Demuth', with a horizontal line extending from the end of the signature.

Richard H. Demuth
Director

Technical Assistance and Liaison Staff

24th June, 1959.

Mr. H.T. Parekh
Sheraton-Park Hotel
Washington 8, D.C.

My dear Parekh,

I have great pleasure in enclosing for you a copy of the document which Mr. Mehta will present to, and discuss with your Board of Directors tomorrow morning. By the time you receive these, you will already have heard the result, by cable. But I want you have them at the earliest possible moment, because I am sure you will feel very proud of the speed with which your staff was able to produce this document. After all, it was not until yesterday morning that we first saw the draft loan agreement and began to get, from Mr. Mehta, from you, and from other sources, detailed information on the negotiations.

I have every expectation that your Board will be as pleased as I am with the result of Mr. Mehta's and your work in Washington.

Now that the main pressure of the negotiation is over, I hope you will begin to enjoy your stay in America - to meet many people and to see many things.

It occurs to me that in the rush of our separation, almost three weeks ago, I forgot to give you the names of some brief histories of the United States, one of which I suggest you might wish to buy and read in your spare time. One of them is Charles A. Beard, A Basic History of the United States. The other is Allan Nevins, A History of the People of the United States. The latter is available in a pocket edition. The former is also pretty cheap. Both of them are available at Kramer's Book Shop, which, you will recall, has taken five of your books for sale in Washington. That book shop is just a block away from the World Bank, and you may wish to go into it and speak to the proprietor, my friend Sidney Kramer.

: 2 :

I hope, very shortly, to be able to cable you offering my personal congratulations on the successful conclusion of your mission to Washington.

With best wishes,

Sincerely yours,

WILLIAM DIAMOND

COPY

The First National City Bank of New York

ESTABLISHED 1812

TRUST AFFILIATE
FIRST NATIONAL CITY TRUST COMPANY

VIA AIR MAIL

CABLE ADDRESS "CITIBANK"

55 Wall Street, New York 15, N.Y.

June 24, 1959

IN REPLYING PLEASE QUOTE

JE

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building, Apollo Street
Bombay 1, India

Dear Bill:

After writing my letter of June 19, I discovered that Mr. Parekh and Mr. Mehta, who I understand is now your Chairman, were in New York for a little more than a day on June 17. My colleague, Mr. A. D. Calhoun, met them at a lunch given by Mr. Birla.

Perhaps I should have gotten in touch with Mr. Parekh sooner, but I understood from your letter that he would not be in New York until late June or early July. Mr. Calhoun tells me that they were here for such a short time that it probably would have done little good anyway.

Please extend my regrets to Mr. Parekh at missing the opportunity to meet him. I hope we can make it another time.

If I get to India before too long, I hope I shall see you there and that you will not leave before I arrive.

With warm regards,

Sincerely,



John Exter



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

June 24, 1959

Mr. William Diamond
The Industrial Credit and Investment Corporation
of India, Ltd.
Union Bank Building
Apollo Street,
Bombay, India

Dear Bill:

Any occasion for hearing from you is welcome, and Mr. Abel's resignation, to which your letter of June 4 referred, is as welcome an occasion as most. As it happens we are still lacking official confirmation of his permanent departure from the DEE, but when I left Addis, about six weeks ago, Abel had committed himself to a point where he could hardly withdraw and there was every evidence that the Board would not ask him to reconsider (as he had apparently hoped, and maneuvered, that they would, right up within a few days of my departure). And we have gotten informal word, from others than yourself, that he will not return to duty after his current vacation. However, as I say, the DEE has still not informed us officially of a change, and decisions regarding the future remain to be pinned down -- but you know how things are in Ethiopia.

I thought longingly of trying to draft your services for a few weeks to help get things straightened out there, and DEE started off on the right foot under a new mandate and management. I was told in no uncertain terms, however, that you are indispensable in India and I have no doubt that is true. I trust that you are finding your assignment there^{as} interesting and challenging as it sounded last December, and that you and Lois are getting a chance to see a fair amount of what must be a fascinating country.

Clara went along with me on my last mission to Egypt, Sudan and Ethiopia, and enjoyed it tremendously. Tourism has much to recommend it; I was kept pretty busy myself, and it looks like a fairly busy summer. I envy you Kashmir.

Best regards to Lois and yourself, and don't wait for another letter from Abel before you let us hear from you.

Yours,

David L. Gordon

23rd June, 1959.

Mr. Raymond Goodman
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Ray:

Last night Mehta returned, and today we received two letters from Parekh, a cable from him and your letter of June 19. I am therefore as up-to-date as I can be, so many miles away.

You raised one specific question in your letter of June 19. What attitude would I recommend, you asked, if the Government proposes to hold up signature of its new loan agreement for a year or so, until sometime closer to the date on which the ICICI will have to draw on that loan ?

I recommend that you stick to your Sections 8.01 and 8.02 of the draft Loan Agreement. That is, I think you should insist on the signature of the Government contract as a condition for effectiveness of the Bank loan. I fear that if there is long delay, conditions could so change (including the complexion of the Government and its attitude towards ICICI) that ICICI would have difficulty in getting funds and that the terms now proposed would be substantially changed. Yesterday the Government's attitude towards ICICI was not so good; today it is good; who knows what it will be tomorrow ?

Parekh and I realized, a month ago, that this question might arise. Accordingly, we specifically asked Svoboda to label as "confidential" the projections of use of funds prepared here, so that those projections would not be presented to the Board, whence they would no doubt go immediately to Delhi. Furthermore, in the discussion with the Finance Minister in May, Parekh purposely hedged in making any promises about how soon the new Government loan would be drawn down. Both the Minister and A.K. Roy said that there was no hurry about signing the contract for a new government loan since, according to their information, the ICICI had plenty of rupee resources. We replied that that was the situation today, but that we hoped and intended to speed up ICICI

: 2 :

business and would make every effort to draw down the loan as quickly as possible. They appeared satisfied with that hedge.

I would suggest that you make every effort, without making a misstatement, to keep the projections from the Government, as we have tried. Should the Government get wind of the situation, I think you have a fair and valid reply. The funds which the Government will lend to the ICICI can be used for no other purpose, since they have been lent to the Indian Government by the U.S. Government for the specific purpose of relending to the ICICI. It should therefore make no practical difference to the Government whether it signs a contract with the ICICI now or two years from now. On the other hand, it does make an important psychological difference to the ICICI, which will be assured that the funds will be available when needed, which will not have to worry about the vagaries of Government, and which will be able to make a big public splash now, with two new loans.

As you know the World Bank's influence on governments is always greatest before a loan is granted, or before a loan becomes effective; it declines substantially thereafter. Today you can exercise more influence in getting the Government to complete a new loan contract than you will be able to do in 1961, by which time more than half of the World Bank's loan will have been committed, and perhaps disbursed. And then you may find yourself in the position of having to offer a third loan to the ICICI in order to get a second loan from the Government.

As for your suggestion that I help Mehtaget the Agreement approved by the Board at the next meeting, without going into too many details, you may be assured that I will do my best. I believe Mehta will be able to do it, but it would be best to make no promises, since from my reading of the minutes of the meetings of the past several years, the Board, or some members of it, can sometime be quite obstreperously and they have what in my opinion is the bad habit of too often rejecting recommendations of the management. However, I do not think that this will be the case this time since Mehta himself was charged with the negotiations, the result of which are being presented to the Board.

I was delighted to hear from you, sorry to hear that you are so busy, and glad to hear that you have the prospect of a long holiday very soon.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

FORT HOUSE, 221 DADABHOY NAOROJI ROAD
Phone 32847-48-49

BOMBAY 1

COPY OF TELEGRAM SENT

DATE

TIME

GOODMAN

INTBAFRAD

WASHINGTON DC

U.S.A

RE PARA SIX YOUR LETTER JUNE 19 STOP
URGE YOU STICK TO YOUR GUNS IN SECTIONS
8.01 AND 8.02 STOP LETTER FOLLOWS REGARDS DIAMOND

23/6

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

FORT HOUSE, 221 DADABHOY NAOROJI ROAD
Phone 32847-48-49

BOMBAY 1

COPY OF TELEGRAM SENT

DATE

TIME

23/6

H T PAREKH
SHERATON PARK HOTEL
WASHINGTON DC
U.S.A.

GOODMAN ASKED MY ADVICE AND I TODAY
ABLED HIM AS FOLLOWS QUOTE URGE
YOU STICK TO YOUR GUNS IN SECTIONS
8.01 AND 8.02 STOP LETTER FOLLOWS

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

FORT HOUSE, 221 DADABHOY NAOROJI ROAD
Phone 32847-48-49

BOMBAY 1

COPY OF TELEGRAM SENT

DATE

TIME

UNQUOTE WILL SEND YOU COPY OF
LETTER BEST WISHES

DIAMOND

ECONOMIC DEVELOPMENT INSTITUTE

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

1620 BELMONT STREET, N. W.
WASHINGTON 9, D. C.

EXECUTIVE 3-6360

June 22, 1959

Dear Fellow of the EDI:

The Fourth Course ended with a very pleasant farewell dinner in Rome on April 24, 1959. We all felt that it was the best course ever, but of course this is an occupational disease and my remark should not be taken too seriously by the members of Courses One, Two and Three.

We had a very valuable field trip in Southern Italy. The Cassa per il Mezzogiorno did a splendid job of arranging the program. There were only two real difficulties. One was that, like most EDI field trips, it proved to be almost too strenuous. The second was that we had terrible weather in a country, and at a time of year, that should have produced many beautiful days.

With my last letter I enclosed a set of outlines used during the Fourth Course in what we now call Seminar 3, the Structural Relationships in the Economy. I would be very much interested to know whether any of you have had occasion to use these outlines as teaching material or in any other manner. There have been several suggestions that we ought to publish our next revised set of these outlines, and it would be helpful to hear of any success or failure you may have had in attempting to use them.

Among the outlines developed for the latter part of the Fourth Course were two on Project Appraisal, prepared by Mr. King, which I enclose. These are being revised further but I think they are good enough as they stand to be of interest to many of you. As you know, I must ask you not to reproduce these papers for any general circulation although they may be used as teaching material or as a basis for talks or lectures that you may be called upon to give.

I also enclose the latest list of additions to the Institute's library.

Finally, I am enclosing the skeleton schedules and reading assignments used in the Fourth Course.

Mr. William Diamond
% ICICI
Union Bank Building
Apollo Street
Bombay 1, India

The staff will be leaving in a few weeks for Jamaica. We have undertaken to give a short version of our regular course at the University College of the West Indies with Participants drawn from member countries of the Bank bordering on the Caribbean Sea. At the latest count there were approximately 24 Participants accepted, including, I am happy to say, several from the Spanish-speaking member countries of the Bank in that region. We plan to use our regular EDI material and to give about 25 seminars over a five weeks period. This is definitely an experiment to see whether we can do anything useful without being able to draw on the Bank, the Fund and the other resources available to us here for speakers and visiting experts. Of course, we cannot do the same kind of job that we do in the regular course but it may be that we can be of some help to a group of Participants who would be unable, and in many cases ineligible, to attend the Institute's regular session. We plan to give the full seminar on Development Programming; two sessions on Public Finance, which will consolidate several of the Seminar 4 sessions (I am referring, of course, to the numbers used in the Fourth Course schedules that are enclosed); 3 sessions on International Economic Complications; most of the important Seminar 3 on Structural Relationships; 2 sessions each on Credit and Monetary Authorities and Programming for the Agricultural Sector; and several seminars on Project Evaluation, including at least one case study of a Bank project. I will report to you on our impressions of this experiment after it is over. If we feel that it goes well, we might consider doing a similar short session in other regions. If any of you would care to give me your reactions to this possibility, I would be most grateful.

We have accepted 23 Participants from member countries and one from the Bank for the Fifth Course that begins October 13, 1959. We have also accepted a new kind of Participant, one that we are calling an Associate. He is an officer of the Bank of England who is concerned with that bank's activities in assisting financial institutions in various parts of the Commonwealth to establish themselves or to improve their operations. This is definitely an experiment. You will recall that a number of Participants have always felt it would be desirable to have a member of the group from an advanced industrial country. I feel that the Institute is now well enough established so that we can afford to conduct an experiment along these lines. We are not, however, using any of our budget funds for this purpose as the Bank of England is undertaking to reimburse us for the expense involved.

If all of those accepting finally arrive in October, we shall, as you can readily imagine, be more crowded than ever before. I believe we can manage, but we shall probably have to obtain more staff assistance.

Mr. King and Mr. Waterston from the staff of the Bank will remain at the Institute at least through the Fifth Course. Dr. Ashok Mitra joined the staff shortly before Dr. Krishnaswamy's return to the Reserve Bank of India. Dr. Mitra is a young Indian economist who

has done graduate work in the Netherlands and has been both in his own country's public service and on the staff of the Economic Commission for Asia and the Far East. He came to us from the National Council of Applied Economic Research of India. For the latter part of the Fourth Course we were privileged to have the cooperation of Mr. Loreto Dominguez on leave from the Organization of American States. Mr. Dominguez is a citizen of Argentina with a wide experience of Latin American economic problems. I am happy to say he liked us enough and the Bank liked him enough that he has subsequently joined the permanent staff of the Bank in the Department of Operations - Western Hemisphere.

Mr. Diamond is spending a year in Bombay as adviser to The Industrial Credit and Investment Corporation of India Limited. I would not be surprised to hear that he and Mr. Krishnaswamy were operating an unlicensed EDI in Bombay. At any rate, I am sure they would be happy to see any of you who may have occasion to pass through that great commercial center. They have already seen at least one Fellow of the Institute, Mr. Colin Hill (Third Course), and gleaned from him the news that he and Mr. Craig Donald (First Course) were on the last New Years Honours list. They were given the Order of the British Empire, on which I take this occasion to congratulate them.

Among other items of news are the following:

Mr. Sunthorn Hongladarom (First Course) has been named Minister of Finance of Thailand.

Mr. In Sang Song (Second Course) was named Minister of Finance of the Republic of Korea a few months ago.

Mr. George Bowen (Third Course) is now Permanent Secretary in the Ministry of Agriculture, Lands and Fisheries in Trinidad.

Mr. Rolando Duarte (Third Course) has been named Assistant Manager of the Central Reserve Bank of El Salvador.

I was able to pay a short visit to Yugoslavia after the end of the Italian field trip. The very substantial EDI alumni group in Belgrade gave me and Mr. Waterston a strenuous but interesting time. Messrs. Rip (First Course), Papic (Third Course) and Raicevic (Fourth Course) are all performing important work in the economic life of their growing country.

We have heard from many of you, seen quite a number, or had reports of you through other members of the Bank staff. However, there are some from whom we have had no news for quite some time. If you have not given us a short note about your activities, prospects, interests and problems recently, I would appreciate it very much if you would take the time to do so on the occasion of the receipt of this letter.

MLH/mct
Enclosures

Sincerely,



Michael L. Hoffman
Director

30 Rockefeller Plaza
New York 20, N. Y.

Room 5600

June 22, 1959

Dear Bill:

Thank you very much for your letter of June 1st.

Messrs. Parekh and Mehta have been in the area for some days, I gather, and on Thursday had a very satisfactory meeting here in the office with the representatives of the shareholders. This meeting was also attended by Mr. Woods and by Mr. Streibert who was representing this office. Unfortunately I was unable to be present due to a conflict of dates. However, Streibert tells me that the meeting was a very good one and that everybody left with a feeling of hopeful optimism.

I was very sorry to have missed Mr. Parekh but I hope to have an opportunity to meet him before he leaves the United States for India. I have the impression that George Woods has been going out of his way to introduce him around and to make sure that his visit is a profitable one.

With best wishes.

Sincerely,



Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1, India

22nd June, 1959.

Mr. L.K. Jha, I.C.S
Additional Secretary in the Ministry
of Commerce & Industry
Government of India
NEW DELHI

Dear Mr. Jha:

I hope you don't mind if, in Parekh's absence, I write to ask you to look into two applications, approved long ago by the ICICI, whose foreign exchange licences are being held up in Delhi.

The Mysore Commercial Union applied to the Reserve Bank on February 25, 1959 for a foreign exchange licence. The application was sent to the Finance Ministry in May. Atul Products applied to the Reserve Bank in May 1959, and that application was sent immediately thereafter to Delhi.

Mr. Maluste, the Foreign Exchange Controller, tells me that he has several times written to Delhi to ask for a decision on these cases, but has thus far had no reply. I should be most grateful if you would do what you can to expedite these applications. (Incidentally, it would help us, in the future, if you could find out and let us know who handles these applications in Delhi.)

These cases illustrate the importance of ICICI'S request, which both you and Mr. Maluste were good enough to support, to get a general licence authorising the ICICI to pursue in its foreign exchange lending without individual approvals by the Reserve Bank. As you probably know, Mr. Jagannathan wrote to Parekh on June 1, saying that the Reserve Bank's individual approval could not be dispensed with, but saying that some simplified procedure could probably be worked out in order to expedite specifications. I hope it can and that you will give the proposal another push in the Finance Ministry. (Enclosed are copies of Jagannathan's letter and of Parekh's reply.)

I look forward with pleasure to seeing you Thursday, at the Board Meeting.

Sincerely yours,

WILLIAM DIAMOND

22nd June, 1959.

Mr. A.S.G. Hoar
Commonwealth Development Finance Co., Ltd.
27-32 Old Jewry
LONDON E.C. 2

Dear Mr. Hoar:

When last I wrote to you I knew nothing officially about Mr. Curran. I have just received the Bank's News Bulletin of June 8, and find therein the following item :

"Mr. Harry G. Curran has joined the Department of Operations - South Asia and Middle East and will be in Washington until sometime in August when he will take up his duties as Special Representative of the Bank in India. Mr. Curran's most recent assignment was as Special Consultant to the Government of Ecuador. From 1950-53 he was Treasury Representative in South Asia and Financial Advisor to H.M. High Commissioners and Ambassadors in India, Pakistan, Burma, and Ceylon. Following this he was U.K. Treasury Representative in Canada".

I was pleased to receive Mr. Small's letter and look forward with great pleasure to seeing him when he gets to Bombay, at the end of the month.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

International Bank for Reconstruction and Development
International Finance Corporation

ADMINISTRATIVE CIRCULAR

June 8, 1959

Department of Operations - South Asia and Middle East (continued)

Mr. Harry G. Curran has joined the Department and will be in Washington until sometime in August when he will take up his duties as Special Representative of the Bank in India. Mr. Curran's most recent assignment was as Special Consultant to the Government of Ecuador. From 1950-53 he was Treasury Representative in South Asia and Financial Advisor to H.M. High Commissioners and Ambassadors in India, Pakistan, Burma, and Ceylon. Following this he was U.K. Treasury Representative in Canada.

22nd June, 1959.

Mr. Sidney Kramer
Sidney Kramer Books
1722 H Street N.W.
Washington 6 D.C.

Dear Sidney:

Many thanks for your letter of May 21. Better late than never.

I showed your letter to Parekh, the author of the book, and he got in touch with his publisher and they have taken you at your word and sent you five copies of the book.

Incidentally, when I wrote to you in February, I had no thought of suggesting publication in the United States. My only thought concerned sales and distribution.

It was good to hear from you and I hope you are well.

I am glad to see that your book publishing business has been launched and wish you all success.

Sincerely yours,

WILLIAM DIAMOND

22nd June, 1959.

Miss Virginia Callery
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Virginia,

Thank you for your letter of June 9. It was good to hear from you and to learn that you are keeping busy. I was sorry to learn that Miss Astier has left us and, according to rumours I hear, Mr. Jentgen also.

Attached herewith is a check for the dining room; and enclosed you will find two letters, which I hope you will be good enough to mail for me.

I have just returned from a two-week holiday in the mountains, where I was cold all the time and had to have a fire every day. It was wonderful. But now I must begin to suffer again.

Thanks for the Italian Report, which arrived the same time as your letter.

With best regards,

Sincerely yours,

WILLIAM DIAMOND



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

June 9, 1959

Dear Mr. Diamond:

Thank you for your letter of May 9 and your note of June 4. My abject apologies for not writing sooner. I wrote to you in March and am enclosing a copy of that letter. Please note, however, that the bill for the dining room is \$3.75 and not \$2.50. If you will send me a check for this amount, I will forward it for you.

I am sorry you did not receive the Italian reports which you requested. We sent them via airmail on May 8, but guess they must have gone by sea. I am sending you a copy of the TOD report by air today, and hope that you receive it.

Thank you for offering to pay me the money you owe for postage, but it only amounts to \$.36 so why don't you wait until you return?

We have been quite busy in our Division these days - SENN seems to be the topic of the day. Mr. Collier has been in Austria for the past two weeks and is returning tomorrow. Miss Astier is now working in Mr. Parson's Division, the new addition to the Department.

I hope you are well and the temperature has dropped a little. If it is any consolation to you, the temperature in Washington is 93 today! With best wishes,

Sincerely,

Virginia
Virginia Callery

March 27, 1959

Dear Mr. Diamond:

I received your letter of March 13 and the enclosures which I have mailed.

Another dining room statement came in recently for you - it is for December 29 and 30 and amounts to \$2.50.

Two friends of yours from Turkey stopped by the office to see you the other day - I am enclosing their cards. They left a gift for you from Mr. Ulutan - a cigaret box - which I have in my desk.

Mr. Mason returned last Tuesday and has been keeping me quite busy.

Best regards,

Sincerely,

Virginia Gallery



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

June 19, 1959

No. 33

Mr. William Diamond
c/- Industrial Credit and
Investment Corporation of India
Union Bank Building
Apollo Street
Bombay 1, India

Dear Bill:

Assuming that you still have a soft spot for Suraya and Karpic I have asked Archives to send you a copy of our Turkish report which finally saw the light of the day. It was in its present form addressed to the Management only and a much milder edition is to go to your friend Hassan.

We went through Staff Loan yesterday and the only dissenter of substance was Marty Rosen who explained that "we were too bullish before and we are (therefore) too bearish now". It was what Mike Hoffman called a typically bureaucratic remark and what I thought was a nice example of a convincing non sequitur.

This is my last day in the office (which for the last four weeks has been in the Western Hemisphere). I am taking off on a vacation trip to the Fontana Dam (remember?), Miami and Jamaica, where on July 12 I shall go back on duty with the EDI Summer School. I don't know about the others but I for one shall be thinking of you.

I understand from the people who follow ICICI that you have made yourself rather useful there. This should not prevent you from occasionally coming back to Washington.

Please give Vilma's regards and mine to Lois.

Yours cordially,


John H. Adler



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

June 19, 1959

No. 32

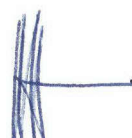
Mr. William Diamond
The Industrial Credit and Investment
Corporation of India, Ltd.
Union Bank Building
Apollo Street
Bombay 1, India

Dear Bill,

I am sorry that we have been such poor correspondents, but as you know the department has been under rather heavy pressure recently, with a number of people away at the same time. As far as I am concerned, I have had to get along without Don Jeffries and Peter Wright, and have had to give a good deal of time to my report on Israel, so that I have had to forego the pleasure of correspondence.

I will not attempt to give you a blow-by-blow account of the IFCI negotiations, since they have been almost unbelievably complicated. I thought we had all the matters of principle ironed out before Mehta and Parekh arrived, but it was only when we got down to the drafting that we realized how many difficulties had been raised by the Bank's "new look" for development bank loans. You will get some idea of the discussions from the attached set of minutes which Bill Wang has made, although they ought to be matched by minutes of the parallel negotiations which went on in Burke's office.

As you will see, we finally had to strike a compromise between a fixed amortization schedule, as under the first loan, and the "tailored" schedules which we would have preferred for the second. We hope that the proposed arrangement - a ten year loan with provision for extending the repayment period by another four years - will give the Corporation some opportunity to adapt the terms of its loans to the requirements of its borrowers without incurring a foreign exchange risk. We understand that it is Parekh's intention to take advantage of this opportunity, although in practice I fear he may be hampered by the need to clear with GOI any proposal to set one of his repayment schedules for a term shorter than that of the Bank loan.



* P.S. Cannot be sent before Monday, but Panekh will call any changes of substance & hope board will authorize him to sign, or delegate authority to Mehta.
R.

- 2 -

Mr. William Diamond

June 19, 1959

At the moment of writing, the Legal Department has not finally cleared the language of the Loan Agreement. They say, quite rightly, that so many new proposals have been made that they want to go over the draft very carefully, with one eye on the set-up of this loan and another on the precedents it creates for future development bank loans. This may mean that we cannot send out the Loan Agreement in time for it to reach India before the Board meeting; I may have a postscript to add on this later.*

On the matter of the Government advance I must say I did not feel inclined to press GOI too hard to revert to the Finance Minister's original ruling that it should be for a term of thirty years at 4-1/2 per cent. The Bank has often complained to GOI that its interest rates are too low, and in any case I do not see how we could claim special privileges for ICICI which are not extended to other borrowers, including the State Governments. ICICI have settled for twenty years at 4-1/2 per cent, in the hope that if repayments prove too onerous when the time comes they can get the Government to extend. I think this is the right choice.

A more serious matter, which only came up when Svoboda finally produced his report, is that ICICI will only begin to use the new advance in 1961, and this on the assumption that equity investments increase much more rapidly than seems likely to happen in practice (alternatively, that they will have to take up as much as 80 per cent of issues underwritten by them, which is assumed for purposes of the estimate). If the Government gets wind of this, they might quite reasonably ask that they not be forced to conclude an agreement with the Corporation until nearer the time when the latter needs the funds. What should the Bank's attitude be in such a case?

One final plea - if the Loan Agreement does get out in time for the Board meeting, I hope you can persuade Mehta not to go over the thing in detail with the Board. I am sure that they will not understand its provisions ~~in detail~~ and if they tried, it may lead to interminable arguments. I put it to Mehta that he should report to them, and get their approval on the broad terms of the loan and he agreed. No doubt, you will be called upon to explain certain points and I hope that with your vast experience of Bank operations - and with the help of the minutes - you can read into the various provisions the considerations we had in mind when drafting them. Good luck.

I will try to write again before going on home leave on July 15, but as we start with the Indian Railways on Monday the chances are rather slim.

With all good wishes,

Yours sincerely,

Ray

Raymond J. Goodman
Department of Operations
South Asia & Middle East

Attachment

RJG/vmd

The First National City Bank of New York

ESTABLISHED 1812

TRUST AFFILIATE
FIRST NATIONAL CITY TRUST COMPANY

VIA AIR MAIL

CABLE ADDRESS "CITIBANK"

55 Wall Street, New York 15, N.Y.

June 19, 1959

IN REPLYING PLEASE QUOTE

JE

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1, India

Dear Bill:

Thank you for your letter of June 1.

I am liking commercial banking very much. One of the principal attractions is that the range of problems is greater, and I should also expect that the opportunities may be broader. We shall see.

We shall be only too pleased to meet Mr. H. T. Parekh, the General Manager of ICICI. He must be in Washington now, and I shall try to reach him there and have him in to meet some of the people in our Bank.

Thank you very much for letting us know that he was coming.

With warmest regards,

Sincerely yours,

John Exter

JE/ER

DEVELOPMENT LOAN FUND

OFFICE OF THE MANAGER

WASHINGTON 25, D. C.

June 18, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1, India

Dear Bill:

It was good to get your letter of June 1 with respect to the visit by Messrs. Parekh and Mehta.

They had made one appointment to see us but were forced to cancel it at the last moment. I hope they will be able to come by before their departure.

I appreciate your suggestion that they call on us, and I am sure the meeting will be mutually profitable.

With best regards.

Sincerely,



Hart Perry
Acting Managing Director



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

American Embassy
New Delhi
18 June 1959

Mr. William Diamond
Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1

Dear Bill:

Many thanks for your letter of welcome which I only just received on arriving a few days ago here in New Delhi.

After getting settled here for a few weeks, I plan to take a trip to Bombay and will let you know in advance so we can be sure to have a good talk about the problems which we are both dealing with. I want very much to have a talk with former Ambassador Metha, the Chairman of I.C.I.C.I., for whom I have the highest regard.

Looking forward to seeing you before too long,
I am,

Sincerely,

A handwritten signature in blue ink, appearing to read "Sidney Sherwood".

Sidney Sherwood
Attache

CHASE INTERNATIONAL INVESTMENT CORPORATION

18 Pine Street
New York 5, New York

Cable Address: Chasinvest

Telephone: HAnover 2-6000

ROBERT H. CRAFT
PRESIDENT

June 15, 1959

Mr. William Diamond
Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1, India

Dear Bill:

Thank you for your letter of June 1 suggesting that we spend some time with Mr. Parekh which I certainly will arrange to do. I expect to attend a couple of functions this week in honor of Mr. Mehta and I will see Mr. Parekh at that time. I do recall a brief conversation with him in Delhi during the course of the World Bank meetings.

George Woods and I have been talking about ICICI, in whose affairs I do have a keen interest. They are fortunate to have your services and I hope things are going well with you.

With kind regards.

Sincerely yours,


R. H. Craft



SHERATON-PARK HOTEL

WASHINGTON 8, D. C.

Sunday

14.6.59

My dear Diamond,

This is the end of the first working week in Washington. I had hoped to be able to write to you earlier so that you may receive my letter in Keshmir but as the negotiations proceeded they became more involved and I found that no satisfactory progress could be reported.

Earlier in the week we discussed about ICICI's activities and loan terms other than the repayment schedule. We stressed the view point of development banks in regard to 1% addition to interest rate; but we only succeeded in having this view recorded. The Bank accepted our request of ~~approval~~^{Banking} small loans without Bank's approval upto one million dollars with limit of 50000 for each loan. On the revolving fund clause we have several discussion, the Bank not favouring its inclusion and we holding out that this could be a useful weapon in our armoury ^{while} ~~and~~ the Bank was in no way inconvenienced.

Finally the B K conceded this point in another way.
On loans without Bank approval the limit has now
been raised from 50000 to 100000 which ^{would} meet our
requirements, but this would not be a revolving fund
but the maximum of one million is fixed.

We really got stuck on the fixed vs multiple
schedule. Between B K Nehru and Banker Knecht there was a
hard exchange of views. Govt of India insisted that they
would not give any special concessions to 10101 notes
covering of exchange risk or absolute prepayment right nor
would get permit payment of instalment under a multiple
schedule not based on exchange savings or earnings.
After hard bargaining and much anxiety the Bank
was good enough to suggest an alternative of a fixed
schedule but of a shorter period of 10 years. This was
looks satisfactory but further discussion takes place tomorrow.

How was Kashmir? I hope Mrs. Siamant & you
were able to have an excellent holiday. The first
week in Washington was no holiday for me but I look
forward to more carefree days.

Mr. Itchia sends you with his best regards. He will
leave New York on 18th and reach Bombay on 22nd Monday by

the India International.
I have yet to see the historic pieces which I bought
home. Just a word to say how valuable it has proved to have
discussed with you in advance much of what came to
at this meeting. With Best Regards
Parent



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

June 12, 1959

Mr. William Diamond
Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1,
INDIA

Dear Bill:

Thank you for your letter of May 27. The check referred to in my letter of May 20 has been deposited in accordance with your instructions, and I am attaching your receipt herewith.

I write this in haste on Friday afternoon; I am sure you know what the Travel Office is on Friday.

Sincerely yours,

Bill

William C. Hauenstein
Chief, Travel and Transportation Office

Attachment

NATIONAL SAVINGS AND TRUST COMPANY

WASHINGTON, 5, D.C.

DEPOSITS ARE ACCEPTED SUBJECT TO VERIFICATION FOR ACCURACY AND IN ACCORDANCE WITH THE TERMS STATED ON DEPOSIT TICKETS CURRENTLY FURNISHED BY THIS BANK TO ITS DEPOSITORS.

THIS IS YOUR RECEIPT

BANK SYMBOL, TRANSACTION NUMBER, DATE AND AMOUNT OF DEPOSIT ARE SHOWN BELOW.

1552 890 JUN 11

175.10 D6



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

Letter No. 29

Mr. William Diamond
Industrial Credit and Investment
Corporation of India Ltd.
Union Bank Building
Apollo Street
Bombay 1, India

June 11, 1959

Dear Bill:

The Technical Bureau that I was in charge of at the Seven-Year Plan Organization in Iran was made up of a number of engineers of different nationalities. One was Dr. Hans Schnitger (German) who was dealing with industrial problems. Other engineers covered roads, ports, building construction, etc. During some meeting in Washington on India (one of those semi-officially sponsored affairs where many important people gather to make speeches) reference was made by an Indian speaker to the expanding machine tool industry in India and the problems of technique, precision and the like. I recalled that Dr. Schnitger had worked on the setting up of a machine tool plant in India years ago and so I wrote him, since his tour of duty was coming to an end in Iran, to suggest to him that if he was interested in working abroad again he ought to find out about this. Dr. Schnitger writes me back in his own words:

"I see from your letter that the Indian Government intends to encourage the production of machine tools, hoping that they may even be able to export some machinery to neighboring countries.

"Such a task would be very interesting for me. I don't know if I informed you that during my studies I specialized myself in the designing and manufacturing of machine tools and then I was as a teacher at the technical university at Hannover for several years. During the war I had been engaged in the industry of arms, but after the war - from 1948 to 1951 - I was planning and building up a machine tool factory at Frankfurt which has a good name today and works profitable. After that, I planned and built up a machine tool factory in Bangalore (South India) in the order of the Indian government and the Swiss machine tool factory Oerlikon, Zuerich. The start of this plant has been very difficult, because the

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28/6

Mr. Diamond

- 2 -

June 11, 1959

Swiss firm did not give the promised assistance and so it became very difficult for me, because I did not intend to blame the Swiss factory. Finally, I dissolved my contract with the Indian government in good agreement, before the production of the machine tool factory started. As I was told, soon after that, the Swiss firm separated itself from this enterprise. But today it is told that the Indian factory is manufacturing good machines and is working with profit.

"As to my experiences in India and Teheran I see today the right way how to realize such a project and to come to a full success. You will find here enclosed an expose about my ideas."

The expose is enclosed. Dr. Schnitger is an awfully nice person and an experienced one in his field. He is getting on in years and his English, as you see, is not perfect. I should think he was just the sort of person who could be of value to someone in India who needed wise counsel in the machine tool field.

I pass this on to you in case you have any ideas. If only as a matter of loyalty to my old collaborator in Teheran I will be glad to go to a little trouble to put Dr. Schnitger in touch with people who might use his services. He could take it from there.

Somebody had a photograph that might have been of the underside of a doormat taken on a misty day and he claimed that either in the foreground, middle ground, or background was a lion and that the locale of this frightening picture was the edge of a jungle in Ethiopia. I still think it was your lion.

Mehta and Parekh are here. Thank you for your latest communications. I think we shall be able to work our way out of the change of heart on the part of the authorities with respect to the term of the Government's loan to ICICI and the maturities of ours.

Have a good holiday.

Yours sincerely,



Hector Prud'homme
Assistant Director
Department of Operations
South Asia and Middle East

Enclosure

HP/uz

Dr.-Ing. Hans Schnitger

Exposé concerning the development of machine-tool industry in INDIA

When a machine tool industry shall be started in a country which is still in the state of development it should be realized that this production demands high precision, because the accuracy of machine tools should always be one degree higher than the parts which shall be manufactured on the machines. On the other hand, such an industry is the best training for engineers and workers of the country who in such way are trained to become specialists and first class skilled workers.

Over that, it must be pointed out, that the machine tool is the base of an industrial development and a country still being in evolution should do the step from handwork to machinework as quick as possible because of economical reasons. But it should be realized, that the development of such an industry needs a long time and a lot of patience. Before an industry for machine tools will be started in India, a number of questions should be cleared up to be sure that certain conditions are given.

- 1) First of all, it is necessary to make an analysis of the market with regard to the types, the size and number of pieces per annum. Over that, it is essential to know which degree of quality the customer wishes and which range of speed (normal or high speed).
- 2) Where do the first class skilled workers come from ?

As already mentioned, the production of machine-tools is a production of high precision and therefore in western manner trained workers are needed. It may be that such workers are at disposal, as for the already existing machine-tool factory in Bangalore an apprentice school was planned, but it is not known, if really good apprentices there are trained. In the case that no skilled workers are at disposal, so - first of all - workshops for the training of apprentices are to be established.

In this schools the apprentices are not only trained professionally, but also educated in being ready to take responsibility, being exact, honest, punctual and clean. Probably, the creation of such apprentice

workshops is costly, but at my opinion the costs for the establishment of such schools should not be borne by the machine-tool industry but by the Indian government - at least the greatest part of it, as the training of skilled workers is also for the benefit of the country.

- 3) Where does the working drawing for the machine-tools to be produced come from ?

Here exists 3 ways :

- a) Engagement of some draughtsmen and designers for the preparation of the drawing
- b) Copying of existing and approved machine-tools, produced in a western country
- c) Conclusion of a license contract with a western machine-tool factory.

at a: This way cannot be recommended, because it is not known in advance if the design will be satisfactory and if there are no mistakes in the construction which will be found after the production has been started and a number of machines are sold. This causes a lot of trouble with the customers and may become very costly.

at b: Also this way cannot be recommended because it is immoral to copy an existing machine, although this method is often used in Russia and other eastern countries.

at c: The best way and finally the quickest and cheapest is a license contract with a western firm producing since years approved and tested types. Over that, this method has the advantage that in the agreement can be concluded, that the western firm assists in planning the factory, in the manufacturing of parts and in the assembling of the machines by sending specialists, special tools, special equipment a.s.o.

- 4) Where does the casting come from ?

High tension steel, ball bearing, electric equipment and many other parts needed for the manufacturing of machine-tools can be imported , if they are not manufactured in the country. Castings must be produced in India as they are too heavy to be imported because 80 - 90 % of a machine-tool consists of cast iron. This cast iron must be of very good quality,

must have certain characteristics and the quality should not become worse in the course of time.

If there are not factories in India being in the condition to furnish the needed quality and quantity of cast iron, so the projected machine-tool factories must have their own foundries.

During my stay in India I could not find a foundry being able to furnish good cast material.

5) Are the sites of the plants already fixed ?

If this has be done, so it is to prove, if the places correspond to the generally valid conditions for Factory sites especially with regard to the transportation of ^{raw} materials and finished goods.

Before stepping in more details to this project, it would be better to clear up these and other points, so that "nails with tops are made" as a German proverb says.



COMMONWEALTH DEVELOPMENT FINANCE
COMPANY LIMITED

27-32 OLD JEWRY
LONDON E. C. 2

CABLES: CODEFICO LONDON

TELEPHONE: METROPOLITAN 8145

11th June, 1959

W. Diamond, Esq.,
The Industrial Credit and Investment Corporation
of India Limited,
Union Bank Building,
Apollo Street,
Bombay 1.

Dear Mr. Diamond,

You and Mr. Hoar have exchanged letters regarding my forthcoming visit to Bombay. I am due to arrive in Bombay, from New Delhi, in the late evening of Tuesday 30th June, I am being met at the airport and am staying with Colonel L. Sawhny.

My programme of visits for my stay in Bombay, until the morning of Thursday 2nd July, is already a very full one, but needless to say, it includes a visit to ICICI when I will look forward to the pleasure of making your acquaintance.

I have taken the liberty of despatching, by air freight, a small package of documents addressed to myself, care of ICICI, and marked "to await arrival".

Yours sincerely,

C. M. Small.



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

AIR MAIL

June 10, 1959

Mr. William Diamond
The Industrial Credit and
Investment Corporation
Bombay 1, India

Dear Bill:

Normally letters from people stationed in the field are primarily couched in terms that involve exceptions to established procedures, interpretation of policy and similar matters that require a lot of doing on our part.

I was never disturbed that you did not write a letter to me because I felt that no news was good news. It was thoughtful of you to take the time to say hello and inquire about the family. They are all fine and looking forward to summer holidays. I, too, will be fine and look forward to the summer holidays when the Bank and IFC budgets clear the machinery by the end of the month.

From the letters I have ^{seen} received, I am sure you are handling the many problems you encounter with your usual efficiency and this includes finding a place to live. From what I have heard, I would guess that you are not looking forward to the summer season not only because no substantial holidays are in view but mostly because the temperatures are at the very top of the thermometer.

Thank you again for your note and best wishes to Lois. If I can help in any way, I know you will write to me.

Sincerely,


Francis R. Poore

Mr. Damong

UNITED STATES OF AMERICA
TECHNICAL COOPERATION MISSION TO INDIA

American Embassy,
New Delhi.

June 9, 1959.

Mr. G.L. Mehta,
Chairman,
The Industrial Credit & Investment
Corporation of India Ltd.,
Union Bank Building,
Apollo Street,
Bombay-1.

Dear Mr. Mehta:

Many weeks ago I promised to send you a list of those people currently in our Industry Division who might possibly be of occasional assistance to you in your loan program. You will please find listed below the names of the individuals together with their specialties:

Schmitz, Edwin H.

1. Making and perfecting loan applications.
2. Financial and credit review.
3. Suggestions on Loan Covenants to protect security or collateral asset position.
4. Management review and assistance to borrower.
5. General review - industrial plant and products.

Clausen, James H.

1. Textile specialist.
2. Industrial enterprise review and analysis.
3. Management analysis.

Burgers, G. Anton

1. Investment analysis.
2. Financial credit review.
3. Banking.
4. Export and import trade.
5. Promotion of private foreign investment.

Folsom, O.H.

1. Engineering project analysis and organization study
(a) Hydroelectric and/or thermal power station

- (b) Irrigation, water supply, tubewells.
- (c) Heavy machinery (earth moving) specifications, selection application, maintenance.

Levick, K.

- 1. Economic feasibility.
- 2. Productivity Rating - Operations analysis.

Sullivan, Miles.

- 1. Manufacturing operations and organization.
- 2. Tool and die design and fabrication.
- 3. Manufacturing plant layouts.

Van Cott, C.

- 1. Air transport.
- 2. Operational details and management telecommunications.

Trusting that this letter may be of some assistance to you in the future, I remain,

Sincerely yours,

sd/- Howard E. Houston,
Director.

COPY

INTERNATIONAL FINANCE CORPORATION
1818 H STREET, N. W.
WASHINGTON 25, D. C.

OFFICE OF THE VICE PRESIDENT

June 9, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
BOMBAY 1, India

Dear Bill:

Many thanks for your letter of June 4 regarding Mr. Tendulkar, who is on his way to the U.S.A. to discuss a new aluminium project. We shall be glad to see him when he arrives. Possibly we will have an opportunity to talk about his project with Mr. Parekh, who I understand is due here today, though we have not yet seen him in IFC.

With best personal regards,

Sincerely yours,



John G. Beevor

CHASE INTERNATIONAL INVESTMENT CORPORATION

18 Pine Street
New York 5, New York

Cable Address: Chasinvest

Telephone: HAnover 2-6000

June 9, 1959.

RUSSELL H. DORR
VICE PRESIDENT

Mr. William Diamond,
The Industrial Credit and Investment
Corporation of India Limited,
Union Bank Building,
Apollo Street,
Bombay 1, India.

Dear Bill:

Thanks very much for your letter of June 1st. I also had been hoping that I would be seeing you in India before now and had been looking forward to a most pleasant reunion. There is still a real possibility that I shall be going out, but not, I think, before early fall.

I have been meaning for some time to write you to offer congratulations on your interesting job out there. I am sure you must be most delighted to have a chance to put into practice the things you have been teaching about so effectively during the last few years. ICICI is indeed lucky to have you there.

I look forward to meeting Mr. Parekh, and you may be sure we shall do everything we can for him.

We are full of family news these days. Virginia expects a child in the fall. G is about to announce his engagement to Mary Elizabeth Williams of Elizabeth, New Jersey, and expects to be married in August. We are very pleased with his choice and are very happy to see both our children launched with good life partners. Ruth is well and joins in best regards to you and Lois. Hope to see you both before too long.

Faithfully yours,

Russ

IRVING TRUST COMPANY

ONE WALL STREET

NEW YORK 15, N. Y.

INTERNATIONAL BANKING DIVISION

AIR MAIL

June 9, 1959

Mr. William Diamond
The Industrial Credit and
Investment Corporation of India
Union Bank Building
Apollo Street
Bombay 1, India

Dear Bill:

I have your letter of June 1 and am looking forward to meeting Mr. H. T. Parekh next week as well as Mr. G. L. Mehta, whom I came to know very well during his tenure as Ambassador in Washington.

Since I was twice in India last year, I shall not be going back this year. However, my colleague, Eric P. Anderson, who is stationed in Hongkong as our Representative for Asia, will be in Bombay in the autumn and I shall tell him to look you up.

Best regards.

Sincerely yours



August Maffry
Vice President

TENDULKAR INDUSTRIES PRIVATE LIMITED

STADIUM HOUSE, VEER NARIMAN ROAD, FORT, BOMBAY I.

Grams: "LIMESTONE", Phone: 36973

Ref: TE/39

8th June 1959.

Dear Mr. Diamond,

I called at your office this morning in the hope of meeting you, but learned that you were on leave. I have left behind a cyclostyled copy of the Koyna Aluminium Project.

I thank you for the introduction that you have given me on Mr. J.G. Beevor, the Vice President of the IFC. I shall write to you from the States.

Yours sincerely,



(A.G. Tendulkar.)

Mr. William Diamond,
The Industrial Credit &
Investment Corporation
of India Ltd.,
Union Bank Bldg.,
Apollo Street,
Bombay-1.

G. L. MEHT

Washington, D.C.

June 7, 1959

Dear Mr. William Diamond,

Thank you for your letter of 28th May which I received just before I went to Paris from where I returned to London to catch the plane on 3rd June. Your letter has crossed mine from London.

I met B.K. Nehru in London when I lunched with him and had a talk about various matters including the ICICI loans. Incidentally, I also met Iyenger, once or twice in London and once in Paris.

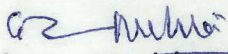
In New York I spent considerable time with George Woods and acquainted him with various matters relating to ICICI. For your information I might mention that both Black and he seem to be pleased by the way which the things are going on in the Corporation. George Woods is also agreeable to come on the Board. We also met G.D. Birla and discussed Hindustan Aluminium Project. Sadavisen of the United Commercial Bank was also in New York.

I am meeting Knapp tomorrow morning by which time I hope Parakh will be here. *

I hope you are having a pleasant holiday in Kashmir.

With kind regards to Mrs. Diamond.

Yours sincerely,


(G.L. Mehta)

+
Parakh has just
arrived. ... Incidentally
you found to sign your letter!

Mr. W. Diamond,
The Industrial Credit and Investment
Corporation of India Limited,
Union Bank Building, Apollo St.,
Bombay 1

GOVERNMENT OF INDIA
OVERSEAS COMMUNICATIONS SERVICE 096

N.B.— All enquiries regarding this Telegram should be made to the Government Telegraph Deptt. accompanied by this form.

THE FIRST LINE OF THIS TELEGRAM CONTAINS THE FOLLOWING PARTICULARS IN THE ORDER NAMED. Prefix Letters and Number of Message. Office of Origin. Number of Words. Date. Time filed, and Official Instruction—if any

Received at BOMBAY at :—

1959 JUN 4 AM 1 08



R 86

◀NK291 IKZ942 NK WYC511◀◀WASHINGTON 38 3 1343◀◀◀

◀◀DIAMOND CREDCORA BOMBAY◀◀◀

◀9 URGENT REQUEST INFORMATION ON SUBSTANCE REPUTATION AND ◀◀

STANDING AMIRCHAND T GUPTA AND DEVIDAYAL SALES OF REAY ROAD◀◀

◀BOMBAY STOP COPPER AND BRASS PRODUCTS PROJECT STOP UNDERSTAND◀◀

◀DECLINED BY CREDCORP LAST YEAR REGARDS◀◀◀

EVANS CORINTFIN◀◀◀◀◀

INWARD
 CCT
 NBR

INITIALS

TIME
 RECD

5040

Reputation ^{good} in metals trade Stop
Substantial means. Project rejected ^{despite} ^{personally} ^{recommended}
~~not on its merits~~ but because of ~~merits~~ ^{apparently by and}
absence of manufacturing background ^{personal factors}
+ ^{essentially}
danger of raising trading and manufacturing family
Stop. Park arriving Washington June 8. Stop he
will give you details

(1) Personal
(2) []

Because certain director lacked
confidence + fear of overtrading.

Reputation good in metals trade Stop Substantial means Stop
Project rejected not on merits but because
of lack of confidence and fear of overtrading

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

FORT HOUSE, 221 DADABHOY NAOROJI ROAD

Phone 32847-48-49

BOMBAY 1

COPY OF TELEGRAM SENT

DATE

TIME

4/6/59

PRUDHOMME

INTBAFRAD

WASHINGTON DC

U.S.A.

PLEASE	RESERVE	HOTEL	ROOM	IN
WASHINGTON	FOR PAREKH	STARTING	MONDAY	
EIGHTH	STOP WOULD	APPRECIATE	YOUR	
HAVING	AMEREX	INFORM HIM	OF	

P.T.O

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

FORT HOUSE, 221 DADABHOY NAOROJI ROAD
Phone 32847-48-49

BOMBAY 1

DATE

TIME

COPY OF TELEGRAM SENT

RESERVATION WHEN HE ARRIVES NEWYORK MONDAY
MORNING ON BOAC FLIGHT 541 STOP HE WILL TAKE
FIRST AVAILABLE FLIGHT TO WASHINGTON
STOP HE WILL CALL ON YOU EARLY TUESDAY
REGARDS

DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

FORT HOUSE, 221 DADABHOY NAOROJI ROAD
Phone 32847-48-49

DATE
TIME

BOMBAY 1

COPY OF TELEGRAM SENT

4/6/59

EVANS
CORINTFIN

WASHINGTON DC
U.S.A

REPUTATION GOOD IN METALS TRADE STOP
SUBSTANTIAL MEANS STOP PROJECT REJECTED
NOT ON MERITS BUT BECAUSE OF LACK OF
CONFIDENCE AND FEAR OF OVERTRADING

P.T.O

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

FORT HOUSE, 221 DADABHOY NAOROJI ROAD
Phone 32847-48-49

DATE
TIME

BOMBAY 1

COPY OF TELEGRAM SENT

STOP PAREKH ARRIVING WASHINGTON
JUNE EIGHT AND WILL GIVE YOU
DETAILS REGARDS
DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

4th June, 1959.

Mr. A.G. Tendulkar
Tendulkar Industries Private Ltd.
Stadium House
Vir Nariman Road
BOMBAY 1

Dear Mr. Tendulkar,

I am writing to confirm that, as I promised you yesterday, I have written to Mr. J.G. Beevor, Vice President of the IFC, to introduce you to him. I am sure you will be welcomed. Good luck !

Sincerely yours,

WILLIAM DIAMOND

4th June, 1959.

Mr. David Gordon
World Bank
Washington 25 D.C.

Dear Dave:

I had a note from Abel, a few weeks ago, telling me of his resignation and other chit-chat. How could I tell him that, if the news of his resignation is really true, then I am happy to hear it? The best I could do, in straddling the fence, was the attached letter.

I hope Claire and yourself are well. If you have the time, sometime, let me know whatever the news there is of yourself.

Lois joins me in best regards to you both.

Sincerely yours,

WILLIAM DIAMOND

4th June, 1959.

Mr. Alfred Abel
Managing Director
Development Bank of Ethiopia
Addis Ababa
ETHIOPIA

Dear Mr. Abel:

I was very happy to receive your letter of May 15 and, a few days afterwards, the reports on your operations. I read them all with great interest and thank you very much for sending them to me. As you know, I have a warm spot in my heart for Ethiopia and for its Development Bank and I like to keep abreast, as best I can, of what happens to both of them.

Your news about your resignation, I received with nostalgia. I think you can look back to having done your best with a difficult job. Whoever comes after you will be able to build on the foundations you helped to lay.

Since you will soon be in retirement, you should have more time in which to travel, and I hope that, after your usual vacation in Austria, you will consider exploring the East.

My wife and I are leaving tomorrow for a two-week holiday in Kashmir. If it is as lovely as I am told about it, you may sometime consider substituting Kashmir for Badgastein. Whether you do or not, you will always be welcome in Bombay while I am here.

I appreciated your telling me that His Excellency the Minister and other friends often remember me. I do them, too; and I hope you will give them all my best regards.

Sincerely yours,

WILLIAM DIAMOND

4th June, 1959.

Mr. J.G. Beevor
Vice President
International Finance Corporation
Washington 25 D.C.

Dear Jack:

Please see the attached correspondence between the American Embassy and myself, concerning a Mr. Tendulkar, who is on his way to America to discuss a new aluminium project. Mr. Tendulkar plans to visit the IFC, and I told him that I would write to introduce him to you. I gather he is a well thought of person, and my own impression of him was quite good. He was trained as an engineer in Germany and worked there for sometime before going into business here. His main enterprise thus far has been a small cement plant in the vicinity of the Koyna Dam, which the World Bank is now financing. His proposed aluminium enterprise will also be located there because of the availability of both bauxite and power.

With my best personal regards,

Sincerely yours,

WILLIAM DIAMOND

4th June, 1959.

Mr. G. Anton Burgers
Chief, Investment Branch
Technical Cooperation Mission
American Embassy
NEW DELHI

Dear Mr. Burgers:

Thank you very much for your letter of May 25. I, too, enjoyed meeting you and Mr. St. Louis, and I shall be very happy indeed if your ideas for an Investment Center are realized.

The day your letter arrived, Mr. Tendulkar came to see me and gave me a report on his project. Both Mr. Parekh and I read it and had a second chat with Mr. Tendulkar yesterday.

I am writing a letter today to Mr. J.G. Beevor, the Vice President of the IFC, to introduce Mr. Tendulkar, who is leaving for Washington next Tuesday. I foresee some difficulties in this project, such as his ability to get together Rs.16 crores, to export aluminium, and to get as much foreign capital as he wishes. But I wish him luck and I am sure that IFC will give him a sympathetic hearing.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

4th June, 1959.

Mr. Colin Hill
Secretary for Finance
Dar-es-Salaam
Tanganyika

Dear Colin:

I was very embarrassed, the day after you left, to learn that my car had broken down on the way to your hotel and that you were forced to thumb a ride. I hope that this did not make you late. My apologies.

It was very good seeing you here, even though for so short a time.

I suppose Patricia has left by now. When next you write to her, please give her Lois's and my best regards.

Sincerely yours,

WILLIAM DIAMOND

4th June, 1959.

Mr. Michael Hoffman
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Mike:

When I wrote to you earlier this week, I forgot to mention a bit of news that I picked up recently, which may also be news to you.

Colin Hill was in Bombay, two weeks ago, on business. I learned from him that both he and Craig Donald were on the Queen's January 1 Honors List. They were given O.B.E.s. If you have not already done so, you may wish to put this note into your next letter to the Fellows.

It occurs to me that I do not yet appear to be on the Fellows' mailing list.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

4th June, 1959.

Mr. Alvin Diamond
3911 Maine Avenue
Baltimore, Md.

Dear Al:

I think you owe me a letter, but Lois and I are leaving tomorrow morning for two-week holiday and I thought I would write another to you.

It was good to get reports from you, from Aunt Anna and Steve about the event in New York. I wish I had been there. Incidentally, I still have Steve's gift and it looks as though it will not be taken to America until we ourselves take it.

Lois and I are going to Kashmir tomorrow, a week later than we expected. We will be there until the 20th. It should be very lovely and, I hope, considerably cooler than it is here.

I presume that Sig and his family have left for Europe. I do not know their address. I should be very grateful if you would send it to me because I owe Steve a letter because I should like sometime to write to them.

There is nothing new to report here. When we get back home we will be able to amuse you with stories of the problems of running an apartment in Bombay.

Love to Myrian and you from Lois and myself.

Sincerely yours,

WILLIAM DIAMOND

4th June, 1959.

Mr. Francis Poore
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Francis:

I looked into my files to see the date of the letter I wrote to you, in order to find out how long a time had gone by without a reply from you. I discovered that I did not write a letter to you. This is another example of the wish being father to the thought.

I had intended, long ago, to write for no other purpose than to say "hello", to ask how you and your family are, and to give you all Lois's and my best wishes. This is late, but better late than never.

Sincerely yours,

WILLIAM DIAMOND

4th June, 1959.

Mr. Resid Egeli
General Manager
Industrial Development Bank of Turkey
Istanbul
TURKEY

Dear Resid Bay:

I have received your letter of May 20, which crossed the one that I sent you on the same day. I am very sorry indeed that our plans went awry. Many thanks again for the trouble you took.

I was interested to learn from your letter that Bulent is in Afghanistan. My wife and I are leaving Friday morning for two-week holiday in Kashmir, where we hope to cool off. Kashmir is quite close to Afghanistan, and it will be sad to think that we are so close to Bulent without being able to see him.

Once again regrets and thanks.

Sincerely yours,

WILLIAM DIAMOND

3rd June, 1959.

Mr. Hector Prud'homme
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Hector:

When Parekh cabled to Burke last week, about the "assurances" of the Government with respect to the new rupee loan, it looked as though everything was settled. A.K. Roy promised that the Government would send Parekh a letter confirming the terms, before the end of last week, so that he could show the Bank those "assurances", in writing. The status of the discussions are set forth in the attached memo, of which Svoboda had a copy.

Since then, two unpleasant things have happened:

1. Parekh has been informed by the Finance Ministry (not the Minister) that the Government would not agree to the multiple repayment schedule. (See attached exchange of letters.)
2. He has been informed by the same Ministry (not by the Minister) that Government would not approve a 30 year loan at $4\frac{1}{2}\%$; it must be 20 years at $4\frac{1}{2}\%$ or 30 years at 5%.

I have stressed that these views were not expressed by the Minister, but by his officials. The fact is that, in my presence, and in the presence of A.K. Roy, the Minister agreed to the multiple schedule and to the $4\frac{1}{2}\%$ 30 year loan. Unfortunately, the Minister is inaccessible this week: he, Nehru and a group of politicians and economists are at a hill station trying to define the "socialist pattern of society".

At the moment, therefore, there is some uncertainty regarding the Government loan. Parekh will tell you about this in detail. In the meantime, may I suggest the following :

: 2 :

1. You may wish to speak to B.K. about this and try to find out whether the Minister's decisions stand.
2. You may wish to insert a provision in the new ICICI loan agreement whereby the signature of the new rupee loan contract would be a condition for effectiveness. ¹⁶⁰⁰⁻

I suggest you consider the latter, firstly because it will force the Government to firm up its terms and secondly because I fear that the Government, when it learns that ICICI probably will not need to draw on a new rupee loan until 1961, may wish to postpone signature of a contract. And by that time many things may have happened.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

P.S.: In connection with the foregoing, you probably know already (from Tony Basch) that a few weeks ago TCM signed a contract with the Government, whereby 10 crores of PL 480 funds were lent to the Government for relending to the ICICI and another 10 crores for relending to the IFC. The terms were 40 years at 4%. The 10 crores for the ICICI are thus definitely earmarked already.

3rd June, 1959.

Mr. P. C. Malhotra
Industrial Finance Corporation of India
Liberty Building
Marine Lines
BOMBAY 1

Dear Mr. Malhotra,

Once again I owe you an apology. When you called yesterday, I was in a meeting which did not break up until very late. I tried calling you today, but found you were out of the city and that you would not be back until tomorrow evening.

We had tentatively planned to get together one evening this week. I did not call you because my wife has not been feeling well and has been suffering from a very heavy cold.

As I told you last week, we are leaving early Friday morning for Kashmir. We shall be back on the 20th. I hope that you will be here in the week following, so that we can join at least for a lunch. In fact, may I suggest that we meet for lunch either on Tuesday the 23rd, or Friday the 26th, preferably the latter. You might leave a note for me in my office, so that I will know, on my return, whether the 26th is okay, or, if not, what other date would suit you.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

NATIONAL AND GRINDLAYS BANK LIMITED

(AMALGAMATING NATIONAL BANK OF INDIA LIMITED AND GRINDLAYS BANK LIMITED)
(Incorporated in the United Kingdom - The Liability of Members is Limited)

All Letters to be addressed
to the Manager.

Inland & Overseas Telegrams
NATIONAL · BOMBAY
Telephone: 2 5 2 3 0 5 - 8

MAHATMA GANDHI ROAD,
POST BOX No. 141,
BOMBAY 1.

IN REPLY PLEASE QUOTE

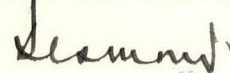
3rd June 1959.

Dear Bill,

Once again many thanks. I am now going to write to our London Office on the subject of courses for some of our senior chaps. I am very grateful for all the trouble you have gone to in finding out what sort of courses and/or practical training schemes are available in the States. I am returning the letter from Mr. Binney having taken a copy of the relevant portion. May I hang on to the booklet on School of Banking at Williamstown?

I am inclined to agree with Mr. Binney's remarks made in the third paragraph of his letter to the effect that candidates would benefit more from an organised programme with some of their correspondent banks than with a summer school.

Yours sincerely,



(D. G. Moore)

William Diamond Esq.,
The Industrial Credit & Investment Corporation
of India Limited,
Union Bank Building,
Fort,
Bombay 1.



Shri R. Shroff
Secretary, A.E.C.

GOVERNMENT OF INDIA
ATOMIC ENERGY COMMISSION
Apollo Pier Road, Bombay I

~~SECRET~~

REF: DAE: A: 1/367a

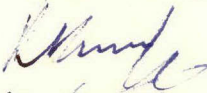
June 2, 1959.

Dear Mr Diamond,

In the absence of Dr Bhabha, who proceeded to Europe last night, I acknowledge with thanks your letter dated June 1, 1959, and the Summary Report of the International Panel established to advise on Project ENSI.

Regarding your visit to Trombay, I am asking Shri N.T. Gulrajani, our Public Relations Officer, to make arrangements. Would you kindly get in touch with him when you return from Kashmir.

Yours sincerely,


(R. Shroff)

Mr William Diamond,
The Industrial Credit and
Investment Corporation of
India Limited,
Union Bank Building,
Apollo Street,
Bombay-1.

RS:cmo/
2.6.59.

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

2nd June, 1959.

Mr. C.S. Divekar
Shanti Kutir
215 N. Subhas Road
BOMBAY 1

Dear Mr. Divekar,

In the May 16 issue of Commerce, on page 810, you will find an article by Mr. Paul Hoffman on the United Nations Special Fund. I think it may be of interest to you.

I had a letter today from Mr. Fowler, who said he is writing directly to you.

I am afraid I will be on holiday when you return from the Persian Gulf area. I will call you when I get back, after the 20th. I hope you are having a good trip.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

2nd June, 1959.

Mr. Peter Cargill
Assistant Director
Department of Operations, Far East
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Peter:

I had a letter from Gordon Street last week, the first first-hand news from him. I had heard how serious his illness in Bangkok had been, but I had not realized that he is left with permanent impairments. I remember his farewell party and how excited Ginny and he were about the new experience they were going to have. Well, they have had it!

Sometime in the months to come, probably not before September, I shall visit Ceylon for the purpose of spending a few days with Yoxall at the DFCC. Dick Demuth had urged me to do so before I left Washington, and I have always had it in the back of my mind. It might do me some good (and indirectly, the ICICI), if I were to see something of Yoxall's bank at first-hand. I exchanged some letters with him, a few months ago, and he seemed quite pleased at the prospects of my coming. We have left the date open.

I thought I would let you know this, so that you can give the matter a thought and let me know whether there is anything particularly you would like me to look into for you, and whether, from your point of view, one time is any better than another time.

When I received your letter of March 26, I learned that you had spent only a few hours in Bombay. I was considerably relieved, for that time was too short to induce any serious dehydration.

Lois and I have been, for the past six weeks, in a very swank flat. We have it on care-taker basis, until the beginning of November. I hope you will manage to be here before that.

: 2 :

In your letter you neglected to say anything about Inge, Annette, Lotte and her baby. I assume all is well with all of you, but wish that you would sometime find time to say so in a note.

Lois joins me in best regards to Inge and yourself.

Sincerely yours,

WILLIAM DIAMOND

COPY

2nd June, 1959.

Mr. A.S.G. Hoar
Commonwealth Development Finance Co., Ltd.
27-32 Old Jewry
London E.C.2

Dear Mr. Hoar:

Thank you very much for your kind letter of May 28.

I have briefed Parekh thoroughly on the 1% commission question, and have sent Mehta our exchange of letters on the subject. I do not know whether, after talking to you, Mehta will want to raise this question in Washington; but I have urged Parekh to do so and I believe he will. The ICICI will thus be making a trial run and we will let you know the result.

About Mr. Small's visit. According to my information, unofficial, the Bank's new representative will not reach Delhi until August. According to the Indian newspapers and my friends in Delhi, Tony Basch's successor will be a Mr. Curran. (I think his first name is Edward.) He was originally with the British Treasury. I understand that he had Indian experience, sometime ago, and that he has recently completed two years as advisor to the Government of Ecuador. I am told he is spending some time in the Bank now being briefed, and that he should get to India in August. He will thus be too late to meet Mr. Small. I would guess, however, that he will stop in London on his way to India, and you can no doubt arrange to meet him there.

I was pleased to hear from you that Mehta's visit has been a success. I knew it would be. We have thus far had one note from him, and that suggested that he too was happy about the visit.

The monsoon broke today and there is a nip in the air. I do not know how long the nip ^{will} ~~would~~ last, but it is so pleasant that I have the courage to suggest that you make a visit to Bombay. I hope that sometime while I am here you will be able to manage it.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

2nd June, 1959.

Mr. S.R. Cope
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Raymond:

Thank you for your letters of May 25 and May 29.

As you already know, I sent a reply to Stanley Hoar before hearing from you. I hope you found it in accord with your own thought. I think it was.

I was interested to hear from you that you have set up a new division under Howard Parsons. Yours was the first news I have heard about that. I hope he is settling in well.

With best regards,

Yours sincerely,

WILLIAM DIAMOND



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

June 1, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India, Ltd.
Union Bank Building
Apollo Street
Bombay 1, India

Dear Bill,

Thank you for your warm and understanding letter of May 11. I am looking forward to your return to the Bank so that we can have the opportunity for more frequent get-togethers.

I have had four countries assigned to me. They are Australia, Ghana, Morocco and Tunisia. Also, I am getting the services of Bob Skillings and Jean Marie Jentgen. Miss Chang and Miss Astier (from your Division) complete the crew. During the past four weeks I have tried to absorb as much as I can in relation to the countries named above and in relation to how the Bank operates.

I am beginning to feel as though I belong here. I find this encouraging since it is sooner than I had expected. It certainly is different from the life I led in the State Department; but I am enjoying the lighter load. I assume that the pressure here will build up before the novelty of the lack of pressure wears off. I intend to take up golf too.

Priscilla is quite good and the boys are in excellent shape. Bill is going through his finals for his junior year at St. Albans. George is working hard and looking forward to the end of school in $2\frac{1}{2}$ more weeks. Both boys will be in camp in Vermont during July and August; Bill will be a junior counselor on the same camp George will attend.

They all send their best to you and Lois. I join them in extending best wishes.

Sincerely yours,

Howard L. Parsons

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED,
BOMBAY 1.

1st June, 1959.

Mr. D.G. Moore
Manager
National & Grindlays Bank Ltd.
BOMBAY 1

Dear Desmond:

Attached is the third and last of the replies
to the letters I wrote. The interesting part starts
at the bottom of page one.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. Corbin Allardice
Advisor, Atomic Energy
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Corb:

I received a few days ago two copies of the Report of the Panel. I assume they came from you and, therefore, that you received my letter. Many thanks.

I met Mr. Bhabha of the Atomic Energy Commission a few weeks ago, shortly after I saw the press release on the publication of the Report, and promised to send him a copy. I have done so today. In the course of looking up his address, I discovered that the Controller of the Atomic Energy Establishment at Trombay is named Allardice. Is this a co-incidence? Or are Allardices infiltrating the field of nuclear energy throughout the world?

Please send me a note sometime.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. August Maffry
Vice President
Irving Trust Company
One Wall Street
New York 15, N.W.

Dear Gus:

Thank you very much for the letter you sent me a few weeks ago. Moore was pleased to see the letter, which he sent on to his Head Office in London. I hope that this bit of bread cast upon the waters will come home to roost. (Please forgive this mixed metaphor.)

The particular purpose of this letter is to introduce to you Mr. H.T. Parekh, the General Manager of the ICICI. He is leaving in a few days for Washington for loan negotiations with the Bank and is naturally anxious to take advantage of his visit to the United States to make first-hand contacts with financial institutions with which he may sometime be able to collaborate, and which are particularly interested in this part of the world. I have told him about you, and he will call on you in New York with profit, I am sure, to himself and, I hope, to you.

Mr. Parekh will be in Washington with Mr. G.L. Mehta, the Chairman of the Board of the ICICI. I feel pretty certain that you must have met Mr. Mehta during his career as Indian Ambassador in the United States.

I am told that you sometime pass through Bombay on your annual trips to the East. I hope, the next you do, that you will not forget to look me up.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. Michael L. Hoffman
Director, Economic Development Institute
1620 Belmont Street
Washington D.C.

Dear Mike:

there Not knowing what your Jamaican schedule is, I do not know whether this letter will find you in Washington. I hope it does, and I hope, too, that you will be back long enough to see Mr. Parekh, the General Manager of the ICICI. You met Mr. Parekh last fall, during your Indian trip, and he is most anxious to see what the Institute is like and to hear something of the kind of work it does. He and Mr. Mehta will reach Washington next week for loan negotiations and will be in touch with you soon thereafter.

I hope your Italian trip went off well.

I hope, too, that Peter is in good shape. Please remember Lois and me to him and Katherine.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. John Exter
Vice President
The National City Bank of New York
55 Wall Street
U.S.A.

Dear John:

I had already learned, from the Indian newspapers, about your shift from the Federal Reserve Bank to the National City Bank. I congratulate you on the change, but hope that you will not mind my wondering how you will like the shift from central banking to private commercial banking.

I appreciated your letter of May 18, which I passed on to Mr. D.G. Moore of National & Grindlays. He has asked me to tell you how much he has appreciated your letter, which he has sent on to his Head Office in London.

The particular purpose of writing this letter is to introduce to you Mr. H.T. Parekh, the General Manager of the ICICI. Mr. Parekh is going next week to America for negotiations with the World Bank. He will take this occasion, his first visit to the United States, to make contact with various financial institutions and particularly with those who have interests in this part of the world. I have suggested that he call on you, which he intends to do sometime in late June or early July. I hope you will give him an opportunity to talk with you and question you about your own bank and about industrial financing generally.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. John G. Beevor
Vice President
International Finance Corporation
1818 H Street, N.W.
Washington 25 D.C.

Dear Jack:

You will probably have heard by now that Mr. H.T. Parekh, the General Manager of the ICICI, and Mr. G. L. Mehta, the Chairman of his Board, will be in Washington about June 8 for negotiations with the Bank. You already know Mr. Mehta; and I know that you had an occasional correspondence over the years with Mr. Parekh, but this will, I believe, be the first time that he will have the opportunity to meet you. He is specially anxious to do so, because he naturally wants to use the occasion of his visit to Washington to get to know the financial institutions with which the ICICI might, from time to time, be able to collaborate. I should be grateful for any kindnesses which you may show him.

My wife joins me in best regards to Mrs. Beevor and yourself.

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. Donald H. McLean Jr.
Rockefeller Brothers Inc.
30 Rockefeller Plaza
New York 20, New York
U.S.A.

Dear Mr. McLean:

I do not remember when you said you would be back in New York and do not know whether this letter will find you on arrival. But you will no doubt be back soon.

When you were here a month ago, Mr. H.T. Parekh, the General Manager of the ICICI, was unfortunately out of the city and you were therefore unable to see him. I am very pleased now to let you know that he, together with Mr. Mehta, will be reaching United States next week for negotiations with the Bank. Mr. Parekh is naturally anxious to take the occasion of this visit to meet the American shareholders on their home grounds, and to establish close contacts with financial institutions with which he might in the future be able to collaborate. Rockefeller Brothers fall in both categories, and he will therefore make a particular point of visiting you. I am sure, you will find him eager to learn and to absorb new ideas and to meet as many people as possible.

I do not know whether the note I addressed to you in New Delhi reached you before your departure. In case it didn't, I should like to repeat now that I appreciated very much the kind note you sent me and I enjoyed your visit to us in Bombay. I look forward to a repeat performance sometime, somewhere.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. Robert Kraft
President
Chase International Investment Corporation
18 Pine Street
New York, N.Y.

Dear Mr. Kraft,

I hope that you are not so much concerned with your new Iranian development bank that you have forgotten about the ICICI, in whose birth you played so important a part.

As you no doubt know, there have been various changes here in the past year, including the appointment of Mr. G.L. Mehta as Chairman of the Board, and of Mr. H.T. Parekh as General Manager. I know you know Mr. Mehta. I am writing to introduce to you Mr. Parekh, whom you have briefly met in the past. They are both going to the United States next week-end for loan negotiations with the World Bank. Mr. Parekh will be spending some additional time in America, in order to establish first-hand contacts with institutions like yours, which are interested in investment in this part of the world. I have written to Russ Dorr, and am writing to you, to ask you both to give Mr. Parekh the opportunity to learn something about Chase International and its policies, and to let you know about the policies and prospects of the ICICI.

With best personal regards,

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. Russell Dorr
Vice President
Chase International Investment Corporation
18 Pine Street
New York, N.Y.
U.S.A.

Dear Russ:

I had hoped, when I came here four months ago, that one of the pleasures I would have would be to see you here from time to time. I have been told by my Chase Manhattan friends that there are possibilities of your making your way to the Far East sometime. I hope you will do so during the year that I remain here.

My particular purpose in writing this letter is to introduce to you Mr. H.T. Parekh, the General Manager of the ICICI. He and Mr. G.L. Mehta, the former Indian Ambassador to the United States, who is now the Chairman of the Board of the ICICI, are going to Washington next weekend for loan negotiations with the World Bank. Mr. Parekh is particularly anxious to establish personal contacts with American financial institutions with which the ICICI might collaborate in various operations, and to absorb as much as he can from American financial institutions, particularly those engaged in activities abroad. He will look up Bob Kraft, whom he has already met, and yourself and I know that both of you will be of much help to him.

I hope Ruth and you are well. Lois joins me in best regards to you both.

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. Robert L. Garner
President
International Finance Corporation
1818 H Street, N.W.
Washington 25 D.C.

Dear Mr. Garner:

I hope you will forgive me for not having written to you much sooner. The fact is that I have managed to keep very busy in Bombay and the climate here is not the kind that stimulates you to do anything which is not absolutely necessary.

I am writing at this time for the special purpose of introducing to you Mr. H.T. Parekh, the General Manager of the ICICI, whom you met briefly in Delhi last fall. As you may have heard already, Mr. Parekh will be joining Mr. G.L. Mehta, the Chairman of the Corporation, in Washington the week after next, in order to negotiate a second loan from the Bank. (Mr. Mehta, you already know.) Mr. Parekh is naturally anxious to take this occasion, which will be his first visit to the United States and indeed his first trip out of India in 25 years, to make contact with as many financial institutions as possible, and particularly with those institutions with which the ICICI may, from time to time, be able to collaborate. I hope you will give Mr. Parekh the opportunity to meet your staff and to hear something about your operations at first-hand. I am sure he will find his visit to the IFC a profitable as well as a pleasant one.

Sometime, I should like very much to hear from you about how you are, and whether Lois and I can expect to have the pleasure of seeing you here in Bombay. We both hope you are well and we send our very best regards to Mrs. Garner and yourself.

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. Hart Perry
Deputy Manager
Development Loan Fund
806, Connecticut Avenue, N.W.
Washington 25 D.C.

Dear Hart:

Mr. H.T. Parekh and Mr. G.L. Mehta, the General Manager and the Chairman of the Board respectively of the ICICI, are going to Washington next week for negotiations with the World Bank. I take pleasure in introducing them both to you. They will call on you sometime during their stay in Washington, both to learn at first-hand about the DLF and to let you know something about the ICICI, with which you may one day have business. I should be very grateful for any kindnesses that you may show them.

Would you please pass on my best regards to Ambassador MacIntosh? And, of course, my very best to you.

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. Harold Graves
Director of Information
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Harold:

As you know, Mr. Parekh, the General Manager of the ICICI, will be in Washington next week with Mr. G.L. Mehta, for loan negotiations. I have been making contacts for Mr. Parekh with various financial institutions in New York and Washington and have asked the Bank to make others. Aside from this, Mr. Parekh is particularly anxious to have a chat or two with the representatives of the financial journals in New York. I know no such people, but I am sure you do and hope that you will not mind putting Mr. Parekh in touch with them. He will speak to you about this next week in Washington.

It seems odd that of all the people in the Bank, you are the one who springs to mind most frequently. This is no fault of yours, but the result of the fact that I get all the press releases and read everything you produce quite avidly.

Lois joins me in best regards to Judy and yourself.

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mrs. M. Timmins
Economic Development Institute
1620 Belmont Street
Washington D.C.

Dear Mrs. T:

I take a dim view of your not sending me greetings from Italy. The only explanation for this, which I would accept, is that you found Rome so fascinating that everything and everyone was totally blotted out ^{of} ~~from~~ your mind. At any rate, I hope you had a good time.

I hope, too, that your daughter, of whose marriage Krishna informed me, is well and happy.

Best regards from Lois and myself.

Sincerely yours,

WILLIAM DIAMOND

1st June, 1959.

Mr. H.J. Bhabha
Chairman
Atomic Energy Commission
Old Yacht Club
Apollo Pier Road
BOMBAY 1

Dear Mr. Bhabha:

When we met at the Zinkins' home, two weeks ago, I told you that the World Bank had just published the Summary Report of the International Panel established to advise on Project ENSI.

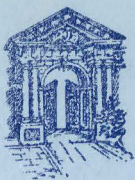
I have just received a copy of that Report and I hasten to pass it on to you. I hope you will find it of interest.

During our talk, you also said you would arrange for me to visit Trombay sometime. I hope you will do so. I am going to Kashmir next Friday, but will be back on June 20 and will get in touch with you then.

With best personal regards,

Sincerely yours,

WILLIAM DIAMOND



GROSVENOR HOUSE,

PARK LANE,

LONDON W.1.

May 31, 1959.

AIR MAIL

TELEPHONE: GROSVENOR 6363
TELEGRAPHIC ADDRESS:
GROVHOWS, AUDLEY. LONDON

My dear Mr. Diamond,

I have not written to you till now but I am sure Pareikh has been showing you my letters. I am writing this in acknowledgment of Pareikh's letter of 26th May as I am not sure whether this letter would reach before he leaves Bombay.

I am leaving for New York on Wednesday, the 3rd June, by BOAC. As George Woods wants to see me on the 4th, I shall stay there at least until the 5th evening and then go to Washington. I have asked for reservation at Shoreham and shall try to arrange Pareikh's reservations in the same hotel.

I note what Pareikh has stated about the negotiations with the Government which in the circumstances have been fairly satisfactory. I hope we shall be able to negotiate the World Bank loan without much delay.

Since I wrote to Pareikh, I met Sir Cyril Hawker and Parsons at the Bank of England, Sir Roger Makins at the Treasury, and Sir Edgar Cohen at the Board of Trade. Lord Godber had a very nice lunch for me. I also met the Federation of British Industries and had a useful and informal discussion at their lunch. I had another meeting with Hoare and the CDFC officials which was quite useful.

I met Lord Percy at the Industrial and Commercial Corporation and had a brief talk with him. The Indian Chamber of Commerce gave a tea party for me where there were many representatives from the City as well as several Indians. Parsons and Hasslum and some others also attended the party where I spoke briefly.

Hoare told me at our last interview that my visit has been worthwhile especially as the British shareholders were pleased to have discussions with me. Incidentally, I also lunched with Pullen of Chartered Bank where H.V.R. Iengar was also present.

I have

GROVENEOR HOUSE
PARK LANE
LONDON W.1
May 31, 1959



AIR MAIL
TELEPHONE: GROVENEOR 3543
TELEGRAMS ADDRESS:
GROVENEOR HOUSE, LONDON

- 2 -

I have been renewing my contacts at the London School of Economics where I lunched on Friday, the 29th, with some of the Professors. I also met the Director earlier.

I have not been sending detailed notes on some of my discussions owing to the rush last week. I hope I shall be able to put down the important points when I am in Washington.

I do hope you are now fully recovered. I am sorry that you were deprived of a much needed holiday and change.

With kind regards to Mrs. Diamond and yourself,

Yours sincerely,

G. L. Mehta

G. L. Mehta.

I have written to Mr. Egeli in Istanbul, also to Mr. Abs in Frankfurt. Please thank D. Woodhead and J. ... for their letters - also kindly convey my thanks to Mrs. Divella one of my secretaries.

William Diamond, Esqr.,
c/o Industrial Credit and Investment Corporation of India Ltd.,
Union Bank Building, Apollo Street,
Bombay 1, India.

Moore told me at our last interview that my visit has been worthwhile especially as the British shareholders were pleased to have discussions with me. Incidentally, I also lunched with Pullen of Chartered Bank where H.V.R. Lengar was also present.

I have ...

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. William Diamond, ICICI

DATE: May 29, 1959

FROM : PKNSwamy, ^{MS} Economic Section, American Consulate General, Bombay

SUBJECT: U.S. Trade Mission's Report

Attached is a copy of the United States Trade Mission's Report which I believe you will find interesting.

ana

AMERICAN CONSULATE GENERAL

JUN 1 - 1959

BOMBAY, INDIA



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

May 29, 1959

Dear Bill:

Many thanks for your letter of May 21 enclosing a check for \$105.

I was glad to hear that the transaction was simple, even though the check was eight months old and it took three months to get to you.

With best regards to you and Lois.

Sincerely yours,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1, India



COMMONWEALTH DEVELOPMENT FINANCE
COMPANY LIMITED

27-32 OLD JEWRY
LONDON E. C. 2

CABLES: CODEFICO LONDON

TELEPHONE: METROPOLITAN 8145

28th May 1959

Mr. William Diamond,
The Industrial Credit and Investment
Corporation of India Limited,
Union Bank Buildings,
Apollo Street,
Bombay 1.

Dear Bill,

I am sorry to hear that you have been a bit under the weather and hope you are now completely well again.

Thank you for your letter about the 1% commission. I most certainly appreciate the points you make and I cannot say I am at all sanguine on this particular subject. However, one never knows what one can do until one tries. I have had a word about it, as you suggested to me, with Mehta and he may possibly bring it up in Washington.

I forget whether, when you were here, you met Colin Small, who is the head of our Finance Division. He is shortly embarking on a series of visits to some Commonwealth countries to try to clear up our tax position. In the course of his tour he will be visiting New Delhi between Friday 26th June and Wednesday 1st July. During this short stay he hopes to have conversations with the Finance Secretariat and any other Government Departments that may be brought in. I do not know who has taken Tony Basch's place in Delhi so I cannot write to him direct; but I would very much like Colin Small to see the IBRD man and if you could just drop him a line of introduction I would be most grateful.

I think Mehta's visit here has been a considerable success and will bear fruit in greater confidence and co-operation in the future. I hope

/he

he has been as pleased with things as we are.

Incidentally I was delighted and, if I may say so, proud to hear how successfully you have stepped into the responsibilities of your position.

With kindest regards,

A handwritten signature in cursive script that reads "Stanley". The signature is written in dark ink and is positioned above the typed name.

A.S.G. Hoar

28th May, 1959.

Mr. G.L. Mehta
Room No.861
Grosvenor House
Park Lane
LONDON W.1

Dear Mr. Mehta:

Please forgive me for not having written to you sooner. The fact is that we have all been pretty busy since Svoboda arrived and, moreover, there was no real news to report until after Parekh and I had seen the Finance Minister, and that news he has already sent to you.

He has also sent to you, at my request, my brief exchange of correspondence with Mr. Hoar, concerning the Bank's 1% commission. As you will have concluded from my letter to Mr. Hoar, my own opinion is that the Bank will not make any exception. But I can see no reason why you should not try, to the best of your ability, to argue for the exception. I have briefed Parekh in this matter, and he will no doubt discuss it with you before you take it up in the Bank.

During the past week I have discussed, and will continue to discuss, with Parekh the following main points concerning his American trip :

1. The loan negotiations themselves. In this connection I have tipped him on various questions, which I feel pretty sure the Bank will raise with respect to the new loan agreement. I need not tell you what they are, because Parekh has taken notes and will discuss them with you.
2. The people in the Bank with whom you and Parekh will deal. The main ones, such as, the President, Vice President and Mr. Rucinski, you already know. But I am also telling Parekh about those down the line, with whom you will actually negotiate.

: 2 :

3. I am also discussing with him the kind of things he should do, both inside and outside the Bank, aside from the negotiations. In this connection, I have written a note to the Bank to lay on various meetings and visits for Parekh in Washington, in New York, and elsewhere. I have no doubt that you will yourself have many ideas on this subject and will do as much as possible to make Parekh's visit a profitable one in every way.

As I promised in our last meeting in my bed room, I shall be here when you return and will not leave Bombay while you are here alone. I am leaving for Kashmir on the same day Parekh leaves for America, June 5, and I shall be back on the 20th, which, on the basis of the plans you had at that time, will be just when or just before you arrive in Bombay. Even during the two weeks that I am away, Doodhmal will be able to reach me at all times, by telegram or telephone, and I hope that neither you nor Parekh will hesitate to cable me if there is some matter on which I can be of assistance. And I can, if necessary, cut my holiday short and return to Bombay. In any event, I shall be back here 5 days before the Board Meeting, and thus be able to help prepare the necessary documents for the agenda, and help you to prepare for the meeting.

I hope you will have a pleasant trip back home (by which I mean America). I am sure you will, for I know that you are as much at home there as you are here.

With best personal regards,

Sincerely yours,

WILLIAM DIAMOND

28th May, 1959

Mr. Richard H. Demuth
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Dick:

Thank you very much for your letter of May 19. I appreciate your kind comments and was glad to know that my letter had been of some use.

You are wrong in thinking that I have any "dubiety" about the usefulness of the book. If I had, I would not have spent the time and energy required to write so long a letter. Perhaps you got that impression from the fact that I dispensed with compliments in my letter. I did so only because I thought the critical comments, such as they were, would be much more useful to you.

I am sorry that I have not had, as I had hoped I would have, an opportunity to go through the draft once more. You may be sure that when your new draft comes, I will do so with pleasure and profit to myself and, I hope, with profit to you.

With best regards to Eunice and yourself.

Sincerely yours,

WILLIAM DIAMOND



THE FIRST BOSTON CORPORATION

GEORGE D. WOODS
CHAIRMAN OF THE BOARD

15 BROAD STREET
NEW YORK 5, N. Y.
DIGBY 4-1515
CABLE: FIRSTCORP, N.Y.

May 28, 1959

Dear Bill:

I acknowledge receipt of your letter of the twenty-fifth and enclosure.

This will be a brief note—I am pressed for time—to say that I will be delighted to do everything I can for Mr. Parekh and I look forward to seeing him. Your suggestions will be followed, and in addition I think he should spend some time in this office learning about practices, etc., over here.

I have no tangible evidence upon which to base it, but I seem to have a feeling that ICICI is making progress.

Warm personal regards.

Cordially yours,

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1, India

28th May, 1959.

Mr. Hector Prud'homme
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Hector:

I was happy to receive your letter of May 21, and to learn the news about the sudden rush of development bank business around the world. If you are not careful, Dick Demuth will soon have the largest operational department in the Bank.

When I wrote to you last Saturday, I forecast that a cable would be sent to you shortly announcing Parekh's and Mehta's arrival in Washington. That cable was sent Tuesday morning, after conferences with the Finance Minister to firm up the rupee loan. (A few hours later, Ray Goodman's telegram arrived.) I hope the schedule laid out fits without too much difficulty into the personnel arrangements of your Department.

Attached you will find a note setting forth the latest situation with respect to the new loans. Svoboda hopes to finish up his work tonight and to leave Friday morning, and since he will be in Washington on June 2 with the latest information about ICICI there is hardly any point to my giving you any news with respect to past and future operations. Svoboda, by the way, is doing his usual good and thorough job despite the short time at his disposal; and his work, though for the Bank, is benefiting the ICICI, which is being forced to think in unaccustomed ways. I hope the Bank will take the suggestion I made, a few letters back, to send him here next fall for a real follow-up job.

I hope you will give some thought to discussing with Parekh, while he is in Washington, the following matters (among others) :

1. Delays in getting projects contracted for.
2. Personnel. Specifically, under this head, a deputy for himself and more and better staff

: 2 :

for dealing with projects.

3. Project appraisal and follow-up.
4. Interest rate policy of ICICI.
5. Promotional activity.

On the first (delays), we have already had much correspondence. You might wish to stress the following :

- (1) Holding up project approvals until projects are sufficiently mature.
- (2) Assisting applicants to get their Governmental licenses.
- (3) Maintaining steady pressure on applicants to meet final conditions once ICICI has approved a project.

None of this will be new to Parekh; but having it all said again in Washington will be a great help.

On the second (personnel), you have necessary background in my earlier letters and Svoboda can give you details.

On the third (appraisal and follow-up), Parekh is already on the right line, in principle, but it would do him much good to see what and how the Bank does in this respect.

On the fourth (interest rates), two months ago I raised the question of whether ICICI can maintain its present fixed rates when it pays the Government $4\frac{1}{2}\%$ and the IBRD $5\frac{1}{2}\%$ (or more). I think he is ready to recommend an increase in foreign exchange loans, but a reexamination of the question, with fresh Washington minds, would be helpful. And in this connection, it will be important to remember that ICICI's foreign exchange monopoly is being broken. The pressure to use the long-unused Eximbank loan is now very great. We saw this coming, but in the past two weeks two first-class applications for large amounts of foreign exchange (which would almost certainly have been approved) have been put on the shelf - because Government offered the applicants Eximbank money. When an applicant has this offer, if the U.S. equipment is not uncompetitively high, or if he must get his equipment in U.S., he will prefer Eximbank money to ICICI money. For the former is bought, not borrowed; even if rupees need to be borrowed to pay for the exchange the cost is less than borrowing foreign exchange from the ICICI; and there is no exchange risk.

: 3 :

On the fifth (promotion), you might want to express congratulations on the promotional activity promised in Mehta's policy memorandum to the Board, but point out that what really counts is not the statement of policies and lines to be pursued, but the pursuit itself.

I have no doubt you would have raised these points yourself, and others, too. But I thought you might like to know my own views of the items that needed particular stress.

Thanks also for your letter concerning my letter from Stanley Hoar. As you know from the attachment that I sent you Saturday, I went ahead and replied to Stanley on the 23rd, since I had not heard anything from the Bank. You will note that my reply is in accord with the views that you had expressed. I suppose that this is not accidental, since Bank people tend to think the same way.

I appreciated your news about Ethiopia. I had a letter last week from Abel, enclosing his Interim Report for 1958. In the letter he said: "You might be also interested to hear that I have finally and definitely resigned and I hope that the question of my successor will be settled soon. I am tired and looking forward to my vacation, next month, in Badgastein, as usual". Can this really be true?

I am afraid that, contrary to your recollection, I do not have "a photograph of what is claimed to be a wild Ethiopian lion". But I do have the skin of a dead Ethiopian leopard.

With best regards,

Sincerely yours,

WILLIAM DIAMOND



No.F.2(77)-EF.Loans/58

MINISTRY OF FINANCE,
DEPT. OF ECONOMIC AFFAIRS.

New Delhi-2 , the 27th May, 1959 .

Dear Mr. Diamond,

Kindly refer to your letter of the 8th instant .
It is confirmed that the Exemption Certificate and Under-
taking given by you are required to be produced to the
Customs authorities in addition to other usual customs
documents viz. Bill of Entry etc. to obtain duty-free
release of the motor vehicle.

We share your hope that there will be no
difficulty with the customs once this formality is
fulfilled.

Yours sincerely,

(P.P. Srivastava)

Mr. William Diamond,
Adviser,
Industrial Credit and Investment
Corporation of India Ltd.,
Union Bank Building,
Apollo Street, Bombay-1.



Record Removal Notice



File Title William Diamond Chronological files, India - 1959-05 - 1959-06		Barcode No. 30013531		
Document Date May 27, 1959	Document Type Letter			
Correspondents / Participants To: William Hauenstein From: William Diamond				
Subject / Title				
Exception(s) Financial Information (iv)				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date 26-Feb-16</td></tr></table>	Withdrawn by Ann May	Date 26-Feb-16
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Document Date May 26, 1959	Document Type Letter			
Correspondents / Participants To: William Diamond - The Industrial Credit and Investment Corporation of India. Ltd. From: Donald Fowler, Personnel Manager				
Subject / Title Information about A. R. Palit				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date 26-Feb-16</td></tr></table>	Withdrawn by Ann May	Date 26-Feb-16
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THE FIRST NATIONAL BANK OF BOSTON
BOSTON 6, MASSACHUSETTS

INTERNATIONAL DIVISION

CABLE ADDRESS: MASSNAT

TELEX No. : BOSTON BS 1

May 26, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1, India

Dear Mr. Diamond:

This is the first opportunity I have had to respond to your letter of May 1, concerning the desire of National Overseas and Grindlays Bank to send some of their bank managers and deputy managers to the United States for further training in bank operations. During the interval I have talked with our friends in the American Bankers Association, New York, who operate the Graduate School in Banking at Rutgers and are also thoroughly familiar with the summer school now operating at the University of Wisconsin. As you perhaps know, these summer schools only run for two weeks and the balance of the work is done at home during the winter season. These schools run for three years and a thesis is required in order to graduate. The student must be at least thirty years of age and have had at least eight years of actual experience in banking. I am told that both Rutgers University and the University of Wisconsin have been expanding each year and they still have two or three applications for each space that is available. For this reason, they have not found it possible to take any overseas bankers, even as observers, during the school session, because they simply do not have classroom or dormitory space for them.

Here in Boston, the Massachusetts Bankers Association, in cooperation with the Bankers Associations in Maine, Connecticut and Rhode Island, have been operating a Summer School at Williams College, somewhat along the same lines. This is a two-year course and has been quite successful. I am told that it might be possible for an overseas banker to sit in at these sessions as an observer, next year, and if he found it desirable, he could enroll for the entire two-year course. I am enclosing for your information two copies of the catalogue covering this year's course, which starts June 14, and I think it will give you a good idea as to the subjects covered and the faculty.

It seems to me that, other than the friendships that might be made at a summer school, the candidates might receive as much or more knowledge and practical experience in a well organized program with some of their correspondent banks.

AIRMAIL

Mr. William Diamond

May 26, 1959

We have had a great many overseas bankers with us for varying periods, from two weeks to three months, and we try to set up programs that will meet the specific requirements of the overseas visitor. In some cases they concentrate on administrative operations, personnel, etc., and in other cases credit loan techniques and policies. Arrangements can be made with most banks to see that these people get a good over-all look at the bank and then settle down in the department or departments that are going to be of greatest interest to them, as indicated by their management when these arrangements are set up. By having their men spend some time in several banks, in different financial centers, they get a pretty good cross section of bank operations and the financing of various types of industry.

We would be very glad to cooperate with Mr. Moore and work out arrangements for one of their managers to spend some time with us, if he so desires.

I enjoyed the opportunity of meeting you in Bombay and hope that things are going along pleasantly for you. However, I was glad to get back to Boston before the start of your rainy season.

Warmest personal regards,

Sincerely yours



R. M. Binney
Vice President



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

No. 26

May 26, 1959

Dear Bill:

Thank you very much for your report of your talk with Divekar. I am most appreciative of the time and effort you have put on this. I am convinced that it is in a good cause. I found Divekar and his family most pleasant people and I hope you will get to know them better. I have taken the liberty of sending a copy of your report to the United Nations. I shall also write to Divekar to let him know that I have put his name forward to that organization.

I am also replying to your letter of May 11th relating to taxi fares which will be reimbursed (at least in part) by ICICI. I have explained your proposal concerning the 300 rupees a month which will be paid by ICICI to the Bank to Francis Poore and he agrees that we can go along with this system. We would therefore make provisions for the 300 rupees to be returned to you on a monthly basis.

I hope that my letter to you in regard to the Retirement Plan will be of some help, although I am not particularly sanguine. If there are further questions that I may attempt to answer, please let me know.

Best regards to you and Lois.

Sincerely yours,

Donald D. Fowler
Personnel Manager

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India, Ltd.
Union Bank Building
Apollo Street
Bombay 1, India



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

No. 25

May 25, 1959

My dear Bill:

Many thanks for your letter of May 2 which I delayed acknowledging until I had seen Hector Prud'homme's answer to your letter to him.

The idea of waiving the 1% commission for a particular class of borrower is completely new to me and I cannot think of circumstances in which the Bank would do it. It seems to me to be clear from the Articles of Agreement that the special commission was intended to be applied to all borrowers or none.

We are proposing to have one or two people pay a short visit to CDPC in London early in September and then to have discussions (but not negotiations) when Stanley Hoar comes to Washington before or after the Commonwealth Meeting of Finance Ministers. Negotiations proper would take place in the fall so as to be able to sign before the end of the year.

The Department is very busy with a great many interesting operations in hand. As you have heard, we have set up a new division under Howard Parsons. Mason and Collier are doing a good job of keeping your division warm for your return and we all look forward to seeing you on January 2.

Best wishes to you and Lois from us all.

Yours sincerely,

S. R. Cope

Mr. William Diamond
Industrial Credit and Investment
Corporation of India Ltd.
Union Bank Building
Apollo Street
Bombay 1, India

25th May, 1959.

Mr. M.L. Ghosh
Economic Department
Reserve Bank of India
BOMBAY 1

Dear Mr. Ghosh:

Before Mr. Bhatt left Bombay, we agreed that I would appear before the Economists' Discussion Group on June 17. I promised to let you know if something occurred to interfere with that date.

June 17 was set because we expected that I would return from my holiday on June 13 or 14 and Mr. Mehta would return from Europe about the same time. I have now had to postpone my holiday a week and Mr. Mehta will not be back until about the 20th.

I hope you will not mind, therefore, if we postpone the date of my appearance for a week or two. While I am sure to be back by the 20th, we can't be sure about Mr. Mehta and I therefore think it would be wise to count on the week beginning June 29 or any time thereafter at your convenience.

I am very sorry about this postponement.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

25th May, 1959.

Mr. George Aparcar
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear George:

Your note arrived Tuesday morning, just before Svoboda, ^{arrived} I had already, the day before, picked out the latest papers on ICICI to give him. Moreover, since he stayed in my flat his first four days, we spent a lot of time together and he got as up-to-date as he could be.

Thanks a lot for sending me his T. of R.

I note your last sentence. If you mean you expect to see me in Washington, that seems like a hell of a long time off. If you mean you will be here, welcome !

Svoboda will bring you the latest news about ICICI, so I need say no more.

One more thing. The Resident Vice President of the National City Bank of New York asked me if I could recommend a good text book dealing with cash flows, methods of preparing them, interpretation, etc. I told him I would ask the Bank. Can you or your Department recommend something ?

Best regards,

Sincerely yours,

WILLIAM DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

25th May, 1959.

Mr. Daruwala
Wilson Electric Works
17 Medows Street
BOMBAY 1

Dear Mr. Daruwala:

Last thursday, Mr. Shivram of B.E.S.T. called to say that the problem concerning the name in which the electric supply for my flat is registered, has been solved. The next step is up to you. They are ready for you to report and pay up Rs.3, which of course I will pay you. Please hurry up and have this done.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

23rd May, 1959.

Mr. D.S. Bottlewala
Harkisondass Lukhmidass
5 Hamam Street
BOMBAY 1

Dear Mr. Bottlewala,

We received the mangoes yesterday afternoon. They are beautiful, and they are as delicious as they look. My wife and I are most grateful to you.

You did not send with the mangoes the bill covering their cost. I should be most grateful if you would let me know how much they cost, so that I may reimburse you.

With best personal regards, and with many thanks both for a pleasant evening and for the mangoes.

Sincerely yours,

WILLIAM DIAMOND

25th May, 1959.

Mr. George Woods
The First Boston Corporation
15 Broad Street
NEW YORK 5, N.W.

Dear Mr. Woods:

I am enclosing herewith, for your confidential information, a copy of a letter which I have just sent to the Bank, and which concerns you as much as it does to the Bank. I hope you will not mind the liberty I have taken in making a suggestion both to the Bank and to yourself.

I had a very pleasant visit here, a few weeks ago, from Mr. McLean of Rockefeller Brothers. As you no doubt know by now, Mr. Sinclair has accepted the offer to be your alternate. He is a first-class man in every way, and you will be well represented here.

With best personal regards,

Sincerely yours,

WILLIAM DIAMOND



UNITED STATES OF AMERICA
TECHNICAL COOPERATION MISSION TO INDIA
American Embassy, New Delhi

May 25, 1959

Mr. William Diamond
% Industrial Credit & Investment
Corporation of India Ltd.
Union Bank Building
Apollo Street
Bombay.

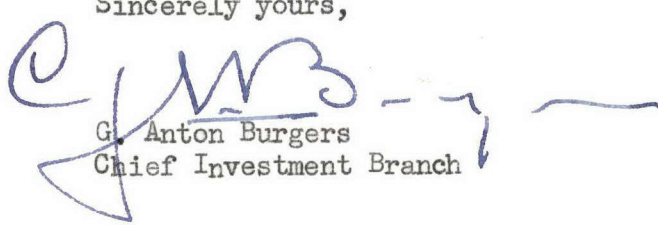
Dear Mr. Diamond:

It was a pleasure meeting you the other day, I certainly hope that we will be seeing more of each other. Mr. Mehta's letter to Mr. Houston was very encouraging.

I have been in touch for quite some time with Dr. A.G. Tendulkar, Chairman of the Tendulkar Industries Private Ltd., Stadium House, Fort, Bombay 1. Mr. Tendulkar though in the cement industry is the promotor of the Koyna 20,000 ton Aluminium Project. We have gone over this project quite thoroughly and I must say it looks indeed very good.

Mr. Tendulkar is planning to go to the States in the very near future where he will meet with Ambassador Bunker who will arrange for an introduction to the aluminium industry. I have also given Mr. Tendulkar introductions to some of my friends in D.L.F. and in our Washington Office, however, I thought it might be well if he could meet you as a representative of the International Bank before he leaves for Washington, since he most likely will also discuss his project with the IFC.

Sincerely yours,


G. Anton Burgers
Chief Investment Branch



NATIONAL AND GRINDLAYS BANK LIMITED

(AMALGAMATING NATIONAL BANK OF INDIA LIMITED AND GRINDLAYS BANK LIMITED)
(Incorporated in the United Kingdom - The Liability of Members is Limited)

All Letters to be addressed
to the Manager.

Inland & Overseas Telegrams
NATIONAL · BOMBAY
Telephone: 2 5 2 3 0 5 - 8

MAHATMA GANDHI ROAD,
POST BOX No. 141,
BOMBAY 1.

IN REPLY PLEASE QUOTE

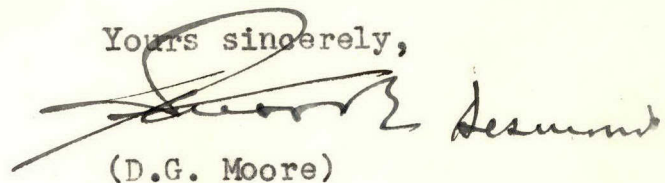
23rd May 1959.

Dear Bill,

Many thanks for your letter of yesterday's date enclosing a letter from John Exter. It is very encouraging to read that his Bank would, if necessary, be quite prepared to receive visitors from this Bank and if you are writing to him I would be grateful if you could express my appreciation, although at this stage I am afraid I cannot say whether or not we shall take advantage of his kind offer. In any case it is nice to know that the offer is there if necessary.

I saw in the paper that Exter had recently joined the First National City and wonder if he will like the change to commercial banking. I return Exter's letter, copy of which I have taken for my records.

Yours sincerely,


(D.G. Moore)

William Diamond Esq.,
The Industrial Credit & Investment Corporation
of India Ltd.,

Fort,
Bombay 1.

May 23, 1959

Mr. Hector Prud'homme
World Bank
Washington, D.C.

Dear Hector,

Burke's conversation with Krishna Moorthi produced quick results - a letter from the Finance Ministry telling ICICI the Government is ready to negotiate at once and asking ICICI to get the hell to Washington, lest it lose \$10 million.

Parekh is in Delhi today to reach agreement on the main terms of the Government loan, so that the Bank can get the assurances it wants in time to begin negotiations in the first half of June.

In a few days you should get word that Parekh and Mehta will be in Washington about June 8. Parekh will leave the 5th, pick up Mehta in London, and proceed to the US on the 7th. We expect Mehta will spend a week or 10 days in Washington and then return here (with, we hope, a draft loan contract). Parekh will have a break in the US while ICICI's Board ~~considers~~ considers the proposed terms at a meeting scheduled for June 26, and he will be present for the final negotiations and signature.

My main purpose in writing this note is to urge you to do something for Parekh. First of all, it would be extremely useful to him if you would arrange with Hugh Ripman to give him a short course on project appraisal and follow-up. Secondly, perhaps you could arrange with George Woods to introduce him to the American shareholders, to Chase International, to American Overseas, and to other such institutions. Thirdly it would also be valuable to him if you could arrange a series of visits to some domestic financial institutions, including banks that have industrial departments and development corporations. In this connection you might consider getting in touch with Ralph Binney, Vice President of the First National Bank of Boston, who would probably be pleased to arrange a series of such visits in the New England area. I mention him because (1) he has just returned from several months in India where he was dealing with industrial investment problems, (2) he has arranged many such tours for foreign bankers, (3) he is particularly interested in development corporations and is well acquainted with those in New England. However, you will no doubt have equally good, or better ideas on this matter.

The fact that Mehta will be with Parekh a week or so will ease the way for Parekh. But Parekh will spend 5 or 6 weeks in the US and he ought to make the most of them. He may need to be pushed into doing so.

Incidentally, he is a vegetarian and a non-drinker, and he takes his vegetarianism and ~~totalitarianism~~ totalitarianism very seriously - much more seriously, for instance, than Mehta who (paradoxically) is both more spiritual and more worldly than Parekh.

Forgive me for troubling you with this personnel problem. The fact is that, in my opinion, Parekh's development is as important to the future of ICICI as a \$10 million loan.

With best regards,

Sincerely yours,

May 23, 1959

Mr. A.S.G. Hoar
Commonwealth Development Finance Co., Ltd.
27-32 Old Jewry
London E.C. 2

Dear Mr. Hoar,

Please forgive my delay in replying to your letter of April 28. It caught me at a bad time so far as work is concerned, and then I became ill (the inevitable stomach trouble).

I doff my hat to you for your suggestion about the 1% commission and for your argument. I confess, however, that I would consider that the benefit of dropping the 1% ought to accrue to the ICICI (or CDFC) rather than to the ultimate borrower. For I can't believe that, in the conditions prevailing in most underdeveloped countries, the 1% would mean much to the industrial borrower. On the other hand it would mean a great deal to the ICICI. It would mean the more after the new loan agreement with ICICI is signed because (unless ICICI raises its hitherto fixed rate) its spread will fall from 2 3/8% to 1 3/8%. If I were defending your case, therefore, I would argue that financial institutions need to be helped to build up their reserves.

The trouble is, however, that I cannot bring myself to believe that the Bank would make the exception you suggest, although it has made other exceptions for financial institutions. Indeed, if I were on the Bank side, I would wonder whether I had the statutory right to make such an exception. And if I were satisfied that I had the right, I would wonder about the wisdom of opening, however slightly, a door which has been so much battered on. I might also, from the Bank side, raise another point. The Bank gets most of its funds from financial institutions, and they too are trying to build up reserves. ICICI's borrower is thus contributing to three reserves and maybe more. The building of such reserves is part of the essence of financial business and it is hard to ask one particular financier to forget it.

I did not have the opportunity to speak to Mehta about your idea before he left because his time was very much taken up during his last week. I assume you will do so in London. I will, however, speak of it to Parekh before he leaves for London and Washington. And I will suggest (unless Mehta, after speaking to you, vetoes the idea) that he raise the question during his negotiations in Washington - despite my misgivings about the prospects of success.

With best personal regards,

Sincerely yours,

William Diamond

23rd May, 1959.

Auto Hirers
Petit Compound
Nana Chowk
BOMBAY 7

Gentlemen:

I have rented from you an automobile for the period through May 25. As you know, because of break-downs of the automobiles you have given me, it was not available to me for two days during the month of my rental, and I assume therefore that my rental extends for an additional two days, i.e. through May 27.

I should now like to rent the automobile for an additional eight days, through June 4. Would you be good enough to send me a bill for these additional eight days ?

As you are also aware, during the period of my rental four different cars have been given to me, and the one that I have had most of the time, a Hillman, has broken down several times, including last night. I must insist that you make an effort to keep the car in good condition, or give me another one.

I should also like to remind you that you promised me a chauffeur who understood enough English to permit me to give him instructions. Of the four chauffeurs you have given, the present one understands English, the least. I should be grateful if you could replace him with someone who would be more helpful.

Sincerely yours,

WILLIAM DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED,
BOMBAY 1.

22nd May, 1959.

Mr. D.G. Moore
Manager
National & Grindlays Bank Ltd.
BOMBAY

Dear Desmond:

Thanks for returning the letter from Gus Maffry.

I have just received a second reply, this time from John Exter. When I wrote to John, three weeks ago, he was Vice President of the Federal Reserve Bank of New York. You may have noticed in the newspapers, two weeks ago, that he has resigned from the Fed and has become a Vice President of the National City Bank of New York. It is in that capacity he has written the letter attached.

With best regards,

Sincerely yours,

WILLIAM DIAMOND



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

May 22, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1
India

Dear Bill:

I am in receipt of a check from the American Express Company in the amount of \$175.10, covering a refund due on the personal tickets we turned in for refund.

Do you wish me to forward this check to you or do you have arrangements whereby it can be deposited to your account in Washington? Please let me know what action you wish me to take.

I hope you are enjoying your work in Bombay and that you are finding it challenging. The E.D.I. staff have returned from Rome, and apparently everything went well and the field trip was successful.

Sincerely yours,

William C. Hauenstein
Chief, Travel and Transportation Office

Bombay.

May 22nd 1959.

Dear Mr. Diamond,

I was unable to contact you on the phone yesterday and am therefore writing this note to you to enquire about your Kashmir programme. I have certain friends there whom I propose to write to render whatever assistance you may require during your stay. Could you kindly give me a ring or drop a note, as convenient.

Yours sincerely
Mumukshu



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

Letter No. 23

Mr. William Diamond
Industrial Credit and Investment
Corporation of India Ltd.
Union Bank Building
Apollo Street
Bombay 1, India

May 21, 1959

Dear Bill:

Many thanks for your letter of May 1st and the attached letters from Stanley Hoar to you and from you to Raymond Cope. Raymond will be writing to you and will deal with your supposition that Stanley Hoar may have raised the question of the Bank's waiving the 1% commission on credits to development banks in connection with CDFC.

My opinion is that, when, if ever, the Bank's policy on the 1% commission charge is reviewed, the matter should be considered not in terms of exceptions for special types among Bank loans, but in the light of our reserve position, the general cost of money and the like. Waiving our statutory commission for development banks while continuing the charge in other loans could put us in an awkward position with respect to requests for special treatment in other loan categories. In brief, I know of no policy change under discussion for the Bank to waive the 1% commission for our loans to development banks in general or to ICICI in particular.

All the best.

Yours sincerely,

Hector Prud'homme
Assistant Director
Department of Operations
South Asia & Middle East

cc: Mr. Cope



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

Letter No. 22

Mr. William Diamond
Industrial Credit and Investment
Corporation of India Ltd.
Union Bank Building
Apollo Street
Bombay 1, India

May 21, 1959

Dear Bill:

It has been extremely helpful to get your several communications on where we may stand and where we may come out on various aspects of the ICICI loan negotiations. We assume the telegrams sent by us to Mehta get to you and we therefore do not repeat them to you; let me know if this is not so. Enclosed is a copy of the telegram we sent to Mr. Black May 19 for his information for his meeting with Mehta in London.

For your further information we have a congestion of development bank loan negotiations looming up. I say "congestion" because some of the same people in Legal and in TOD are involved in some or all of them and it would be impossible to conduct negotiations on several of these loans at one time. There is one for Iran (this is now called the IDBI, which stands for Industrial Development Bank of Iran), PICIC in Pakistan, the DBE (Ethiopia), a new Austrian development bank project, and ICICI. In some of these the DLF is also involved and these joint or tri-partite discussions are additionally complicated. Ray Goodman has since a long time made his plans for home leave and is due to sail about middle of July; I would be very reluctant to have to ask him to change all his family plans. Don Jeffries, who is Ray's assistant, got married earlier this month and took off for a honeymoon in Europe from which he will return the 6th of July. Concerning Goodman's and Jeffries' schedules, we have also agreed with the Indian Government to negotiate another railway loan beginning end of June so that the signing can take place early in July (we want this additional railway loan not to fall in our current fiscal year).

Mr. Diamond

- 2 -

May 21, 1959

As you will know, Svoboda has mailed us a report (not yet here) on his investigation at PICIC and will be reporting to us on ICICI when he gets back to Washington. There is a difference: in the case of PICIC we want to study Svoboda's report very carefully, indeed I think we ought to wait and talk with him before we enter into PICIC loan negotiations whereas on ICICI I think neither Svoboda nor others of us would feel that his visit to you would result in any change in our plans as to the timing, amount or terms of the loan to ICICI.

Thus, for Goodman the hoped-for schedule is the ICICI loan during the first three weeks of June and the Indian railway loan end of June and first half of July. For Kruithof it would be PICIC in the second week of June or later. (I cannot think that a few weeks one way or the other makes an awful lot of difference to the recipients of the loans.) Meanwhile Folk has to time his IDBI negotiations to the date of return from Iran of the Chase-Lazard sponsors and this could be any time from a week from now to middle of June or even later.

In Ethiopia we have, would you believe it, management problems. Since Mr. Abel is your old friend and confidant and since you are the only Bank man I know who has a photograph of what is claimed to be a wild Ethiopian lion, you may be interested to know that after Jeff's and Dave Gordon's recent visit to Addis they reported that Ato Makonnen wants the Bank to lend a man to run the DBE for a few months until they straighten out complications attending Abel's relinquishing the managership, Ato Makonnen wants a high-level economic adviser personally to himself, and there is a suggestion of the Bank's being asked to nominate a head for the State Bank as Mr. Rea has not been well. This last item about the State Bank is confidential.

All the best.

Yours sincerely,



Hector Prud'homme
Assistant Director
Department of Operations
South Asia & Middle East

C
O
P
Y

May 19, 1959

EUGENE R. BLACK
CLARIDGE'S
LONDON

ENGLAND

FOR YOUR INFORMATION IF YOU SEE MEHTA STOP IN REPLY MY CABLE TO MEHTA
MAY 11 WHICH DIAMOND SHOWED YOU MEHTA SUGGESTED BEGINNING NEGOTIATIONS EARLY
JULY IN ORDER GIVE HIM TIME TO CONCLUDE ARRANGEMENTS CONCERNING NEW
GOVERNMENT ADVANCE STOP OWING VARIOUS OTHER ENGAGEMENTS HERE WE WOULD FIND
IT DIFFICULT TO TAKE ON ICICI BETWEEN MID--JUNE AND LATE JULY AND PREFER
FIRST HALF JUNE STOP HAVE SO INFORMED MEHTA INDICATING NATURE OF
ASSURANCES REQUIRED BY BANK REGARDING TERMS OF GOVERNMENT ADVANCE STOP
GOVERNMENT'S IDEAS VERY CLOSE TO THOSE OF ICICI AND BANK AND WE BELIEVE
GOVERNMENT COULD QUICKLY GIVE SUBSTANCE OF SUCH ASSURANCES TO BE
FINALIZED BEFORE EFFECTIVENESS.

KNAPP

H.P.

SA&ME

Cleared w. & cc to Mr. Knapp
cc: Office of President

Anderson *Kramer* *Associates*
I N C

J K ANDERSON · D D CAMPBELL · WATSON DAVIS · RAYMOND GOLDSMITH · SIDNEY KRAMER · MELVIN RYDER · H S STONE JR · PRISCILLA SHEPARD

BOOK PUBLISHERS 1722 H Street NW Washington 6 DC · EXecutive 3-8232

21 May 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1 India

Dear Bill:

Hate me for it if you must and know that I am very embarrassed at not having answered your letter of 16th February concerning The Future of Joint Stock Enterprise in India.

Now, however, one can see that after a conference with John Kenneth Anderson during his seasonal stay in Washington we are equally of the opinion, as is the Secretary of the publishing firm, that it would be foolhardy to us to re-publish this book.*

However, we may have been taking this a bit too seriously and thinking you wanted a publisher. As booksellers Sidney Kramer Books will be glad to take 5 copies to sell, put in our India collection, and list in our catalogue. We have a firm rule never to take books on consignment. †

Faithfully,



* Circulars enclosed.

† This statement may sound ingracious, but isn't so intended. We prefer to pay & take the risk.

Anderson Kramer Associates

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J. K. ANDERSON · D. D. CAMPBELL · WATSON DAVIS · RAYMOND GOLDSMITH · SIDNEY KRAMER · MELVIN RYDER · H. S. STONE JR. · PRISCILLA SHEPARD

BOOK PUBLISHERS / 1722 H Street NW Washington 6 DC · Executive 3-8232

21 May 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1 India

Dear Bill:

Hate me for it if you must and know that I am very
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Now, however, one can see that after a conference
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hardy to us to republish this book.*

However, we may have been taking this a bit too
seriously and thinking you wanted a publisher. As
booksellers Sidney Kramer Books will be glad to take 5
copies to sell, but in our India collection, and list
in our catalogue. We have a firm rule never to take
books on consignment.*

Faithfully,

[Handwritten signature]

* Circulation included.
* This statement was given in conference, but was not so intended.
We prefer to pay for the book.

21st May, 1959.

Mr. S.R. Cope
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Raymond:

This morning I received your letter of February 9, and I have no doubt that you have concluded, after so long a delay, that I am not only a black-marketer but also an embezzler.

Enclosed you will find the envelope of your letter. You will notice that it was addressed to New Delhi rather than to Bombay. Since there is no Taj Mahal Hotel in New Delhi, it was routed to the Imperial Hotel, in which it apparently arrived on February 13. On the back of the envelope there is date, March 14. I suspect that the letter waited for me in the Imperial Hotel until March 14. It was then returned to Washington and appears to have been received in the Bank's mail-room at 8.44 a.m. May 15. The Bank mail-room promptly put it in another envelope and forwarded it to me. It arrived this morning.

You will be pleased to hear that my bank accepted the check despite the fact that it is 8 months old, and I am therefore enclosing herewith my personal check for \$ 105.00. This is the dollar value of Rs.500, calculated at 4.7619. I have no doubt that I shall not notice these additional rupees in my account since somehow or other my expenses always seem to run a lot higher than the allowances given to me by the Bank.

The transaction was quite simple, and I regret only that it did not lead me into the nefarious byways which your letter promised.

With best regards from Lois and myself.

Sincerely yours,

WILLIAM DIAMOND

P.S. - Colin Hill of Tanganyika unexpectedly arrived today and we are having Old Home Week. He (and also Craig Donald of Uganda) received O.B.E.s in the January Honors List.



Jde

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

February 9, 1959

Dear Bill:

When I was in New Delhi for the Annual Meeting, I miscalculated the amount of rupees I should need to pay my hotel bill with the result that, when I left early on Sunday morning, I had to cash some dollar traveller's checks and, consequently, found myself back in Washington with excess rupees. I wonder whether, in view of your great experience and skill in black market operations, you could cash the enclosed check for Rs. 500 and settle up with me at your convenience in some reasonably negotiable currency. I hesitate to bother you except that I think experience of this sort will be a valuable prelude to your even more nefarious activities with the ICICI.

I trust the settling-down process is going well and that you are enjoying life.

My best wishes to you and Lois.

Sincerely yours,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Enclosure

Mr. William Diamond
c/o Taj Mahal Hotel
New Delhi, India

INDUSTRIAL DEVELOPMENT BANK OF TURKEY

REŞİD ŞERİF EGELİ

GENERAL MANAGER

P. O. B. 1017

May 20, 1959

Mr. William Diamond
The Industrial Credit and
Investment Corporation of
India Limited
Union Bank Building
Apollo Street
Bombay 1, India

Dear Mr. Diamond,

I wish to acknowledge with thanks receipt of your letter of the 17th instant and to inform you that I have had tentative hotel reservations made at Istanbul Hilton for three nights from June 7th onwards since, at present you think that this could be the most probable date for Mr. G. L. Mehta's arrival at Istanbul. Still, I would appreciate it very much if you could confirm me, later on, by cable, in regard to the validity of this date and also, give me his flight no. so that I will have one of my colleagues meet him at the airport.

In regard to your Machiavellian scheme, I will try to dwell on the subjects suggested in your above mentioned letter.

We regret the fact that we will have no chance of seeing you here in Istanbul this summer and especially that you will have to simmer there all these months.

INDUSTRIAL DEVELOPMENT BANK OF TURKEY

REŞİD ŞERİF EGELİ

GENERAL MANAGER

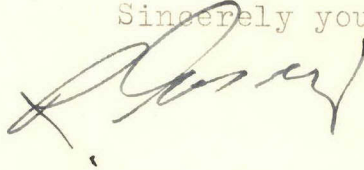
P. O. B. 1017

- 2 -

However, I know you have plenty of that "lively sense of humor" which you have discovered to be the most important incentive in keeping one's temper cool. So, I hope you will have no great difficulty in keeping your spiritual and bodily health in harmony even in the midst of such a simmering world.

With my best regards, I am,

Sincerely yours,



P.S. Bülent ~~Bay~~ is away on a business trip to Afghanistan which will take him about three more weeks.

RE/bg

NATIONAL AND GRINDLAYS BANK LIMITED

(AMALGAMATING NATIONAL BANK OF INDIA LIMITED AND GRINDLAYS BANK LIMITED)
(Incorporated in the United Kingdom - The Liability of Members is Limited)

All Letters to be addressed
to the Manager.

Inland & Overseas Telegrams
NATIONAL · BOMBAY
Telephone: 2 5 2 3 0 5 - 8

MAHATMA GANDHI ROAD,
POST BOX No. 141,
BOMBAY 1.

IN REPLY PLEASE QUOTE

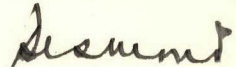
20th May 1959.

Dear Bill,

Many thanks for your letter of yesterday's date enclosing a letter received by you from Gus Maffry which I have read with interest. I am taking a copy of the letter which I will forward on to our London Office when I next write to them on the subject of overseas courses. Thank you very much for making the necessary enquiries on my behalf and I hope it will be possible for some of our people to take advantage of Maffry's kind offer one of these days. I am returning the original letter from Maffry.

Kind regards,

Yours sincerely,



(D.G. Moore)

William Diamond Esq.,
The Industrial Credit & Investment Corporation
of India Ltd.,
Union Bank Bldg, Apollo Street,
Bombay 1.

IRVING TRUST COMPANY

ONE WALL STREET

NEW YORK 15, N. Y.

INTERNATIONAL BANKING DIVISION

AIR MAIL

May 14, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Bombay 1, India

Dear Bill:

I have your letter of May 7 regarding training at American banking institutions for high-level officials of banks of underdeveloped countries and was glad to hear from you in your present capacity.


Actually there would be no difficulty about this, since we are prepared at all times to receive for surveys of our own operations, and to arrange visits to other financial institutions, for officers of our correspondent banks in India and elsewhere. What we do not offer, however, and what we doubt can be offered to advantage is anything in the nature of a set course of training for officers of foreign banks. Experience and interests vary greatly from case to case and argue for specific arrangements in each instance. We do not prescribe a set course of training even for employees of foreign banks.

The School of Banking at the University of Wisconsin, which you mention, is a 2-weeks-a-year-for-3-years affair which would be neither suitable nor practical for high-level officers of foreign banks. There is an International Banking Summer School which convenes annually, usually some place in Europe. It offers a combination of speeches and seminars and is a fairly serious affair, although it does have some of the aspects of a convention.

The group of Indian bankers which was in the United States last year under the auspices of ICA had a very specific objective in view, namely, observation of the techniques of term loans by American banks. I believe the mission was a success but I am not sure that other missions similarly composed but with more general objectives would work out as well. In practice we have numerous visits from officers of foreign banks seeking information on various aspects of modern banking and wanting to observe certain banking operations. We regularly arrange introductions to other financial institutions in New York and Washington as desired.

I am not sure that the foregoing will be very helpful in meeting Moore's proposal but I hope you will pass my comments on to him and also give him my very best regards.

Sincerely yours


August Maffry
Vice President

20th May, 1959.

Mr. Resid Egeli
General Manager
Industrial Development Bank of Turkey
Istanbul
TURKEY

Dear Resid Bay:

I am afraid that, after all the plans we made and after your kindness, Mr. Mehta is not going to be able to visit you. As you may know, there has been some discussion of a second World Bank loan to the ICICI. Just before Mr. Mehta left for Europe last week-end, he received a telegram from the Bank stating that negotiations must begin in the second week of June. Mr. Mehta is therefore going on to the United States from England and will be unable to carry through his plans to visit Germany and Istanbul. He asked me, before he left, to write to explain and apologize to you. He will himself write to thank you for your kindness, from England.

I hope that at some future date it will be possible for him, or for Mr. Parekh, the General Manager, to visit the IDB.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED,
BOMBAY 1.

20th May, 1959.

Mr. E.P.W da Costa
Editor
The Eastern Economist
52, Jan Path
NEW DELHI

Dear Mr. da Costa,

When you were good enough to visit me, about six weeks ago, I promised to send you a copy of my book on development banks. I have just received one from Washington and hasten to send that on to you. I hope it may be of some interest.

I hope, too, that next time we meet we shall have an opportunity to spend a little more time together.

With best personal regards,

Sincerely yours,

WILLIAM DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

20th May, 1959.

Mr. P.K.N. Swamy
Office of the American Consulate General
Lincoln House
B. Desai Road
BOMBAY 26

Dear Mr. Swamy:

I am returning herewith, with many thanks, the two issues of the "Foreign Commerce Weekly" which the American Consulate General was good enough to lend me. I am most grateful for them.

I hope that, when you have received copies of "Establishing a Business in India", you will be good enough to send me a copy.

With many thanks again,

Sincerely yours,

WILLIAM DIAMOND



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

No. 20

May 19, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India, Limited
Union Bank Building, Apollo Street
Bombay 1, India

Dear Bill:

Please excuse my delay in acknowledging and thanking you for your letter of April 25 giving your comments on the development bank handbook. As usual, your comments proved to be extremely useful and, far from being dismayed by the number of your suggestions, both Shirley and I would welcome any additional ones you may wish to send on.

On your principal criticism, having to do with the treatment of the private vs. public bank issue, I think your points are well taken. I have never been happy with the first two chapters of the book, partly, I think, for the same reasons which prompted your criticism, and Mike Hoffman also criticized this portion of the manuscript on the same general grounds. What we are doing is to rewrite Chapters 1 and 2, putting them together in a way, too long to explain, that is designed to take care of the problem that troubled you.

I am not in agreement with you, however, concerning Chapter 6 on project selection. You were doubtless right that a whole book could be devoted to that subject, but I do not think it follows that the subject cannot usefully be dealt with in more than a few paragraphs in a handbook of this type. We are going to make some changes which I believe will improve the text somewhat, but I am not inclined either to expand the chapter appreciably or to cut it sharply.

We have somewhat of a difference of opinion in my own office as to the last chapter. We both agree that the final section on "Administrative Expenses" as it stands is useless, and it will be dropped for lack of adequate information to make it meaningful. Shirley, the principal author of the book, is rather inclined to scrap the whole chapter, but my reaction is that to many readers it may be of at least some use and should be saved. How much we will be able to beef it up along the lines that you suggest I am not sure, since an adequate job would require a great deal of new research.

Mr. William Diamond

- 2 -

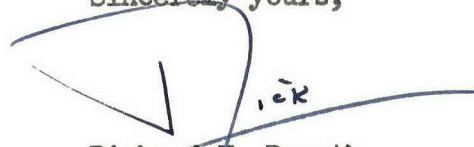
May 19, 1959

Your comments constituted by far the most thoughtful criticism we have received on the handbook and therefore the most useful, although Mike Hoffman also had a number of very good points. It has been the unanimous reaction of all readers, including members of the Bank's staff, that the document as a whole constitutes a useful contribution which should be published. I suspect that you may have some dubiety on this point, as in fact I did myself. But I am convinced that the reaction of the other readers is a sincere one. I was particularly encouraged to learn from Bulent Yazici that he found the handbook useful in preparing himself for a technical assistance mission involving the investigation of a development bank project in Afghanistan.

Shirley is busily engaged revising the handbook and the next edition will show substantial changes which I hope you will regard as improvements. In any event, we will send you the next draft as soon as it appears and I would greatly appreciate it if you would give the new version a second critical reading. We would welcome as many additional comments as you find time to give us.

With warm regards and renewed thanks for the time that you have devoted to this project,

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'R. Demuth', with a large, sweeping flourish extending to the right.

Richard H. Demuth
Director

Technical Assistance and Liaison Staff

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

19th May, 1959.

Mr. D.G. Moore
Manager
National & Grindlays Bank Ltd.
Mahatma Gandhi Road
BOMBAY 1

Dear Desmond:

I am enclosing a letter I have just received from Gus Maffry. This is the first response to the three letters I sent after our conversation at the beginning of the month. Evidently, as I had guessed, the Irving Trust Company itself would be prepared to lay on a program for some of your people.

With best wishes,

Sincerely yours,

WILLIAM DIAMOND

19th May, 1959.

Mr. T.K. Ramasubramaniam
Chief Officer
Industrial Finance Department
Reserve Bank of India
BOMBAY 1

Dear Mr. Ramasubramaniam,

I am very sorry that my wife and I will be unable to attend your reception this evening. I had an attack of stomach trouble last Friday, and had to stay in bed for several days, and I still feel too weak to be able to attend the reception. I hope you will forgive me and that you will accept our best wishes for the health and happiness of the newly-weds.

Sincerely yours,

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

19th May, 1959.

Mr. Kishore Premchand
Premchand Roychand & Sons
63, Apollo Street
BOMBAY 1

Dear Mr. Premchand,

Please forgive our not coming to your cocktail party yesterday. Last Friday I had an attack of dysentery and was forced to remain in bed for two days. I came to work yesterday, but had to leave after a few hours and I did not think it would be wise to leave my home for the rest of the day.

I am very sorry to have missed the occasion.

Sincerely yours,

WILLIAM DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

19th May, 1959.

Mr. Kasturbhai Lalbhai
Pankore's Naka
AHMEDABAD

Dear Mr. Lalbhai,

My wife and I are very sorry indeed that we were unable to accept your kind invitation to attend the reception for your son's wedding. We had every expectation of doing so. Unfortunately, however, last Friday night I became ill and was ordered to remain in bed. I did not get out until today.

Please accept our apologies and please also accept our best wishes for the happiness of your son and daughter-in-law.

Sincerely yours,

WILLIAM DIAMOND

FIFTY-FIVE WALL STREET

AIR MAIL

May 18, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India Limited
Union Bank Building, Apollo Street
Bombay 1, India

Dear Bill:

Oddly enough on the day you wrote me your last letter, I was appointed to the First National City Bank. This may come as a surprise to you if you have not already learned it. As you may remember, I regarded myself as a central banker and never contemplated the sort of life that I have now begun to lead. It seemed like the kind of opportunity, however, that I could not pass by.

I can readily sympathize with your friend of National Overseas & Grindlays. As a matter of fact, because of its world-wide system of branches, my new bank would probably be as appropriate a place for the National Overseas & Grindlays people to visit as any. I have spoken to my associates who tell me that we have a banking connection with them and that we should be pleased to receive visitors from them at any time. If you want to pass that word on, please feel free to do so. We could also arrange visits to other banks.

Your letter has been passed to me by the Fed. I feel sure that the Fed would just as soon have it taken care of in this way.

With warm regards,

Sincerely yours,

John



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

May 18, 1959

Mr. William Diamond
The Industrial Credit & Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1, India

Dear Bill:

Many thanks for your letter of May 8th which I have just received. I intended to write to you after I arrived in Washington (I did write to you c/o the Bank before I left England) but soon after arriving I was told I would have to go on a mission to Trinidad on or about April 6th and this rather upset my plans.

Alice was due to arrive on April 15th and this had to be postponed until mid-May as I expected to be in Trinidad for about a month.

I subsequently went to Trinidad on April 3rd and returned to Washington on May 3. Alice arrived on May 12th and we are now staying in the Windsor Park Hotel but are moving into a very good apartment at Cleveland House, 2727 -29th St. N.W. tomorrow.

It will be very nice to be settled once more as it is now almost a year since we left Kuala Lumpur. By the time you return we should be quite used to Washington and know our way around.

I am enjoying working for the Bank very much. I find this work most interesting and everyone very helpful, and I am sure I shall have no regrets about leaving Kuala Lumpur and that we shall both like living in Washington.

It was unfortunate that when I arrived here Neil Bass was in New York and Lois and yourself were in Bombay. Neil has now returned and Alice and I are looking forward to seeing you both early next year.

How are you liking Bombay? I hope you are both keeping well and enjoying the experience. During the war I spent about 2-1/2 years in India and on the whole enjoyed it but Alice, who was only there 6 months, was never well and had to be sent to U.K. as the climate and food did not suit her.

Have you managed to visit many places of interest in India? I once spent two weeks in Kashmir and enjoyed it very much but I suppose it would be difficult to get there now. If you can spare the time, please write, as we should like to hear how you are getting on and when you expect to return to Washington.

Kind regards to Lois and yourself from us both.

Sincerely yours,

Charles White

Charles White



Record Removal Notice



File Title William Diamond Chronological files, India - 1959-05 - 1959-06		Barcode No. 30013531		
Document Date May 18, 1959	Document Type Letter			
Correspondents / Participants To: Mr. Donald W. Fowler From: William Diamond, ICICI				
Subject / Title [C.S. Divekar]				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Kim Brenner-Delp</td><td>Date December 20, 2023</td></tr></table>	Withdrawn by Kim Brenner-Delp	Date December 20, 2023
Withdrawn by Kim Brenner-Delp	Date December 20, 2023			



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

No. 17

April 27, 1959

Dear Bill:

Thanks very much for your letters of April 9 and April 15. I have passed the information to Messrs. Hauenstein and Reamy so I assume everything will be taken care of. Hope that you will enjoy the new Volkswagen.

I have also received your cable giving us the happy tidings that you have moved into the apartment. I am sure that it will be a relief from hotel living.

Recently the U.N. has been looking for persons to be appointed to Hoffman's Special Fund Group. I suggested Divekar to the Personnel Officer of the U.N. and informed them that when I have more information from you I would be in touch with them again. Your opinion will be appreciated.

I hope the very hot weather that you can anticipate for the next few months will not be overly enervating.

My best to you and Lois.

Sincerely yours,

Donald D. Fowler
Personnel Manager

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India, Ltd.
Union Bank Building
Apollo Street
Bombay 1, India



Pen-7m.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

TELEPHONE EXECUTIVE 3-6360

WASHINGTON 25, D. C.

CABLE ADDRESS-INTBAFRAD

No. 5

March 10, 1959

Dear Bill:

Thank you for your letter of March 2.

Mr. Prasad had suggested Mr. Divekar to us as a person who would, within the next few years, retire from his position in the Reserve Bank and therefore would be available for assignments either here or on consulting missions for the Bank. It was on this basis that I visited him in Bombay on my way to the Annual Meeting. He has had experience in most phases of commercial banking (8 years) and central banking (20 years). Prasad feels that in view of this experience he could fill with distinction the following positions: 1) a consultant on banking on any general or specific mission; 2) an advisor on public debt and capital mobilization programs; 3) a consultant on Indian businessmen's background, should the I.F.C. feel need for such consultation; and 4) after some familiarity with the Bank, as a chief for some of the smaller missions.

My purpose of mentioning him to you is that, in the first place, I felt he and his family would be persons whom you would very much enjoy knowing during your stay in Bombay; and in the second place, you might, in this informal way, be in a position to judge his qualifications for any possible Bank or I.F.C. assignment. Your judgment in this case would be of help to us.

I hope that by now you and Lois are getting settled. I can guess how difficult it is to obtain housing in Bombay, where extreme shortages exist. May good fortune attend your efforts.

With best wishes,

Sincerely yours,

Donald D. Fowler
Personnel Manager

Mr. William Diamond
The Industrial Credit and
Investment Corp. of India, Ltd.
Union Bank Building
Apollo Street
Bombay 1, India

Name: Chintaman S. DIVEKAR
Nationality: Indian
Date of Birth: January 3, 1908
Education: B.A. (Hons) Economics, C.A.I.I.B. with distinction
in the subject "Financial Administration".
Bombay University, came first in Logic;
Institute of Bankers, came first with his paper
"Financial Administration".

Career: Joined the Imperial Bank of India in 1930 as
Probationary Officer -

At present, Chief Executive Officer of the Reserve
Bank of India.

The above positions have included: textile centre
of India; financing cotton crops; accounts;
savings; shares; public debt; experience as
Inspector of Reserve Bank covering all India;
at present, Principal Executive Officer in
substitution for the Deputy Governor who is on
leave, and attending to the work related to
credit control, Open Market operations, advances
to banks, staff, premises, etc.

Personal file

COPY

OFFICE MEMORANDUM

TO: Mr. Donald D. Fowler
FROM: P. S. N. Prasad
SUBJECT: Mr. C. S. Divekar

DATE: January 14, 1959

Mr. Divekar has had a long period of experience in commercial banking, central banking, and administration, and has worked in different regions of India which has given him a fair amount of knowledge of business houses and the men behind them. In view of this experience and the distinction with which he has filled these positions, I think he would be useful as:

- (a) a consultant on banking on any general or specific missions;
- (b) an adviser on public debt and capital mobilization programs;
- (c) a consultant on Indian businessmen's background, should the IFC feel need for any such consultation; and
- (d) after some familiarity with the Bank, as a chief for some of the smaller missions.

In addition to his experience, his sociable nature and an excellent sense of humor should be very valuable in any kind of work he may be asked to do.

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DEVELOPMENT BANK OF ETHIOPIA

P. O. Box 1900
ADDIS ABABA
ETHIOPIA

AA/jm

15th May 1959

Dear Mr. Diamond,

Many thanks for your letter of May 6th.

I knew, of course, through David Gordon, that you were "on loan" to the ICIC, so that the stationary was not really a surprise to me, though it was a pleasant surprise anyhow to hear from you after such a long time.

Gordon left last week after having been here for about ten days, the first four days together with Rucinski, who seemed to have been very pleased to see again his many friends in Ethiopia.

I am glad to see that you are still interested in news of our Bank and I am sending you, under separate mail -

1. Annual Report for 1957
2. Interim Report for 1958
3. Report on Industrial Loans
4. Report on Agricultural Loans
5. Report on Coffee Loans.

You will be certainly particularly interested in 3, 4 and 5, as they are, so to say, a history of the Development Bank in short.

You might be also interested to hear that I have finally and definitely resigned and I hope that the question of my successor will be settled soon.

Thank you for your kind invitation to visit you in India, but just now I do not feel like travelling. I am tired and looking forward to my vacation, next month, in Badgastein, as usual.

You are often remembered in conversation with H.E. Ato Makonnen Haptewold and other friends here and we all hope you will visit us when your mission in India is completed.

With warm personal regards,

Sincerely yours,


A. Abel

to Hunter
to go ahead in the

ordinary

J. W. SINCLAIR
OBEROI PALACE HOTEL
SRINAGAR

BLACK ASKED ME
INFORM YOU HE IS PLEASED
YOU HAVE ACCEPTED
DIAMOND

13/5759



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.
WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

May 13, 1959

No 18

Dear Bill:

You will have heard from Ray Goodman that Svoboda will be arriving in Bombay within the next two weeks from Pakistan. I enclose, for your private information, a copy of his Terms of Reference.

I have no doubt that with your kind assistance he will be able to obtain the information that is required in the short time available before negotiations start.

We are very hard pressed preparing for several loan negotiations - all due for the month of June! Wish you were here.

I look forward to seeing you in the not too distant future.

With best regards,

Yours sincerely,

George Apar
Industry Division
Department of Technical Operations

Mr. William Diamond
c/o Industrial Credit & Investment Corporation
of India, Ltd.
Union Bank Building
Apollo Street
Bombay, India

P.O. I should mention that Svoboda has just learned that he is to visit Bombay, and consequently has not been properly briefed — especially on recent correspondence. Your assistance will be greatly appreciated. G.A.

Mr. L.M. Svoboda

May 13, 1959

H.B. Ripman

Terms of Reference - Visit to India

Yesterday we sent you a cable reading as follows:

" FOR SVOBODA BANK HAS AGREED NEGOTIATE SECOND LOAN FOR ICICI DURING JUNE STOP FIRST SUGGEST YOU LEAVE KARACHI IF POSSIBLE NOT LATER THAN MAY TWENTYTHREE FOR BOMBAY FOR INSPECTION OF ICICI ON SIMILAR LINES TO PICIC SECOND TERMS OF REFERENCE FOLLOW BY AIRMAIL THIRD ADVISE ICICI DIRECT OF EXPECTED DATE OF ARRIVAL FOURTH BEFORE LEAVING KARACHI SEND DRAFT REPORT ON PICIC BY AIRMAIL FIFTH EXPECT YOU SHOULD BE ABLE TO COMPLETE BOMBAY ASSIGNMENT IN ONE WEEK STOP YOU SHOULD AIM TO RETURN TO WASHINGTON BY QUICKEST ROUTE ABOUT JUNE FIRST SIXTH ADVISE WHEN MISSION COMPLETED IN KARACHI AND DATE ARRIVAL BOMBAY".

The object of your forthcoming trip to India is to obtain information concerning the Industrial Credit and Investment Corporation of India Ltd., (ICICI) which is required in connection with the request which has been received from ICICI for a loan from the Bank.

This information is partly concerned with ICICI's operations to date, and partly with a need for additional resources for ICICI's future operations.

a) As far as concerns ICICI's operations to date, you should ascertain the methods of project appraisal, loan negotiations and project supervision which have been used, and the way in which PICIC has been organized and staffed. In particular you should inform yourself of the reasons for the lapse of time between the initial contact with a proposed borrower and the date when a loan contract is signed. You should further ascertain the status of ICICI's portfolio of investments, and of the projects which it has financed, and the financial results of its operation to date. In this connection you should take the opportunity to review the present arrangements for submitting reports to the Bank, and consider whether any modification is desirable.

b) As far as concerns the need for additional funds for ICICI's future operations, you should prepare an estimate of probable requirements of funds (both rupees and foreign exchange) for ICICI's operations through the end of 1961, in order to determine how soon and in what amounts additional resources may be needed. In order to prepare this estimate you should ascertain the status of projects presently being investigated or for which loans are being negotiated, and you should examine the grounds on which ICICI has based its own estimate of its future business prospects.

You will also investigate the extent to which the projects in your estimate are for expansion of industry, in the sense of new development, and represent the need for capital rather than only or partly a means of securing foreign exchange.

You will further find out from ICICI what, if any, are its plans for raising additional rupee funds (whether to maintain the prescribed ratio of debt to equity or to meet the needs of its operations, or both) either by way of selling shares or of incurring debt. We understand that ICICI intends to borrow more money from the Government. You should ascertain the status of negotiations to this end, and should if possible find out what the terms of such an additional loan are expected to be.

In your examination of ICICI's plans for future business, you should try to find out what is the minimum size of operation below which ICICI's expenses would exceed the return on the investments.

As soon as you have completed your investigation, you should return to Washington. On your return you should submit a brief summary of your findings, to be followed by a full report.

Reviewed with Mr. R. J. Goodman.

cc: Messrs. Aldewereld, Goodman (2)
Miss Van Gasse (2)
Files. (2)



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

May 13, 1959

Mr. William Diamond
The Industrial Credit and Investment
Corporation of India, Limited
Union Bank Building
Apollo Street
Bombay, India

Dear Bill:

Many thanks for your letter. I have, of course, seen some of your letters to Jeff Rucinski and others, but it was indeed a pleasure to hear from you direct. I hope, and I am sure, you and Mrs. Diamond are both enjoying your stay in Bombay (which incidentally gives me many pleasant memories as I spent about three weeks there in 1945 on my way to the U.S.).

As to the Ethiopian Development Bank, I am enclosing a copy of my note on Dr. Sanders' visit, which will give you some idea of the informal arrangements with the Dutch. The two Dutch technicians were paid from the UNTAB funds for 1958, but this year they are on DBE's payroll. All is well, since they both are competent and hard working. But this is as far as DBE's technical staff goes. The more important problem remains the management; no solution of this is yet in sight. I know you are the President of the "Keep Mr. Abel Club". But despite our warm personal feeling toward him, I must say that any development bank with Mr. Abel as its manager will turn the institution into a comical farce.

The DBE management problem has now come to a head, because one of the Dutch (Mr. Muller), hired with the understanding that eventually he would take over the DBE, does not want to stay on unless he is allowed to succeed Abel within a definite period, say, in a year or less. It is for this reason that Jeff and Dave visited Ethiopia toward the end of April. Apparently they were not quite successful, as you will see from the following excerpt from Jeff's May 8 letter from London:

"Mr. Abel is still hanging on at the Bank. Stevens does not appear to be good enough as the leader of a very fine team made up of Leydesdorff, Muller and Reiss, and Muller is too new in Ethiopia and in the banking business, although as an agricultural expert he is A-1. Therefore, either a joint management of Stevens, Muller and Reiss which some favor as a stop gap measure, or a man from IBRD for six to ten months to manage the bank until a suitable replacement is found. Ato Makonnen is against joint management. He believes in having a single head man and insisted that I should ask Mr. Black to give a man from IBRD while searching for a good new general manager. I do not think it profitable to tackle this unless Abel actually steps out. Past experience suggests that we might find a good man but that

so long as Abel stays as general manager he might make it difficult for the new man to take charge. This is where I left the matter and Dave Gordon was to follow up from there."

I will write you again about the latest score on DBE after Dave gets back; he is due next week.

I hope Mrs. Diamond has started collecting Indian curios. Please give my best to her and, of course, my best to you.

Sincerely yours,

Bill

C. W. Wang

Files

April 13, 1959

C. W. Wang

Ethiopia: Development Bank - Dr. Sanders' Visit

Dr. M. Sanders, Managing Director of the Herstelbank, Holland, visited the Bank during the week of April 6-10. On Monday, he (and Mr. Soutendijk of the Netherlands Embassy) met with Messrs. Deaath, Gordon and Wang to exchange views on the management and other problems of the DBE.

Dr. Sanders feels (as we do) that neither Mr. Abel nor Mr. Stevens is suitable as the DBE's Manager. He believes Mr. Muller and Mr. Leydsendorff would not be happy to stay on and work for long under the direction of either man. He would not hesitate to endorse Mr. Muller's qualifications for the managership but, given Ethiopian conditions, he feels it might be well to have a transitional period during which Mr. Muller and Mr. Stevens could serve jointly as managing directors, until Stevens retires in a year or two. Messrs. Deaath and Gordon thought this idea of a joint managership, which is common practice in Europe but not in the U.S., might facilitate a solution, and could usefully be explored with the individuals concerned and the DBE Board. It was agreed that if it were adopted, Stevens' tenure should be definitely limited.

Dr. Sanders said that the Herstelbank Charter precludes its entering into a formal arrangement to provide technical assistance to the DBE, since it is authorized to operate only in Dutch territory. However, the Herstelbank is receiving from Mr. Leydsendorff periodic reports and other papers on industrial projects and has undertaken, on an informal basis, to review and comment on them. Recently, at the DBE's request, it has recruited a textile expert to go to Ethiopia to advise on a large textile mill project. The Herstelbank has extensive experience in the industrial field and is willing to give the DBE technical assistance in that field without cost, except for travel expenses.

Dr. Sanders has seen some reports from Mr. Muller on agricultural projects and has the impression that plantation agriculture is probably not a suitable general pattern for Ethiopian agriculture, although some plantations will doubtless be successful. Indonesian plantation experience is thus only partly relevant. The Herstelbank itself does not engage in agricultural investment, so that it would have to seek outside help to be able to advise the DBE in agricultural fields. Dr. Sanders has already consulted with highly qualified Dutch experts, who would be willing to go to Ethiopia for a few weeks if asked.

It was agreed that after Mr. Suciniski's and Mr. Gordon's forthcoming visit to Ethiopia, we would discuss again with Dr. Sanders the DBE management situation (and its solution, if any) and the assistance that the Herstelbank may render it.

cc: Messrs. Suciniski/Frud'hoess, Deaath, Apar/Craig-Martin, Fontain, Rigby.

CWWabg/DLGordon:ap

May 13, 1859

Dear Mr. McLean,

I was delighted to hear from you that Mr. Sinclair has decided to join the Board. I am sure George Woods will be pleased and I am pretty sure the Board here will welcome him.

I appreciated your kind comments about myself. As you say, whether I will look back on my year here as a sweat or a pleasure will depend on the differences I hope to see between ICICI then and ICICI now. I am not confident, but I am hopeful.

It was a pleasure to have you hear. I wish you could have stayed longer. I hope you will next time.

Best regards,

Sincerely yours,

May 8 - 1959

Dear Bill -

Finclair is aboard and will await instructions from Woods and Woods has been so advised by cable and by letter. Finclair will probably be in touch with you in the course of the next few days to find out what this is really all about. He does have the 1958 report and the other two papers you let me have. He will probably defer meeting with Mr. Nichte until after he has heard from Mr. Woods.

I am delighted that you are in Bombay. The shareholders are most fortunate! I shall so inform them on my return. You were most patient and helpful in giving me the short course. It is reassuring to know that you will be here in the months ahead.

Regards - of the search editor -
I sincerely hope that for your pains
you will have the ultimate personal
satisfaction of witnessing
consequential progress in the
months ahead.

With thanks again for your
hospitality and with best
wishes for your work in the
months ahead.

Sincerely,

Donald H. McLean Jr

May 12, 1959

MEMORANDUM FOR MR. BLACK

Woods' Alternate on ICICI Board

1. George Woods wants J.W. Sinclair, General Manager of Stanvac, to be his alternate on the ICICI Board. When I saw Sinclair two weeks ago, he was inclined to accept but wanted first to talk to Donald McLean of Rockefeller Bros., who was scheduled to meet him on behalf of the American stockholders. That talk took place in Delhi last Friday; Sinclair accepted; and Woods has been informed.
2. Woods wished you to "encourage" Sinclair and the Bank therefore cabled me over the week-end to take him to the airfield to meet you. I do not think it would have been wise to take him to the airfield. In any event, he has already accepted and he is in Kashmir. He can be reached by telephone at the Oberoi Palace Hotel in Srinagar. McLean is still in Delhi; he is in Room 616 at the Asoka Hotel.
3. Sinclair is a first-rate businessman and person. The ICICI Board is certain to accept him when Woods puts his name up.

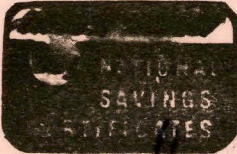
Mehta's Visit to London

1. Mehta will reach London May 17 and will stay at Grosvenor House. He will leave a message for you at Claridge's and at the Bank Office. He assumes he will see you on May 20, but will await word from you as to time and place.
2. Mehta may speak to you about the following, among others:
 - a. The changes on the ICICI Board. The agreements of last fall have been carried out.
 - b. A new loan. On April 18 Mehta asked Knapp for a new loan this summer. (Attachment 1.) This crossed a cable from Prud'homme saying that because the Bank had committed only a third of the first loan, it would not consider a second loan until fall. When Mehta's letter reached Washington, Knapp cabled him to disregard Prud'homme's message; and I was asked by the Bank for my opinion. I replied backing up Mehta's request. (Attachment 3.) Mehta still awaits the Bank's decision and probably expects it from you. I suspect the Bank will be in touch with you about this before you speak to Mehta.
 - c. Foreign Investment Center. For several years there has been talk of the Government's establishing (with US funds) a foreign investment center (like the Netherlands Investment Center in NY), with HQ in Delhi and a first foreign office in NY. The US and Indian Governments now appear to be willing to attach that center to the ICICI. Mehta is interested and may want your advice. I have encouraged him and the idea. The crucial ~~issue~~ problem in carrying out the plan will be personnel, both here and in NY. The US Government is toying with the idea of contracting with an American firm to handle the NY side. They have First Boston in mind.
3. Mehta's program in London, to establish contacts with the UK shareholders and with UK manufacturers and investors, has been fully arranged. From London he is going for a few days to Germany. He has a date with Hermann Abs, but no others. Any suggestions about other contacts in Germany would help him.
4. He will stop in Paris and will see Johnnie Miller.
5. On his way home he will stop in Istanbul to spend two days with Egeli and

Yazici at the IDB.

Progress Here

1. Mehta is a good chairman. Because he is only part-time at ICICI and has so many other interests, he is important primarily for outside relations and general policy. Day-to-day operations are entirely in Parekh's hands, and Parekh is therefore the one who will make the ICICI or let it drift along.
2. Parekh is an intelligent and hard-working person who knows all there is to know about Indian companies and their accounts. But he acts more like a buyer and seller of shares, than a promoter of industry. He has many good ideas, but does not yet have enough energy or courage to act on them, ~~so~~ to stand up to one of his directors or to any top businessman. (Perhaps if he ate meat or had an occasional drink, he would.) I have tried to build up his self-confidence and have urged Mehta to do so. Parekh needs a trip abroad; he hasn't been out of India since he went to school in London 25 years ago. I think he is livening up - slowly.
3. Mehta and Parekh have inherited a staff consisting almost entirely of juniors, who were neither trained nor permitted to exercise judgment. They are very reluctant to add to staff, but are beginning to look for a first-class senior man.
4. I believe Mehta discusses frankly with me every matter of importance about ICICI that comes his way. I am not often consulted, however, on day-to-day matters of administration and investment decisions, and have rarely had an opportunity to comment until too late. Mehta was apparently not aware of this, but is now.
5. I think there is fair prospect of ICICI's doing a bigger job in the future than it did in the past, once Parekh snaps out of his rut and gets some staff he can rely on.



INDIAN POSTS AND



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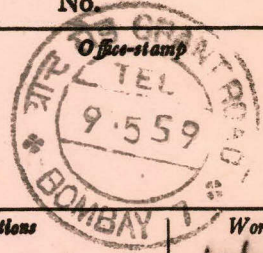
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HEAD OFFICE

Ref. No. M-17/965

May 12, 1959

Dear Mr. Diamond,

I am so very delighted to know from our mutual friend Donald Mclean that during his recent visit to Bombay he had an occasion to mention to you something of the work which we in the Indian Cooperative Union are doing here. From all that I have heard from Mr. Mclean I am very anxious to make your personal acquaintance as soon as an opportunity offers itself. In case you are coming to Delhi anytime, do kindly let me know your plans. I am also giving my address and telephone number. In case I happen to come to Bombay before your visit to Delhi I would let you know. I am greatly looking forward to meeting you.

This letter brings to you my warm personal regards,

Yours sincerely,


(L.C. Jain)

General Secretary.

Mr. William Diamond,
The Industrial Credit And Investment Corporation
of India Ltd.,
Union Bank Building, Appollo Street,
Bombay-1.

Address: Office: L.C. Jain
Indian Cooperative Union
Janpath
(Tel: 44908).

Residence: 43, Golf Links Road,
New Delhi
(Tel. 42179).



UNITED STATES OF AMERICA
TECHNICAL COOPERATION MISSION TO INDIA
American Embassy, New Delhi

May 12, 1959

Mr. William Diamond
Industrial Credit & Investment
Corporation of India Limited
Union Bank Building
Apollo Street
Bombay 1.

Dear Mr. Diamond:

Thank you for your letter of May 6 expressing an interest in the speeches given at the Banking & Investment Seminar of April 20-21, 1959.

We will soon print the speeches, followed by questions and answers, in booklet form and I will be glad to send you a copy.

In the meantime, if you wish to read these speeches, we sent one of the last remaining sets of mimeographed addresses to Mr. Parikh with our letter of April 29. Since you are in the same office, you will no doubt be able to borrow this copy until we can send you the printed booklet.

Yours sincerely,

Howard E. Houston
Howard E. Houston
Director

12th May, 1959.

Mr. Hector Prud'homme
World Bank
Washington 25 D.C.

Dear Hector:

Since I do not know how long I will have to speak to Mr. Black, I have prepared a short note for him. A copy is attached. Attached also is a copy of a note concerning the state of negotiations with the Government.

With best regards,

Sincerely yours,



WILLIAM DIAMOND

COPY

TELEGRAMS
"RESERVBANK"
BOMBAY.

RESERVE BANK OF INDIA

CENTRAL OFFICE

INDUSTRIAL FINANCE DEPARTMENT

POST BOX NO. 406

BOMBAY, 1.

REF. I.F.D. No. Seminar 57 /1-59. 11th May 1959 .

Mr. William Diamond,
C/o Industrial Credit and Investment
Corporation of India Ltd.,
Union Bank Building,
Apollo Street,
Fort, Bombay-1.

Dear Sir,

Seminar on Financing of
Small-Scale Industries
in India

Please refer to your letter dated the 7th May 1959. We are glad to note that you will be participating in the Seminar. We have not yet fixed the venue and dates of the Seminar. However, it is not likely to be held earlier than the last week of June 1959; perhaps Hyderabad (Deccan) may be the venue but a decision on this will have to be taken in the light of relevant considerations. We shall advise you in good time as regards these details.

Yours faithfully,

O. R. Binnu

Dy. Chief Officer.

krs.



Record Removal Notice



File Title William Diamond Chronological files, India - 1959-05 - 1959-06		Barcode No. 30013531		
Document Date May 11, 1959	Document Type Letter			
Correspondents / Participants From: William Diamond - The Industrial Credit and Investment Corporation of India. Ltd. To: Donald Fowler, Personnel Manager				
Subject / Title Logistics				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date 26-Feb-16</td></tr></table>	Withdrawn by Ann May	Date 26-Feb-16
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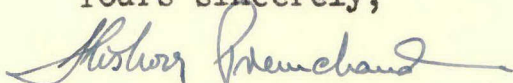
BOMBAY.

11th May 1959.

Dear Mr. Diamond,

It will give me great pleasure if Mrs. Diamond and your goodself will join me at Cocktails on Monday 18th May 1959 between 7 and 8.30 p.m. at my flat at "Panorama", 203 Walkeshwar Road, Bombay 6.

Yours sincerely,



Dress informal.

W. Diamond Esq.,
c/o Industrial Credit & Investment
Corporation of India Ltd.,
Bombay.

11th May, 1959.

Mr. Howard R. Parsons
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Howard,

I was delighted to learn, from the weekly news bulletin, that you have joined the Bank. I will withhold my congratulations until you had an opportunity to decide whether you were right in making the change; but I can be happy that you made it, because I will be able to see you more frequently than before and of working with you. If you have the opportunity to write, I should like very much to hear about your initial reactions and what you are doing.

How is Priscilla ? And the boys ? And yourself ?

Lois joins me in best regards to you all.

Sincerely yours,

WILLIAM DIAMOND

11th May, 1959.

Mr. Robert W. Cavanaugh
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Bob:

The ICICI is thinking about making an experiment or two in selling from its portfolio of loans. This is not a matter of importance to the ICICI at this moment, but it may be in the longer term future; and this may be a good time to make a trial.

Something over a year ago, the Bank gave to the Board of Directors and circulated to the staff a paper on how the Bank arranges participations and how it goes about selling from portfolio. I wonder whether a new version of that paper has ever been prepared. If so, I should be most grateful if you would be good enough to send me a copy. If there is not a new version, I should like very much to get another copy of the old one, for the copy I have with me does not contain the attachments which, as I recall, the original had. I am particularly interested in the model of your sales contract when you sell from portfolio, and also in any other information on how you determine the rate at which you sell, both in cases of sales with guarantees and without guarantees. (I know "with guarantee" sales no longer take place.)

Anything else that you might have and that might be useful to me in this connection, I should greatly appreciate.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

8th May, 1959.

Mr. Don Jeffries
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Don:

I should be very grateful if you would send me any papers or speeches presented at the meeting on India that took place in Washington early this week. I should be particularly interested in the pamphlet apparently put out by the National Planning Association in preparation for that meeting. The reports in the newspapers here suggested that it must have been quite a gathering. Were you there ?

About two weeks ago ICICI wrote to you, in connection with Hind Lamps, that it was accepting your suggestion about the designation of foreign exchange loans in future Heads of Agreement. It took quite an effort to get across the point but it is understood here now; and future heads will be designated in the proper way.

In this connection you probably noted that the Heads of Agreement which you receive are quite mixed-up documents. For instance, you will find matters under certain heads which do not relate to those heads and the same subject may be dealt with under two quite different heads. The ICICI lawyer has now gone through the Heads of Agreement with the view to streamlining it and eliminating inconsistencies of the kind noted above. I think the result will be a somewhat shorter document, but in any event a clearer and less confused one.

I hope you are aware in Washington that I have not always had the opportunity to comment on or even to see, before they are sent, letters to the Bank about projects. Indeed, only recently did I begin to see copies of the letters sent to you after they were sent. I mention this because you might have expected me to catch some of the things which you have yourself caught in the Heads of Agreement recently sent to you.

: 2 :

By this time you will have received the note I sent to Hector over the week-end, in response to his cable. I look forward to learning the Bank's decision.

I hope all is well with you.

Best regards,

Sincerely yours,

WILLIAM DIAMOND

COPY

8th May, 1959.

Mr. Corbin Allardice
Advisor on Nuclear Energy
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Corb:

Congratulations !

I have just received the Bank's press release on the Report of the Panel. I am delighted to see that it is, at long last, available to the public. I should be very grateful if you would air-mail me two copies of it.

I was even more pleased to learn last week that negotiations for the SENN project have at last started. I regret very much that I am not part of them and I look forward avidly to news of what is going on. Incidentally, I have yet to hear that the SENN project ever cleared the Staff Loan Committee. You will recall that on my last day we had an unexpected set-back. I suppose, since negotiations have begun, that the set-back didn't last long.

Please say "hello" for me to Mr. Bianchi and any of the other negotiators who might know me.

How are Kay, you and the kids ? I hope you are all well.

Sincerely yours,

WILLIAM DIAMOND

8th May, 1959.

Mr. Ching-Wu Wang
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Bill:

I wonder how things go with you and with our old friends in Ethiopia. It is now almost four months since I left Washington and my friends, including yourself. I miss you all.

Sometimes, when you are not busy, I should like very much to hear whether you and your family are well. I shall also be interested in learning about the latest developments in the Ethiopian Development Bank. I have been wondering how successful the new arrangements with the Dutch has been. Indeed, I should like to know some details of those arrangements. If there is any short memorandum or paper describing the new set-up, please send it to me.

Please give my best to Dave Gordon; and, of course, my best to you.

Sincerely yours,

WILLIAM DIAMOND

8th May, 1959.

Mr. Charles White
International Bank for Reconstruction
and Development
Washington 25 D.C.

Dear Charles,

I have just received a copy of the latest issue of Bank Notes. Your photograph on page 9 gives me the first confirmation that I have had that you did indeed arrive in Washington and are at work in the Bank. I suspect that, by this time, Alice has joined you and you are comfortably settled.

Lois and I both hope that you are getting along all right, and hope that you will find an opportunity sometime to let us know how you are.

Sincerely yours,

WILLIAM DIAMOND



Record Removal Notice



File Title William Diamond Chronological files, India - 1959-05 - 1959-06		Barcode No. 30013531		
Document Date May 7, 1959	Document Type Letter			
Correspondents / Participants To: William Diamond - The Industrial Credit and Investment Corporation of India. Ltd. From: P.S. Lokanathan, Director General National Council of Applied Economic Research, India				
Subject / Title Memo to the IC				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date 26-Feb-16</td></tr></table>	Withdrawn by Ann May	Date 26-Feb-16
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THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

7th May, 1959.

Mr. T.K. Ramasubramaniam
Chief Officer
Industrial Finance Department
Reserve Bank of India
BOMBAY 1

Dear Mr. Ramasubramaniam,

Thank you very much for your letter of May 6.
I shall be very pleased indeed to participate in the
seminar on the financing of small scale industries in
India. I hope that you will let me know, as soon as
it is possible, what the dates will be, so that I can
make sure that I shall be in Bombay at the time.

With best personal regards,

Sincerely yours,

WILLIAM DIAMOND

7th May, 1959.

Mr. B.D. Somani
The West Coast Paper Mills Ltd.
Shreeniwas House
Waudby Road
BOMBAY 1

Dear Mr. Somani,

I am very grateful indeed for the invitation that you were kind enough to extend to me to participate in the inauguration of the West Coast Paper Mills. I am very sorry that I shall be unable to do so.

As you know, the 15th and 16th May are the last two days before Mr. Mehta leaves for Europe and before Mr. Parekh leaves on his vacation. I feel that it would be very unwise for me to leave Bombay during their last two days in the office.

Although I regret very much that I am not able to participate in the inauguration, I hope you will permit me to visit the mills sometime later on.

With best personal regards,

Sincerely yours,

WILLIAM DIAMOND

7th May, 1959.

Mr. August Maffry
Vice President
Irving Trust Company
New York
U.S.A.

Dear Gus:

You will no doubt be surprised to receive a letter from me on this letter-head. I have been here for several months and will remain until early next year, as an advisor. I hope that, during one of your regular trips East, you will pass through Bombay and that we shall have an opportunity to get together.

Yesterday your name cropped up during lunch with Mr. Milne and Mr. Williamson of the Australia and New Zealand Bank Ltd. It occurred to me then that I ought to write to you concerning some enquiries I have been making for one of my friends here in Bombay.

As a matter of fact you know him. He is D.G. Moore, Manager of National and Grindlays Bank, who is also a member of the Board of Directors of the ICICI.

Moore has felt for some time that managers and sub-managers of his Bank, particularly those operating in under-developed countries, ought to have an opportunity for some special course of training on modern techniques of banking. I believe that one of the things that has put this into his mind is the fact that the United States Government makes available opportunities for such training and for visits to American banking institutions for high level officials of banks of under-developed countries. Indeed, two teams of Indian bank managers and bank directors visited United States last fall and apparently had a very stimulating experience. Moore has been in correspondence on this matter with his Head Office in London. They apparently think his idea is a good one (as, indeed, I do, too), but they say that there are no courses at the right level for such people in the U.K. and that they do not have contacts in the United States to arrange for either courses or visits there.

: 2 :

I told Moore that I felt quite certain that many banks in the United States would be willing to receive managers of the kind he has in mind for discussions of their own operations, and would no doubt also be willing to arrange visits for such people to various other institutions in the United States. I thought also that perhaps Moore's people would be welcomed to the Bankers' Summer School, which operates, I think, at the University of Wisconsin.

I have written about this to John Exter of the Federal Reserve Bank and Ralph Binney of the First National Bank of Boston, both of whom I know have received many foreign visitors and have arranged visits for them to banking institutions in America. I am now writing to you, too, in the hope that you can make some concrete suggestions which I can pass on to Moore. I should be very grateful indeed for any advice or suggestion that you can make.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

COPY

RESERVE BANK OF INDIA
CENTRAL OFFICE

INDUSTRIAL FINANCE DEPARTMENT
BOMBAY, 1.

Post Box No. 406

REF. I. F. D. No. Seminar

53 /1-59.

6th May

195 9.

Mr. William Diamond,
C/o Industrial Credit and Investment
Corporation of India Ltd.,
Union Bank Building,
Apollo Street,
Fort,
Bombay-1.


Dear Sir,

Seminar on Financing of Small-Scale
Industries in India

At the annual Conference of the representatives of State Financial Corporations held in the Reserve Bank in December 1958, it was suggested that a Seminar might be organised under the auspices of the Bank for the purpose of facilitating mutual discussion and exchange of views on problems relating to the financing of small-scale industries. In particular, the Seminar is expected to explore the possibilities of adapting, in the light of Indian conditions, the techniques and methods employed by credit institutions in Japan and other countries (e.g. credit guarantees and/or insurance) in meeting the financial requirements of this sector of industry. The Reserve Bank, therefore, proposes to convene the Seminar, the participants of which will include the officials of banks and State Financial Corporations who had recently been on a study tour to the U.S. and Japan, officials of the Reserve Bank, Government of India etc. as well as a few experts who may be expected to make a useful contribution to discussions on the problems of small-scale industries. Details regarding the Seminar such as its timing, venue and procedure are being separately worked out and will be intimated to you in due course. We shall be glad if you will kindly participate in the Seminar.

2. Please acknowledge receipt of this letter.

Yours faithfully,


Chief Officer.

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED,
BOMBAY 1.

6th May, 1959.

Mr. Howard E. Houston
Director
Technical Cooperation Mission
United States Embassy
NEW DELHI

Dear Mr. Houston,

I have seen, in someone else's hands, a copy of the various addresses presented at the "Banking and Investment Seminar" which you held on April 20 and 21. I should be most grateful to you if you would let me have a copy for more careful reading and to keep.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

6th May, 1959.

Mr. Alfred Abel
Managing Director
Development Bank of Ethiopia
Addis Ababa
Ethiopia

Dear Mr. Abel,

It will no doubt be a surprise to you to receive a letter from me on this stationery. I have been here for several months now and will remain for about a year, as an advisor. I regret very much that I am living so much closer to you than ever before, and yet have no opportunity of visiting you. I hope that, if you should manage to visit India during the year to come, you will not forget to look me up.

I should like very much to have some news of you and of your Bank. Perhaps by this time, your annual report for last year has been completed. If so, I should be very grateful for a copy. I am sending you herewith a copy of the latest annual report of this Corporation.

With best personal regards to you and to my many friends in Ethiopia.

Sincerely yours,

WILLIAM DIAMOND

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LIMITED.
BOMBAY 1.

6th May, 1959.

Mr. B.S. Narula
Deputy Director
Small Industries Service Institute
Ministry of Commerce & Industry
40-40A Cawasji Patel Street
BOMBAY 1

Dear Mr. Narula,

I am returning herewith the report on the Plastic
and Rubber-Covered Wire Industry, which you were good
enough to lend me. Please forgive me for keeping it for
so long.

With many thanks,

Sincerely yours,

WILLIAM DIAMOND



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

May 6, 1959

Mr. William Diamond
I.C.I.C.I.
Apollo Street
Bombay 1, India

Dear Bill:

Many thanks for your letter of April 29. As requested, I am sending you under separate cover a copy of the economic report and TOD report for the sixth loan to the Cassa, now designated No. 224-IT. The Turkish report has not been completed as yet though Victor Wouters tells me that there may be a first draft ready in about two weeks' time. There is little else to report about the other countries in your ancient bailiwick.

When Professor Pescatore and Bruno Bianchi were here for the signing of the sixth loan to the Cassa, we had further negotiations on the SENN. I believe we could have been ready to sign this loan about the end of May. However, SENN has now decided that, since it does not require substantial funds until the beginning of next year, it does not wish to sign the Loan Agreement until some time in September.

I understand that our mutual friend, Sidney Sherwood will soon be in India where he will be spending one year, mostly in New Delhi. I have already been to three parties to say farewell to both him and his wife. I am sure you know that Harry Curran, whom I got to know quite well during his two years' residence in Ecuador, will also be in New Delhi for the Bank. I understand, however, that he is coming to the Bank for orientation and will not be arriving in India until some time in August.

I have given your greetings to everybody here which they have asked me to return.

Hugh Collier tells me that he did get a card from you but no letter. Maybe that is coming by sea mail.

Best regards to Lois and to you.

Sincerely yours,

G. Stewart Mason

EUROPEAN INVESTMENT BANK

Brussels May 5th, 1959
C / 8331

Mr. William Diamond
The Industrial Credit and
Investment Corporation of India Ltd.
Union Bank Building
Apollo Street
B o m b a y 1

Dear Mr. Diamond,

Thank you for your kind letter of April 28th. It was indeed a source of great satisfaction to have been active part to such a lending operation which, among other things, has made of the European Bank a concrete reality in the field of international financing.

The correctness of our approach to the entire operation since our first meetings in Paris could not find better demonstration than in this successful conclusion. For the contribution you have brought to it I want to express my sincere appreciation.

I do hope that our common interests shall give us other opportunities to meet again in the near future.

With best personal regards,

Sincerely yours,


(Dr. Bergan)



Record Removal Notice



File Title William Diamond Chronological files, India - 1959-05 - 1959-06		Barcode No. 30013531		
Document Date May 4, 1959	Document Type Letter			
Correspondents / Participants To: Mr. S. Almeida, Public Relations Officer, Air India International From: I.A. Johnson, Manager, The American Express Company Inc.				
Subject / Title Mr. Eugene Black and Mr. William Iliff logistics information				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date 26-Feb-16</td></tr></table>	Withdrawn by Ann May	Date 26-Feb-16
Withdrawn by Ann May	Date 26-Feb-16			

11
May 3, 1959

Mr. Hector Prud'homme
World Bank
1818 H Street, NW
Washington, D.C.

Dear Hector,

You asked for my observations on the "Indian belief ICICI operations would be hampered by delaying new loan until autumn."

The position today is that ICICI has committed Rs 396 ~~xxxxx~~ lacs out of the Bank loan of Rs 476 lacs, leaving Rs 80 lacs. (Rs 20 lacs reported committed in Mehta's letter/ no longer are so considered.) On your side, you have credited to the loan account about \$3.8 million and will credit another \$2.1 million within days. Projects ~~not~~ being processed will take up the Rs 80 lacs by early summer; but I do not think your \$1 million will have been committed by early autumn - maybe \$1 or 2 million, not more.

It would take a few months to complete ~~new~~ ^{new} and guarantee agreements if we start today, particularly if the Bank asks that a new loan agreement be signed with the Government simultaneously. At best a loan contract ~~made~~ with the Bank would be signed in July. By then, ICICI will have committed its remaining Rs 80 lacs and a few million dollars worth of additional applications will be in process of being screened. Would it be wise for ICICI to go on screening and approving applications (which means informing the entrepreneur that the ICICI will ~~definitely~~ ^{definitely} provide finance) when it ~~has~~ ^{has} no foreign exchange at all? or would it be wise to stop screening? I think neither of these would be desirable. Moreover, it would create a bad impression if it became known (as it inevitably would) that ICICI had exhausted its resources of foreign exchange or that it ~~was~~ ^{was} slowing down its processing of applications until those resources were replenished. For Mehta has stated repeatedly (in public and private, orally and in writing) that ICICI is able and willing to provide foreign exchange for any sound project; and last week, at long last, the management of the Refinance Corporation, sent a circular letter to its 14 member banks suggesting they direct their clients to ICICI when these clients have projects requiring foreign exchange. All these statements and actions may not produce the ~~new~~ ^{new} applications hoped for; but if it were known that ICICI has no resources to back them up, ICICI ~~will~~ ^{would} look silly.

The proposal in your cable was to negotiate a new loan when credits to the loan account reached \$8 million. Frankly I would not like to bet that that sum will have been reached even in September or October, as you visualized. The gap between ICICI's exhausting its resources and a new loan could therefore be even longer, if your proposal were followed.

I sympathize with your difficulty in going to the Board for a new loan when only a part of the old loan has been credited to the loan account (let alone disbursed). But I think the situation can be explained and on balance ~~I think it would be better to go ahead with a new loan as soon as possible.~~
I think it would be better to go ahead with a new loan as soon as possible.

I might have supported your suggestion for ~~postponement~~ ^{postponement} if I thought a/post-
brief

-2-

ponement would result in speeding up actions on the projects already approved here but not yet credited to the loan account or would result in actions to reduce in the future the "considerable and variable time lag" referred to in your cable. I do not think that would happen. Unfortunately the lag cannot be reduced by a simple action. It requires dealing with a series of circumstances and with methods of work in ICICI, and that can be done only slowly and over a period of time. This will happen, I believe - in due course.

As I said ~~earlier~~ in my previous letters, I used Jeff's letter (which of course Mehta did not see) to back up my 3-month long plea to take the time lag seriously; and your cable (which Mehta did see) served the same purpose. If the Bank agrees to go ahead with a new loan in the immediate future, I strongly urge it to take the occasion to make clear its dissatisfaction on this point.

I hope these views help you to clarify your position. You will note that they agree with Mehta's. This should not surprise you, for you might have guessed that I drafted Mehta's letter to the Bank. In doing so, I considered ~~both~~ the issue you raised and whether getting a loan now or later would strengthen my hand in speeding up the work here.

With best regards,

Sincerely yours,

COPY

2nd May, 1959.

Mr. S.R. Cope
Director of Operations -
Europe, Africa and Australasia
International Bank for Reconstruction and
Development
Washington 25 D.C.

Dear Raymond:

Please see the attached letters, one from Stanley Hoar to me and the one from me to Hector Prud'homme.

I presume that Stanley has raised with you the issue put to me in his letter. I thought I ought not to reply to him, or discuss the matter with the ICICI, until I knew the latest Bank's thinking on the subject and until I knew whether there was a real possibility of getting the concession he refers to.

The concession would be a real boon to such institutions as the ICICI. But it had not occurred to me that the Bank would be willing to make an exception even for such exceptional cases as loans to financial institutions.

Incidentally, I would be very much interested to know what is happening in connection with the proposed loan to the CDFC.

I hope you are well and that all goes well in the Department.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

2nd May, 1959.

Mr. E.T. Kuiper
General Manager
Pakistan Industrial Credit & Investment
Corporation Ltd.

Insurance House No.2
Habib Square, Bunder Road
Karachi 2
PAKISTAN

Dear Mr. Kuiper,

I am very grateful indeed for your letter of March 31, and for its attachments. I have read them with great interest.

In your second paragraph, you specifically asked me what ICICI does with respect to technical investigation of projects. The ICICI has had on its staff, for almost three years, an English engineer. Since last November it has had a junior Indian engineer assisting him. And in addition, it has just hired a new Indian senior engineer. These are the men who have examined and will examine virtually all the proposals coming to ICICI, from the engineering point of view. Moreover, in some cases the ICICI has asked for outside assistance, from both Indians and foreigners, with respect to particularly complex projects.

It is fortunate for you that the Pakistan Industrial Productivity Center is apparently well staffed and can, therefore, be of assistance to you. That does not appear to be the situation here. However, I wonder how long you can rely on such outside assistance, and whether you are planning, taking a long-run point of view, to establish at least the beginning of a technical staff.

I was interested in your outline of the kind of reports you present to your Board. It would take too long to describe to you what has been the situation here. But I thought you might be interested in the new system which has just been established here, and which is set forth in the attachments.

I do not know whether you have received ICICI's latest Annual Report and I am therefore enclosing a copy. I was pleased to receive yours.

: 2 :

There is one further question I should like to put to you. I have noted, in the ICICI, that there is a very long delay between the time the Board of Directors approves a project and the time an agreement is signed between the ICICI and its client. This delay results from various factors, such as the need to get Government consents, etc. But I am afraid that one of the reasons may be that the ICICI approves its projects at too early a stage, i.e. before they are sufficiently mature to warrant commitments for financing. One result of the delay is that the ICICI carries as commitments projects concerning which no agreement has been signed for as long as 18 months. Another result is the justifiable complaint from the World Bank that, although the ICICI considers the bulk of its foreign exchange committed, the World Bank has in fact committed only a small part of its loan.

I should be interested to know whether there is any similar substantial delay, in PICIC, between a Board decision and the signature of an agreement. Judging from the fact that you entered into agreements for twenty projects last year, I would guess you do not experience the long delays experienced here. Is this because you do not approve a project until it is almost ready for agreement? Or is it because you maintain pressure on your client to sign an agreement quickly?

I note your statement that "the World Bank is not an easy task-master". True. But, on the other hand, my experience is that the World Bank can be influenced by a good argument. At least, that is what I tell ICICI. I have argued here that, if the World Bank asks (for the purpose of approving a loan) for something which ICICI's Board of Directors does not need in making its decision, then the ICICI ought not to send it to the World Bank. On the other hand, if what the World Bank asks is important, then the Board of Directors also needs it for its decision. I have argued, therefore, that the same appraisal ought to be appropriate for both the Board and the World Bank. (This, you will note, is reflected in one of the attached documents.)

I would certainly agree with you, however, that giving "too much" is better than giving "not enough". But my main argument in favour of "too much" is that, in the early stages, elaborate preparation of proposals is a good thing for the purpose of training the staff (and may be the Board, too). That helps instill in them, I should think, a proper approach to long-term industrial finance. I have felt that is particularly important here, because I found an overwhelming interest in obtaining adequate security for investments

: 3 :

and far lesser interest in their technical appraisal, prospective markets and long-term profitability.

Last week, after three months in a hotel, I moved into a flat, in which I have room to receive a guest. It has occurred to me that it might be a good idea, and a profitable one, to suggest that you and Yoxall visit us for a few days, for some discussions with the General Manager here and in order to see how ICICI operates. Since I shall have my flat only until early November, such a meeting should take place before the end of October and, in view of climatic conditions, the closer to that deadline, the better. What would you think of such a suggestion ?

With best regards,

Sincerely yours,

WILLIAM DIAMOND

COPY

Ther ~~Melita~~
Moore

616 Ashoka
New Delhi
Saturday

2nd

Dear Mr. Diamond -

Thank you very much for your
note of April 30.

I have booked on Air India
for Thursday morning and will
come to your office on arrival.

I plan to return on Air India
Thursday evening. I have no other
Bombay plans except for a date I
hope to make for the middle of the
afternoon. I hope that this
plan will be satisfactory to
you and Mr. Mehta.

Sincerely

Donald S. Arhant

1st May, 1959.

Mr. Hector Prud'homme
Assistant Director of Operations -
South Asia and Middle East
International Bank for Reconstruction
and Development
Washington 25 D.C.
U.S.A.

Dear Hector:

Enclosed you will find a copy of a letter which I have received from Stanley Hoar. I thought that the subject was one which I ought not discuss with the ICICI until I had the Bank's views.

I confess that it had not occurred to me that there was a possibility of getting exemption from the 1% commission in loans to financial institutions like the ICICI. Such an exemption would be of great importance to the ICICI, which is unlikely to be able to increase the interest which it charges on foreign exchange loans, even though the next loan from the World Bank will probably cost at least 1% more than the previous loan. (Moreover, ICICI will have to pay for the next loan from the Government.) This means that ICICI's ability to build up reserves will be even less in the future than it has been in the past.

I suppose Stanley has raised this question with the World Bank in connection with the negotiation of a loan for the CDFC. I am sending a copy of this letter and of the attachment to Raymond Cope who, if the matter has been discussed in the Bank in connection with the CDFC, will know of the latest thinking on the subject. You may wish to discuss the matter with him. In any event, I should be grateful if you would let me know whether there is a real possibility of getting such a concession. If there is, then I will certainly take the matter up with the ICICI.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

PRUDHOMME

INTBAFRAD

WASHINGTON DC

(U.S.A)

REUR FIVE SEE MY LETTERS APRIL 24 PAREN

ERRONEOUSLY DATED 14 PAREN AND APRIL 28

STOP WILL REPLY MORE SPECIFICALLY SOONEST

DIAMOND

Not to be telegraphed
1st May, 1959.

9

GOVERNMENT OF INDIA
OVERSEAS COMMUNICATIONS SERVICE

N.B.— All enquiries regarding this Telegram should be made to the Government Telegraph Deptt. accompanied by this form.

THE FIRST LINE OF THIS TELEGRAM CONTAINS
THE FOLLOWING PARTICULARS IN THE ORDER NAMED.
Prefix Letters and Number of Message. Office of Origin.
Number of Words. Date. Time filed, and Official Instruction—if any

Received at BOMBAY at:—

1959 MAY 1 AM 11 14

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≡≡LT<<≡≡DIAMOND CREDCORP BOMBAY<<≡≡≡≡

≡≡5 PRESUME YOU HAVE SEEN KNAPPS CABLE TO MEHTA APRIL 27 ASKING HIM<<≡≡

≡≡DISREGARD MYCAB APRIL 17 TO BASCH STOP BANK RECONSIDERING<<≡≡

≡≡POSITION AND I WOULD LIKE YOUR OBSERVATIONS IN VIEW INDIAN BELIEF<<≡≡

≡≡ICICI OPERATIONS WOULD BE HAMPERED BY DELAYING NEW LOAN UNTIL<<≡≡

≡≡AUTUMN STOP BLACK MAY MEET MEHTA LONDON AROUND MAY 19 AND WE ARE<<≡≡

≡≡ANXIOUS CLARIFY OUR POSITION SOON<<≡≡ PRUDHOMME<<≡≡

INWARD
CCT
NBR

INITIALS

TIME
RECD

1st May, 1959.

Mr. John Exter
Vice President
Federal Reserve Bank of New York
New York 45, N.Y.
U.S.A.

Dear John:

Forgive me for not having replied earlier to your two letters concerning Mr. Barve. I understand from him that he did, at last, manage to visit you, even though briefly, and that you welcomed him warmly. I am very grateful to you.

No, I have not taken Peter Beale's place. I am simply an adviser in the ICICI, on loan from the World Bank for a year; and I am enjoying my work, but not the heat.

The occasion for this letter is to ask your advice on a totally different matter. One of the Directors of the ICICI is the General Manager of National Overseas and Grindlays Bank, which I have no doubt you know quite well. He tells me that he has for sometime felt that his Bank's managers and sub-managers, particularly those assigned to branches in under-developed countries, ought to have an opportunity to spend a little time visiting banking institutions in the United States in order to see the "latest techniques of banking." I had the feeling, from talking to him, that he is little jealous of the fact that bankers from under-developed countries often have such opportunities through technical assistance programs, which are not available for people from England and elsewhere. He also told me that his Head Office at London thinks well of his suggestion, but does not quite know what to do about it.

I told him that I felt quite certain that any one of many banks in the United States would probably be happy to receive visitors for a week or so and to show them all that goes on, how things work, and why. I also told him that such an institution would probably be willing to arrange visits to other banks.

: 2 :

It occurred to me that this kind of problem must have come to your attention many times in the past, even though central banking is not involved. I wonder if you can give me any suggestion, which I can pass on, concerning what to do about this proposal and what, if any, institutions in the United States to approach in order to arrange a series of visits of the kind suggested above. May be the Fed itself lays on such visits for foreign visitors.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

COPY

1st May, 1959.

Mr. Ralph M. Binney
Vice President (International Division)
First National Bank of Boston
Boston, Mass.
U.S.A.

Dear Mr. Binney,

I did not expect, when last we met in Bombay in March, that I would write to you so soon. I hope you will not mind my doing so.

One of the Directors of the ICICI is Mr. D. G. Moore, the Manager of National Overseas and Grindlays Bank, which is, as you know, an old British banking house with long experience in Asia and Africa. Mr. Moore told me the other day that he has been discussing with his Head Office in London the need to send some of their bank managers and deputy managers, particularly those who are working in the under-developed countries, on brief visits to the United States, in order to see the latest techniques of bank operations, both commercial and industrial. Mr. Moore told me that his Head Office did not seem to know how to go about the matter, although they feel the suggestion is an important one.

Two things have occurred to me. Firstly, I remember your telling me of your interest and experience in arranging visits for foreigners to financial and industrial institutions in the New England area. And it occurred to me, therefore, that you might be interested yourself in helping to arrange visits to banks for such people as Mr. Moore has in mind, or alternatively, that you might be able to make a suggestion as how to go about this. My second thought was to get in touch with the Bankers' Summer School, which operates, I think, at the University of Wisconsin. It occurred to me that a combination of a six weeks' course at that Summer School and a few weeks visiting American banks might be of great help to Mr. Moore's bank managers. I do not, of course, know whether the Bankers' school has ever accepted foreigners; but I think they might find it a good experiment.

: 2 :

I wonder if you would let me know whether you consider this idea a reasonable one and, if so, how I could get in touch with the Summer School. I have a vague recollection that a Professor of Economics from the University of Vermont acted as Dean of the School.

I should be grateful for any other suggestions you may have.

With best regards,

Sincerely yours,

WILLIAM DIAMOND

COPY