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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

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**PUBLIC DISCLOSURE AUTHORIZED**

William Diamond – Chron files, India  
1959-03 – 1959-04



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R1995-031 Other #: Box # 316797B

William Diamond Chronological files, India - 1959-03 - 1959-04



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William Diamond Chronological files, India - 1959-03 - 1959-04

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# 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 APR 30 AM 4 49

R 197



<=NK324 IKZ972 NK WY156<<=WASHINGTONDC 34 29 1727 =<<===

=DIAMOND CREDCORP BOMBAY =<<===

=6 ARRIVING BOMBAY EX CAIRO AIR INDIA FLIGHT 116 DUE BOMBAY SIX PM<<=

(18.05)

TUESDAY MAY TWELFTH AND CONTINUING SEVEN PM SAME DAY TO DELHI<<=

AIR INDIA FLIGHT 105 STOP REGARDS<<= ILIFF<<=

INWARD  
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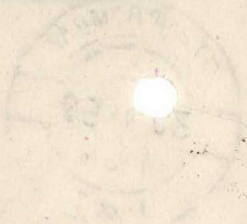
TIME  
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*me*

OVERSEAS COMMUNICATIONS SERVICE  
GOVERNMENT OF INDIA

THE FOLLOWING PARTIAL LIST OF THE OVERSEAS COMMUNICATIONS SERVICE IS HEREBY ANNOUNCED FOR THE PURPOSE OF THE SELECTION OF CANDIDATES FOR THE POSTS OF JUNIOR ASSISTANT COMMUNICATIONS OFFICER (JACO) AND JUNIOR ASSISTANT COMMUNICATIONS OFFICER (JACO) IN THE OVERSEAS COMMUNICATIONS SERVICE.

11#L-830, Bunkh  
J



RECEIVED  
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# THE WEST COAST PAPER MILLS LTD.

SHREENIWAS HOUSE, WAUDBY ROAD,  
FORT, BOMBAY.

April 30, 1959.

Dear Mr. William,

I deem it my privilege to extend to you the invitation to visit Dandeli on the occasion of the inauguration of the Mills by Hon'ble Shri Morarji Desai, Finance Minister of India on 15th and 16th of May 1959.

Indeed it will be a very happy occasion on which your kind presence is very earnestly solicited. A special flight is being arranged from Bombay to Belgaum on the morning of 15th which will bring you back on the evening of 16th after inspection of the Mills and attendance of the inauguration ceremony.

I do hope you will be kind enough to communicate your acceptance to grace this occasion which will render an opportunity to you to see for yourself the working of a project of this magnitude situated in such difficult topography.

A line in reply will greatly oblige.

Thanking you,

Yours sincerely,

  
(B.D. SOMANI).

Mr. William Diamond,  
39 Mayfair Gardens,  
Little Gibbs Road,  
Malabar Hill,  
Bombay 6.

30th April, 1959.

Mr. Donald H. McLean Jr.  
Room 616  
Asoka Hotel  
NEW DELHI

Dear Mr. McLean,

Thanks for your letter of the 28th.

I am afraid I cannot get up to Delhi (nor can Mr. Mehta) by the fourth. I have engagements here both Saturday and Monday.

If you can manage a visit to Bombay, I shall be here all the time. If you cannot, I am ready to go to Delhi. I can do so anytime after the 4th, but I must be here on the 12th and on the 14th. (ICICI's Board of Directors meets on the 14th.) Please let me know which way you think best.

With best regards,

Sincerely yours,

WILLIAM DIAMOND



ILIFF

INTBAFRAD

WASHINGTON

LOOK  
SEEING

FORWARD  
YOU

TO

DIAMOND

115

29th April, 1959.

Mr. Sidney Sherwood  
Export-Import Bank  
C/o American Embassy  
NEW DELHI

Dear Sidney,

I have learned from the newspapers that you are now assigned to India and, from friends, that you have already arrived in New Delhi. Welcome !

As you will see from the letter-head above, I am now living and working in Bombay. I have already been here three months and will be here for another eight or nine. If, in that time, you can manage to visit Bombay, I hope you will let me know, so that we can arrange to get together.

With best wishes,

Sincerely yours,

WILLIAM DIAMOND



April 29, 1959

How is your hand? By this time you should be at the piano again. And how did you enjoy my letter? I had a note from Pesce from Pescatore. I was well but that he missed me as much as I missed him.

Dear Stewart, please give my best to the ladies of the Division, and my best, of course, to you, in which Lois joins me.

I was very happy to hear from you - and pleased to learn that my cable reached you at the right moment. The secret of my timing is quite simple. I read the semi-monthly reports to the EDs and the weekly movements bulletin - more carefully indeed than I ever read them in the Bank - and from them I manage, more or less, to keep up to date on what is going on. Indeed, if it weren't for them, I should know practically nothing of what goes on.

I should indeed have written to you earlier. I did send a card and a letter to Collier, passing greetings to you all and asking for news; perhaps they didn't reach him. And I wrote that kind of letter to Mike, too. As for you, you returned only a month ago (as did Victor and Jean) and I assumed you would be quite busy with negotiations.

The only thing I can say with assurance about life and work in Bombay is that it is hot and sticky. The situation was aggravated by the fact that for three months, until last Wednesday, we lived in a hotel. Not the Waldorf, not Clarendon's or the Ritz! Plus some of the diseases of the East, which unfortunately have got into Lois.

Now, however, we have a quite good flat and have air-conditioning in our bed-room. We are beginning to feel human again, and will feel completely so when the bugs get out of Lois.

As for work, I am taking quite seriously my duties as "advisor, without executive responsibility." I talk a lot (as usual) but you will be interested to learn that (unusually) I have not yet written a memo - except for other people to sign, and letters the same way. But mostly talk. - Things move much more slowly in India than in the Bank. My motto is *lentement, lentement*; and my hope is that I shall not discover that *plus ça change, plus c'est la même chose*.

We have been away only once since being here - to Delhi and Jaipur, partly business, partly not. At the end of May we shall take a two week holiday in Kashmir, to cool off.

I appreciated your sending me the press stuff about your loan. I should be grateful if, in addition, you would send me Jean's economic appraisal and the technical report. Maybe, too, somebody can sometime find the time to let me know what is happening or has happened on Turkey, Jugo, et al.



April 29, 1951

How is your hand? By this time you should be at the piano again. And how did you enjoy my Italy? I had a note from Pescatore a month ago, saying that all was well but that he missed me as much as I missed him.

Please give my best to the Ladies of the Division, and to the Boys. And my best, of course, to you, in which Lois joins me.

I was very happy to hear from you - and pleased to learn that you had reached you at the bank. Sincerely, Bill  
I read the semi-monthly reports to the EDA and the weekly movements bulletin - more carefully than I ever read them in the Bank - and from them I manage, more or less, to keep up to date on what is going on. Indeed, if it weren't for them, I should know practically nothing of what goes on.

I should indeed have written to you earlier. I did send a card and a letter to Gellier, passing greetings to you all and asking for news; perhaps they didn't reach him. And I wrote that kind of letter to Mike, too. As for you, you returned only a month ago (as did Victor and Jean) and I assumed you would be quite busy with negotiations.

P.S. Getting the news of the Cassa loan was a pleasure, which is why I sent my cable. But I look forward with even greater pleasure to the news of the SWN loan. If you find the time, let me know what happens. For three months, until last Wednesday, we lived in a hotel. Not the Waldorf, not Claridge's or the Ritz; plus some of the diseases of the East, which unfortunately have got into lots.

Now, however, we have a decent good flat and have air-conditioning in our bed-room. We are beginning to feel human again, and will feel completely so when the bugs get out of lots.

As for work, I am taking quite seriously my duties as "advisor, without executive responsibility." I talk a lot (as usual) but you will be interested to learn that (unusually) I have not yet written a memo - except for other people to sign, and letters the same way. But mostly talk - things move much more slowly in India than in the Bank. My motto is "lament, lament, and my hope is that I shall not discover that plus ce change, plus c'est la meme chose.

We have been away only once since being here - to Delhi and Jaipur, partly business, partly not. At the end of May we shall take a two week holiday in Kashmir, to cool off.

I appreciated your sending me the press stuff about your loan. I should be grateful if, in addition, you would send me Jean's economic appraisal and the technical report. Maybe, too, somebody can sometime find the time to let me know what is happening or has happened on Turkey, Iraq, et al.



29th April, 1959.

Mr. Frank Petito  
Morgan Stanley & Co.  
New York, N.Y.  
U.S.A.

Dear Frank:

I was delighted to learn that your efforts with regard to Italy came to fruition last week. My congratulations to you. As you can imagine, I was very sorry that I was unable to participate with you in carrying this matter through to completion and sorry that I could not be present at the final ceremonies.

Lois and I are having a hot time here, thanks to the climate. After three months of living in a hotel, we are now in a flat, which we will have for 6½ months. While we have it, we can make things comfortable for Laura and yourself, if you should find it possible to visit Bombay.

Best regards to you both, from Lois and me.

Sincerely yours,

WILLIAM DIAMOND

30 Rockefeller Plaza  
New York 20, N.Y.

Room 616  
Ashoka Hotel  
New Delhi.

Room 5600

April 28.

Dear Mr. Diamond -

Thank you very much for your letter which was here when I arrived.

I find that I must be here through this week. I also have learned that Sinclair plans to be here Monday and that we have been invited to the same dinner party that evening. Under these circumstances I think I will stay here and plan to see Sinclair Monday - unless you and Mr. Mehta feel that this does not fit. I am writing Mr. Mehta to this effect.

Naturally, it would be quite ideal if I could see either you or Mr. Mehta before I see Mr. Sinclair and I certainly want to see you before I leave on or about May 15. If neither of you plan to be here

on the 4<sup>th</sup> or before - not in  
might it be convenient for me to  
see you in Bombay between then  
and the 15<sup>th</sup>? - The nature of  
my mission here is such that  
I have a fair amount of free  
time during the day but find it  
difficult to get away from town -  
mainly because I can't be sure  
when I'll be involved.

I do hope you can work  
something out -

Looking forward to the  
pleasure of meeting you soon

Sincerely,

Donald S. Curran

(No)

anytime (6-9)



COMMONWEALTH DEVELOPMENT FINANCE

COMPANY LIMITED

27-32 Old Jewry  
London E.C. 2.

28th April 1959

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

Dear Bill,

I have just had drawn to my attention a report that ICICI has opened negotiations with the IBRD to obtain a fresh credit of \$10 mn.

If this report is true, I wonder if ICICI has raised the question of a concession by the IBRD on the 1% commission. I know very well, of course, why it is the Bank has held to the level of 1% after the expiry of the initial 10 year period and I also realise the strong reasons which must weigh with the Bank against my departure from uniformity. However, it seems to me that development institutions are in a special category and that it is not beyond the bounds of possibility that the Bank has been moving towards recognising it as a fact for practical consideration.

The interest charges made by development institutions to their borrowers must inevitably include an element of reserve against loss, so that, where they draw on an IBRD line of credit, unless the IBRD reduces its commission, the borrower will in effect be made to pay cumulative contributions to two separate reserves. This seems to be an unfortunate burden to place on good development.

I shall be most interested to know whether ICICI has raised this point and to hear in general any reflections you may have upon it.

Yours sincerely,

Sd/- A.S.G. Hoar.

8

April 28, 1959

Mr. Hector Prud'homme  
World Bank  
1818 H Street, NW  
Washington, D.C.

Dear Hector,

Mehta received Burke's cable today and showed it to me.

I had of course showed your cable to him. When Tony sent it to me, he specifically asked me to give it to Mehta, since it was the upshot of a conversation between him and Mehta.

Mehta was pleased with Burke's cable. I was, too - if that cable meant that the Bank found Mehta's letter a reasonably acceptable reply to the point raised in your cable and that the Bank might be willing to begin discussions of a new loan fairly soon.

However, I think Mehta and Parekh interpret Burke's cable as meaning that, on second thought, the Bank does not consider the delays in concluding agreements as important as I have said they are. I am sure that was not meant, and I hope you can find a way to make that clear to them. In my previous letter to you, I said that your cable had been an unexpected assist to me. I hope, when you reply to Mehta, you can say quite explicitly that the delays are a matter of concern to the Bank and that you assume ICICI is working on it.

With best regards,

Sincerely yours,





COMMONWEALTH DEVELOPMENT FINANCE  
COMPANY LIMITED

27-32 OLD JEWRY  
LONDON E. C. 2

CABLES: CODEFICO LONDON

TELEPHONE: METROPOLITAN 8145

28th April 1959

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

Dear Bill,

I have just had drawn to my attention a report that ICICI has opened negotiations with the IBRD to obtain a fresh credit of \$10 mn.

If this report is true, I wonder if ICICI has raised the question of a concession by the IBRD on the 1% commission. I know very well, of course, why it is the Bank has held to the level of 1% after the expiry of the initial 10 year period and I also realise the strong reasons which must weigh with the Bank against any departure from uniformity. However, it seems to me that development institutions are in a special category and that it is not beyond the bounds of possibility that the Bank has been moving towards recognising it as a fact for practical consideration.

The interest charge made by development institutions to their borrowers must inevitably include an element of reserve against loss, so that, where they draw on an IBRD line of credit, unless the IBRD reduces its commission, the borrower will in effect be made to pay cumulative contributions to two separate reserves. This seems to be an unfortunate burden to place on good development.

I shall be most interested to know whether ICICI has raised this point and to hear in general any reflections you may have upon it.

Yours sincerely,

A.S.G. Hoar



28th April, 1959.

Dr. Bergan  
European Investment Bank  
Brussels  
BELGIUM

Dear Dr. Bergan,

I have read with interest and pleasure the news of the consummation of the three-way lending operation of the Cassa Per Il Mezzogiorno. May I offer my congratulations ?

I am very sorry indeed that, having participated in the beginning of this operation last summer, I was unable to see it through to the end. But it gave me great pleasure indeed to see that a successful conclusion had been reached along the lines we laid down so many months ago.

Best wishes to yourself and your colleagues.

Sincerely yours,

WILLIAM DIAMOND

COMMONWEALTH DEVELOPMENT FINANCE  
COMPANY LIMITED

27-32 Old Jewry,  
London E.C.2.

28th April, 1959.

Mr. W. Diamond,  
Industrial Credit and Investment  
Corporation of India Ltd.,  
Union Bank Buildings,  
Apollo Street,  
Bombay-1.

Dear Bill,

I have just had drawn to my attention a report that ICICI has opened negotiations with the IBRD to obtain a fresh credit of \$10mn.

If this report is true, I wonder if ICICI has raised the question of a concession by the IBRD on the 1% commission. I know very well, of course, why it is the Bank has held to the level of 1% after the expiry of the initial 10 year period and I also realise the strong reasons which must weigh with the Bank against any departure from uniformity. However, it seems to me that development institutions are in a special category and that it is not beyond the bounds of possibility that the Bank has been moving towards recognising it as a fact for practical consideration.

The interest charges made by development institutions to their borrowers must inevitably include an element of reserve against loss, so that, where they draw on an IBRD line of credit, unless the IBRD reduces its commission, the borrower will in effect be made to pay cumulative contributions to two separate reserves. This seems to be an unfortunate burden to place on good development.

I shall be most interested to know whether ICICI has raised this point and to hear in general any reflections you may have upon it.

Yours sincerely,

Sd/-  
A.S.G. Hoar



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 under-developed 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.



COPY

Office of the Resident Representative  
Reserve Bank of India Building  
Parliament Street  
New Delhi

No. 108

April 27, 1959

Mr. Hector Prud'homme  
Assistant Director  
Department of Operations  
South Asia and Middle East  
International Bank for  
Reconstruction and Development  
Washington 25, D.C.

Dear Hector:

GOI Rupee Advance to ICICI

I learned yesterday from Howard Houston, the Head of TCM, that an agreement between the GOI and TCM is expected to be signed in about a week concerning the earmarking of Rs. 10 cr. for ICICI and Rs. 10 cr. also for the Industrial Finance Corporation. As both institutions will not need the rupees immediately, it is better to earmark the funds for them instead of directly transferring them, because otherwise they would have to pay interest.

Howard Houston also told me that TCM intended to have The Investment Centre, which was under discussion for nearly two years, attached to ICICI. He hoped that TCM could arrange a contract with the First Boston, or a similar institution, which would be well equipped to bring together potential American investors and Indian business.

Sincerely yours,

Antonin Basch

27th April, 1959.

Mr. Donald W. Fowler  
International Bank for Reconstruction  
and Development  
Washington 25 D.C.

Dear Don:

Enclosed herewith you will find a leave request covering two weeks' leave I propose to take beginning May 29. Since I do not know whether the 29th will be a holiday, on account of Decoration Day, I have left blank the number of days. Please let me know whether the total comes to 10 or 11.

*May 29  
through June 2  
- day*

I have read with interest the document circulated to the staff on the changes in the Staff Retirement Plan. I understand that you have held meetings with the staff in order to explain the new section 4.9, concerning retirement in place of a lump-sum payment for spouses. I am sorry I missed those meetings because I think ~~it~~ <sup>they</sup> should have been helpful in reaching a decision about which election to make. If you have any advice or suggestion on this point, which would help me, I should be grateful for them.

I cabled you last Thursday to inform you that I entered my flat as of April 22, and I presume that as of the 23rd my expenses will be on the post allowance system. I am sending today to Joe Reamy my final accounts through April 22. Not quite final, since I have not yet received bills for some of the expenses incident to my move, such as the moving bill and the installation of my air-conditioners. Moreover, although the flat is furnished, there will be a few minor expenses for additional furnishings. Finally, I informed you sometime ago, that there would be no gas bill for the flat since there were no gas appliances. I find now, however, that I must switch from an electric stove to a gas stove, so that there will be enough power to run my air-conditioners. I find I can rent a gas stove from the Bombay Gas Company for the nominal sum of about Rs.8 per month.

I think this brings you up-to-date of my affairs.

Lois joins me in inviting you to visit us in our new flat.

Best regards,

Sincerely yours,





**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

Office of the Resident Representative  
Reserve Bank of India Building  
Parliament Street  
New Delhi

April 27, 1959

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

Dear Bill:

I was interested to learn that the news of my departure appeared in the Bombay papers. Would you please send me a clipping. Of course, it has been public information here since March 28th. However, the name of my successor has not yet been announced.

Enclosed is a copy of a letter which I sent to Hector Prud'homme this morning on the GOI rupee advance to ICICI.

With kind regards,

Sincerely yours,

Antonin Basch

Enclosure

25th April, 1959.

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

Dear Dick:

I hope you won't be disappointed with the length of these notes on the Handbook, which I have now read. Since most of your correspondents will no doubt be late in sending their comments, I thought you like mine early. May be I shall have more later.

The comments are divided into two parts : a few general ones, and a host of minor ones. Among the host, I hope you will find a few that are useful in correcting statements of fact and revising points of view.

First the general comments.

1. Chapters II to V and VII to X are, I think, pretty good and should be useful. I think that, when you have received comments from the people to whom you have submitted the draft, these chapters will be even further strengthened.
2. Three chapters, I, VI and XI need, I believe, more work and may be some new thinking.
3. My main trouble with the first chapter concerns an attitude (of yours) which pervades the entire Handbook, but which appears most sharply at the beginning. I know why you tend to favor a private devbank, as compared with a public one; and I should have no objection (although I might from time to time disagree with particular opinions) if you explicitly argued for the former. But most of what you say about private banks is based on hope and assumption, not on actual experience, as you seem to imply. - If you are correct in saying (p.11, footnote) that there are only 4 private devbanks, then you are in no position to draw any general conclusions about how they are set up and how they work. Not simply



because they are so few; and not simply because they are so young. Also, and primarily, because they were set up according to a pattern devised by IBRD. This is particularly true of ICICI, DFCC and PICIC; IDB is somewhat different, though still the reflection of an IBRD conception. ICICI, PICIC and DFCC are virtually the same bank, so far as charter, purpose, etc. are concerned; as for their experience, PICIC is a year old; the others, 4. The "policy" statements of these banks, and even of IDB, were written by IBRD or inspired by IBRD. The managers of 3 of the 4 were chosen by IBRD. - It would be legitimate frankly to set forth an IBRD model of a devbank. But I don't think it is legitimate to say that private banks do such and such or are set up in such and such a way. - More detailed comments on this chapter appear later.

4. In the first part of Chapter VI, on project selection and priorities, you have bitten off more than you can chew in this book. It is an important and interesting subject, but I don't think you can handle it adequately or usefully in a book of this kind. It requires another book, or can be reduced to a few paragraphs. - I am not even sure that all you say is valid. For instance, take the question of "real" versus "market" prices. Does the distinction and the discussion help in deciding whether or not to invest in a particular enterprise? Secondly, should a devbank concerned with stimulating the private sector (which you say most of them are) worry about priorities at all? Why not finance any enterprise which is profitable? Thirdly, if it should be concerned with "priorities", should it do more than select "growth" industries in the Wall Street sense? - If I were running ICICI, I would do three things. I would look for "growth" industries, bearing in mind of course that industries here are "growth" industries in part because Government policy makes them so. Secondly, I would also look for industries which are likely to yield unusually large returns on capital invested. In these two fields, I would go looking for business, and might even invent some projects of my own. Thirdly, I would be prepared to finance any other profitable thing that came my way, whether it was of high "priority" or not.
5. Your last chapter is the least useful in the book. Forgive me if I say that, as it stands, it is almost trivial and that a much better job can be done. Under the heading of Procedures, what is said goes without saying. Every one agrees that "the economic, financial, managerial and legal aspects" of a project must be examined, and probably every devbank would say it does so. But what actually happens? What is actually in the reports? Which aspect counts in the decision? So far as I know

*agreed, of course, when  
it launches new  
ventures of its own.*

*This may mean the  
services  
"high priority"*



ICICI, for instance, does not look at the "economic" aspects. The section on Technical Personnel deserves much more stress than it has. And the last section on Administrative Expenses gives no information of interest or use, although I think it could. - In this chapter, I would be tempted to be an advocate - an advocate of staff. I don't think I would say that it is wise to start with minimum (p.166) technical staff, although that may be true. Nor would I say a devbank cannot compete in salaries with private industry, which probably isn't true. Judging from my Ethiopian, Turkish and, now, Indian experience, I would prefer to run the risk of over-staffing than under-staffing. And I would urge the IBRD to spend as much time forcing the devbanks it sponsors to hire technical staff, as it does forcing them into making policy statements. - Without the staff, there will be no "developmental" investment, no promotion, no real technical assistance to the private sector. I shall be interested in seeing how long PICIC can do without a single engineer, and do the kind of job you expect of it. - I think perhaps the foreign private shareholders and the foreign managers may be partly responsible for the distrust of technical (engineering and economic) staff. Perhaps the reason for this is that their clients at home have not needed any but financial help; that at home they haven't been particularly concerned with economic analysis or study of priorities.

Now for the nit-picking.

Page 1, line 9. Which devbank is a "sole" or even the "primary" source of capital for industry? I doubt if any is. Better check with the Area economists.

P.2, 1.3. Is it true that the majority (of the 80-odd) assist only the private sector?

P.8, 1.12. What differences in purpose?

P.8, 1.15-16. ICICI has extended no technical assistance. Have PICIC and DFCC? And, how do these differences in emphasis reflect differences in purpose?

P.9. The top paragraph needs some clarification. Surely nothing does so much to stimulate private investment as the environment created by government policy and government investments in basic facilities. - Or are you comparing the effect of government funds made available to the private sector departmentally and that made available through a devbank?

P.9, 1.13-14. The ICICI (and I guess the IDB) would be prepared to guarantee an IBRD loan to a private enterprise. Would IBRD accept their guarantee? Surely this is not a valid distinction.



: 4 :

P. 9, 1.15. "Support the market". Nacional Financiera. Are there many others.

P.10, 1. 4-5. This is true in developed countries, too.

P.10, 1.7-8. The "inducements" really come down to this : the ability to take out of the country a profit which, taking account of the greater risk abroad, is higher than the profit at home.

P.11, footnote. The 4 "private" banks are IBRD banks, and are therefore, at best, only 2 (IDB and PICIC, ICICI, DFCC). See my first comments. - I am surprised that only 5 are mixed. IFC (India) and all the State Finance Corporations are mixed ! Also Nacional Financiera, Refinance Corporation (India).

P.12, 1.1. Do you think ICICI enjoys more confidence than, say, CORFO or Nacional Financiera or IFC or PRIDCO ? I doubt it very much.

P.12, 1.19-20. Evidence ? I believe this is true of IDB; I am not sure of ICICI, I don't know of PICIC and DFCC. In any event I doubt if any of these institutions is or will be better than Kuschke's or Moscoso's.

P.13, 1.9-10. This sounds right, but is it ?

P.13, 1.22-25. See below.

P.14, 1.7-9. Is this true ? IFC and the State Finance Corporations are in precisely the same situation as ICICI. They must pay the same taxes and therefore have practically no reserves. This subject is to a large extent the upshot of how a government decides to treat its devbanks.

P.14, 1.9-12. This, too, is a matter of policy and purpose, not whether the bank is private or public. See IFC (which has a 10 lac bottom) and ICICI which has had a 5 lac bottom. Etc.

P.14, 1.19. What is "undue" ? Sometimes (Ethiopia?), not at all !

P.15, 1.1-5. The consequence of this is that a private institution should do no promotion, should make only loans, etc. Do you mean that.

P.15, 1.17-20. Firstly, I am not sure of that. In an inflationary environment, the devbank cannot borrow; but it might get equity. (See IDB.) Secondly, if there are "more attractive investment opportunities", it makes no difference whether there is inflation or not.



: 5 :

P.17, footnote. Tells nothing useful.

P.18, footnote. Are public banks usually exempt?

P.20, 1.3-5. I don't think risk should be equated with equity.

P.21, 1.14. Cabin Selek's bank subscribed out of "patriotism and principle" But in general your statement is true.

P.21, footnote. Also, in the mixed banks, like IFC and others.

P.22, 1. 12-13. I doubt that.

P.22, 1. 23-25. Surely that is an unimportant matter.

P.24, 1. 16 ff. Another case, like most of chapter I, where you are arguing from principle rather than experience. In what cases has foreign capital in a devbank promoted external capital and created an effective contact abroad and facilitated importation of skills, etc. ? CORFO and Nacional Financiera have no doubt done more of this than the private banks will do for many a year.

P.30, 1.17. Do you consider IFC a private bank ? If so, why do you count only 4 "private" devbanks in the world.

P.30, 1. 19-20. Incidentally, the Government and the Reserve Bank contribute their dividends to IFC's reserves.

P.31, 1. 18-19. Plus the fact that the bonds can be used to borrow against, in the same way government securities can be. Result, there is really no difference between a government bond and an IFC bond.

P.35, 1.7. All their obligations.

P.35, 1.10. Commonly ? How many and how many of those were not under IBRD influence ?

P.35, 1. 14. The "legal reserve" is required by Turkish law, which the charter simply repeats. (I think.)

P.41, 1.6. In how many charters, are priorities specified ?

P.42, 1. 3-5. Here is the IBRD bias again. This technique has been forced in the cases I know of. Johnson and I drafted the IDB statement. Woods and Rucinski no doubt drafted ICICI's. May be you did PICIC's.

P.45, 1.17-21. Would any one include a "retail establishment" under industry ?

P.48, 1. 2-6. In IDB, the Government's main voice has been, not



the Central Bank's nominee, but the Is Bank member.  
S

P.51, 1-7-12. I wonder if that prestige is necessary. And does the "conceptual difficulty" arise if there is a "managing director" or a chairman who is also "chief executive officer"? And now about Black in IBRD ?

Pp. 53-55. I think there is a danger of having too high-powered a Board. And also a danger that a general manager is a man of secondary prestige compared to the Board members' prestige. See ICICI.

P.55, last line, & top p.56. This is a bad provision, I believe.

P.60, 1.8 . Surely "encouraged" is an understatement.

P.62, 1.17-18. I think you are right. But ICICI does.

P.66, 1.7-11. This is a pretty harsh judgement. A devbank which selects only "bankable" projects is not necessarily "not a devbank". In this connection, I am unaware that ICICI has any "developmental" criteria. IDB does. Does PICIC or DFCC ? Also I think an argument could be made that a devbank should not have developmental criteria; that these should operate, if at all, through government policies; that, for instance, in a country like India, any industrial project is developmental. This is not to say, by the way, that a devbank should not take risk. That's quite a different matter.

P.71, 1.15-20. This comment refers to previous pages too. I wonder whether the best plan for most devbanks (not CORFO, Nacional Financeira, but Kuschke, Kuiper, Egeli) might not be to take any sound, profitable project that comes along.

P.72. Two points : (a) This section starts by referring to the fact that the establishment of priorities involves political decisions. Good. But I do not see the connection between priorities and government interference in investment decisions. The latter may or may not be connected with priorities. (b) So far, you only hope that foreign shareholders "blunt" political pressures. You have only 3 cases, all quite young.

P.73, 1.11. See PICIC annual report. I think 2 such loans.

P.73, 1.19. Do you mean "government" or "public opinion" ?

P.74, last para. Isn't there some confusion on the DFCC example ? Which was it: size of resources or risk ?

P.75, 1. 18-22. I don't think it is true that IFC chooses projects with small profit margins. Also, medium enterprises are aided by the State Finance Corporations, which are no more governmental than IFC.



: 7 :

- P.76, top. Does PICIC really worry about concentration of industry ? That does not seem a legitimate worry to me.
- P.76, 1.12. How do you know this. PICIC's average loan is 8 lacs; IFC's is 30 lacs. Compare their staffs. Compare Ethiopia and Turkey.
- P.76, 1. 15-16. The reference is wrong. Should be ICFC, not CDFC.
- P. 76, footnote. What is "full" security ? ICICI lends about 50% or less of fixed assets taken as security. Some go to 70% or 90%.
- P.79, 1.1. I don't know whether this is true. And if so, I don't know why it should be. Do you have any figures to prove it ?
- P.79, 1. 9-12. BNDE's attitude seems to me eminently correct.
- P.79, 1. 12-13. Why ? In India, a firm which can get foreign participation is more likely to get a license <sup>and</sup> a loan, than not.
- P.80, 1.19. ICICI finances both public and private limited companies.
- P.85, 1. 3-4. Waiting is not necessarily equivalent to a reduced rate of return. Capital gains must be taken into account. ICICI is prepared to sell shares even before dividends start, if the price is such as to give at least 6% per year during the period without return.
- P.87, bottom. Later, ICICI lowered the ceiling to 50 lacs. Now it is back to the 10%.
- P.88, Table. Does this show policy or practice. The \$ 210,000 of IFC is floor, not ceiling. Re ICICI, the footnote seems different from the table. ICICI's smallest investment has been less than \$ 100,000.
- P.92, 1. 5-7. This activity of the IDB is quite irrelevant to your point.
- P.93, 1. 17-21. Is this "typical", or is it typical only of the IBRD devbanks ?
- P.93, footnote 1. IFC also guarantees loans; also underwrites; etc. It has underwritten 1 investment jointly with ICICI.
- P.95, 1.11-12. Is this done even when the loan is in Chilean currency ? Or is it only when CORFO is relending a foreign loan ?



P.96, 1. 2-3. ICICI has begun. Which others ?

P.96, 1.8-9. Which banks ? The devbanks that I know do not act that way.

P.98, last para. Same as above.

P.99, 1. 8-10. The implication is that the total cost of a new enterprise should be financed by equity. Surely that is not always ~~here~~ <sup>here</sup>. Owners of industrial enterprise are as much interested in leverage as are devbank shareholders.

P.109, last line. I presume the inspection referred to here concerns only inspection to see that security has been maintained intact. Does that kind of inspection arm the devbank "with a measure of control over policies"?

P.112, 1. 5-8. If PICIC does this, how does its client borrow working capital ?

P.117, 1.8. This is not quite a correct statement. The Govt. borrowed the money from IBRD, and put it into the devbank as equity. This is different from the normal devbank situation.

P.120, last line. Not sure I understand that.

P.129, 1.8-9. Not always "wholly" at variance. Situation with large enterprises in India (and I presume elsewhere) not so bad in this respect.

P.135, 1.13-15. Do they intend to build up a staff ? PICIC has absolutely none, let alone a strong one. I doubt if DFCC has any, either.

P.143, 1.13-15. ICICI sales started only very recently. What is the connection between the "gradualness" of sales and "deriving full benefit" from them ? ICICI's gradualness is to prevent depressing the market.

P.150, first para. Hasn't the nature of participation certificates changed somewhat since 1957 ?

P.159, 1. 5-6. Is this really true of "most" devbanks ?

P.160, quote. Who wrote that statement ? When ?

P.164, 1. 3-4. IDB's questionnaire is only about 3 pages long. IFC's is 55 pages, printed ! ! !

P.164, last line. The preliminary questionnaire is about 20 pages long, and the second one is 55 pages ! ! They are both shocking.

: 9 :

P. 166, l. 15. I believe they can compete. I believe ICICI  
has been quite unaware of the importance of personnel and  
I suspect so are Kuiper and Yoxall.

If you have come this far, you will no doubt appreciate  
my saying.

Sincerely yours,

WILLIAM DIAMOND

COPY



THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION  
OF INDIA LIMITED

UNION BANK BUILDING, APOLLO STREET, BOMBAY 1.

GRAMS: "CREDCORP" BOMBAY

PHONE: 25-3971

OUR REF:

April 14, 1959

Mr. Hector Prudhomme  
World Bank  
Washington, D.C.

Dear Hector,

Jeff told me he is going to the Middle East, and I am therefore addressing this letter to you.

His letter reached me in time to affect the letter which Mehta sent to Burke a few days ago. Thus although your cable (which Tony passed on to Mehta and to me) was late, the issue it raised had already been dealt with. Of course, "dealt with" is the wrong phrase, for Mehta cannot fully explain away the "considerable and variable time lag" to which you referred in your cable. I have been harping on this excessive delay almost since the day I came, but it is one of the points on which I have thus far had very little effect, - in part, because I have not yet obtained the support on this issue of Mehta, who is good on ideas and general policies, but who knows little of, and has little interest in, the grubby, day to day work. However, having badgered Mehta and Parekh on this for several months (you can see signs of that in Mehta's memo to the Board) and having received an unexpected assist from you, I think some improvement will in due course come about.

Incidentally, I don't quite see the reason for inventing a "conclusive date." Given ICICI's record, I would not trust the "conclusive date", if I were you, to be sufficiently close to the actual date of crediting the loan account; and if it is close, then you don't need it.

I enclosed, in my letter to Burke, two notes on project appraisal and follow-up which were being discussed here. They were the upshots of my feeling that neither matter (and especially follow-up) was being adequately handled. These notes, revised, have now become the law of the Corporation; they are attached. The result should be that both jobs will be done more systematically and carefully, and that Parekh will not have to devote so much of his time to them. I hope you will call this to the attention of Hugh Ripman. I should also appreciate your and his considering the following suggestion. If he can fit it into his Division's schedule, I think he or one of his people should make an end-use inspection here late this year - after the new system has had time to take hold (if it does) and when the weather is better for Bank visitors. He or Laddie Svoboda or someone like that could help give a further push in the direction in which I have been pushing. (Also, by that time, there will be a fair number of IBRD projects financed via ICICI.)



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OUR REF:

Mehta's memorandum had a very good reception from the Board at its meeting last week. Surprisingly so. Indeed there was only one suggestion made to which the Board did not react favorably - the suggestion to give Mehta and Parekh authority to act on smaller loans. - The main lesson I learned from the Board's reaction to this memo (and its acceptance of Parekh's note on sale of investments) was that the Board is prepared to go along if some one takes the lead. Mehta laid down a line for future action, and the Board agreed. Parekh's note pointed out the impracticality of two suggestions by Board members and proposed an alternative; the Board accepted, and one of its members had the grace to say in full meeting that he had been wrong the previous time. (Incidentally, it was not easy to get Parekh to write that note, although it did represent his views.)

There are two <sup>important</sup> operative phrases in the previous paragraph, to which I ~~draw~~ call your attention.

First, "a line for future action." Some of the steps outlined in Mehta's memo have been taken. But so far as most are concerned, the work is in process or has yet to be done. The effect of the memo is to commit Mehta and Parekh to do some things and to give them the Board's backing. The hard job lies ahead.

Second, "if some one takes the lead." This must be Parekh. Mehta is very good on general ideas, but he does not devote sufficient time to ICICI to lead it. His interests are too varied and his attention is too diffused, and he seems to have relatively little knowledge of or interest in what happens in the office, outside the Board Room. He is a good chairman and in many respects ideal for outside relations. If he were full time, concerned solely with ICICI, there would be a pretty good top team here; for Parekh is competent, in the technical sense. But, in present circumstances, it is Parekh, not Mehta, who counts most on making ICICI tick.

Parekh is beginning to show signs, I think, of coming alive. I can understand that he could not flower under the old regime and that he has been (and to some extent still is) overawed by the Board. I have considered it an important part of my business (and I think it should also be Mehta's) to try to build up Parekh's self confidence and to needle him on. I confess I don't know what the result will be, but I do feel that is the right line, since Parekh is the General Manager. The important question for a while is not whether he was the right man for that post, but whether he can be built up to be the right man.

Sometimes I feel very encouraged in this effort. Then again, when I am home and have a drink, I think perhaps the staff is simply waiting for me to go home.



THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION  
OF INDIA LIMITED

UNION BANK BUILDING, APOLLO STREET, BOMBAY 1.

GRAMS: "CREDCORP" BOMBAY

PHONE: 25-3971

OUR REF:

I have gone into this detail about Mehta and Parekh because Mr. Black will be seeing Mehta in London on May 20 and Mr. Woods will be seeing him there on June 1. Since they have both seen my earlier letters, they may want this additional background for their talks with Mehta. If either of them want any specific questions answered, please let me know; and if Mr. Black wants to see me in Delhi, I can easily fly up .

Mr. Woods has already written to Mehta about the decision of the American stockholders to appoint him (Woods) their Director and Mr. Sinclair of Stanvac, his alternate.

With best regards,

Sincerely yours,

William Diamond

24th April, 1959.

Dr. Antonin Basch  
Resident Representative of International  
Bank for Reconstruction and Development  
Reserve Bank of India Building  
Parliament Street  
NEW DELHI

Dear Antonin:

Many thanks for your notes of April 15 and April 23, as well as for Hector's telegraph<sup>m</sup>.

With regard to the first, I am grateful for the background you gave me concerning the discussion in 1957 and 1958 on a second loan for the ICICI. As it happens, there is at the present time no conflict at all between a desire to tap the market and a desire to get Government assistance. We thought that it would make a good psychological impression if the ICICI set forth in some detail the result of its consideration of the possibility of tapping the market. I think that is particularly true because there are still some people in Washington, who feel that it would be desirable to go to the market as soon as possible. I therefore saw no harm in having the case put in the way in which it was put in Mehta's letter and memorandum to the Bank, of which you have received copies.

As for Hector's telegram, you will have noted that the problem he raised was anticipated in the ICICI letter. This happened for two reasons. Firstly, almost since the day I came here, I have been complaining about the long delay. It is one of the few points on which thus far my complaints have fallen on relatively deaf ears. Secondly, I had a note from Jeff Rucinski, about two weeks ago, indicating the Bank's wish to see the first loan drawn down to two million dollars before a second loan is approved. Hector's telegram, which you were good enough to pass on, has given me a unexpected helping hand in making the point that I have already made so frequently.

I do not know how the Bank will react to Mehta's letter and note, which do not in fact explain away the delays. The fact is they cannot be explained away.



: 2 :

With regard to your third note, which I received this morning, I am disgusted with Houston. When Parekh and I saw him more than a month ago, he spoke with great enthusiasm about the people he had, whom he could make available as necessary to assist in appraising the projects on which ICICI needed help. We asked for a list of the people and of their qualifications. He said he would mail it to us. Three weeks afterwards Parekh sent a reminder. Parekh has not yet had the courtesy of a reply.

As for the suggestion about an engineering firm, you will note that there is a reference to TCM paying for additional technical staff of ICICI at the top of page 7 of Mehta's memorandum to the Board. Houston did, as he told you, make this suggestion to us, i.e. that he would make funds available for an engineering firm which would then provide one or two or three or four technical people for ICICI technical staff. I told Parekh and Mehta afterwards that I did not think that this would be a particularly good idea and, except for the passing reference to it in Mehta's memorandum, the matter has not been pursued at all. Nor do I think it will be. I am glad to learn from your letter that you are equally dubious about this proposal.

The news of your departure appears to be public information now. I saw a reference to it in one of the Bombay newspapers last Monday. And Mehta during his visit to Delhi this week learned, and passed on to me, the name of your successor. So far as I know the latter is, however, still considered confidential and I shall not refer to him to any one.

Mehta told me that you moved into Claridge's Hotel on Wednesday. I am pleased to report that I moved out of the Taj Hotel and into a flat the very same day. I suppose we were equally exhausted at the end of that day, but I can assure you that we are happy indeed. I wish it were possible for you to visit us on your way home.

I had a note from Iliff, a few days ago, saying that Black and he would not be visiting Bombay. It appears that they will reach Delhi on the 9th and will leave early on the 14th.

Best wishes to Mrs. Basch and yourself.

Sincerely yours,

WILLIAM DIAMOND

24th April, 1959.

Mr. W.A.B. Iliff  
Vice-President  
International Bank for Reconstruction  
and Development  
Washington 25 D.C.  
U.S.A.

Dear Mr. Iliff,

Thank you for your letter of April 6. I  
am very sorry that we shall not have the opportunity  
to have you with us in Bombay. I hope we shall have  
better luck on your next visit.

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

Office of the Resident Representative  
Reserve Bank of India Building  
Parliament Street  
New Delhi

April 23, 1959

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

Dear Bill:

I read with interest a memorandum which Mr. G.L. Mehta sent me and which was submitted to the ICICI Board. In this memorandum the expected aid from TCM in reviewing the projects is also mentioned. The day before yesterday, I talked, at a dinner, with Howard Houston and asked him what he believed TCM could do for ICICI. He said he was unable to send you the promised roster, and he indicated that TCM here has very few industrial engineers who could help ICICI in properly examining the projects submitted to it. He also said that in his talk with you he indicated that TCM would be willing to pay for the services of an American engineering firm, such as Stone & Webster, which would provide specialists for the various projects. He thought he would have funds available for that.

This, of course, would be a different line to the one you mentioned to me and I have some doubts whether ICICI could really use it in various cases. I thought you might be interested to know what Houston said to me.

With kind regards,

Sincerely yours,

Antonin Basch

23rd April, 1959.

Mr. John D. Miller  
Special Representative  
International Bank for Reconstruction  
and Development  
67 rue de Lille  
Paris 7,  
FRANCE

Dear Johnnie,

My boss G.L. Mehta will be spending a day or two in Paris at the end of May or start of June and would like very much to meet you and see the Bank's office.

You may remember him as India's Ambassador to the United States, during your last days as the Times' correspondent in Washington. He returned to India only last summer and since then has been Chairman of the Board of the ICICI and its chief executive officer. He is also chairman of the new National Shipping Board and on the boards of several Indian companies, and is in great demand all over the country as a speaker. In January, he was given the nation's second highest civilian decoration, which only a handful of people hold. You will find him a delightful, as well as very knowledgable person.

He will be in London from May 17 for about two weeks. If you should be there at that time, you can get in touch with him through Stanley Hoar, whose office will be his main base in England. In any event, he will cable you from London before he goes to Paris. I hope you will be there at that time.

After he sees you he will be going for a few days to Frankfort, and he may wish to ask you some questions about people and institutions there.

Incidentally, Mr. Mehta doesn't drink and is a vegetarian.

I envy you your Paris in the Spring. The marronniers must be out, and the whole city delightful. It's hot here.



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

Best wishes to Madeline and yourself.

Sincerely yours,

WILLIAM DIAMOND

COPY

23rd April, 1959.

Mr. Donald H. McLean, Jr.  
Asoka Hotel  
NEW DELHI

Dear Mr. McLean,

Last week I heard from the World Bank that you would be in Delhi from April 27 to May 10 but would be unable to visit Bombay. I planned to send you a note that I would come up to Delhi if you wished to see me.

Mr. Mehta has now received news of your visit to India from George Woods. Mr. Woods said you planned to come to Bombay after Delhi. He also suggested that you might wish to see Mr. Mehta in Delhi before you come to Bombay.

If you are planning to come to Bombay, both he and I will be very happy to see you and to make any advance arrangements you may wish to have made. If you do not plan to come to Bombay, please let us know whether you would wish one or the other of us to come up to Delhi.

With best regards,

Sincerely yours,

WILLIAM DIAMOND



23rd April, 1959.

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

Dear Mr. Hoar,

Mr. Mehta is now in direct touch with you and with others in London, and there is no further need for my intervention.

It has occurred to me, however, that you may not be aware of the fact that he does not drink and that he is vegetarian. You might wish to pass this information on to any others who may be concerned.

Best regards,

Sincerely yours,

WILLIAM 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

Rome, Italy  
April 23, 1959

Dear Bill:

Your letter of the 30th arrived the day I left for Rome. When I got here I promptly got bronchitis and barely got off on the Southern trip, from which we have just returned today. All this is by way of explaining my failure to reply to your letter. It is now too late for whatever purpose you had in mind as we are having our farewell dinner tomorrow. I am very sorry about this, but that is exactly what happened.

I appreciated your note about Mr. Binney.

I am stopping briefly in Belgrade, Geneva and London and hope to be home on the 15th of May. Peter is still having surgery on his hand and things have been rather trying at home while this has been going on.

Regards,

*Mich*  
Michael L. Hoffman  
Director

*P.S.  
Just got your  
cable. Many thanks.*

MLH/mct

Mr. William Diamond  
c/o ICICI  
The Union Bank Building  
Apollo Street  
Bombay, India





**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

April 22, 1959

7016

Dear Bill:

Thank you so much for your cable of congratulations which surprised all of us by arriving on exactly the right date and we all wondered how you had gotten the news so soon.

For your information I am enclosing a copy of our press release and the clippings from the New York Times. The Underwriters' Agreement and our Loan Documents were signed in New York yesterday and the European Investment Bank Loan Documents were signed in Brussels on the same day.

Professor Pescatore and Messrs. Bianchi, Pichetti and de Palma are arriving in Washington tomorrow to begin further discussions on the SENN project. I shall give them your message of congratulations when I see them. We are hoping that our conversations on SENN will lead to the signing of this Loan Agreement about the beginning of June.

Everyone here sends their best wishes to you and as we have heard nothing of your activities in India, I should appreciate a personal letter from you when you have the time to write.

With best wishes,

Yours very sincerely,

G. Stewart Mason

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

20th April, 1959.

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

Dear Dick:

I don't mind your one-a-day, particularly since there are few others.

Thank you very much for the "Development Bank Data Book". As for the "Handbook", I am reading it with great interest and will write to you about it soon.

Yoxall's letter and mine are not at odds with each other. In my last letter to him, I said that I would in any event visit Colombo sometime on holiday and I asked him when would be a good time for that. He suggested August. I will try my best to make the visit on official business.

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

Office of the Resident Representative  
Reserve Bank of India Building  
Parliament Street  
New Delhi

April 18, 1959

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

Dear Bill:

At G.L. Mehta's request, I asked the Bank whether it would be prepared to start negotiating a new loan in May, so that Mr. Mehta could go to Washington from London. Enclosed is a copy of a cable which arrived from Washington today. Would you please show it to Mr. Mehta if it reaches you in time; otherwise, I shall inform him here on the 22nd.

Sincerely yours,

p.p. Antonin Basch

Enclosure

18th April, 1959.

Mr. H.V.R. Iengar  
Governor  
Reserve Bank of India  
Mint Road  
BOMBAY 1

My dear Governor,

You asked me to give you a note on the names Mr. Mehta and I mentioned in connection with your visits to Mexico and Brazil. The names follow.

Mexico

1. Mr. Javier Marquez, Director of the Institute of Central American Monetary Studies (a school for central bankers and a research center).
2. Mr. Antonio Carillo Flores, Minister of Finance.
3. Mr. Martinez Ostos, Assistant General Manager of the Nacional Financiera.
4. Mr. Raul Salinas, Minister of Economic Affairs, former Chairman of Commission des Inversiones (Investment Commission, equivalent to a planning commission).
5. Mr. Antonio Bermudez, President of PEMEX (the Mexican Government's petroleum company).
6. Miss Alma Reed.

Brazil

1. Mr. Lopes, Minister of Finance (formerly Head of the Banco Nacional do Desenvolvimento Economico, the main development bank of Brazil.)
2. Mr. Gudim, former Finance Minister, associated with Vargas Institute.



: 2 :

I have taken the liberty of attaching notes on the Nacional Financiera of Mexico and the Banco Nacional do Desenvolvimento Economico of Brazil, which you may find helpful as a brief introduction to the main development banks of those countries.

Bon voyage.

Sincerely yours,

WILLIAM DIAMOND

COPY

18th April, 1959.

Mr. Burke Knapp,  
Vice President,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.,  
Washington 25, D.C.

Dear Mr. Burke Knapp,

Thank you for your letter of March 31. I should like to report that the Board, on April 13, accepted Mr. Shroff's resignation and elected Mr. Moolgaokar in his place. The planned changes in the Board are thus complete.

... I enclose a Note on ICICI's present financial commitments and resources, and on its likely requirements in the near future. The Note shows that, of the first \$ 10 million loan from the World Bank, about \$ 8.8 million have been committed and that the balance is likely to be committed by mid-year. I realise that these figures are not in accordance with your own, which show that only about a third of the loan has been allocated for approved projects. I should like to explain this difference.

There is unfortunately considerable delay between the time our Board approves a project (and thereby commits funds for it) and the time we ask for and obtain formal World Bank approval. We approve a project as soon as we feel we have enough data on which to make a decision; we are under pressure to do so as quickly as possible so that the applicant, knowing he can obtain the necessary finance can proceed to make definite plans. We cannot, however, ask for your formal approval until the planning has reached a much more advanced stage and until the Heads of Agreement have been agreed to. This time-lag is often quite long. The delay is sometimes due to official dilatoriness which we are trying to reduce. It is sometimes the result of legal problems bearing on security. It may also result from our having approved projects earlier than we should have. Whatever the reasons, we are now trying in various ways to reduce the interval, which in some cases has been too long.



Our present situation is as follows: The World Bank has committed \$ 3.7 million of the first loan. We have committed an additional \$ 5.1 million. I hope that by mid-May, most of this amount will have been committed by you as well. Meanwhile, however, we have only \$ 1.2 million for allocation to new projects. Projects now pending or expected would require more than that. We hope to commit the entire sum by mid-year although your records at that time will still show uncommitted funds.

Unless we have a second loan by mid-year, we shall have to cease processing new foreign exchange applications. Alternatively, we could process them but simply keep them on file awaiting funds. I am sure you will appreciate that it would be unwise to slow down or put off examinations and approvals and that we should have fresh foreign exchange resources on hand by mid-year.

Since, in the best of circumstances, two months or so will be needed to agree on a new loan contract (which will involve discussion between us, examination by the Board, and approval by the Government), I feel that we should have at least preliminary discussions of a new loan as soon as possible.

A new line of credit from the World Bank is related to the question of new rupee resources. As you will see from the attached Note, we have no urgent need for additional rupees and will not have until perhaps early next year. We have felt, however, that an application for a second line of credit from the World Bank should be linked with an assurance that rupee resources will be augmented when necessary. In this connection, we have been sensitive to two considerations. In view of the nature and objectives of the ICICI, we should like to be able to tap the private market. On the other hand, the ICICI is anxious, and I know the World Bank is also anxious, to have evidence of continued Government support of this institution. The best evidence would be financial support.

The attached Note shows that there is, at the present time, no conflict between these considerations. It is not feasible to tap the market and the Government is therefore the only practical source of new funds in the near future. We have from time to time discussed

this matter with the Government. Last week, I did so again in New Delhi and have been assured of the Government's continued interest in ICICI and of its willingness to provide new funds when needed. No detailed negotiations have yet begun.

It would be very helpful to us to know whether the World Bank will stipulate, as a condition for a second line of credit, that the Government and the ICICI reach a definitive agreement on a new Government advance, or whether a general assurance that new funds will be available when needed, will be sufficient. If the former is the case, we will begin detailed discussions with the Government as soon as possible. In either case, I hope to receive shortly a general assurance from the Government.

If you are in agreement with our view that we should not delay much longer the opening of discussions for a second line of credit, I should appreciate very much having from you (1) an indication of any substantial differences you may have in mind between a new loan agreement and the one governing the first line of credit and (2) your views on when detailed discussions between us might begin. The first would make it possible for me to discuss the new provisions with the Board; the second would enable me to plan for a visit by myself or the General Manager to Washington.

I look forward to an early reply from you.

With best personal regards,

Sincerely yours,

( G. L. Mehta )



DECLASSIFIED

FEB 26 2016

WBG ARCHIVES

April 17, 1959

Mr. Resid Serif Egeli  
General Manager  
Industrial Development Bank of Turkey  
P.O. Box 1017  
Istanbul, Turkey

PERSONAL & CONFIDENTIAL

Dear Resid Bey,

I appreciated very much your letter of April 8, and so did Mehta. For the moment all that can be said about his schedule is that he should reach Istanbul about June 7 and remain three nights. It might be wise to make tentative hotel reservations for those dates. We will let you know his precise arrival time later.

As you might have guessed, I suggested that Mehta visit you. In doing so I was being rather machiavellian. You and he will no doubt discuss many things, but there are four things which I hope you can somehow get across to him:

1. The leadership which you exercise over your Board of Directors.
2. The initiative which the IBD has exercised in seeking projects for financing and, from time to time, promoting projects of its own.
3. The importance of good staffing. I hope he will see that you have a staff of competent senior people, on whose work and judgment you can rely.
4. The care with which you examine and follow up projects.

Forgive me for taking the liberty of advising you on what to discuss. In doing so, I am thinking of how you can make the greatest contribution to Mehta and the ICICI.

I am afraid my wife and I cannot hope to see you in Istanbul this summer. ~~Exams~~ We shall have to simmer through the summer here, although I do hope to take a short holiday in Kashmir a little later on. After 11 weeks here, we have discovered that heat tends to make your temper short. We have noted, for instance, that when people get together in the evenings almost any trivial remark is likely to provoke heated reactions. We have also discovered that the only real escape from continuous heat is a lively sense of humor. Thus far, Mashallah, we are managing to maintain ours.

Best wishes to Bulent and yourself.

Sincerely yours,

William Diamond

*Cable from Prud'homme to Basch*

LBN671/DX130 WNK355 IL21676 WNK WY188 WASHINGTON DC

249 17 1829

LT - INTBAFRAD NEWDELHI -

22 REURLET NINETYTHREE CREDITS BY IBRD TO LOAN ACCOUNT ARE  
3.8 MILLION AND PENDING APPLICATIONS RECEIVED BY IBRD ARE  
2.8 STOP BANK WILL OF COURSE NOT WISH DO ANYTHING TO HANDI-  
CAP OPERATIONS OF ICICI BUT WE THINK QUITE UNBUSINESSLIKE  
NEGOTIATE NEW LOAN SO SOON WHEN OVER SIX MILLION OF PRESENT  
LOAN NOT YET CREDITED TO LOAN ACCOUNT STOP UNDERSTAND FUR-  
THER PROJECTS WILL SHORTLY BE SUBMITTED TO US BUT CONSIDER-  
ABLE AND VARIABLE TIME LAG EXISTS BETWEEN SUCH SUBMISSIONS  
AND CREDIT TO LOAN ACCOUNT STOP WE PROPOSE NEGOTIATE NEW LOAN  
WHEN ACTUAL CREDITING OF IBRD LOAN ACCOUNT CAN BE ANTICIPATED  
SHORTLY AND FAIRLY CERTAINLY FOR EIGHT MILLION STOP SUGGEST  
WE CALL SUCH STAGE THE QUOTE CONCLUSIVE DATE UNQUOTE OF ICICI  
LOANS WHICH WOULD MEAN DATE PRIOR TO CREDITING LOAN ACCOUNT  
BUT AFTER PROJECTS AND HEADS OF AGREEMENT HAVE BEEN APPROVED  
BY IBRD AND WHEN APPROVALS BY LOCAL AUTHORITIES FOR VARIOUS  
CLEARANCES ARE KNOWN TO BE FORTHCOMING SOON STOP APPEARS TO  
US THAT SUCH CONCLUSIVE DATES FOR EIGHT MILLION OF ICICI LOANS  
UNLIKELY FOR SEVERAL MONTHS STOP MEHTA WROTE KNAPP ICICI WAS  
PREPARING NOTE ON FOREIGN EXCHANGE AND RUPEE RESOURCES POSI-  
TION WHICH NOT YET RECEIVED AND WHICH BANK IN ANY CASE WOULD  
HAVE TO REVIEW BEFORE NEGOTIATIONS STOP PRESENT OUTLOOK IS  
THAT NEGOTIATIONS MIGHT APPROPRIATELY BE SCHEDULED FOR WHEN  
MEHTA AND PAREKH ATTEND ANNUAL MEETING STOP BLACK CABLED  
MEHTA WILLING MEET IN DELHI MAY TENTH THROUGH THIRTEENTH OR  
IN LONDON MAY TWENTIETH STOP PLEASE REPEAT TO DIAMOND REGARDS

PRUDHOMME -





## THE FIRST BOSTON CORPORATION

CABLE ADDRESS  
FIRSTCORP, NEW YORK

15 BROAD STREET  
NEW YORK 5, N.Y.

DIGBY 4-1515

April 16, 1959

Dear Bill:

I was happy to have your letter of April 5, which I received about the same time as I had the opportunity of reading yours dated March 15, addressed to Jeff Rucinski. Combining the two, I have the distinct impression that you are beginning to get a feel of the situation. I am sure, now that Mehta and Parekh apparently consult with you, you will be an enormous help to them.

In writing to me about his travel plans Mr. Mehta asked if it would be possible for me to meet with him for a few days in London. He said there were a number of things he would like to discuss which would be difficult to cover through the mails. I have told him I will be happy to do so. At that time I expect I will be brought down to date on the progress which the "new team" has been making—and I am sure there is progress in that more and more people are being educated about the purposes of ICICI. I am confident that one or two substantial projects will be worked out in due course, and this of course will be the best kind of advertising.

In response to Birla's cable I advised him that I thought it was unwise to put in a preliminary application to ICICI on an aluminum project. He will be here early in June for the purpose of reaching some basic decisions with the Kaiser group, and depending how those meetings go you may be getting an application in the fall.

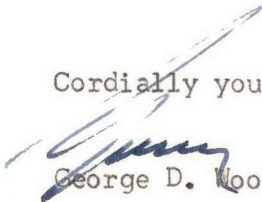
No word from Kilachand other than advice that he was ill and his visit over here had been delayed.

I think the probabilities are that we will find some American resident in Bombay to become the alternate director for the U.S. shareholders in place of Weber, and that I will accept the post for perhaps two years or so in place of Mr. Russell Smith. As you know, Mr. Smith retires from the Bank in June and is desirous of being relieved of the ICICI responsibility prior to that time.

As you suggest, I will write to you on a "strictly between us" basis whenever anything occurs to me which might be interesting or helpful in connection with ICICI matters. It was good to hear from you, and, as requested, I will not share your letter with anyone else.

All good wishes.

Cordially yours,

  
George D. Woods

Mr. William Diamond  
c/o The I.C.I.C.I.  
Bombay 1, India

15th April, 1959.

Mr. Donald W. Fowler  
International Bank for Reconstruction  
and Development  
Washington 25 D.C.

Dear Don:

I have just received my invoice from Germany and, as I promised in the letter I wrote to you last week, I am sending it on to you. I had asked the firm to make separate invoices, one covering the car and inland freight, and the other covering boxing, sea freight and marine insurance. It is the latter which I am enclosing. You will note that it is a little higher than the estimated figure which I gave you last time. Please note, too, that I have already paid the full amount required in U.S. \$ at the rate of DM 4.17 to 1 U.S. \$. Whenever the Bank is ready to reimburse the amount in the attached invoice, please deposit it in my Washington bank Account. The sooner this happens, the sooner I shall be able to repay the money I have borrowed to pay for the car.

Incidentally, I had been informed that the car cannot be put on a fast freighter from Italy, but will have to be put on a freighter in a North German Port. This, however, makes no difference in the freight bill which the Bank will cover; freight is exactly the same, for reasons that I cannot explain.

With best regards,

Sincerely yours,

WILLIAM DIAMOND





COMMISSION GENERAL  
FOR  
ECONOMIC AFFAIRS OF INDIA

C/o EMBASSY OF INDIA  
WASHINGTON, D. C.

20th January, 1959.

Dear Mr. Diamond,

I am writing this letter to inform you of the exact position relating to various facilities that you could avail of in India, on your posting there as an official of the IBRD to assist in the working of the ICICI.

- L duty*
- a) Your emoluments drawn from the IBRD will be exempt from national taxation, in view of the fact that the IBRD is a Specialized Agency of the United Nations.
  - b) As an official of the IBRD you will also be entitled to free import into India of furniture and effects on your first posting to that country.
  - c) The Government of India would be prepared to allow you to import into the country, duty free, a motor car, provided that, in case you decide to sell the car in India, you conform to the rules laid down for the disposal of motor cars imported into the country duty free by diplomats. (Should you be interested, I shall be happy to give you detailed information relating to these rules.)
  - d) Government will also be prepared to allow you to import, free of duty, infant foods and medicines on ad hoc scales, on application by you to the Government of India.

2. The Government of India in the Ministry of Finance, Department of Economic Affairs, have been requested to accord you all facilities possible at your port of disembarkation in India, namely Palam Airport. If you would let me know when your luggage is expected to reach India, I shall request the Government of India to issue appropriate instructions to the customs authorities concerned.

3. In India, I would suggest you contact Shri R.V. Subrahmanian, Deputy Secretary, and Shri P.P. Srivastava, Under Secretary, both in the Department of Economic Affairs of the Ministry of Finance, for any assistance that you may need. I am sending a copy of this letter to Shri Subrahmanian.

Yours sincerely,

C. S. Krishna Moorthi,  
Counsellor.

Mr. William Diamond  
International Bank for  
Reconstruction and Development  
WASHINGTON 25, D. C.

New Delhi , the 9th January, 1960 .




सत्यमेव जयते

Dear Mr. Diamond,

Please refer to your letter dated December 2, 1959 regarding the formalities to be observed at the time of exporting your household effects on your departure from India in February, 1960. I regret the delay in replying to your letter.

We have now been advised by the Central Board of Revenue that your shippers may be asked to contact the Collector of Customs, Bombay, for all the details regarding formalities to be undergone at the time of exporting your goods. While approaching the Collector of Customs, your shippers may be asked to produce the authority of the Central Board of Revenue vide enclosed copy of their letter No. 7/50/58 Cus.IV dated the 22nd January, 1959 ( a copy of which has already been <sup>furnished</sup> provided to you) wherein the decision of the Government of India regarding the privileges and immunities to be accorded to you is contained.

Yours sincerely,

  
( P.P. Srivastava )

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



No. F.7/50/58-Cus.IV  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)

.....

New Delhi, the 22nd January, 1959.

To:

The Collector of Central Excise,  
New Delhi.

SUBJECT:- Appointment of Mr. William Diamond, Professional  
Staff Member of I.B.R.D. as an Adviser to the  
I.C.I.C.I. Bombay - Grant of Customs privileges -  
Question regarding -

.....

Mr. William Diamond, a professional staff member of the International Bank for Reconstruction and Development has been appointed as an adviser to the Industrial Credit and Investment Corporation of India Limited, Bombay. He will be stationed at Bombay during the tenure of his office.

2. Mr. Diamond is scheduled to arrive at Palam at 3.00 P.M. on 2.2.1959 by Flight No. 8 and thereafter leave for Bombay by connected I.A.C. Flight.

3. As Mr. William Diamond would continue to be borne on the professional staff of I.B.R.D. - a Specialised Agency of U.N. - it has been decided that he should be accorded the immunities and privileges under Section 18(g) of U.N. ( P & I ) Act, <sup>1947</sup>~~1957~~. Attention is also invited to this Ministry's letter No. 7/2/57-Cus.IV dated 30.9.57 according to which he would be entitled to import a motor car without payment of duty. Necessary facilities in expeditious clearance of his baggage should also be accorded to him.

Sd/- S. VENKATARAMAN  
UNDER SECRETARY TO THE GOVERNMENT OF INDIA.

Copy forwarded to Collector of Customs, Bombay for information.

Sd/- S. VENKATARAMAN  
UNDER SECRETARY TO THE GOVERNMENT OF INDIA.



F.No.7/50/58-Cus.IV.  
Government of India  
Ministry of Finance  
(Department of Revenue)

C1170/59  
AEP<sub>2</sub> on 28<sup>1</sup>/<sub>59</sub>

New Delhi, the 22nd January, 1959.

To

The Collector of Central Excise,  
New Delhi.

Sub:- Appointment of Mr. William Diamond, Professional Staff Member of I.B.R.D. as an Adviser to the Industrial Credit and Investment Corporation, Ltd., Bombay--Grant of Customs privileges-- Question regarding -  
--

/Bank

Mr. William Diamond, a professional staff member of the International/~~Bank~~ of Reconstruction and Development has been appointed as an Adviser to the Industrial Credit and Investment Corporation Ltd., Bombay. He will be stationed at Bombay during the tenure of his office.

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Sd/- S. Venkataraman  
Under secy. to the Govt. of India.

i) Copy forwarded for information to the Department of Economic Affairs with reference to their U.O.No.2(77)-EF.Loans/58 dated 16.1.59. The concession of importing duty-free infant foods and medicines is given on an ad hoc basis only to such senior officials of U.N. who are accepted and approved by the Ministry of E.A. This aspect of the case is accordingly being referred to them for advice.

ii) Copy also forwarded to C.C. Bombay for information.

Sd/- ( S. Venkataraman)  
Under Secretary to the Government of India.

10(R)-Prat/59  
28/1





**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

Office of the Resident Representative  
Reserve Bank of India Building  
Parliament Street  
New Delhi

April 15, 1959

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

Dear Bill:

Thank you for your good letter of April 11th. I was glad to learn that Mr. Mehta had informed you about our talk which, as usual, ranged over a great many topics. As you know, I am used to be accurate and therefore I should like to repeat to you what I said to him about a new rupee advance to ICICI from the Government of India.

The story begins in 1957 when, after Jack Bennett's visit to India, it was decided to allocate \$55 million from the counterpart funds for the establishment of a re-finance corporation. At that time, the Bank was not very happy about the new venture, thinking that this corporation might compete with ICICI. There were a great many talks in Washington and eventually the ICA agreed that it would recommend another advance to ICICI, should the Corporation need the money. Some time in September, before the Indian Finance Minister came to the Annual Meeting, I gave the O.K. to ICA to go ahead with this project.

The second stage took place at the Annual Meeting in Delhi. We had an internal discussion with Mr. Black and the following is the decision which was agreed upon. The Bank would make an additional loan to ICICI, assuming that:-

- (a) the Board and Management of ICICI be re-organised, and
- (b) the Government of India agree to a new rupee advance.

It was said that if ICICI would not need the money at that time, it would be sufficient to obtain an assurance from the Government of India that such an advance would be given. These were the assumptions, or conditions, for a new loan from the Bank, and this was what I said to Mr. Mehta. Therefore, an issue of ICICI debentures in the market would not meet the Bank's point.

ICICI, according to my view, would not need to explain to the Bank why it did not go to the market, because the Bank did not expect that it would. I agree with you that ICICI should keep in mind its objective of tapping the market. The question is, however, when it will be appropriate to go to the market with a reasonable hope of success. I explained to Mr. Mehta that before going to the market, ICICI would have to know who would be the main buyers of its debentures. In addition, of course, it would have to obtain a permit from the Government to issue debentures in the market. I thought it might be of some value to you to know the background of the story, which I doubt that even Mr. Mehta is familiar with in detail.

You ask whether there is any news about my successor. I can tell you only that a high-ranking man outside the Bank has been selected who is supposed to come here towards the end of August. Until yesterday, however, the Government of India had not been approached concerning this particular man and I do not feel I could mention his name before the Government gives its O.K. on him. You remember well the case in Thailand where Mr. X spread everywhere that he would go to Thailand as the Bank's representative and the Government after several months expressed its disagreement. Although I believe this will not happen in this case, I still keep the name to myself.

With best regards to Lois and yourself,

Cordially yours,



Antonin Basch



14th April, 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 April 6, concerning suppliers' credits and the Scindia Steamship case. As you suggested in your last sentence, I showed the letter to Parekh. He then showed me the documents that were written on this subject more than a year ago, which I had not seen before.

You are quite right in saying that there had been a misunderstanding. I might add that others here may perhaps have shared my misunderstanding.

As I now understand the situation, the objection raised by the Bank more than a year ago, and pressed home by Burke when he was here last October, concerned the resolution adopted by the Board of Directors on February 4, 1958, which said that it would be the policy of the ICICI to provide foreign exchange primarily to cover down-payments. That same resolution, incidentally, said that, although the foregoing would be the policy, the ICICI might consider providing a larger portion of the foreign exchange required for a particular project, in appropriate cases. I am informed, however, that when the foregoing resolution was discussed, during two Board meetings, no question arose about the manner in which the ICICI would study such projects. Parekh informs me that nothing was said to suggest that the ICICI would limit its examination of project or that it would not continue to examine the proposals presented to it as what you call "integrated" projects. Nevertheless I quite understand and agree with the Bank's objection to this resolution and I am pleased to say that it is, as Burke said it was, a dead letter, even though the resolution is still on the books of the Corporation.

I further understand from your letter that the Bank has no objection to financing down payments in appropriate



: 2 :

cases so long as the ICICI has considered the project as a whole and is satisfied that it is a sound one. I am pleased to hear this, and so is Parekh.

<sup>last</sup> This has bearing on the letter I wrote to you ~~earlier~~ this week, commenting on the comments in your letter of April 3. The proposal that the ICICI might in appropriate cases offer a loan in place of deferred payments arrangements reflects a mistrust of suppliers' credits, while recognizing that the ICICI has no choice but to live with them. During the last Board meeting, one Director pointed out that deferred payments, although necessary in certain circumstances, were not satisfactory because they generally involved payment of too high a price and limited the choice of equipment. He further suggested, in cases like those mentioned in my letter, the ICICI might be willing to substitute a loan for the deferred payments but only after a careful examination of the enterprise and of the project as a whole. I think this attitude, which the Board found reasonable, is in accord with the Bank's general view on deferred payments and is not inconsistent with the helpful explanation provided in your letter of April 6.

Incidentally, as you have already learned from the cable the ICICI sent to the Bank two weeks ago, the question I raised is no longer relevant to Scindia, which decided on its accord that it would prefer to use its loan for a cash purchase of a single ship.

With best regards,

Sincerely yours,

WILLIAM DIAMOND



14th April, 1959.

Mr. Gordon Street  
Resident Representative  
International Bank for Reconstruction  
and Development  
C/o Ministry of Finance  
Bangkok  
THAILAND

Dear Gordon,

Not long after I wrote to you about seven weeks ago, I had a note from Bob Weber saying that he understood your health had improved. I hope this is true and would like very much to get confirmation of the fact directly from you. Indeed Lois and I would like very much to hear how Virginia and the children are, too.

According to the bulletins I receive from Washington, Gil is with you in Bangkok. If he flew over India on his way, then I take ~~it~~ a dim view of his not stopping here. I would take an even dimmer view if he does not arrange to stop here on his way back. Please tell him that we are at long last moving into a flat on April 22, and will therefore be able, when he comes by, to put him up in the manner to which he is accustomed.

Best regards,

Sincerely yours,

WILLIAM DIAMOND

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

13th April, 1959.

Mr. B. S. Narula  
Dy. Director  
Small Industries Service Institute  
Ministry of Commerce & Industry  
40-40A, Cawasji Patel Street  
Bombay 1

Dear Mr. Narula,

Please forgive my delay in acknowledging your note of April 2, by which you sent me a set of the summaries of your Industry Outlook Reports. I am most grateful for them and find them very useful indeed. I hope it will be possible to arrange that such reports as these will be made available to the Industrial Credit and Investment Corporation, which I am sure will find them useful. I have spoken of this to Mr. H.T. Parekh, the General Manager, who will be in touch with you one of these days. I too look forward to the opportunity of seeing you soon.

Within the next day or two, I will, as you requested, return to you the type-written report on the Plastic and Rubber-Covered Wire Industry.

Sincerely yours,

WILLIAM DIAMOND



Telegrams : "SMALLIND"

Telephone : 25-5156 (3 LINES)

GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
SMALL INDUSTRIES SERVICE INSTITUTE  
40-40A, CAWASJI PATEL STREET,  
FORT, BOMBAY-1.

No.IS/36

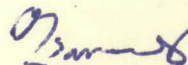
B.S.Narula,  
Dy. Director.

Dated the 2nd April, 1959

Dear Mr. Diamond,

I am sending herewith a set of the summaries of our Industry Outlook Reports as suggested by Mr. Morse. I hope you will find them useful. I am also sending you my personal copy of our Report on Plastic and Rubber Covered Wire industry. While you can retain the summaries the report on Plastic and Rubber Covered wire may please be returned as soon as done with.

Yours sincerely,



( B.S. NARULA )

Encl: as above.

Mr. William Diamond,  
C/o Industrial Credit and Investment Corpn.,  
of India,  
Union Bank Bldg.,  
Appolo Street,  
Bombay-1

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

13th April, 1959.

Dr. P. S. Lokanathan  
National Council of Applied Economic Research  
Bombay Mutual Building  
Parliament Street  
NEW DELHI 1

Dear Dr Lokanathan,

Thank you very much for your letter of April 6,  
and for the publications of your Council, which you were  
good enough to send me. I am most grateful for them.

I too enjoyed the brief opportunity we had to  
meet and chat, ten days ago. I hope we shall soon have  
the opportunity to meet again either in New Delhi or here.

Sincerely yours,

WILLIAM DIAMOND



NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH

Dr. P. S. LOKANATHAN  
DIRECTOR-GENERAL

BOMBAY MUTUAL BUILDING,  
PARLIAMENT STREET,  
NEW DELHI-1.

April 6, 1959

Dear Mr. Diamond,

It was a great pleasure meeting you the other day in Bombay and I very much enjoyed the discussions we had.

I am enclosing herewith a list of our publications and also sending you by separate post a copy each of the following publications:

1. Taxation & Foreign Investment
2. Foreign Exchange Crisis and the Plan
3. Some Aspects of Road Transport in the Delhi Region.
4. Utilisation of Primary Energy in India.

If you need any of the other publications, please let me know. I am also sending you a copy of the brochure which will give you some idea of the objects and activities of the Council.

You also asked me for a copy of our report on Demand Forecast for Wood Pulp. I understand that the sponsors have asked us to keep this report as strictly confidential and therefore, I am afraid I cannot send you a copy, unless you would wish me to write to the sponsors and get their clearance for you.

With kind regards,

Yours sincerely,



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

NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH

NEW DELHI

LIST OF PUBLICATIONS

(February, 1959)

REPORTS

1. Taxation and Foreign Investment
2. Prospects for a Mica Grinding Plant in India
3. Export Markets for Indian Lac
4. Sales-Tax System in Madras (published by the  
Government of Madras)
5. Criteria for Fixation of Water Rates &  
Selection of Irrigated Projects.
6. Traffic Survey of Tuticorin Port.

OCCASIONAL PAPERS

1. Foreign Exchange Crisis and the Plan
  2. Some Aspects of Goods Transport by Road in the  
Delhi Region
  3. Utilization of Primary Energy in India
  4. Commodity Disposition Survey in Delhi
-



April 11

Dear Antonin,

I was very pleased to get your letter but very sorry to hear that we shall not have an opportunity to see Mrs. Basch and you again in India. Judging from Mehta's comments on the heat in Delhi, I can well understand your wanting to make only the least possible movements; and as for us, I can see no prospect of being able to get to Delhi this month. So Lois and I wish Mrs. Basch and you, too, the best of luck. We look forward to seeing you at home early next year.

How did you enjoy your visit to Australia? We were sorry to hear about your delayed departure from Delhi, which must have meant that you had at best only a few hours in Bangkok; but we hope a pleasant few weeks in Australia more than made up for the inconvenience.

I hope you received your Foreign Affairs, which I sent back to you, as well as the ICICI Annual Report, for which you asked.

As for TCM, I share your view. The point of discussing the matter with TCM was not to make an arrangement for it to review all projects, but rather to find out what kind of industrial people they had, if any, and to know whether if called upon to help on some particular project they would be willing to help. Houston assured Parekh of the latter; but he has yet to send the roster of the former.

I remember your telling me about Schroff's view after your lunch with him. Afterwards, after I returned from Delhi and before he went to the US, I saw him twice, once at lunch with Tata, Choksi and others. As I said in my note to Jeff, he insisted that it was a waste of effort to try to build up much steam in ICICI in the next year or two. My point in referring to Schroff in my letter was not to comment on the private sector picture as a whole, but simply to suggest that my rather hopeful sounding letter concerning ICICI should not be taken too optimistically in Washington. I agree with your last sentence.

Mehta told me something of his talk with you. I was particularly interested in your views on ICICI borrowing from the market, that (1) ICICI could not borrow at this time and (2) at this time IBRD would be much more interested in a sign of Government support, as evidenced in a new advance to ICICI, that in would be in borrowing from the public. As for the first, everything I have heard here, in the enquiries I have made, only confirms your conclusion. As for your second, I confess I had not thought of that point. However, although agreeing with the conclusion that ICICI cannot borrow now, I have felt that ICICI should not simply tell the Bank that but should go into some detail in explaining why. This would be evidence that ICICI keeps constantly in mind its objective of tapping the market.

Mehta also mentioned your negative reaction to the possibility of an agency agreement to administer counterpart funds on behalf of the Government, a la the Turkish Bank. Here again I agree with your reaction. This arose one day when we were discussing what might happen in the event of difficulties arising from the debt-equity ratio or the ranking of a second Government loan. I mentioned the Turkish way of getting government funds, as one possible alternative to fall back on, if necessary.

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

This is already a long enough letter to write on a Saturday afternoon. It would be much pleasanter if we could sit and chat. It was very helpful to me to exchange views with you in Delhi. I wish we could have done it more frequently.

Once again Lois joins me in wishing Mrs. Basch and you a bon voyage.

Warmly,

COPY





**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

April 10, 1959

7013

Dear Bill:

I feel guilty for not having answered your letters earlier. As you may have heard, I was away, first in Cairo then in the south of France, during the second half of February and the first half of March. I returned to Washington on March 20th.

Your letters are extremely interesting and they support the view that the Bank's choice was right. After a very brief stay in Bombay, you have put your finger on the most important problems and with your usual imagination you have already suggested a number of excellent solutions. A copy of your first letter was sent to George Woods on March 9th. I sent him also a copy of your second letter. On April 1st Dick sent you a reply to the proposals put forth in your memorandum and on April 3rd I was invited to attend the meeting of the representatives of American shareholders.

This meeting took place in Rockefeller's Board Room and the following were present: *(in addition to George Woods and myself)*

Mr. Richard Bryce  
Olin Mathieson Chemical Corp., N.Y.

Mr. Tom B. Coughran  
Bank of America (International), N.Y.

Mr. E. W. B. Lewis  
Westinghouse Electric International Co., N.Y.

Mr. Theodore C. Streibert  
Rockefeller Bros., Inc., N. Y.

Mr. Donald H. McLean, Jr.  
Rockefeller Bros., Inc., N.Y.

George Woods went over the history of the corporation and described the facts leading to the election of Mr. Mehta as chairman

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

April 10, 1959

of the Corporation. I was then asked to sum up your findings and to describe your background and your role in the Corporation. In doing so I referred several times to your letters. The meeting was very interested in your observations and I felt I had to offer to send them, for their personal and confidential information, copies of your letters which I did, after checking with the Management here. Moreover, Mr. Donald H. McLean, Jr. asked me to inform you that he will be visiting India soon. Although he does not expect to be in Bombay, he will be in Delhi at the Ashoka Hotel from about April 27th to May 10th. If you plan to be in Delhi at that time he would appreciate it if you could get in touch with him.

The second part of the meeting was devoted to the problem of an American Director. I should have prefaced this by saying that upon my return to the U. S. Mr. Black asked me whether I thought that George Woods should be asked to become a Director. I had felt for a long time that this would be a proper solution, particularly in view of the interest and contribution which George made in the reorganization of the Board. Black asked me to talk about this with the Management, which I did, and then called George to tell him that we were all in agreement that he should become the Director. Black talked to the Rockefellers and John Rockefeller asked Woods informally to accept the Directorship. During the meeting, therefore, there wasn't much discussion about his becoming a Director but about his Alternate and also about the procedure.

As far as Alternates are concerned, two names were mentioned and the Rockefeller Bros., Inc. have undertaken to provide more information on both of the candidates. For your own information, one of them is the General Manager of STANVAC and the other of Firestone.

As to the procedure, it was decided that since Russ Smith offered himself for reelection, no change should be made for the April 13th meeting, but that after that meeting Russ Smith would tender his resignation and the American shareholders would write Mehta and inform him that they had selected George Woods. This would be formalized at the meeting of the Board in June. Incidentally, to complete the picture, you should perhaps bear in mind that Smith will be retiring from the Bank of America in June.

Now I have also received a copy of your letter addressed to Burke Knapp in which you have enclosed clippings from the newspapers. I have not yet seen these.

As far as the timing of a Bank loan is concerned, it seems to me that since at present the uncommitted balance of the loan amounts to over \$6 million and even if we took into account the pending applications of over \$2 million, there would still be an uncommitted balance of ~~over~~ <sup>of</sup> \$8 million, and we could hardly justify a loan to the Board. When the uncommitted balance ~~which is~~, say, \$2 million, the time would be right to negotiate the next <sup>reaches</sup> <sub>about</sub>



Mr. William Diamond

- 3 -

April 10, 1959

loan. The timing of this, of course, depends entirely on how fast you will process the applications. At the meeting in New York I told the American shareholders that the Bank was prepared to make another foreign exchange loan and that this loan would be submitted to our Board when the uncommitted funds reach a low figure of say \$2 million.

I am again off to the Middle East. I expect to leave at the end of next week and be back sometime in May. It is, however, quite likely that my trip will be longer and that I will not be back until the middle of May. Meanwhile, Don Jeffries is following up on ICICI operations (Ray Goodman is leading our fact-finding mission to Israel and will not be back until early May). Hector is following up other developments and will take care of any points which you may raise while I am away.

With best wishes,

*Tom and Louise*

Sincerely yours,

*JCH*

Joseph Rucinski



**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

Office of the Resident Representative  
Reserve Bank of India Building  
Parliament Street  
New Delhi

April 9, 1959

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

Dear Bill:

I should like to inform you that I shall be leaving Delhi and returning to Washington on April 30th. I do not think I shall come to Bombay before that time and, therefore, I am writing to you to wish you all the best for your stay in India.

I read with interest the various memos which you sent to the Bank, among them your memo of March 15th. I should like to make two comments on this one. I was pleased to learn that TCM had agreed to make available any of its industrial specialists to assist in particular project appraisals. At the same time, I should like to repeat my doubts whether TCM has enough specialists who would be able to appraise the great many projects which ICICI would consider. But that remains to be seen.

You mentioned Shroff's pessimism with regard to private enterprise in India. He was not pessimistic when I talked to him in February and I doubt that the last budget would have changed his views. Of course, he has not been consistent in the past. The question is what does he say as to a possible increase of ICICI business. I would agree with him that ICICI should not expect any spectacular increase in its investment, but to work gradually towards a higher level.

With kind regards to your wife and yourself,

Sincerely yours,

Antonin Basch



11th April, 1959.

Mr. John H. Adler  
International Bank for Reconstruction  
and Development  
Washington 25 D.C.  
U.S.A.

Dear John:

I have not forgotten the moment when we kissed each other good-bye in Ankara. Lois and I have often spoken of Wilma, you and the mission and we have some very nice slides to remind us of the few days we spent with you. I thought of writing to you several times but kept putting it off, using as my excuse that you were no doubt too busy in Turkey to want to bother with a letter from me. It was only last week that I learned, from the Bank's weekly Bulletin of movements, that you have returned.

I hope that both Wilma and you personally enjoyed your visit to Turkey. I put particular stress on the personal enjoyment because I have no doubt that professionally you had more than your share of trouble. I should like very much sometime to hear about what you did and about your personal reaction.

As for your work, it does not at all surprise me that your story will be a sad one. But not, as you suggested, sadder than I expected. Since last fall I have felt, as you know, that a mission should go to Turkey, since the Turkey wanted it very badly. But I also felt very strongly that the Turkey should be explicitly warned that little or nothing was likely to come from the mission, in a financial way. They were not given this explicit warning. I can only hope that you laid the proper ground work with them for what I am sure will appear in your report. I have no doubt you did. In any event, I hope that, when your report is done, you will be good enough to let me see a copy of it. As you can see my interest in Turkey is not at a low level and I really do care.

: 2 :

With regard to your last paragraph, this letter will give evidence that I am still alive. I cannot unfortunately give you evidence that I am living out to the high precepts of William Diamond's bible on development banks. I think I shall soon begin to write another bible on how to give advice.

Lois joins me in best wishes to Wilma, you and your children.

Sincerely yours,

WILLIAM DIAMOND

COPY



DECLASSIFIED

FEB 26 2016

WBG ARCHIVES

April 9, 1959

PERSONAL & CONFIDENTIAL

Dear Mike,

I was very pleased to get your letter. It appears that you and I thought of writing to each other at just about the same time. That's a good sign.

The answer to the specific question you raised is that you should count on me in early 1960, as originally planned.

Not mid-1959. That date came up last winter as the result of a letter from ICICI suggesting that after a few weeks here I might decide how long to stay. The question of my duration has not been discussed since my arrival. Hence I am acting on my own feelings. They are, in all modesty, that ICICI can use me for a while. So long as I feel that way, I will remain - up to a year.

And not late in 1960. So far as I know the suggestion that I remain here much longer than a year arose only when Burke Knapp sounded me out about taking Basch's place. I told you about that very confidentially, and I think I also told you that I turned the proposal down firmly. I said that I would help the Bank out in Delhi, if necessary, until a replacement was found for Basch, but only within the limit of my original agreement to remain here a year in all. The proposal has not been put to me again. If it were, my answer would be the same.

I am pleased to receive the assurance in your last paragraph, but I also appreciate that you must shift assignments in such manner as to get your work done by the people you have and can count on.

I hope this helps you in your planning.

I was glad to hear that the SIENN and CASSA projects are on the way. As you know from my previous letter, I was feeling badly about not knowing where these loans stood. I had a note from John Adler, the same day your letter arrived, telling me that the Turkish story is a sad one. This does not surprise me. I hope that, when the mission's report is completed, I will have a chance to see it.

Incidentally I have persuaded the ICICI Chairman to visit the IDB next month, on his way back from Europe. He may learn more from IDB than from me.

Again, many thanks for your letter - and best wishes.

Sincerely,

April 9, 1959

MR. DONALD W. FOWLER

Dear Don,

Thanks a lot for your letter of April 1. And for your cable of March 24.

I anticipated your decision that I should remain on an actual-expense basis so long as I remained in the hotel, and indeed submitted accounts for my second four weeks even before your letter arrived.

You will be pleased to hear that we will be moving into our flat on April 22, a full week in advance of expectations. This may not seem like much to you, but we are mighty happy! I will cable when the move has been completed, and I assume the post-allowance system goes into effect the next day. It that right?

As for the car, we were very plased to get the permission granted in your cable. We are badly inconvenienced now; when we move the situation will really be serious.

I would have acknowledged your cable earlier, except that I wanted first to complete my arrangements for getting a car so I could let you know what they are. They were completed at the end of last week. The delay was because I had to use pull to get early delivery. The car will come from Germany. In order to speed up its delivery, I am paying extra to have it sent to Italy and shipped from an Italian port by fast boat instead of from a North German port by a slow boat. The cost of boxing, ocean freight from Italy to Bombay and marine insurance is DM 1,975. (I have been billed at the rate of US\$1 - DM 4.17.) Since I had to pay for the whole works in advance, I borrowed enought to pay the entire bill. When the invoices come, I will send them on to you, so that the Bank can reimburse me for the part for which it is responsible. The car is due here in late May. - I hope these arrangements are OK.

I received your letter about Divekar. In due course I will meet him and send him you a note about him.

Lois joins me in best wishes to Betsy and you.

Sincerely,



8th April, 1959.

Fotonics  
Rambagh Palace  
JAIPUR

Gentlemen:

I have your letter of April 2. I am not satisfied with your refund and I return it herewith.

In the first place, the roll of film I purchased was not what I asked for and not what I was told it was. In the second place, in addition to the sum I paid you for the roll, I have had to pay an additional Rs.61 for processing. In the third place, I find it difficult to justify your difference of almost 150% between a Bombay price and a Jaipur price.

I expect and I am awaiting a substantially higher refund. If I do not receive it, I shall take the matter up with the authorities.

Very truly yours,

WILLIAM DIAMOND

INDUSTRIAL DEVELOPMENT BANK OF TURKEY

REŞİD ŞERİF EGELİ  
GENERAL MANAGER

P. O. B. 1017

April 8, 1959

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

Dear Mr. Diamond,

I acknowledge with thanks receipt of your letter of April 3rd, 1959 and wish to let you know that it will be a real pleasure to me to meet Mr. G.L. Mehta, the Chairman of the Board and Chief Executive Officer of the ICICI during his stay in Istanbul late in May. I will be grateful if either one of you could inform me in advance of the exact date of his arrival. This will enable me to assist him in obtaining hotel accommodations. I also believe that this opportunity to meet and discuss the subjects of common concern will be a beneficial one and, therefore, look forward to it.

I hope that by now your wife and you have got yourselves accommodated to the completely new conditions of climate in that part of the world. Although we are a good distance apart, my wife and I can still not refrain from nursing the pleasant hope of seeing Mrs. Diamond and you here in Istanbul again during the summer months.

With our best regards to Mrs. Diamond and you,

Sincerely yours,



RE/bg



*Per-son*

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

OFFICE OF THE PRESIDENT

April 8, 1959

Dear Bill:

Thank you very much for your letter of April 4, which has just arrived at my desk. I have not yet had a chance to read the attachments but I shall certainly do so. I am delighted to see the accumulating evidence of the impetus which you are giving to the work of the ICICI.

With best regards,

Sincerely yours,



J. Burke Knapp  
Vice President

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



*Per-ger*

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-8360

CABLE ADDRESS-INTBAFRAD

*7012*

April 8, 1959

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

Dear Bill,

Thanks for your letter of March 30. I have, of course, also been seeing your letters to Jeff and have found them of real interest.

Several of the subjects about which I might have written to you have been covered by Mr. Demuth's two letters dated April 3, one on the draft memorandum of the Chairman to the Board of ICICI and the other on the use of ICICI loans in conjunction with suppliers' credits.

On this latter point, I assume that your intellectual curiosity can now rest more at ease--I know that mine does. I gather, however, from Mr. Parekh's cable of April 6 that the question of suppliers' credits no longer pertains to Scindia since there has been a considerable change in the Scindia proposal.

Mr. Barve is still in Washington and will be leaving shortly after the Koyna loan signing today. He has taken advantage of your introductions to various people in TOD and visited TVA and appropriate bureaus of the U.S. Government. He has not had a chance to see John Exeter but intends to on Thursday of this week on route home. I also assured him that a visit with John would be worth while.

Through a mutual friend in Senator Kennedy's office, I became acquainted this past week with a young student from Harvard named Philip Weld. He is going to India this summer on



Mr. William Diamond

- 2 -

April 8, 1959

his own to do some general research work, and I took the liberty of giving him your name, knowing your professorial inclinations.

I quite agree that since a dozen copies of the latest annual report are on the high seas, you need not dispatch others.

I trust all continues well even though the heat of summer must have begun.

Sincerely,

A handwritten signature in blue ink that reads "Don".

D. W. Jeffries



*Per-Gen*

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

No. 10

April 7, 1959

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

Dear Bill:

I seem to have got in the habit of writing a daily letter to you. Perhaps it is a good habit which I should continue.

In any event, I received, last evening, your two letters to me of March 30. In the second one you describe your correspondence with Yoxall, and state that he did not make any suggestions about your visiting his institution. This confuses me since I also received yesterday a letter from Yoxall dated March 28, in which he wrote as follows: "I have heard from Bill Diamond and have suggested August as a suitable month for him to visit Ceylon, if he is able to make it." I do not have any views as to when it might be most desirable for you to go to Colombo, but I do feel that a visit would be useful and that it should be made on official business and not solely on holiday.

I am sending you under separate cover a copy of the new edition of the development bank data book, which has just come off the press.

All the best to you and Lois.

Sincerely yours,

*R.H.D.*  
Richard H. Demuth  
Director

Technical Assistance and Liaison Staff



7th April, 1959.

Mr. P.P. Srivastava  
Department of Economic Affairs  
Ministry of Finance  
Government of India  
NEW DELHI

Dear Mr. Srivastava:

I was surprised to receive this afternoon the attached letter from the Assistant Collector of Customs at Bombay, concerning a shipment which I received from America. I hope you won't mind my sending it to you, so that you may take the necessary action.

As you know, the Government of India was good enough to give me permission to import (and then to export) an automobile. I recently purchased in Europe an automobile, which should arrive in early June. I hope there will be no difficulty with Customs about it.

Many thanks again for your help.

Sincerely yours,

WILLIAM DIAMOND

7th April, 1959.

Mr. Richard H. Demuth,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Dick:

I was delighted to receive Shirley's draft, which I asked you about only last week. The document arrived yesterday and your letter about it arrived this morning. You may be sure that I will read it both carefully and quickly and that I will write to you about it.

I was even more delighted to receive your letter of April 3, which also arrived today. It is the first acknowledgement I have received of the several letters I have written concerning general ICICI matters.

You may have already received the final version of the memorandum you refer to in your letter. I sent it to you a week ago, and I also enclosed a copy of it in the letter I wrote to Burke Knapp last Saturday (of which I sent you a copy). I think you will find the revised version better than the preliminary draft that you read, yet the points you raised in your letter are still relevant. I should like to comment on them.

Your (a). I have myself urged lowering the limit despite the fact that, like you, I have qualms about it. I look forward to the discussion on the subject which will take place next Monday. I do not know which way that discussion will go. I know that some members of the Board will favour the idea strongly; I think that some may not. I call your attention, however, to paragraph 6, which did not appear in the draft you read, as well as to paragraph 8, which suggests that most, if not all, of such small lending would be in conjunction with local institutions and, in most if not all instances would involve their guarantees.



: 2 :

Your (b). I am sorry you got the impression that it was suggested that the ICICI go into the equipment financing business as opposed to the financing of integrated projects. This was not intended, as I hope the new version of the memorandum makes clear. The new paragraph 6 is intended to illustrate the fact that there are industries in which a relatively small unit of equipment, for balancing or for expansion purposes, is likely to result in substantial improvement and enlargement of the enterprise. But in all such cases, ICICI's examination would be of the enterprise as a whole, carried out in its usual manner.

In this connection, I note your comments about the danger of ICICI's providing foreign exchange rather than providing long-term capital. In a country suffering from serious foreign exchange shortage, as India is, there is great danger that an institution like this Corporation will be diverted from its original purpose in the way you suggest. The World Bank had a concrete case of this type last winter, when ICICI presented for approval a foreign exchange loan to the Scindia Steamship Co. In that case, the Company had no need of capital of any kind. What it did need was foreign exchange, which it was prepared to buy. But the Government wouldn't provide such foreign exchange. The Company therefore came to the ICICI for foreign exchange (which it needed) in the form of a loan (which it did not need). ICICI sanctioned the loan and so did the World Bank. I have pointed out to the management here that in this case, the ICICI was acting, not as provider of long-term capital, but simply as a dealer in foreign exchange. I might also add that I am glad the ICICI and the World Bank approved the loan.

There is still another kind of case, which is likely to come before ICICI soon. There is a strong possibility that the Tatas will ask the ICICI to underwrite a very large issue of securities. I believe this will be purely a refinancing operation and in principle, therefore, it may be outside the scope of the ICICI. Nevertheless, I would urge the ICICI, if it has the opportunity, to take on the operation, firstly because it would provide an occasion for the creation of an underwriters' syndicate which is bound to be successful and hence provide a successful precedent for future syndicates, and secondly, because the ICICI cannot but gain in prestige by being associated with a large Tata operation.

I hope you do not think that I am losing sight of the main objects of the Corporation. I am not. But there are



: 3 :

cases, and these are two, when departures may be desirable.

In any event, the particular question you raised in your paragraph (b) is not, I think, a departure.

Your (c). Some experimentation is desirable and this seems to be a good time for it, in view of the good cash position of the large banks in India. There cannot in any event be many sales of short maturities, because ICICI has only 13 loans on its books. As for a debenture issue, I have urged since I came that serious consideration be given to it. I have been told it is impossible at this time. I am inclined to think that answer is correct, but I have nevertheless insisted on an argument. I have also maintained that, in making its case for a new line of credit from the World Bank and for new funds from the Government, ICICI must be prepared to show in detail why it cannot get funds from the market at this time. They have finally become convinced here that this is a question which the Bank will raise and, when a formal application is sent in very shortly, there will be some comment on the question.

Your (d). There is no question here of refinancing deferred payments arrangements. I am sorry the text was not clear on this point. But I think there will be no misunderstanding in the Board because this issue was discussed at its February meeting. The point is that many applicants have approached the ICICI to guarantee deferred payment arrangements; and other applicants have come for rupee funds for a project whose equipment would be imported under deferred payment arrangement. In such cases, it was suggested, the ICICI should keep open the possibility of offering a foreign exchange loan in place of deferred payments arrangements, if such a loan would result in obtaining better equipment or better terms or both. The occasion for such an offer would not arise if the deferred payments arrangement had already been made. It would arise if an applicant is considering deferred payments, as a result of which he is taking the wrong equipment or is paying too much or is paying out too quickly. Wouldn't you agree with this? If not, how does IBRD justify its attitude towards Suppliers' credits?

I have answered you at length as a sign of my thanks for your taking the trouble to send me your comments. I hope to hear more from you, and you will hear more (but not too much) from me.

*P.S. Anyway, I am not at all confident that anything will come from the experiment. But I am anxious that ICICI explore considerable possibilities.*



: 4 :

You are right in thinking I am having a fascinating experience. But it would be more fascinating if the temperature were lower. Even my watch has slowed down in the past two months.

Lois joins me in best wishes to Eunice and yourself.

Sincerely yours,

WILLIAM DIAMOND

COPY

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

7th April, 1959.

Fotonics  
Rambagh Palace  
JAIPUR

Gentlemen:

I have had no reply to my letter of March 24  
(of which a copy is attached) setting forth the amount  
due me on the roll of color film purchased from you in  
early March. I expect to receive the necessary reim-  
bursement at an early date.

Very truly yours,

WILLIAM DIAMOND



*Pers Gen*

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

OFFICE OF THE PRESIDENT

April 6, 1959

Dear Bill:

I am writing in reply to your letter of March 24 and Mr. Black has asked me at the same time to reply to your letter of the same date to him.

Unfortunately, we shall not either of us be able to visit Bombay on this occasion. The present plan is that we arrive in Delhi on Saturday, May 9 and leave there for Karachi on Thursday, May 14, and our time in Delhi will be pretty fully occupied.

Both Mr. Black and I very much appreciate your thoughtfulness in asking us to have a meal with you and please accept for Lois and yourself our best thanks.

With kind regards,

Yours sincerely,  
*W. A. B. Iliff*

W. A. B. Iliff  
Vice President

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



**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

No. 9

April 6, 1959

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

Dear Bill:

I am responding to your letter to Don Jeffries of March 18, which has been the subject of discussion between us and with Messrs. Ripman and Apar. I have also had a word on the subject with Burke Knapp.

I think your letter reflects a misunderstanding of the position which Burke took on ICICI financing of down payments of suppliers' credits. What he objected to was a general policy that ICICI should emphasize financing such down payments as the principal vehicle for investment of its funds. The primary basis of this objection was that the proposed policy would have resulted in ICICI financing a number of individual, relatively small pieces of equipment, rather than in the financing of integrated developmental projects, and that such a scattering of ICICI's resources would have prevented the institution from developing into a real investment bank. This objection, of course, does not mean that we think ICICI should refrain from financing a developmental project simply because a portion of the required funds is to be obtained through suppliers' credits; in fact, I should think this would very often be the case. When we considered the Scindia proposition here, for example, no objection whatever was raised to the financing on the ground that half of the cost of the ships was being financed through medium-term credits, nor do I think any objection would be raised, on this ground, to a change in the financing arrangements pursuant to which the loan would be used to pay 20% on each of four ships, rather than 50% on two ships, assuming that adequate arrangements had been made to cover the remainder of the cost. Perhaps you would pass this word along to Mr. Parekh.

With best regards,

Sincerely yours,

Richard H. Demuth  
Director

Technical Assistance and Liaison Staff



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WBG ARCHIVES

April 5, 1959

Mr. G.D. Woods  
Chairman of the Board  
First Boston Corporation  
New York, N.Y.

PERSONAL

Dear Mr. Woods,

Last week, at long last, I had my first talk with J.R .D. Tata. Unfortunately he went to Europe just as I reached Bombay nine weeks ago. He returned only recently, and went on to Delhi soon thereafter. This was the first opportunity to meet. (He is an impressive man.)

The doubling of TELCO's truck capacity, about which you wrote to Tata, Mehta and me, appears to have been taken care of without resort to an institution like ICICI. However, Tata has other, even larger plans for TELCO and clearly has the ICICI in mind in connection with them. I have some hopes of these plans. They are so large that if they come off, ICICI would have to organize a foreign group to assist on the foreign exchange side and an Indian group to assist with rupees. I stuck my neck out by saying that ICICI could organize whatever was necessary. This exercise would be an immensely valuable experience for ICICI, and a profitable one.

I have seen Birle several times and have discussed, among others, his aluminum project. He told me that, a month ago, he cabled you that I was urging him to present the aluminum project to ICICI now. He has not mentioned the matter since then, but he may when we meet again at the end of the coming week. In any event I doubt there is anything more to discuss at this time other than ICICI's willingness to consider a proposal when it is ready. That assurance he has been given. I believe he will visit you last this month.

You should also soon be seeing Tulsidas Killichand, who is planning a large synthetic rubber enterprise. He was to have gone to the US six weeks ago, but he became ill.

As you can see, I have tried to keep watch for large proposals. Indeed I have been urging the need to look for both bigger and smaller projects for investments. One result of this is a memorandum on policy which Mr. Mehta has just sent to the Board, of which I believe he has sent you a copy. I would appreciate your thoughts on that memo.

Mehta has also written to you about his travel plans. These started when he told me (8 weeks ago) that he thought he ought to visit the UK to dispel the notion that ICICI is US-dominated. I told him I thought that was a bad reason for going to the UK and gave him what I thought were two better ones - to get to know the UK shareholders, whom he has never seen, and to make first-hand contact with UK investors and suppliers. I also urged him to visit West Germany (especially Hermann Abs) and to stop, on his way home, to spend a day or two with the Industrial Development Bank of Turkey. He now plans to do all these.

There are many other things and personalities I should like to discuss with you - things which it is hard to put in writing. Maybe you will manage a visit here sometime. In any event, I will discuss them with Mr. Black when (and if) he visits India next month.



-2-

I hope you will not mind my asking you to keep this letter (and others I will write) strictly between us. I hope, too, you will find an opportunity to write me any new thoughts or views you may have about ICICI.

Best regards.

Sincerely yours,



*Mr. K. S. K. K.*

4th April, 1959.

Mr. Burke Knapp  
Vice-President  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Burke,

Mr. Mehta has particularly asked me to send you the attached batch (A) of press clippings containing editorials and news reports about the ICICI. I informed Jeff on March 20 that, for the first time in the history of ICICI, a meeting was held with the press. About a dozen newspapermen met in Mr. Mehta's office and were given a background briefing on the operations and prospects of the ICICI. The attached clippings are some of the results. The first few will interest you; they become repetitious thereafter. By and large the comments are quite favourable.

A separate set of the clippings is being sent by Mr. Mehta directly to George Woods.

Much more important than the clippings is the attached memorandum (B) sent by Mr. Mehta to the Board of Directors for discussion at its next meeting on April 13. It is, as you will see, an effort to outline a program for stimulating the ICICI. Some action on the proposals has already been taken, and I think that one by one the other steps will be taken.

In connection with item 4 b. of the memorandum, I am enclosing a paper (C) setting forth a proposal for the creation of an underwriters' group. This proposal was orally blessed by Governor Iyengar and it is likely that a meeting of the interested parties will take place before long.

I am enclosing also a copy of a memorandum (D) to the Board concerning the disposal of ICICI investments,

: 2 :

which has apparently been the subject of debate from time to time. This memorandum may settle the matter.

Enclosed also are two other draft memoranda (E & F) concerning operational problems, both of which are still under discussion.

I have written to Jeff a few times about my general impressions and will write again after the forthcoming Board Meeting, at which time it will be possible to know the reactions of the Board to Mr. Mehta's memorandum and we will have in hand a draft presentation to the Government and to the World Bank concerning new funds. Mr. Mehta wrote to you about this last point a few days ago.

One last thing. Mr. Mehta, when I arrived, was considering a visit to England. I encouraged him to go ahead with this plan and, as I indicated to Jeff, I ultimately wrote to Stanley Hoar in his behalf. Naturally, Lord Godber and Stanley welcomed the visit and plans therefore are now proceeding. I also encouraged Mr. Mehta to visit Germany on the way back. He is planning to do so and will visit, among others, Hermann Abs. He has also accepted my suggestion to break his long trip home with a two day visit in Istanbul, where he will look at another development finance institution. I have written to Resid Egeli to ask him to look after Mr. Mehta, which he naturally will do.

Please forgive these many enclosures. They are intended for the Bank staff rather than for you. The only ones which I think you should look at are some of the clippings and the memorandum from Mr. Mehta to the Board (A and B). The others you may read or not as you wish. In any event, I hope you will pass them on to Jeff, so that the staff may see them.

Lois joins me in best wishes to Hilary and yourself.

Sincerely yours,

WILLIAM DIAMOND





4

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

No. 7

April 3, 1959

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

Dear Bill:

When I wrote to you a few days ago transmitting the draft of the new development bank handbook for your comments, I had not seen your letter of March 4 to Jeff, with which you enclosed a draft of a memorandum from the Chairman to the Board of ICICI and requested any views we might have concerning it.

The draft memorandum makes interesting reading. I am afraid that my principal reaction was, as clearly yours has been, one of surprise and distress at what was not done during ICICI's first years. Clearly the new breath reflected in the memorandum is greatly needed and, to the extent that that new breath is yours (as I strongly suspect it is to a large extent), your assignment to Bombay was a very happy event.

In general, I agree with the proposals put forth in the memorandum. I do, however, have some specific reservations which I would guess that you probably share:

- (a) I doubt that ICICI should reduce its lower investment limit quite as far as suggested in paragraph 5. If the Corporation really confines itself to investment banking, as I think it should, it seems to me that the limit should be much higher, except perhaps where the ICICI is operating in conjunction with an SFI or some other local institution.
- (b) I suppose that the reduction of the lower limit must be read in conjunction with the proposal in paragraph 7 which, if I understand it correctly, would suggest that ICICI go into the equipment financing business. To an

April 3, 1959

extent, of course, all ICICI's foreign exchange lending is equipment financing, but paragraph 7 seems to contemplate financing of imports of relatively small individual pieces of equipment, rather than financing an integrated project for the establishment, expansion or modernization of a whole plant or operation. If this reading of paragraph 7 is correct, I would think it a dubious development for ICICI, since then its main contribution would be providing foreign exchange, rather than providing long-term capital.

- (c) I also have some question about the desirability of the suggestion made in paragraphs 14(d)(iii) and 14(e) that ICICI should consider selling securities from its portfolio with its guarantee. Perhaps some experimentation along these lines might be useful, but if it went too far it might well interfere with subsequent attempts by ICICI to market its own obligations. In the long run, I would think that ICICI could make a greater contribution through selling its own debentures than through the guarantee route.
- (d) Finally, I have serious reservation about the suggestion made in paragraph 18(d) that foreign exchange provided by the IBRD might be utilized to refinance deferred payment arrangements where that would result in better terms for the client. I doubt whether our loan was intended to be utilized for any such purpose. And from the standpoint of Indian industrial growth as a whole, it seems to me clear that ICICI's foreign exchange resources should be used to supplement authorized financing available from other sources (even though such other financing may be more expensive), rather than substituting for such other financing.

On the basis of the problems that you are encountering, I can readily imagine that you must be having a fascinating experience and getting an invaluable education in development banking at the same time as you are contributing to ICICI's own thinking and operations. I shall read your subsequent letters with continued interest.

With all good wishes,

Sincerely yours,



Richard H. Demuth  
Director

Technical Assistance and Liaison Staff



*less - Jan.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

**AIR MAIL**

**NEW YORK 45, N. Y.**

April 3, 1959.

Dear Bill:

I had a letter yesterday from your friend, Mr. Barve, that explains why we did not hear from him. He was only in New York over a weekend.

As you can see from the enclosed copy, he wrote a very nice letter and it made me sorry that I did not have a chance to meet him.

Sincerely yours,



John Exter.

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

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
1818 H Street, N.W.,  
Washington, D.C.

Room #700E

31st March, 1959

From: S. G. Barve, I.C.S.  
Secretary of the Dept. of Public Works  
Government of Bombay  
c/o World Bank  
1818 H Street, N.W.  
Washington, D.C.

Dear Mr. Exter,

This is with reference with Mr. Diamond's letter to you of the 18th February stating that I would contact you with a view to your arranging with day's programme in your bank.

I came to New York sometime ago in the course of a tour of irrigation and power projects in the States. This was however during the week-end. During my time in Washington, I have had a chance of interesting talks with officials of the Federal Reserve System here. I am sorry that my schedule does not permit of a second visit to New York. The loss is entirely mine but I hope I would be able to make up on some other occasions in the future.

Yours sincerely,

/s/ S. G. Barve

Mr. John Exter,  
Vice President,  
Federal Reserve Bank of New York,  
New York, N.Y.



3rd April, 1959.

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

Dear Resid Bey,

Mr. G.L. Mehta, the Chairman of the Board and Chief Executive Officer of the ICICI, will be visiting Britain and Germany in May and is thinking of stopping in Istanbul on his way back at the end of that month.

I have urged Mr. Mehta to do so, not only because Istanbul is so lovely in the Spring but also because he will be able to meet you and Bulent Bey and to exchange notes with you on problems of mutual interest. I have assured him that you would welcome him.

Mr. Mehta had a long and distinguished career before becoming Chairman of the ICICI last October. He has been a successful newspaper man, a successful businessman, a successful government servant (in the Planning Commission and the Tariff Commission) and an eminently successful ambassador to the United States from 1952 to 1958. Since he returned to India last Summer, he has been under pressure to take all kinds of posts in government and in business, but has resisted that pressure and prefers to devote most of his time to the ICICI. For this, the shareholders and the World Bank are very grateful, for he is bringing new life into an institution which, as Bulent Bey knows, seemed to be running into trouble.

I am writing to you now, not only to introduce Mr. Mehta to you but also to ask your help in making him comfortable during his visit of perhaps two days. He has never been in Turkey and has no friends there, and the Indian Embassy is a long way off in Ankara. I would greatly appreciate your help in having him met on arrival and in arranging a place for him at the Hilton; and I know that you, as well as he, will benefit from the opportunity to meet and discuss development financing.

: 2 :

Would you be good enough to let me know, as soon as you can, whether you will be available in Istanbul in the latter part of May ? If so, as soon as Mr. Mehta can fix his schedule, he or I will get in touch with you again and let you know more precisely his date of arrival and the amount of time he can spend in Istanbul.

Thinking of Istanbul makes my mouth water. Not that Bombay is not absorbing. It is. But Bombay is getting hot and, in any event, there is only one Istanbul !

I hope Mrs. Egeli and you are well. My very best regards to you both.

Sincerely yours,

WILLIAM DIAMOND

COPY



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

3rd April, 1959.

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

Dear Mr. Malhotra,

It was very kind of you to permit me not to come to our appointment yesterday. By not doing so, I was able to finish the job in time. I look forward to seeing you on next Tuesday.

In the meanwhile, I am enclosing the questionnaire I told you about. I should be most grateful for any work that you may do on this questionnaire in connection with the IFC.

Many thanks,

Sincerely yours,

WILLIAM DIAMOND

N° 1885

Rome, April 3, 1959

My dear Mr. Diamond:

I have been particularly glad in having your letter of March 30, because it is evidence not only of your good memory of your Italian friends, but also of the efforts you will do, I am sure, for coming back to Rome and to us.

We have had very interesting discussions with the Bank's mission and the European Bank's people, and very likely we are going to sign both Loans on April 21: I am planning to be in New York on April 17, and I regret that I will not be able to see you there and to rejoice your company.

I am expecting Mr. Hoffman by the 9th, and again I will be sad not seeing you with him: the friendly "invasion" would have been much more welcome in that circumstance, but we will see that our sentiments will not prevent the visit being a complete success.

Thank you for your kind words for my wife and your other friends here: they all join me in reciprocating best wishes, and primarily that of having you soon again in Rome.

With warmest personal regards.

Sincerely yours

  
Gabriele Pescatore

---

Mr. William Diamond  
The Industrial Credit and  
Investment Corp. of India  
Bombay





**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

April 2, 1959

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

Dear Bill:

I just saw a document which Correspondence had routed to you. This reminds me of the sad fact that I haven't heard from you since I kissed you goodbye in Ankara. What's wrong? And if not, why?

I left Turkey almost a month ago and came back home two weeks ago after a detour via Malta and London. We finished our short briefing memorandum on Turkey and now have started seriously producing a report. I am afraid it will be a sad story, probably sadder than you expected it. I trust that your interest in Turkey is at a low ebb and that you really don't care.

All that notwithstanding, it will be nice of you to drop me a line to confirm that you are still alive and that you are living up to the high precepts of William Diamond's Bible on development banks. Give my best regards to Lois.

Yours sincerely,

  
John H. Adler

Phone { C :  
R : 2767

# Fotonics

PHOTOGRAPHERS & PHOTO GOODS DEALERS

THE RAMBAGH PALACE,

Ref. No. \_\_\_\_\_

JAIPUR 2nd April, 195 9.  
(INDIA)

Mr. William Diamond,  
B O M B A Y.

Dear Sir,

Thank you for your letter.

The price of the film as per list sent by you is 12.75 Rupees plus sales tax. Moreover, you will agree that the prices of the films should be comparatively higher in Jaipur than in Bombay as there is the Kodak Company's branch in Bombay and we are to get the stocks by post and thus are put to extra expenses. Further, in this connection please note that even we are not getting the films at company rates *due to import restrictions in India.*

According to the list sent by you the cost of processing is Rs. 4.50 which we are sending you through postal orders enclosed herewith.

We hope you will be satisfied with the refund.

Yours faithfully,  
for FOTONICS,

*J. D. K.*  
\_\_\_\_\_





**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

Airmail

No. 3

April 1, 1959

Dear Bill:

Thank you very much for your letter of March 14. I am sorry that this reply has been delayed so long. It was not from any fault of yours, since the information you presented was in detail and very helpful.

You will have received our cable of March 24th, which provided the Bank's agreement to cover the cost of shipment of a car from Europe to India and return to Washington. Please let us know of any action taken by you in regard to obtaining an automobile.

We have discussed here the two alternatives which you suggest for the period when you will not be occupying a house or an apartment and we would prefer to continue you on an actual cost basis during such period.

If I can be of any further help here, please let me know.

With 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

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

1st April, 1959.

Mr. O.H. Gheewala,  
Managing Director,  
Bombay State Finance Corporation,  
United Bank Building,  
P. Mehta Road,  
BOMBAY 1.

Dear Mr. Gheewala,

Enclosed herewith is the Questionnaire about which I spoke to you this afternoon. I hope that you will not find it too difficult. In any event, I look forward to hearing from you, when you have completed your work on it, and to having another chat with you.

Sincerely yours,

WILLIAM DIAMOND



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

31st March, 1959.

Mr. G.D. Birla,  
Birla House,  
NEW DELHI.

Dear Mr. Birla,

Thank you for your note of March 27. I look forward, with great pleasure, to seeing you when you come to Bombay.

With best wishes,

Sincerely yours,

WILLIAM DIAMOND

PHONE: 40084-85

BIRLA HOUSE,  
NEW DELHI.

27th March, 59.

*Repd  
31/3*

My dear Mr. Diamond,

I am likely to come to Bombay about the 10th April and will be there for about a week. I suppose you will be in Bombay during that period, and if so, I will give you a ring and would like to have a chat with you. I am likely to leave for the States about the third week of April.

With kindest regards,

Yours sincerely,

*G. D. Birla*

(G. D. Birla)

Mr. William Diamond,  
Bombay.





**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

March 31, 1959

Mr. W. Diamond  
Industrial Credit & Investment Corp.  
Union Bank Building  
Apollo Street  
Bombay 1, India

Dear Bill:

My plans now call for leaving here on April 20. I expect my first stop to be Karachi, next Calcutta and then Bombay. There may be one in the middle to see Tony. Under these conditions I would be in Bombay around the middle of May. You can see from the month that I did not choose a trip to India at this time.

If the timing is not too late for you I will be glad to bring the items you mention, namely the two bottles (Blue Grass) and three Ansco film. Maybe for Bombay I should also bring some other bottles but I have found the permit people to be lenient in the past.

See you before long.

Sincerely yours,

L. Gray Marshall

C  
O  
P  
Y

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

March 31, 1959

My dear Mr. Mehta:

Thank you very much for your letter of March 24 indicating the imminent resignation of Mr. A.D. Shroff and his replacement by Mr. Mulgaokar. I agree that it might be very helpful to your group to have a qualified engineer as a member of the Board.

Please be assured of our keen continuing interest in the affairs of the Company. I understand that Bill Diamond is finding his visit with you a very stimulating experience, and I hope that you are finding his presence helpful. We should be glad to receive a note regarding your further foreign exchange requirements whenever this is available.

With best personal regards,

Sincerely yours,

J. Burke Knapp  
Vice President

Mr. G.L. Mehta  
The Industrial Credit and Investment Corporation  
of India Limited  
Union Bank Building  
Apollo Street  
Bombay 1, India

c.c. Mr. W. Diamond





**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

March 31, 1959

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

Dear Bill:

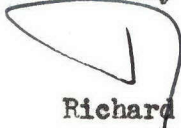
I am sending under separate cover the first draft of the document based on the May development bank conference. Participants are being asked to give me their comments, general or specific, as to form or substance, and I'd very much like to have your views, too, especially on whether you think this kind of document is likely to be generally useful. You can give me those comments in your W. Diamond capacity -- and then would you also arrange, on behalf of ICICI, to correct any misstatements, bring figures up to date and indicate any relevant changes of policy adopted since the conference.

I have asked participants to let me have their comments by the end of April if possible, by the middle of May at the latest. This may be cutting it close, especially for someone in your part of the world; I realize this is a weighty document in at least the literal sense. But please give it whatever priority you can. I am having some of the Bank staff read it at the same time, and then we can do a revision, which will try to take account of everyone's comments.

I've just come back from a trip to Peru; we were asked to advise on a reorganization of the development bank there. George Wishart is soon to return from looking into prospects for a bank in Taiwan, and it would be fair to say that the development bank business seems to be booming almost everywhere. I have seen some of your ICICI reports and am glad to learn that you are finding the work congenial.

With best regards,

Sincerely yours,

  
Richard H. Demuth

*My best to Lois, too.*

31st March, 1959.

Mr. George Young,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear George:

I do not know whether I acknowledged your letter of March 3, and the two copies of my book which Doris Eliason sent to me. If I did not, thanks to both of you.

I hope that some copies of the book will soon become available in India because I am under pressure from friends who have done favours for me. So much so, that I should like to ask for two more copies to be air mailed to me, for which this time I will pay. In my personal accounts, I will debit my outlays for these two copies against my rapidly amounting putative royalties.

I should be interested to know what has happened to the Spanish translation and what is going to happen about the Portuguese translation. Also I am curious about whether the sales are continuing to dribble off or whether they have stabilised at a decent level.

I imagine you are bored with letters about development banks. But I hope you understand that an author's interests are much narrower than those of a publisher, who has many fish to fry.

With best wishes,

Sincerely yours,

WILLIAM DIAMOND



30th March, 1959.

Mr. Bruce Lindsay,  
7, Bushy Mansions,  
Grand Drive,  
Raynes Park,  
LONDON, S.W.20,  
ENGLAND.

Dear Bruce,

It is now 6 weeks since I wrote to you and I am beginning to wonder whether my letter of February 16 ever reached you. Or, perhaps, the book which I sent by separate post didn't reach you. I am therefore enclosing a copy of the original letter. I hope you wont mind if I say I am very anxious to get a reply from you.

\*\*

Sincerely yours,

William Diamond.

30th March, 1959.

Mr. Sidney Kramer,  
Sidney Kramer & Co.,  
H St., between 17th & 18th, N.W.,  
WASHINGTON, D.C.,  
U. S. A.

Dear Sidney,

It is now 6 weeks since I wrote to you and I am beginning to wonder whether my letter of February 16 ever reached you. Or, perhaps, the book which I sent by separate post didn't reach you. I am therefore enclosing a copy of the original letter. I hope you wont mind if I say I am very anxious to get a reply from you.

\*\*

Sincerely yours,

William Diamond.



30th March, 1959.

Mr. Michael Hoffman,  
International Bank for  
Reconstruction & Development,  
1818 H Street, N.W.,  
WASHINGTON 25, D.C.,  
U.S.A.

Dear Mike,

Friday I had lunch with a Mr. Binney, who is Vice-President of the First National Bank of Boston. He is one of a group of 6 businessmen who call themselves a trade delegation. Apparently his Bank has taken a good many foreign groups on tours of Boston - a day in his own Bank, visits to industrial enterprises, to the Fed. of Boston, to the Massachusetts Development Corporation, etc. Some day you might want to take the E.D.I. to Boston, and I think he is the kind of man who could lay on a good program for you.

As you see, I am still sticking my nose into your business.

I met Krishna on his ship, before he landed. He spent only a day here, and went South. I look forward to his return. He lost weight on his journey.

Would you be good enough to let me know (a) what hotel you will be staying in, in Rome, (b) the date of the farewell dinner, and (c) where the dinner will take place.

How is Peter? And Kathrine? Please give them both our best wishes.

Sincerely yours,

William Diamond.

P.S. Please say hello for me to Ben and Al and, first of all, Mrs. T.

30th March, 1959.

Mr. William Hauenstein,  
International Bank for  
Reconstruction & Development,  
1818 H Street, N.W.,  
WASHINGTON 25, D.C.,  
U. S. A.

Dear Bill,

You might wish to know that all of my shipments have now arrived, apparently in good shape. I say apparently because I have not seen the air-conditioners, which are in storage until April 22, when I move into a flat. But Amexpress says the boxes look O.K. You might pass this news on to Bill McCarkle.

I can't write to you without making a complaint. So here goes. Amexpress again. I almost didn't get my sea-shipments. Amexpress needlessly got into a hassle with customs, and I (embarrassed) had to intervene myself. Incidentally, I did not protest to the Amexpress chief here, who is a nice fellow. I didn't because I don't like complaining, except to you.

You might thank Federal Storage for its good job of packing my personal effects. I haven't yet opened the crate of glassware, but nothing rattles so I assume all is well.

I hope your friend in Delhi acknowledged your book (and Jackie, her gift). I wanted to check when I visited Delhi 3 weeks ago, but I didn't have the addresses.

I hope your family and you are well.

Best regards.

Sincerely yours,

William Diamond.



30th March, 1959.

Mr. Donald R. Liggett,  
Research Analyst,  
International Industrial Development Center,  
Stanford Research Institute,  
Menlo Park,  
CALIFORNIA, U.S.A.

Dear Mr. Liggett,

The questions you put to me in your letter of March 18, you ought to put to Mr. Richard H. Demuth, Director of Technical Assistance of the World Bank. He has and keeps up to date, a directory of development banks, with information of the kind covered in your questionnaire. Moreover his staff is at work on a new study of development banks. I suggest you write to him.

I could send you some data on Indian institutions of the kind that interest you. But I am sure you have all you need on India from your own people here.

I haven't helped you, but I should like nevertheless to take advantage of your offer to send me a copy of the directory when it is completed. I hope you will do so. I shall be at the above address until the end of the year; thereafter, you may reach me at the World Bank.

Sincerely yours,

William Diamond.



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WBG ARCHIVES

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

PERSONAL AND CONFIDENTIAL

March 30, 1959

Dear Bill:

It seems a long time since you left for India and I have often wondered how you were getting along. We have missed you. The Cassa deal seems to be pretty well lined up now and we are taking it to the Board for preliminary approval on the 2nd of April. The SENN loan is also in good shape but is not likely to be buttoned up until a little later.

It is still not at all clear how long we shall be allowed to keep Stewart Mason. Orvis is continually breathing down my neck and I fear that it won't be long before Stewart is taken away. Meanwhile, of course, your friend Howard Parsons is coming in and will be getting down to his new job.

As you can imagine, all this gives rise to questions of how to parcel out the work. In doing this I am trying not only to satisfy the immediate demands but also to arrange things so that without too much subsequent shifting around we shall have a spot waiting for you when you get back.

Exactly how to do this depends on timing. When you left here the time of your return was vague. At the last minute there was even the suggestion that you might be back before the end of the summer. Perhaps by now you have a better idea of the situation. It would help me a lot if you could give me your best guess as to when we might expect to have you back on the job. Is it worth planning on mid-1959? Could one count on early 1960? Or is it now likely that you will not be back until late in 1960?

Naturally, anything you say Raymond and I would keep to ourselves. As I am sure you know, the situation cannot stand still and we must move country assignments around to fill the needs of the day. If you are to be away for another 18 months, we shall have to make interim arrangements accordingly, but if you were going to be back again soon, we would make some of the assignments on a more temporary basis.



Needless to say, we are counting on having you back in the Department and can promise you an interesting assignment whenever you come back -- soon or late.

Please give my very best to Lois.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Mike", with a small flourish at the end.

Michael L. Lejeune

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

30th March, 1959.

Mr. Donald W. Jeffries,  
International Bank for  
Reconstruction & Development,  
1818 H Street, N.W.,  
WASHINGTON 25, D.C.,  
U. S. A.

Dear Donald,

Thank you for your letter of March 26, and particularly for the copies of the two Reports attached thereto.

Under separate cover I am sending by air post 10 more copies each of the 1958 Annual Report of the ICICI and of the Chairman's Statement.

I note that in your last paragraph you say that my "Second Thoughts" are eagerly awaited. You should have received them long ago because they were contained in my letter of March 15 to Rusinski, which was mailed the day before my letter of March 16 to you, which you have already acknowledged. It occurs to me that either my letters are not arriving or they are being held up somewhere. I am therefore listing those of general interest which I have sent to the Bank:

- 1) Letter of February 24 to Rusinski containing my "First Thoughts".
- 2) Letter of March 4 to Rusinski containing some statistics of ICICI operations and a draft Memo.
- 3) Letter of March 15 to Rusinski containing my "Second Thoughts".

I have of course sent other letters to you but they have been of routine rather than of general nature; and I have written various letters to the Administration Department on strictly personal and household matters. These latter are of no interest and I therefore have not sent them to you but I do know that the three letters to Rusinski did get ~~around~~ <sup>to you</sup> <sup>last</sup>



I didn't know whether Barbe, of the Indian Delegation negotiating Koyna, is still in Washington. I had written on his behalf first to Neil Bass and then to Spottswood asking that arrangements be made for him to visit the TBA. Spottswood said he would do so. I also wrote to John Exter, Vice President of the Federal Reserve Bank of New York, on Barbe's behalf. I received a letter today from Exter saying that he had not heard from Barbe but that he would very much welcome Barbe's visit. Please call this matter to Barbe's attention if he is still in Washington for I am sure that the New York visit would be very much worth his while.

Please pass the attached note to Dick Demuth.

I hope all goes well with you. Please give my regards to my friends in your Department.

Sincerely yours,

William Diamond.

COPY

30th March, 1959.

Prof. Gabriel Pescatore,  
President,  
Cassa per il Mezzogiorno,  
ROME, Italy.

Dear Prof. Pescatore,

The longer I stay here the more I think of Italy, Rome, the Cassa and you. This is not because my work here is not absorbing, but because I nevertheless miss my working in Italy.

I hope that all went well with the bank mission that visited you and that I will soon hear news from Washington about a new loan.

I particularly think of you at this moment because I know that you will soon be invaded by the Economic Development Institute and I regret very much that I shall not be a member by the invasion.

I hope your wife and you are both well. My best regards to you and to my many other friends, especially Piero di Palma.

Sincerely yours,

William Diamond.



30th March, 1959.

Mr. Richard H. Demuth,  
International Bank for  
Reconstruction & Development,  
1818 H Street, N.W.,  
WASHINGTON 25, D.C.,  
U. S. A.

Dear Dick,

Your friend Mr. Wolf has not yet turned up. If he is like most foreigners he is not likely to turn up until the next cool season begins. We locals have learnt to bear the heat.

Attached you will find an exchange of letters between me and the Stanford Research Institute. I hope you will not mind my having referred the institute to you.

Before I left Washington I tried to get a copy of the Development Bank Data Book to bring with me. I had given my copy away. I was told no more copies existed but another edition will soon be out. If it is, I should be very grateful for a copy.

In this connection I am still looking forward to receiving some draft chapters of Shirley's text, which you said you would like me to look at. I hope it is progressing satisfactorily and that I will soon have the pleasure of seeing some of it.

Are you or is Shirley interested in the operations of the State Finance Corporations of India? A good article and a good chapter of the book have recently appeared on this subject. The former is in the December 1958 issue of the Reserve Bank of India Bulletin. The latter is in a book by S.K. Basu entitled "The Place and Problems of Small Industries". They would be worth looking at.

.... 2/

\*\*

Enclosed herewith you will find a memorandum which may be of some interest to you as an indication of the trend of thinking here.

I hope Eunice and you are well. Best regards to you both from Lois and me.

Sincerely yours,

William Diamond.

COPY



30th March, 1959.

Mr. Richard H. Demuth,  
International Bank for  
Reconstruction & Development,  
1818 H Street, N.W.,  
WASHINGTON 25, D.C.,  
U. S. A.

Dear Dick,

When I wrote to you this morning I forgot to mention one point. Shortly after my arrival in Bombay I wrote to Yoxall in Colombo. You will recall that you told me that, when you told Yoxall of my coming to Bombay, he had urged my visiting his Bank; and you too urged me to do so. Yoxall has replied to the effect that he had forgotten his conversation with you and that in any event he thought that I was only going to be here on a brief "flying" visit. He did not make any suggestions about my visiting his institution. Unless, therefore, you particularly want me to I shall not go to Colombo until much later in the year, and on holiday.

Best wishes,

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

March 27, 1959

Mr. William Diamond  
I.C.I.C.I.  
Union Bank Building  
Apollo Street  
Bombay 1, India

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*

Virginia Gallery





*Pers. Gen*

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

March 26, 1959

Dear Bill:

It was indeed a pity; and now I don't know when I shall have the next opportunity to deprive you of some whisky. I suppose I should have thought to cable to ICICI rather than to the hotel, but it never entered my mind that you would be away. As a matter of fact as soon as I discovered that you were not in town I got myself on to a TWA flight leaving the same night, and so I did not actually stay in Bombay more than a few hours.

I got your letter in Saigon for which many thanks. The car is operating beautifully and we are all very pleased about it. I also got a note from you in Bangkok. Quite by chance I met Robert Weber and learned how the note had come. I am sorry to hear about all the trouble that you are having about accommodation and hope things work out better than you now expect. Please let me know if there is anything I can do for you here. I am quite prepared to make any informal approaches within the Bank if this is likely to ease your life in Bombay. Give our love to Lois and write again when you have time.

Yours sincerely,

*Peter*

I.P.M. Cargill  
Assistant Director  
Department of Operations - Far East

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

# 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.

26th March, 1959.

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

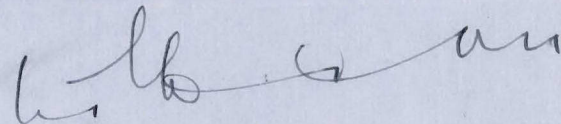
Dear *Bill*,

Thank you for your letter of the 20th March. Dick Demuth mentioned the possibility of your paying a visit when I was in New Delhi, as far as I remember, but did so quite casually and I thought that it was probably a flying visit, and had recalled no special details.

I think that August is probably as good a month as any in which to visit Ceylon. It is usually fairly dry in Colombo and not too hot, whilst if you go up to Nuwara Eliya the weather is always uncertain and impossible to forecast. From my recollection, it is a very good month in which to spend a short time away from Bombay.

Looking forward to seeing you.

Sincerely yours,



WTY/VL





**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

March 26, 1959

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

Dear Bill:

As requested in your March 16 letter, herewith are copies of Reports AS 71 and AS 71a on India.

Would you please convey my thanks to Mr. Doodhmal for sending the revised copies of the Memorandum and Articles of Association (the copies posted by airmail have been received) and of the 1958 Annual Report.

Mr. Rucinski has received the 1958 Annual Report and the Chairman's statement. Several people here will want to have copies for reference as well as review, so would you please arrange to have about ten airmailed to me.

The questions raised by your letter of March 18 on Scindia are under consideration.

Your second thoughts on ICICI are eagerly awaited.

Very truly yours,

Donald W. Jeffries

CLASS AMOUNT

NO. DATE



# INDIAN POSTS AND TELEGRAPHS

RECEIPT FOR INLAND TELEGRAMS

OFFICE OF ORIGIN

CLASS AMOUNT

NO. DATE

INDIAN POSTS AND TELEGRAPHS

INLAND TELEGRAM

A

SPACE FOR POSTAGE STAMPS  
BELOW ABOVE LINE AND AT  
THE BACK.

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BY

(SENDER TO WRITE BELOW THIS LINE ONLY)

(DELETE CATEGORY NOT REQUIRED) ORDINARY/EXPRESS, NON-STATE/STATE/

SPECIAL INSTRUCTIONS  
BY SENDER E. G.,  
"REPLY PAID", ETC.

TO

NAME

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ADDRESS  
TELEGRAPH  
OFFICE

WASHINGTON DC

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2. ADDRESS FULLY AND CORRECTLY FOR QUICK DELIVERY.
3. USE HIGH DENOMINATION STAMPS AS FAR AS POSSIBLE.

PLEASE

ADVISE

DATES

1959

ANNUAL

BANK

MEETING

DIAMOND

"हिन्दी में तार भेजिए"



IN CASE OF COMPLAINTS OR APPLICATION FOR REFUND ETC., KINDLY SEE INSTRUCTIONS GIVEN IN CLAUSES 47, 372 AND 388 OF POST AND TELEGRAPH GUIDE

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(ADDITIONAL SPACE FOR STAMPS)

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OF SENDER

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and home as originally offered \$18 please call so I may place order



CLASS AMOUNT

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INDIAN POSTS AND TELEGRAPHS

RECEIPT FOR INLAND TELEGRAMS

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INDIAN POSTS AND TELEGRAPHS

INLAND TELEGRAM

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SPECIAL INSTRUCTIONS  
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"REPLY PAID", ETC.

TO

NAME HOWELL  
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TELEGRAPH OFFICE WASHINGTON D.C.

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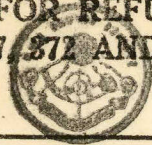
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NOT TO BE TELEGRAPHED.	SIGNATURE AND ADDRESS OR PHONE NO. OF SENDER				

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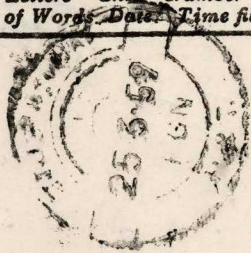
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N..B.— All enquiries regarding this Telegram should be made to the Government Telegraph Deptt. accompanied by this form.

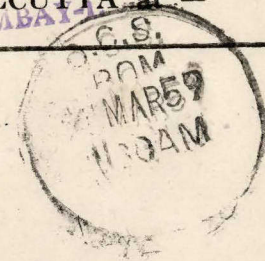
THE FIRST LINE OF THIS TELEGRAM CONTAINS THE FOLLOWING PARTICULARS IN THE ORDER NAMED. Prefix Letters and Number of Message. Office of Origin. Number of Words. Date. Time filed, and Official Instruction—if any

OVERSEAS COMMUNICATIONS SERVICE  
GOVERNMENT OF INDIA  
Office,  
Fort, BOMBAY

Received at CALCUTTA at :-



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LT<<<DIAMOND CREDCORP BOMBAY<<<<

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TO INDIA AND RETURN WASHINGTON<<<< FOWLER<<<<<<

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**FEDERAL RESERVE BANK  
OF NEW YORK**

AIR MAIL

NEW YORK 45, N. Y.

March 25, 1959.

Dear Bill:

I hope that no lapse of mine has prevented your friend, Mr. S. G. Barve, Secretary of the Public Works Department of the Bombay Government, from calling on us here in New York. Your letter of February 18 said very clearly that he would get in touch with me when he reached America. I circulated your letter to all of my colleagues but none of us has heard from him.

If for any reason his trip has been delayed and his free time is to be any later than the second and third weeks of March, I hope you will let him know that we should be only too pleased to see him here and to give him a look at our inner workings.

I was much surprised to see your name on ICICI stationery and I could not help wondering what you were doing. Have you taken over from Peter Beale? If so, I should think it would be a very challenging assignment. In any case, I am sure that you and your wife will enjoy Bombay.

It was nice of you to remember Marion. She, and the four children too, in fact, have all been very well. Somewhat to our surprise, we have really enjoyed life in and around New York very much.

I hope I have not let you down on Mr. Barve.

Sincerely yours,

  
John Exter.

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



24th March, 1959.

Fotonics,  
Rambagh Palace,  
JAIPUR.

Gentlemen:

Thank you for your letter of March 20.

I paid you Rs.30 for the roll of Gevacolor, as shown in the attached receipt. The correct price for that roll is Rs.12.75, leaving Rs.17.25 for you to refund to me.

You can also see that to process the roll of film you sold me (using even the smallest sized prints) will cost Rs.61.50. However, even if the cost were much less, I would not have bought that roll of film, for I am interested only in slides.

I look forward to receiving your refund.

Very truly yours,

WILLIAM DIAMOND.

24th March, 1959.

Mr. Eugene R. Black,  
President,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Mr. Black,

Indian newspapers of the past week have been full of reports that you and Mr. Illiff will be visiting India in May. All those reports have been dated New Delhi and I have heard nothing from Washington.

I am writing now to ask whether, if it is true that you are going to visit India, there is any possibility of your coming to Bombay. If so, then Lois and I hope very much that you will see your way clear to have a meal with us. And we should also like, if your schedule permits it, to arrange a reception here so that you may meet whomever you would like to meet from the business community.

I do hope that you will be able at least to pass through Bombay, for I should like to see you and tell you something of the experience I have been having with the ICICI. Thus far it has been pleasant and, I hope, of some use to the Chairman and the General Manager.

If there is anything I can do regarding arrangements for your visit, please let me know.

With best regards to Mrs. Black and yourself.

Sincerely yours,

WILLIAM DIAMOND.



24th March, 1959.

Mr. W.A.B. Iliff,  
Vice-President,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Mr. Iliff,

There are persistent rumours that you will be  
visiting India in May with Mr. Black in connection with  
the Indus problem. I hope that this is true and, if  
it is, that you will have an opportunity to stop in  
Bombay.

If you do visit India and Bombay, Lois and I  
would be very happy if you would join us for lunch or  
dinner any time at your convenience. By May we shall  
be in a flat fit to receive you in, and it would give  
us great pleasure to be able to do so.

If there is anything that I can do here in pre-  
paration for your coming, please let me know.

Lois joins me in best wishes to Mrs. Iliff and  
yourself.

Sincerely yours,

WILLIAM DIAMOND.

24th March, 1959.

General Raymond A. Wheeler,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Gen. Wheeler:

I should have written you long ago to tell you that the letter of introduction which you arranged to be sent to the Caltex chief here was very helpful indeed. Lois and I have seen the Prices several times and will do so again.

I hope we shall also have an opportunity to see you. There are rumours, in the Indian Press, that you will be in India in May with Mr. Black and Mr. Iliff. If you come, please visit Bombay. And if you do visit Bombay, we hope you will give us the opportunity to have you for a meal. This would give us great pleasure.

Lois joins me in best regards.

Sincerely yours,

WILLIAM DIAMOND.





INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

~~1000 H STREET, N.W.~~

TELEPHONE ~~XXXXXXXXXXXX~~

5-3152

~~WASHINGTON, D.C. 20001~~

P.O. Box 339, Karachi

CABLE ADDRESS-INTBAFRAD

Airmail  
Registered

March 24, 1959

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

Dear Bill:

Your letter of March 17th reporting your travails was, I must confess, rather comforting to us. You know how misery loves company. I hope that you and Lois will at least be able to enjoy the occasional solace of an alcoholic drink even though in Bombay it would be consumed in the privacy of one's own bed room.

We have had plenty of troubles here but we are at last getting settled. We moved into a new house quite some time ago but we have had workmen tramping through it ever since. The furniture has now arrived and it is beginning to look like home. The office fortunately is functioning quite smoothly and we are not lacking for work, at least so far. Raymond Frost joined me in February but I have been unable to recruit an agricultural man for the Mission so far. I am inclined to think that all IBRD men abroad ought to form an association for the protection of their own interests and bargain collectively with the Management!

Your invitation to visit you sometime after you occupy your swank flat sounds very inviting and I am sure Martha and I would love to take advantage of it sometime after the monsoon is over.

Martha and I send you and Lois our very best regards.

Cordially yours,

*John*

TEL. NO. 22100001  
242001/4

*The Cement Marketing Co. of India Private Ltd.,  
Cement House,*

*121, Queen's Road,*

*Bombay.*

23rd March 1959.

Dear Mr. Diamond,

You remember our meeting at Bob Fetherston's apartment the other night when you expressed a desire to attend the meetings of our Economists Group. Two such meetings have been programmed in the near future details whereof I give below :

Monday, 30th March 1959 Mr. S.L.N. Simha, Director of Monetary Research, Department of Research & Statistics Reserve Bank of India will initiate a discussion on the Central Government Budget for 1959-60.

Tuesday, April 7, 1959, Mr. Edgar Baker, Managing Director, 'Time - Life' and Vice President of Time Life International will address the Group. The subject of his talk will be announced later.

These meetings are generally held at the Reserve Bank of India beginning 5.45 p.m. I shall let you know the exact venue and timings on hearing from the Secretary.

I shall be glad if you would accompany me to both these meetings as my guest. Will you kindly ring me up at the above phone number.

Kind regards.

Yours sincerely,



(F.P. Antia)

— Diamond, Esq.,  
Industrial Credit & Investment  
Corporation of India Ltd.,  
New Union Bank Building,  
Dalal Street,  
BOMBAY.



# THE BANK OF RAJASTHAN L.D.

Central Office

JAIPUR

No. 11/60

Jaipur D/ 23rd March, 59.

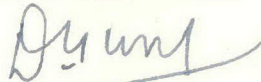
Dear Mr. Diamond,

I received your kind letter dated 18th March, 1959 and thank you for it.

When you visited Jaipur, I being out of station missed the pleasure of giving you my company. I am sorry for it.

I intend <sup>to</sup> visit Bombay in the first week of next month and shall take the first opportunity to meet you there.

Yours sincerely,



( D. L. GUPTA )

William Diamond Esq.,  
C/o The Industrial Credit and  
Investment Corporation of India Ltd.,  
Union Bank Building,  
Apelle Street,  
BOMBAY - 1.

*P. C. Malhotra*

INDUSTRIAL FINANCE CORPORATION OF INDIA  
POST BOX 1045

D.O.No. 18

BOMBAY 1, March 23, 19 59.

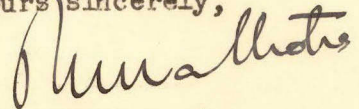
Dear Mr. Diamond,

I have pleasure in enclosing  
a copy each of the following which, I trust,  
will be of interest to you.

- i. Tenth Annual Report of the Corporation.
- ii. Chairman's Speech at the Tenth Annual General Meeting.

With kind regards,

Yours sincerely,



(P.C.Malhotra)

Mr. William Diamond,  
C/o, Industrial Credit & Investment  
Corpn. of India, Ltd.,  
Union Bank Building, Fort,  
Bombay-1.



B 5 48

Phone DFF.  
(RESL. : 2767)

# Fotonics

PHOTOGRAPHERS & PHOTO GOODS DEALERS

THE RAMBAGH PALACE,

Ref. No. \_\_\_\_\_

JAIPUR 20th March, 1959.  
(INDIA)

Dear Mr. William,

We are in receipt of your letter dated 17-3-59 and are sorry for the inconvenience caused to you. It seems to us that it has happened either due to misunderstanding or mistake of our salesman. Please let us know the cost of processing so that we may refund you the same.

Yours faithfully,  
for FOTONICS,

J. S. S. S.

20th March, 1959.

Mr. Joseph Rucinski,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Jeff:

Yesterday, for the first time in the history of the ICICI, a meeting was held with press representatives. It was not a press conference but simply a meeting for background briefing. The occasion was the issuance of the latest Annual Report and Chairman's Statement, a copy of which is enclosed.

Mr. Mehta did a very good job. If interesting comments appear in the press, I will send you copies.

Sincerely yours,

(WILLIAM DIAMOND)



20th March, 1959.

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

Dear Mr. Yoxall,

I was delighted to get your letter. I envy your holiday in Norway, particularly now that I am beginning to feel the heat of Bombay.

No, I have not taken Beale's place, nor am I simply fact-finding. I shall be spending a year here, as an adviser to the new Chairman and the General Manager, trying to be helpful in any way I can.

I am surprised that you had not known about my assignment here. I could have sworn that Dick Demuth told me that he had told you about it and that you had suggested that I come to Colombo to see the CDFC during my year here. Perhaps Dick, in the excitement of Annual IBRD Meeting, mixed you up with someone else. At any rate, I do hope to visit Ceylon, at least on holiday, and would certainly let you know when I can arrange it. I am most grateful to you for your willingness to look after us there.

Incidentally, I should be grateful for your advice as to what, from the strictly physical point of view, is the best season of the year for visiting Ceylon.

With best regards,

Sincerely yours,

(WILLIAM DIAMOND)

18th March, 1959.

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

Dear Mr. Hoar:

I am now in my 7th week in Bombay, acclimatized to my job but beginning to gird my loins for the heat which is about to come. I am glad that I came when I did, so that I could have at least a few weeks of good weather instead of having to cope with heat and job at the same time.

I am writing to let you know that Mr. Mehta, our Chairman, is considering visiting London in May. One of his main purposes is to get to know the British stockholders and to make contacts with British businessmen who might have an interest in providing capital or equipment to Indian enterprises. When Mr. Mehta first tried this thought out on me a few weeks ago, I urged him by all means to carry out his plan. I also took the liberty of suggesting that the CDFC would be an appropriate first contact for him and that Lord Godber and yourself would no doubt be pleased to advise him on a suitable program and appropriate contacts in the financial and industrial communities.

Mr. Mehta has now told me that he is anxious to go ahead with his plan, and I am therefore writing to let you know about it and to get any advice that you may see fit to give.

I am enjoying very much my work here, and hope sometime soon to write to you about it in greater detail.

Best regards to Mrs. Hoar and yourself.

Sincerely yours,

(WILLIAM DIAMOND)



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

18th March, 1959.

Mr. D.L. Gupta,  
General Manager,  
The Bank of Rajasthan Ltd.,  
JAIPUR.

Dear Mr. Gupta:

I want to take this first opportunity to thank you for your kindness to my wife and myself during our recent visit to Jaipur. We appreciate very much your generosity in making available your car and we should also like to thank Mr. Agarwal and the young lady who served as our guide.

I am very sorry that it was not possible to see you. I hope I shall have that opportunity sometime soon.

Sincerely yours,

(WILLIAM DIAMOND)

18th March, 1959.

Mr. Peter Cargill,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Peter:

What a shame ! We waited for you for so many weeks and you chose to come the one time that we have thus far left Bombay. I had to go to Delhi on the 4th on business and not until we returned late the night of the 11th did we have any inkling of your visit. I can only apologize and hope that you did not have too dry a time.

As you said, I should have left a forwarding address at the hotel. That did not occur to me because everyone writes or cables to me care of the ICICI.

I hope the letter I wrote to you in January, addressed to Saigon reached you, so that you knew everything went well with regard to our business transaction and I hope that Inge and you are enjoying the fruits thereof.

It would have been nice to have seen you here. Among other things that would have been the first opportunity for me to let my hair down completely with someone from home on my work and problems. Among the latter, the most difficult one concerns housing. We must remain at the Taj until the end of April, at which time we have managed to get a caretaker flat for 6 months. I hope you will manage to get back sometime during those 6 months so that we can put you up in the style to which you are accustomed.

I hope all is well in the Bank. I assume it is, else I would have seen something on the subject in the newspapers.

Lois joins me in all best wishes to Inge and yourself.

Sincerely yours,

(WILLIAM DIAMOND)



18th March, 1959.

Mr. Don Jeffries,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Don:

Forgive me for raising a question regarding one of the ICICI projects which you have already approved. I refer to the project of Scindia Steam Navigation Co. You may recall that that project involves the use of the Bank's foreign exchange for partial payment for several ships purchased on a deferred payment scheme. I recall that on October 16, Mr. Knapp wrote to Rucinski that "I raised the question of the earlier action regarding the use of bank loan for 20% down payment of suppliers credit. Parekh said this was virtually a dead letter. I warned against its revival".

I am glad that the Bank approved the Scindia project, but I am curious about the rationale for distinguishing between the down payment on a suppliers credit and the payments involved in the Scindia project. Perhaps the difference is between the 20% referred to in Mr. Knapp's letter and the approximately 50% involved in the project.

This question is not entirely academic, i.e. for my own intellectual satisfaction. As you know, Scindia have been having trouble in finding ships. They have now received an offer for the purchase of 4 ships on a 7-year repayment plan. They have suggested to ICICI that the approved loan be used to pay 20% on each of the 4 ships, while Scindia's own earnings over the next 7 years would be used for the remainder of the required payments.

Parekh noted that this proposal would be unacceptable to IBRD, in the light of the previous discussions concerning down payments. I agree with him. But I should like very much to get your views.

Sincerely yours,

(WILLIAM DIAMOND)

New Delhi *the* 17th March, 1959.



Dear Mr. Diamond,

Please refer to your letter dated the 13th instant. I have informed the Bombay Government that you hold a United Nations Passport and have requested them to issue necessary permit to you for the maximum permissible quantity of liquor.

2. Government of India have also decided that you will be entitled to import, free of duty, infant foods and medicines, on an ad hoc basis. For this purpose you may kindly apply to the Ministry of Finance (Department of Revenue) through the Ministry of External Affairs each time you propose to import such goods. This facility is in addition to those which have been enumerated in the Government of India, Ministry of Finance (Revenue Department) letter No. 7/50/58-Cus.IV, dated the 22nd January, 1959, a copy of which was given to you at the Palam Airport on your arrival on February 2, 1959.

Yours sincerely,

*P.P. Srivastava*  
( P.P. Srivastava )

Mr. William Diamond,  
C/O The Industrial Credit and  
Investment Corporation of India Ltd.,  
Union Bank Building,  
Apollo Street,  
BOMBAY - 1.



17th March, 1959.

Major Rawat Singh,  
General Manager,  
The Rambagh Palace,  
JAIPUR.

Dear Major Singh,

After having spent so pleasant a few days at the Rambagh Palace, I am sorry to write about an unpleasant matter.

Enclosed you will find a copy of a letter I have just sent to the photograph shop in your hotel. I should be most grateful if you would call the matter to the shop's attention and try to see that something is done about it.

With best wishes,

Sincerely yours,

(WILLIAM 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.

17<sup>th</sup> March 1959

Dear Bill,  
apologies for not replying to your letter of 17<sup>th</sup> Feb, but I got in only this morning from a two month vacation, six weeks of which was spent tucked away in a ski resort in Norway. They had kept the letter with other mail though there was just time for it to have been forwarded.

This is the first I had heard of your being in Bombay. Have you taken over the G.M. job in I.C.I.C. I was that Keale has gone, or are you just fact-finding?

Owing to my vacation I doubt if I shall be able to get away again this year and have little excuse to go to Bombay. Whilst I am as free as air, I do not like being off the job too often or too much. However, if your high hopes are realigned of visiting Colombo, do please let me know in advance. My wife gets back in April, about 15<sup>th</sup>, and will be staying on. We shall both be only too delighted to look after you here.

I hope Bombay suits you and your wife. It is not everybody's meat once the first bloom has worn off a bit. Yours sincerely  
W. G. A. S.



17th March, 1959.

Mr. John DeWilde,  
International Bank for Reconstruction  
and Development,  
Post Box 339,  
KARACHI.

Dear John:

Sending you copies of the attached correspondence gives me the occasion that I have been waiting for to write to you. I hope you do not mind my having referred to you in the letter.

Lois and I reached Bombay February 2 and are now starting our 7th week. I regret to tell you that we are still staying in a hotel and will continue to do so until the last week of April, at which time we will take over the swank flat of a foreign resident who is going on 6-months home leave. Although, therefore, I should like to see Martha and you tomorrow, I suggest that you hold your visit, which I fully expect you to make, until we can put you up in the flat.

How are Martha and you? I am sure that you have been more fortunate than we, so far as housing is concerned.

I should like to hear about how you are getting along. Are you doing any more than helping collect back taxes? The news about Pakistan in the newspapers here is negligible, except on one particular issue, and naturally I hear nothing from Washington. Please write when you can.

Lois joins me in best wishes to Martha and yourself.

Sincerely yours,

(WILLIAM DIAMOND)

17th March, 1959.

Photonics,  
The Rambagh Palace,  
JAIPUR CITY.

Gentlemen:

On March 10, while I was a resident at the Rambagh Palace, I bought from you a roll of geva-color film. I have your signed receipt for Rs.30.

You informed me at that time that the price included the cost of processing. You also informed me that the roll of film would produce color slides, which I wanted.

I find now that the roll produces only negatives for prints, in which I am not interested, rather than slides. Furthermore, I must pay for the processing, the cost of which was not included in the purchase cost. You thus misrepresented the nature of the film and overcharged me.

I expect you to send me a refund by return mail.

Very truly yours,

(WILLIAM DIAMOND)



17th March, 1959.

Mr. M.A. Mozaffar,  
Ministry of Finance,  
Government of Pakistan,  
KARACHI.

Dear Mozaffar,

You wrote to me on December 20 and here it is March 17 ! Please forgive this long delay. Your letter arrived in Washington sometime in early January, while I was moving around a great deal in preparing for coming to India. Somehow or other, it did not reach me and was forwarded to me after my arrival in Bombay at the beginning of February.

My wife and I arrived here six weeks ago and will be remaining a year, at the address mentioned at the top of this letter. Now that we are so close, I hope we shall have an opportunity to meet, either here or in Karachi.

I remember the incident referred to in your letter. But I should like to point out that one always nods one's head when one's boss asks a rhetorical question.

The fact is that, to my knowledge, there is only one exception to the levying of a commitment charge. That exception occurs when the Bank makes a loan to a financial institution, like PICIC or ICICI. In such cases the Bank is not lending for a project but is making available a line of credit for projects to be chosen later, over a period of years. I do not think the commitment charge has ever been dropped in any other case. The argument here is that, once a specific project is chosen, as must be the case before a loan is made, the Bank must set aside funds representing the amount of the loan. Of course, as you say, the Bank could arrange its borrowing operations and link them to a phased program of requirements on its funds, in order to avoid the need for tying up its resources; and indeed the Bank partly acts that way. But commitment charges are levied anyway, because that is a normal

: 2 :

and prudent thing for a bank to do.

I feel pretty certain that, when Mr. Black said that your proposal was fair, what he had in mind was that he is always ready to consider a change in Bank's policy if a sufficiently strong case is made to him. Indeed, I vaguely recall that he specifically used these words that evening at the Institute. I suggest that, if you seriously want to take the matter up, you put down on paper the best case you can make, and then either write to Mr. Black directly or to your Director in the Bank. If you intend to take this course, you might wish to consult John DeWilde in Karachi before doing so. Frankly, I would not be hopeful and I doubt if DeWilde would be encouraging, either.

My wife joins me in best wishes to you and your family.

Sincerely yours,

(WILLIAM DIAMOND)

COPY



GOVERNMENT OF PAKISTAN  
MINISTRY OF FINANCE

No. 2 (10) - Inv. I/57 - 2366/58.

Karachi-I, the 18th Dec. 1958  
20

My dear Diamond,

You would recall the discussions we had with President Black about the commitment charges levied by the IBRD in respect of the undrawn balances of loans sanctioned by them. As you know, the commitment charge becomes payable 90 days after the signing of the loan agreement. Capital goods, however, take generally a couple of years to be ready for supply. As a result, the borrowing countries have to pay the commitment charge which could be avoided if by mutual agreements, a phased programme of the requirements of the funds could be drawn up. In that case, the Bank will know when funds will be required and can so arrange their own borrowing operation as not involve any locking up of funds. Mr. Black thought that the proposal was fair and looked up to you for a reply. As far as I can recollect, you were also favourably inclined and mentioned that some such arrangement was actually made in the case of one or two countries which you mentioned. I shall be grateful if you could let me have the details.

Please convey my best wishes to Mrs. Diamond.

With greetings for the season.

Yours sincerely,

*M.A. Moza*

( M.A. MOZAFFAR ).

William Diamond, Esq.,  
Professional Staff Member,  
International Bank for Reconstruction  
and Development,  
1818 H. Street, N.W.,  
WASHINGTON D.C.  
U. S. A.

RECEIVED  
GENERAL FILES  
CORRESPONDENCE

DEC 29 3 55 PM 1958





16th March, 1959.

Mr. Don Jeffries,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Don:

Thanks a lot for your letter of March 4.

Please do not worry about the document, which I find very helpful, especially with regard to personalities. I keep it under lock and key at all times. Of course, I will not return it by mail. I think, when I asked your permission to take it with me, I said I would return it through a Bank staff member. I had Peter Cargill in mind, but unfortunately he passed through here last week-end while I was away in Delhi.

I note, in the tabulation of Reports issued during February, references to Reports AS 71 and AS 71a on India. I should be most grateful if you would send me copies of them.

I am glad you found my first letter interesting, but I am little sorry that it is receiving such wide circulation. As I wrote to Jeff, it was after all, only first thoughts. However, I hope you found it useful. Second thoughts are on the way.

Best wishes to you,

Sincerely yours,

(WILLIAM DIAMOND)



March 15, 1959

Mr. Joseph Rucinski

Dear Jeff,

In the almost three weeks since last I wrote, I have begun to feel somewhat encouraged.

1. First with regard to the Board, Shroff's resignation will be submitted and accepted April 13. He is likely to be replaced by Mr. Moolganker, a youngish Tata director in charge of TELCO and other engineering industries. He is highly thought of and impressed me, too. An engineer should be a welcome addition to a Board still dominated by old-timers. - Last week, Weber submitted his resignation. It appears his office, and Rockefeller's representation, in SE Asia are being closed down. There is no news concerning a replacement.

2. I am spending more time with Mehta, and he appears to be increasingly receptive. He is now doing a final revision of the draft note I sent you last time. (Even the present draft takes into account, I hope, most of the points you would have raised.) He plans to present it to a Board committee shortly, and then to the full Board on April 13.

3. The Board's staff committee approved employment of the engineer I referred to last time. (He was interviewed by, among others, White of Westinghouse, the only engineer who has ever been on the Board.) This is good news.

4. Parekh and I had a useful few days in Delhi. The important results:
- a. TCM has agreed to make available, on an ad hoc basis, any of its industrial specialists to assist in particular project appraisals for which they might be needed. - Incidentally, Houston of TCM said that, several months ago, the Government told him there was no need for a further counterpart loan to ICICI, which is not short of funds. I told Parekh and Mehta subsequently that I sympathized with the Government's view and suggested that ICICI could justify a new request only if it linked it with a program for increasing ICICI business.
  - b. Closer collaboration with IFC seems in the offing. First, Parekh and IFC's General Manager started to discuss project<sup>5</sup> in which both have an interest. Second, Menon has 14 crores of foreign exchange proposals while ICICI has foreign exchange but few proposals. Parekh got the names of IFC's applicants, and this kind of reference should now take place more regularly.
  - c. Mehta and Parekh now appear to be convinced that Parekh must visit Delhi more frequently and regularly - to see Menon, to help their clients through the Government-approval mill, to keep more up-to-date on government policy with respect to licensing, imports, etc.

5. There has been some reluctance (a) to revive the old idea (dormant almost 2 years) of a consortium or conference of underwriters and (b) to ask the banks to refer to ICICI clients requiring foreign exchange for capital expansion and clients requiring rupees for the same purpose, which the banks cannot or will not provide. Friday, Mehta tried these out on Iengar, whose reaction surprised and pleased Mehta.

- a. Iengar, who will address the members of the Refinance Corporation next week, offered to insert in his speech an appeal that they refer appropriate cases to ICICI, and offered to participate in widening that appeal later to other banks and SFC's.



b. He blessed the idea of a conference of underwriters and offered to participate in a meeting of half a dozen key financial figures to be chosen by ICICI to take the matter up.

c. He will see to it that ICICI gets invited to the annual meetings of IFC and the SFCs sponsored by the Reserve Bank.

6. On further acquaintance and further examination of the full files on some old projects, I think I may, last time, have been a little harsh on the staff. What is more important, on Parekh's instructions they are working on a form of report for appraisal and presentation of projects, to replace the present bits and pieces of memos which never get collected into a rounded report. For this purpose they are studying, for adaptation to their own purposes, their own Guide to Applicants, the IBRD questionnaire, IBRD industrial appraisals and a model from IDB. (Another from PICIC is expected soon.)

7. A few pretty big projects are on the horizon, which will provide occasions to use a group of underwriters and which, if all goes well, will put feathers in ICICI's hat.

As I said at the start, I am encouraged. But it is only fair to tell you that Shroff considers any effort to increase ICICI business a waste of time. He thinks that, on account of the tax system, the level of taxation, and the poor general environment for investment, ICICI's activities will decline again in 1959 and maybe again in 1960, no matter what is done. Not everyone agrees with him. However, you will no doubt hear more of this directly from him. He leaves for America next week.

Best regards.

Sincerely yours,

William Diamond



March 14, 1959

Mr. William Howell

Dear Bill,

I regret this delay in letting you know the detail of the housing arrangements I have made, I made them early last week but had almost immediately to leave on business for Delhi, from which I returned only Thursday night. It was from there that I sent my interim reply to your cable.

As indicated in my earlier letter, I did the best I could to find permanent accomodation. I finally gave up, as I was afraid I would have to, and took - before it was too late - a caretaker flat as from April 29.

You will note from the attached documents that it is very cheap, only Rs 750 per month. This is because we are considered "suitable" tenants, have promised to look after the furniture, and will take care of a dog. (In fact the English Card Clothing Company pays more for the flat unfurnished than I will have to pay for it furnished.) We will have the flat until the end of October. I understand that electricity may run about Rs 150 per month and the telephone to about Rs 15 per month. There is no gas. I hope you approve these arrangements. - This takes care of "problem two."

As for "problem three," the flat owners have agreed to ~~insist~~ let me install the air-conditioners (and subsequently remove them) at my expense, which I will pass on to the Bank. The cost should not be very high. Thus the disposal problem is postponed till late in the year. Until they are installed, American Express will store them for me in their warehouse.

Until April 29, I must remain in the hotel. I pay Rs 125 per day for an un-airconditioned (Bombay is getting very hot) bedroom, sitting-room and dressing room. It is not possible to make a weekly or monthly arrangement. The cost includes Rs 7 per person towards food. I estimate that extra food costs, other subsist ence expenses, laundry, tips, etc raise the weekly total outlay to about Rs. 1200. (I am today sending Joe Reamy my first months accounts and am enclosing a copy of my covering letter). This of course excludes small communications outlays, taxis, newspapers, etc and representation, which do not come under the head of subsistence. Thus my monthly subsistence requirements come to about Rs 5130.

It appears to me that you have two alternatives:

1. To continue me on an actual expense basis until I get into my flat (and after I leave it)
  2. To pay my hotel rent (perhaps less food allowance) plus post allowance.
- I would prefer the latter (without the deduction) because it would eliminate the need to keep detailed accounts. At any rate, I await word from you.

Two further notes with respect to expenses. First, \$125 for a dring, or \$12 per bottle (which no other Bank staff member must pay) is taking its toll. Second, auto. The Bank offered to transport my car. I did not take advantage of this opportunity because I was informed that an "auto for business" in India means an auto all the time. Thus far this has been almost true. But beginning next month I shall have to share the car with another person; moreover, when I move into a flat I shall no-länger be located in mid-town, within very easy reach of everything. The situation will then become difficult if not impossible. I am therefore looking



into the possibility of buying a car in Europe. ~~and~~ I take it that, in view of the original conditions, there will be no question about the Bank's covering transport costs for the car here and home later, if I can manage to get one.

Lois and I have been (touch wood) in good health so far and are only just beginning to suffer a bit from the heat. I hope Mrs. Howell and you are well. Best regards to you both.

Sincerely yours,

William Diamond

HOWELL

INTBAFRAD

WASHINGTON

SIX MONTH FURNISHED

REUR ONE HAVE ~~TAKEN~~ MADE A CARETAKER  
ARRANGEMENT EFFECTIVE ~~ON~~ APRIL TWENTYNINE  
STOP WILL ~~SEND~~ <sup>WRITE</sup> FULL DETAILS ON RETURN  
BOMBAY NEXT WEEK REGARDS

DIAMOND

Vertical stamp: New Delhi





ASHOKA HOTEL  
NEW DELHI

Vertical text on the right side of the page, possibly a date or reference number, written in red ink.

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 MAR 5 PM 3 29

HERE COPY R180/28TH

1433

5/3/59

NK436/IKZ1525 WASHINGTONDC 39 27 1201 =

DIAMOND CREDCORP BOMBAY =

ONE REURLET FOURTEENTH YOUR PROBLEM ONE ADVISE  
WEEKLY COST PRESENT HOTEL ARRANGEMENTS PROBLEM TWO  
ADVISE SOONEST NEED TO RENT OR BUY FURNITURE AND  
ESTIMATED COST PROBLEM THREE STORE AIR CONDITIONERS  
BANK EXPENSE PENDING FURTHER DECISION =

= HOWELL .

INWARD  
CCT  
NBR

INITIALS



February 14, 1959

Dear Bill,

Please refer to items 1 and 5 of Don Fowler's memo of January 5 concerning the conditions of my residence in Bombay. Although I am still a long way from finding housing, I thought I ought to report on the situation for I can already foresee the shape of things to come.

The housing situation is terrible. I had no idea it would be so bad. Houses are unobtainable less than 15 miles from Bombay. Decent flats are very rare. The bulk of the flats available are available on an "ownership" basis, like our cooperative apartments. They are all very poor because they are allowed to run down; besides, any decent one might cost \$8000 or \$10,000 and we would have a hell of a job reselling later. The flats which are on a regular rental basis can be had only on a five-year lease, or more. Indeed many landlords will not sign a lease with an individual even for five years; they insist on the signature of a company.

The ICICI are not helpful, perhaps because they were told in October that I would take care of my own accommodation. They gave up the flat of the former General Manager last fall (under pressure from the landlord, they say).

I have discovered that most people coming here to live for the first time, unless they are lucky enough to have a company flat, usually have to take a "caretaker flat." These are the flats of Europeans or Americans who are going on home leave, usually for 3 to 6 months. Some people wander from one caretaker flat to another for a year or more.

Such flats are now beginning to be advertised (not in the newspapers, but through the grapevine), for people generally go away before the really hot weather sets in. The earliest flat we have so far heard of would have been available March 10, but we were a day late in hearing of it. All the others, so far, are not free until early April or later (into May).

As for prices, a suitable flat is likely to be Rs 900 or Rs 1400 per month, unfurnished. Gas would be about Rs 40 and electricity Rs 100-200 per month, depending on air-conditioners. I don't know about telephone prices. Utilities are always extra.

I visualize the following problems arising:

1. We will almost certainly have to stay in the hotel beyond the "resettlement" period of 30 days, and may have to return to the hotel between caretaker flats. Do I remain on a resettlement basis or switch to an allowance basis? If the latter, the allowance may have to be higher.
2. Caretaker flats are naturally furnished, but rental flats are usually not. If I get one of the latter, I shall have to rent or buy furniture. I know little about its cost, but will let you know.
3. Three Bank air-conditioners are on the way to me. If we have to take a caretaker flat we may not be able to use them: firstly because most Europeans or Americans

Already have at least 1 air cond. or  
2 or 3 because they want a lot of  
into 4 air cond. or 5 cond. What then? Good to have them.



be held here, sent elsewhere, sold or returned?

We are still looking for something suitable and will continue to do so as long as necessary. If something becomes available, we may have to take it fast. If it is a caretaker flat we will have to snap it up at once- without further notice to you - because they don't last long. This letter must therefore serve as notice to you in the event I have to act very quickly. I still hope for a regular rental, but am not optimistic.

With best regards,

Sincerely yours,

William Diamond





# Record Removal Notice



<b>File Title</b> William Diamond Chronological files, India - 1959-03 - 1959-04		<b>Barcode No.</b>  30013532		
<b>Document Date</b> March 13, 1959	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> From: William Diamond To: P.P. Srivastava				
<b>Subject / Title</b> Passport Information				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<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><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 26-Feb-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 26-Feb-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 26-Feb-16			



सत्यमेव जयते

'IMMEDIATE'

D.O.No. 2(77)-E.F.LOANS/58

MINISTRY OF FINANCE,  
DEPTT. OF ECONOMIC AFFAIRS.

New Delhi , the 10th March, 1959.

Dear Mr. Diamond,

We are in correspondence with the Government of Bombay with regard to the grant of a special permit to you for the purchase, possession, use and consumption of foreign liquor. In this connection, that Government wants to know the type of passport that you are holding. It is presumed that you are holding a United Nation's Passport. This may kindly be confirmed so that a reply may be sent to the Bombay Government.

Yours sincerely,

( P.P. Srivastava )

Mr. William Diamond,  
Adviser,  
Industrial Credit & Investment  
Corporation of India Ltd.,  
Union Bank Building,  
Apollo Street,  
BOMBAY





*Russ Gen,*

**PAKISTAN INDUSTRIAL CREDIT  
& INVESTMENT CORPORATION LIMITED**

Telephones { 37387  
37388  
37389

Insurance House No. 2  
Habib Square, Bunder Road,  
P. B. No. 5080 Karachi-2.

Cables: "PICICORP"

Ref:No. 875 /59

March 10, 1959.

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

Dear Mr. Diamond,

Thank you for your letter dated February 25th. I am glad you take interest in PICIC operations and we will certainly try to send you the various statements and forms you ask for. It will take sometime to collect these data and I would like to send you the yearly report accompanied by a statement our Chairman is expected to make on the occasion of the first annual meeting which will be held on the 27th instant.

I am writing this note to tell you that you will soon hear from us.

Sincerely yours,

(E.T. Kuiper)



*Pers. - Gen.*

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

March 6, 1959

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

Dear Mr. Diamond:

I received your letter of February 21 and the enclosures: a check to cover a bill from the Bank and an envelope addressed to Gulf Oil Corporation. I have also received your note of recent date and two envelopes - one addressed to Woodward and Lothrop's and one to Garfinckel's. I have taken care of all of these. *OK*

You should have the technical reports as of now because they were sent to you by air mail last Friday, February 27. *OK*

The Credit Union informed me that you are allowed to make an initial deposit of \$1,000 and up to \$30 a month thereafter. *OK*

You received a bill from the Bank for dining room service on January 16 amounting to \$1.75 - if you will send me a check for this amount I will forward it for you. *OK*

I thought you would be interested in knowing that Mr. Jentgen returned to the Bank last Tuesday. I understand that Mr. Mason will be in Italy until the end of this month. Mr. Wouters is expected to return about the 16th of March. *OK*

Best wishes,

Sincerely,

*Virginia*

Virginia Gallery



4th March, 1959.

Mr. Joseph Rucinski,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Jeff:

Attached you will find :

- a. Some statistics on ICICI operations.
- b. A draft memo which will give you an idea of thinking here. Please let Dick Demuth see it, too. I should appreciate any comments either of you may have.
- c. A letter from ICICI to me, which I would appreciate your passing on to Poore.

Parekh and I are leaving this evening for a few days in Delhi. I will write to you at greater length on my return, the latter part of next week.

Sincerely yours,

(WILLIAM DIAMOND)



*Res gm.*

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

March 4, 1959

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

Dear Bill:

I hasten to assure you that the secrecy concerning the mailing of this letter does not herald our correspondence going underground, however, yesterday I had to find a copy of the confidential briefing on India and realized that you still had excerpts from Ray Goodman's copy. Mr. Woolley asked me to remind you that this should not be returned to us through the regular mail. I am also told by Jim Reid that articles sent through the diplomatic pouch sometimes do not arrive and very often become broadly distributed within the State Department. May I ask you, therefore, that you send this material back to the Bank sometime by someone who is returning to Washington, perhaps Dr. Basch or yourself.

We have received your long and interesting letter to Mr. Rucinski and distributed copies to Mr. Knapp and the working party. I gather that Mr. Knapp may be showing it to Mr. Black, as he has just sent for another copy. Hector, or Jeff, may be making a formal acknowledgment sometime later but I wanted you to know your letter had been received.

Yours sincerely,

*Don Jeffries*





*Res Gen*

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

March 3, 1959

Mr. William Diamond

Dear Mr. Diamond:

I received your letter of February 17, and I was deeply grieved to find that we had failed you on a most important point. A failure to allay the fears of your family while you were enroute to Bombay. This is indeed "a poor show"; please accept my apologies for the irreparable damage that has been done.

By way of explanation I can only say that when the responsibilities of Miss Georgion's section were divided I assumed technical responsibility for family notification, but the person receiving, processing the forms and making the actual notification was a member of the General Files, and not under my direct supervision. The flaws in this arrangement became evident last September (the previous time we overlooked a family notification) when the Diamond's were again ~~the~~ victimized. I then pressed for this work to be transferred to a member of my staff, and this was finally accomplished in mid-February. I must, however, assume responsibility for not catching the error. I can only say, that I am sorry you received such cursory and unsatisfactory treatment, and I will attempt to assure that this will not happen again to Bill Diamond nor to any member of the Bank staff.

If there is anything in, or out of the line of duty that I can do for you during your year in India please let me know.

Sincerely yours

*James R. Reid*

James R. Reid

*Victoria Marie Reid was born Feb 17,  
Nita is fine.*



*Pres - gen.*

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

March 3, 1959

My dear Bill:

Doris Eliason passed your letter of the 18th on to me and I immediately telephoned Johns Hopkins. The Oxford University Press are their agents in India, but we have decided to have a direct sales campaign there. Some of the more important Indian papers received review copies but Johns Hopkins will now send several more. They will also write to the principal book stores and will do a direct mailing of the Development Banks sales leaflet to our entire mailing list in India. I hope that this will bring results and I am very glad that you brought the matter to our attention. India is obviously one of the most likely markets in the world for your book.

Doris sent you two copies by air mail the other day. You will probably have received them before this arrives.

I hope you are finding the work and the place to your taste. Please let us hear from you.

Sincerely yours,

*George*  
George R. Young

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



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

3rd March, 1959.

Mr. S.G. Barve,  
Secretary,  
Public Works Department,  
Sachivalaya,  
BOMBAY 1.

Dear Mr. Barve,

I have had a letter from the Bank in Washington informing me that Mr. Bass, to whom I wrote on your behalf, is temporarily on leave to the United Nations. However, his colleague Mr. A.D. Spottswood, the Chief of the Public Utility Division of the Bank, has written to say that he would be very glad to make arrangements for you to visit T.V.A. Spottswood, like Bass, is a former official of the T.V.A. and will make any arrangements you would like.

Best regards,

Sincerely yours,

(WILLIAM DIAMOND)



*Res. - Gen.*

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

Office of the Resident Representative  
Reserve Bank of India Building  
Parliament Street  
New Delhi

March 2, 1959

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

Dear Bill:

This morning I heard from the Minister of Finance that he will see you on Friday, March 6th, at 9.15 a.m.

We shall expect you both for lunch on Thursday, the 5th, at 1.00 p.m., and hope that the Parekhs will come too. Let me know if by any chance they are vegetarians.

With kind regards,

Sincerely yours,

Antonin Basch



*Pen-gun*

2nd March, 1959.

Mr. Donald Fowler,  
International Bank for Reconstruction  
and Development,  
1818 H Street, N.W.  
Washington 25 D.C.  
U.S.A.

Dear Don:

I find in my papers a curriculum vitae of Mr. Divekar and a copy of memorandum about him from Mr. Prasad to you. There is no covering memo from you. I am ashamed to say that I have forgotten what this all about. I presume you wanted me to speak to him in connection with employment in the Bank, or to find out something about him. Please let me know what the story is.

With best personal regards,

Sincerely yours,

(WILLIAM DIAMOND)