

Weekly Notes

No Better Choice

THE Industrial Credit and Investment Corporation is taking shape. It will be registered under the Indian Companies' Act by the end of the week. By the end of the month, the Articles should also be ready. The sanction for the capital issue has been obtained. Of the Rs 3½ crores to be issued to Indian investors, banks, insurance companies and other institutions are taking up Rs 2 crores and hence the issue to the public would be only of Rs 1½ crores. Similar arrangements must have been made for the issues in London and New York markets for the equivalent of rupees one crore and half crore respectively. It is a safe bet that the whole amount will be taken up.

Sir A Ramaswami Mudaliar will be the first Chairman of the Board of Directors. There could be no better choice. For in addition to his wide experience and tremendous reputation for competence of the highest order, Sir Ramaswami possesses one inestimable advantage over all the others who could be considered for this high office. He is a kind of non-party man in the world of finance, not being tied up with any particular group. Since the Corporation is going to be completely under Indian control—not more than 3 of the its members of the Board are non-Indians—there was disappointment when the choice for the Chief Executive fell on Mr Bead of the Bank of England. It has also caused some misunderstanding for which, however, there is no just ground. True, the Corporation starts with the blessings of the World Bank. But the wide publicity given to the role of the World Bank in the formation and sponsorship of the Corporation has had the unfortunate effect of obscuring somewhat the real purposes of the Corporation which is on the one hand to finance Indian industry and on the other, to open a channel through which foreign capital can flow freely into this country. In what precise form foreign capital will be attracted remains to be made known. It may take the form of the issue of debentures in the London money market and sale of bonds in New York; For this to succeed it is not enough to have

the right institution or an adequate organisation. Credit is a very delicate plant that has to be nurtured carefully. The climate of investment in India today is not as attractive to foreign investors as it could be. Naturally in the circumstances, the contribution of a financier of the status of Mr Beal could be immense, if only because of the key position he holds in the world of international finance.

The terms of operation of the Corporation are wide, covering "the creation, expansion and modernisation of industries". And it is not only financial assistance that the Corporation will offer. It will furnish managerial, technical and administrative advice and assist in obtaining such managerial, technical and administrative service to Indian Industry".

Indo-US Air Dispute

IT is only with the US that a dispute had dragged on over the operation of American Airlines in India. With the other countries particularly with Holland and Britain, agreements had been concluded long ago. The problem is no more complicated in the case of US than in that of other countries. There is something wrong in the attitudes of the two parties concerned which explains the prolongation of the dispute. America has been truculent all through and India, for obvious reasons, hesitated to take the same stand which she had taken with the other countries operating air services through India. It is these others, therefore, KLM and BOAC notably, who may justly complain that because they had been fair and reasonable, they were discriminated against, while TWA and Pan American had it their own way, just by refusing to yield to the logic of the situation.

That logic is simple. After Air India International came on the scene, India naturally wanted to restrict the freedom of other air lines to take up or set down traffic in India. She had to insist that traffic capacity should be periodically re-examined and the number of services others are allowed to operate fixed in a manner that would leave to Air India International adequate traffic to make its Operation economical and remunerative.

It now seems that honour will be saved on both sides and the agreement under which American Airlines operate more services than they are entitled to, will be renewed as a matter of good form, but American air operators will voluntarily reduce their frequency by one service per week. Changes will be effected by mutual consent and hence, the 12 months notice given by India for the termination of the existing agreement, which was to have come into force on the 14th of this month, will be withdrawn.

Protection to an infant industry was the new principle that had to be superimposed on the existing arrangements when India came to have an international service of her own. Till then, the operation of international airlines in India used to be regulated by bilateral agreements between the governments concerned, which were all on the pattern of the Anglo-American agreement drawn up at Bermuda some ten years ago. This was the model followed by all other countries. The basis of this agreement between Britain and America was that no restrictions would be imposed on the traffic carried by the airlines of the two countries. Clearly, this could not work if India had to protect her own airline. Hence the revision, which America had successfully resisted so far.

The Work Endures, the Worker Dies

THE days of glory of the States Ministry have long been over; for so well did it do its job that we are apt to forget today what a threat of disruption and disintegration of the country which had just won its freedom lay in the five hundred and odd native states and principalities that could well be honey-combs of intrigue and strategic points of assault. One has only to remember the uncertainty and acute anxiety of the first few weeks and months following the transfer of power, the terrorism let loose by the Razakars in Hyderabad, for instance, to realise the achievements of Sardar Patel and his magnificent handling of the States Ministry,

The integration of the States has long been a fait accompli; indeed