

Weekly Notes

US Loan for Tata Steel

SHRI J R D TATA'S cryptic statement on his return from New York this week that the planned expansion programme of the Tata Iron and Steel Company would be gone through and that the necessary finance would be obtained from the fexport-Import Bank will set at rest doubts on that score which have been current for some time.

It was known that Shri Tata's mission to the United States was concerned, among other things with the obtaining of financial accommodation on a fairly substantial scale. Preliminary reports had not been very reassuring about the possibility of success. Shri Tata gave no details of his deal with the Export-Import Bank, but it is to be presumed that these will be made available in an official statement from Bombay House soon.

Reequipment In the Air

SHRI TATA, who attended a meeting of the International Air Transport Association in New York, made a pointed reference to the tremendous developments that were taking place in aviation in Europe and America. His reference to the superiority of the DC-8 pure jet aeroplanes over the Super-Constellations, with which Air India International is equipped at present, only serves to emphasise the ever-present problem of keeping up with the latest developments faced by any international air carrier.

While not replying directly to the question whether the Air-India International Corporation intended to purchase these planes. J R D indicated his interest in them and added that "the Corporation always stood in the forefront of technical development in aviation." If this position is to be maintained, however, the Corporation will have to make up its mind soon, for a major process of re-equipment seems to have started in the air transport industry. Shri Tata himself referred to an American airline company which had already placed an order for 45 DC-83 with the manufacturers. If Shri Tata was referring to Pan-American Airways, which has in fact placed an order for 45 new large long-distance planes, other information suggests that his statement must be subjected to a correction. Only 25 of the new planes ordered by Pan-American are to be the new Douglas DC-8, the other 20 being the Boeing

707, which is also a pure jet airliner. The value of the combined order runs to £96 million, which should give some idea of the magnitudes involved.

Though Shri Tata did not mention the fact, the jet planes are not the only planes in the field for long-distance flying with particularly the North Atlantic or the Pacific runs in mind. The Bristol Britannia, a long-range turbo-prop received an order for three planes with an option for a further five from Canadian Pacific Airlines at a value of £3½ million (without options). These planes are evidently cheaper, though of the same size. These are British planes, while both the jet aircraft are of American manufacture. Obviously also, these planes are cheaper than the jet planes though their capabilities and operational economies might well be different.

Planes on Paper

IT may be noted that all these three types of planes--the two jets and the turbo-prop--have not yet been flown, tested or for the matter of that, even built. Even the various features that are to go into them have not been finalised, though of course the broad outlines are apparent. It follows from this that the many claims made on their behalf may not necessarily be substantiated. All the three planes are to be giants, capable of carrying a hundred to a hundred and fifty passengers over long distances, the Atlantic passage non-stop being the measure of their range. They are expected to differ radically from earlier types in many salient features and in their equipment, and, most important, they are expected to become available only from 1960. The many orders already placed for them indicate that unless Air-India places an order at an early date, it may not obtain delivery until much later.

In the medium-range of up to 2,500 miles also a large number of new orders have been placed, mainly for turbo-props. Two American operators, Eastern Airlines and American Airlines, have ordered a total of 75 Lockheed Electrics for £20 million. The Air-India International might perhaps gain more by thinking of these planes than of the long-range jets or even the long-range turbo-props since it does not have to plan for non-stop North Atlantic flights at least as yet. Of course, if its competitors use the longer-range and

presumably faster aircraft on the same routes as the Air-India International, it might not be left with much choice.

Steel Imports

SINCE the domestic output of Steel cannot be increased until the Rourkela and Bhilal plants go into operation, the rising demand for steel in both the public and private sectors has, of necessity, to be matched by additional imports- or left unsatisfied. The gap in availabilities is estimated at over a million tons, which is by all accounts a substantial amount for any one country to supply at short notice. The frantic efforts now being made by the Government of India to procure whatever steel is available in any part of the world will, therefore, cause no surprise. With limited supplies available in the United Kingdom, and with dollar considerations imposing restrictions on increases in imports from the USA, India has started tapping other sources. Besides the 40,000 tons of finished steel already obtained from the USSR, orders for another 60,000 tons are to be placed with that country. Czechoslovakia and Japan are other likely suppliers, should the prices and terms of offer prove acceptable. It is reported that India might even purchase on a barter basis about 30,000 tons from the People's Republic of China. All of this will, however, cover only part of the requirements, and it is more than certain that steel will be very much of a bottleneck commodity in the months to come.

Obviously, this shortage will persist through the greater part of the second Five-Year Plan. And by the time the new steel plants supplying the domestic market, demand may well have taken a further jump. Against this background, there can be no question about the rightness of the emphasis on steel in the Second Plan. Indeed, one might now wonder if we are not going too slow in the matter of steel production. On the other side, the acute shortage in steel supply today will mean a recasting of the foreign exchange budget for the Second Plan. We have now to pray for a succession of good monsoons, so that our foreign exchange resources could be made available for steel without our having to starve ourselves to death-