

guards are more than adequate. But India cannot accept any French policy which will involve the continued existence of French nationals in these "settlements" as colons.

Boeing Jets for All

UNLIKE shipping which is the Cinderella of Government departments, aviation has been going ahead splendidly. Particularly striking has been the progress of the Air India International which, despite the cut in foreign exchange allowance for travel, will soon be having a daily service to London, instead of six in the week as at present. Partly, of course, this is because foreign air services get the cream of air traffic. The fares per mile cover all the cost and leave a margin which could be put into development. And since international agreements prevent rate cutting, competition takes the form of better service for the same money which means bigger and better planes. In this field, of course, there is little choice left to individual airlines; all of them have to keep more or less to the same standard.

Even the super-constellations are now getting back-dated, and the choice is now between Boeing jet-planes and D C 8 Lockheed. Air India International is going in for three of these jet planes which are $3\frac{1}{2}$ times in capacity and performance, taking into consideration the saving in flying time, the number of passengers and the freight that can be carried per trip. But the cost, if a great deal of simplification is permitted, is not proportionately high; all things considered, it is only twice as high, against three times in performance and capacity. For this expansion, which will naturally cost a fortune, the A I I has raised funds on its own, partly from a group of American banks and partly from the World Bank with, of course, a guarantee from the Government of India. The Boeing aircrafts which will be due for delivery in 1960 are to be equipped with Rolls Royce engines and the total cost, including spare engines and parts is estimated at \$ 23 million out of which about \$ 22 mn will be in foreign currency (16.8 mn in dollars and the equivalent of \$ 5.3 mn in sterling), The National City Bank of New York, the Chase Manhattan Bank, the Bank of America and the Irving Trust Company have agreed to advance \$2½ Ms mn each, while the First National Bank of Boston will

lend \$ 1.2 mn, while the World Bank will put up the balance of \$ 5.6 mn. The Commercial banks' loans are repayable between 1960 and 1962 and the World Bank's between 1965 and 1966.

This is perhaps the first time that India has been able to arrange for a direct loan of this type from American banking and investment houses. In the case of Durgapur Steel Project also, there is financial participation but the parallel is not so close, unless it is presumed that the American banks are taking this much of interest in the affairs of Boeing Corporation which is to supply the jet planes and are in effect advancing production credit which is probably what they are doing.

A I I has followed close on the footsteps of Qantas Airways of Australia which is also Government-owned, but it has come in a little late and has to pay slightly higher rates of interest, not because it is considered any less credit worthy than the Qantas, but because money rates have hardened in the last few months. Qantas could raise \$ 17.8 mn from American institutional investors at $4\frac{3}{4}$ Per cent as late as November last year; the World Bank loan to Qantas was also at the same rate. The A I I, however, will have to pay 5 per cent to the commercial banks and $5\frac{1}{2}$ per cent to the World Bank.

This investment, however, would be fully self-liquidating in a reasonably short period, barring acts of God, so steady has been the progress of air travel and so fast has been increasing A I I's share in it.

Scales Tilting in Favour of Asia ?

A PROPOS of World Bank loans, the supplement to the World Bank's Annual Report covering the period July 1, 1956, January 31, 1957 provides a mild surprise. Of the \$ 332.7 mn lent during these seven months, Asia secured \$ 122.7 mn or a little more than a third! This compares very well with the \$ 166 mn received during the twelve months to June 1956. Had the Aswan Dam not fallen through, the scales would have been tilted still more in favour of Asia. Next comes Europe with \$ 105.6 mn followed by Australia \$ 59 mn and Latin America \$ 45.1 mn. No loans were made during this period to Africa

The most conspicuous of the loans to Asia is the \$ 75 mn lent to Iran to finance her Twelve Year Develop-

ment Plan. This is not a tied loan and has been made for a period of six years to help Iran to tide over her short term revenue deficits. Next comes the \$ 20 mn steel loan to the Indian Iron and Steel Co, the second loan this company has got from the Bank. Japan also got a steel loan of \$ 20 mn. In addition she secured \$4.3 mn for a pilot project for land reclamation. The remaining \$ 3.4 mn went to Thailand for development of the Port of Bangkok.

The larger part of the loans to Europe, \$ 74.6 out of \$ 105.6 mn, went to Italy, for development of agriculture, industry and electric power in Southern Italy, viz: \$ 25.6 mn for irrigation in Sardinia, \$ 23.9 mn for ten industrial projects and \$ 25.2 mn for four electric power projects on the mainland and in Sicily to generate an additional 217,000 K W for the Cassa project. The Cassa per it Messogiorno is a Government agency to execute a twelve year \$ 2 billion programme for development of Southern Italy. This is the Bank's fourth loan to Cassa, bringing the total to \$ 165 mn or 16 per cent of the Plan. The remaining \$ 31 mn went to Austria for electricity development.

Australia, borrowed \$ 59 mn during this period. Of this amount, \$ 50 mn was for general development to finance capital goods imports from the dollar area; \$ 17.2 mn for agriculture and forestry, \$ 16.8 mn for road and railway transport and \$ 16 mn for industry and mining. The remaining \$ 9.2 mn went to Qantas Airways.

\$45.1 mn went to Latin America: \$ 42.1 mn was for electricity development; Uruguay, 25.5 mn; Chile \$ 15 mn, and Nicaragua \$ 1.6 mn and the balance of \$ 3 mn to Costa Rica for import of capital goods required for agriculture and light industry.

During its 10 years and 7 months of operation, the Bank has made loans amounting to \$ 3,052.8 mn of which Asia has received \$ 561.7, Africa \$ 347 mn, Europe \$ 1074 mn, Australia \$ 318 mn and Latin America \$ 698 mn. Asia with half the population of the world (1272 million excluding USSR) thus stood midway between Latin America with a population of 110 millions and Australia with a population of less than 10 millions!