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July 21, 1958

R.J. Goodman

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IMIA - Proposed Meeting to Discuss Possible Further Aid to India

1. Mr. Black met on Friday afternoon, July 18, 1958, with the Executive Directors for Germany and Japan, and Mr. Beaman, temporary Director for the United Kingdom. Messrs. Knapp, Rudinski and Goodman were also present. Messrs. Coughran and Hooker were away from Washington, but the United States Government had been informed of the Bank's proposal and had agreed to it.
2. Mr. Black referred to India's critical foreign exchange situation, and outlined the proposal for an exploratory meeting of the countries chiefly concerned, and the Bank, as set out in the attached memorandum. The meeting would take place at the Bank in the week beginning August 25, 1958.
3. A copy of the memorandum was handed to Messrs. Donner, Beaman and Watanabe, and Mr. Black asked that it or its substance be conveyed to their Governments. They undertook to do this, and to ask their Governments to let the Bank have a reply to the proposal in the course of next week.
4. In answer to a question from Mr. Watanabe, Mr. Black said that he did not expect the representatives of the various governments to come to the meeting armed with authority to enter into any formal commitments. However, he hoped that they would be knowledgeable about the Indian problem, and what the countries which they represented might be willing to do, in a cooperative effort, to resolve the problem; and that on returning home they would be able to interpret the views put forward at the meeting in an authoritative way and make appropriate recommendations. He agreed that it might be necessary for each Government to send a team of two or three people.
5. Dr. Donner asked what level of representation the Bank had in mind. It was agreed that the senior representatives of the various Governments should be broadly on the same level, and Mr. Knapp said that he would ask the U.S. Treasury whom it would propose to send to the meeting for the United States.

cc: Messrs. Knapp, Rudinski, Beach

RJGoodman:hvs

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MEMORANDUM ON PROPOSED MEETING TO DISCUSS
POSSIBLE FURTHER AID TO INDIA

Spare

Since the spring of this year India's reserves of gold and foreign exchange have been falling rapidly, and balance of payments forecasts suggest that it will be very difficult to stem this loss without substantial further foreign assistance.

The Bank considers that in these circumstances a useful purpose would be served by informal exploratory consultations among the principal countries which have been taking part in financing India's development program, together with the Bank. Accordingly the Bank suggests holding a meeting in Washington in the week beginning August 25 to review the situation and to exchange views as to what remedial measures might be taken during the remainder of the Plan period, that is until March 1961. The timing of the proposed meeting is related to the visits of the Indian Finance Minister to the United Kingdom and the United States early in September. The Government of India has been informed about the Bank's proposal.

The Bank suggests that the Governments of Germany, Japan, the United Kingdom and the United States might send senior officials. A senior Indian official from New Delhi would be available for consultations as required. The meeting is not expected to last more than a few days. The discussions would be regarded as confidential, and there would be no public announcement either before or after the meeting.

A Bank report on the current economic position and prospects of India will be circulated to the Executive Directors next week.

July 18, 1958

cc: Mr. Wright & Dr. Basch.
Mr. Goodman