

The New Delhi Office.

The New Delhi Office of the World Bank is today the oldest, continuously functioning resident mission. Established in 1957, the New Delhi Office has been an important part of the Bank through most of its existence; the history and evolution of the office thus reflects not only the economic fate of India but also very strongly the evolving role and character of the World Bank.

The first resident representative, Dr. Antonin Basch, a distinguished economist, arrived in Delhi in October 1957 and opened the resident mission. Apart from generally representing the Bank's interests in India, he was to keep the Bank informed on all matters relevant to its activities in India and represent the Bank's views on such matters as the Government's development program and policies or its budgetary and financial policies. He was also expected to give advice to the Indian Government on these matters, but only if asked to do so. There was according to Mason/Asher in the second half of the 1950s "an increase in field representation established at the initiative of the Bank and designed to serve more directly its own interests by giving it a set of eyes and ears closer to the member country than Washington D.C." In other words, the New Delhi Office started, like virtually all other field offices of the Bank, as a small office chiefly with representational and information gathering responsibilities.

Antonin Basch completed his two year tour of duty and was succeeded by Harry O. Curran in August 1959, who had virtually identical terms of reference. He had been with the British Treasury where he had dealt for some time with the economies of South Asia. He had the support not only of a very competent secretary who accompanied him from Washington, Dorothy Murphy, he also had Stokes Tolbert, who had recently joined the Bank and came in October 1959 to join him and help him keep track of economic developments. Curran completed his tour in 1961 and left the office in the hands of Stokes Tolbert who was Acting Resident Representative until he left in June 1962. Bob de Vries had been selected to become Resident Representative but in the end could not accept the assignment for health reasons; instead Benjamin King, who was at that time with the EDI, came in the fall of 1962 together with his secretary, Myrtle Higgins, to take charge of the Resident Mission. The practice of having a second professional staff member posted in Delhi was revived in September 1963, when Romano Pantanali joined as Assistant Resident Representative. There was a further addition to the professional staff of the office in 1964 with the arrival of Eduardo de Alba, an engineer, who had specific responsibilities for project supervision not only in India but in East and West Pakistan as well, and reported not to the Area department but to the Technical Operations department.

Even though the office had thus expanded somewhat, its nature had not significantly changed. It was a small office and apart from



the representational and information gathering function it played a supportive role as an extension of the headquarters organisation. The life of the Resident Representatives and their role, especially in the early years of the Mission, benefitted greatly from the close and harmonious relations between the Bank and the Government of India. There had been tensions, notably in 1956, when Mr. Black wrote to the Finance Minister T.T. Krishnamachari commenting on the Industrial Policy Resolution and urging a greater role for the private sector and for foreign investment, a letter which was promptly published and criticised in a language which should later become all too familiar. However, the underlying relationship was one of trust and respect, represented by close personal ties between the key actors on both sides. India looked to the Bank not only as an important source of capital, but as an important source of advice in financial matters; the Bank in turn saw India as one of its most significant and potentially very successful clients, and, represented by one of five appointed Executive Directors, as a very important member. The foreign exchange crisis which emerged in the second half of the 1950s and in 1958 led to the forming of the India Consortium further strengthened this relationship. In the circumstances, the arrival of a Resident Mission was warmly welcomed by the Government of India as a manifestation of the close relationship with the Bank. Following his arrival Antonin Basch called on the senior officials in the Government and also on the important members of the cabinet, including the Prime Minister, who according to Basch's subsequent report to Mr. Black, was well informed about the Bank's activities and invited Basch to come and see him whenever he felt necessary.

The close relationship with the Government found its expression as well in the logistical arrangements. Prior to his arrival in Delhi, Toni Basch wrote to B.K. Nehru, the then Secretary Economic Affairs, "I wonder whether you already know where our office will be, and if so, please drop me a line." The Government provided the mission with office space, as it turned out in the Reserve Bank building on Parliament Street, and with clerical staff. This arrangement lasted until December 1966, when the Bank moved to 7 Sardar Patel Marg, into a large residence which was rented and converted into office space for the rapidly expanding staff. The mission had started to employ its own local staff much earlier. Stokes Tolbert hired Barbara Williams in the spring of 1962 as the first local secretary; she became an instant success and was promptly put in charge of the Resident Mission, when Tolbert left in June 1962 and Dorothy Murphy went on home leave. The arrival of Pantanali and de Alba required further additions to the local staff - the growing fleet of vehicles in particular required drivers - but the real expansion of the local staff occurred in late 1966 in preparation for the move into the new office building.

The Government of India was not enthusiastic about the expansion of the Delhi Office. Relations between the Bank and the Government had undergone a significant change, even though the Bank had become significantly more active in India. The foreign exchange



crisis which developed in the late 1950s had turned out to be a phenomenon more lasting than originally thought and the performance of the economy did not suggest that there was prospect of significant improvements. The massive investments made during the second and third five-year-plan periods contributed little to economic growth. The sluggish economic progress gave rise to increasingly insistent and critical questions by the Bank and by India's bilateral development partners. The recurring foreign exchange difficulties and periodic food shortages brought home to the Government and to the Indian public the embarrassing fact of India's dependence on foreign assistance, while the Bank's criticism touched on some of India's fundamental economic policies which had been regarded essential to the economic and political reality of India. The deteriorating climate is fairly well illustrated by an article in the Economic Weekly. Under the heading "Aid and Advice" the Weekly notes on April 4, 1964: "The presence in Delhi of representatives of the Bank and the constant visits of headquarters officials here have made things embarrassing. In particular one gets the impression that the resident representatives seem to have taken a self-important attitude to their duties here; apparently they seem to have extended their functions to being more than the eyes and ears of the Bank here and to have taken upon themselves the role of intimate advisers to the Government on diverse matters..." The article goes on to suggest that "it would be better in the interests of fruitful and constructive Indo-Bank relations if we tell the Bank right now...that while we will take note of their views, the Fourth Plan will be a truly Indian document. What is at stake is the Indianness of our Plans."

The concern of the Bank and of the donors led to the Bell mission which went to India in September 1964 to carry out a thorough assessment of the economic situation and the prospects and aid requirements for the Fourth Plan. The Government accepted this mission with distinct unhappiness and insisted that the report of the mission should be made available to the Government and nobody else. The findings of the Bell mission eventually led to a set of policy recommendations which were discussed at the highest levels between Bank and the Government and accepted with extreme reluctance as a price to be paid for increasing aid flows. Relations between the Bank and the Government as a result became very difficult and strained.

One of the implications of the Bell mission and of the enhanced assistance to be provided by the Consortium was a much greater presence by the Bank in the field. There had been a fair amount of discussion about the role of the Resident Mission at the time when the Bell mission was planned. This was reflected in a memorandum which Escott Reid wrote to Mr. Woods in November 1964. He said "with every year that passes we ought to become more and more deeply involved in giving India unpalatable advice on how to make better use of all its economic resources. The more unpalatable the advice the greater the necessity of giving it in the least abrasive, the least corrosive way possible. Our representative in



New Delhi - and others from the Bank who deal with New Delhi - should have developed the art of doing this." Because of the Bank's growing lending program and "the responsibilities of the Bank to the other members of the Consortium and to India, it seems to me clear that the Bank will need to maintain in New Delhi for many years to come a well-staffed permanent mission headed by a senior officer of the Bank," wrote Escott Reid. He recommended that the mission should be built up "over the next few years"; Mr. Woods agreed but suggested the built-up should be a matter of the next few months rather than years. Reid also recommended that "because of the difficulty and expense of renting suitable residential and office space in New Delhi, ...the Bank would be wise to purchase a residence for the head of mission and a building for the office." In response Mr. Woods noted in the margin, "it might be worthwhile to see if GOI would build office for us against a long term lease - or to try to get some PL480 money to build with - or to get 9% money released for purpose of building and office. I disagree with residence idea - what will fit one head of mission may not suit his successor."

In fact, the built-up of the Delhi Office took years rather than months. There was much discussion in the Bank about the composition and the role of the field office and it was not until the summer of 1966 that matters seem to have come to some conclusions. Peter Cargill wrote to Mr. Woods in July 1966 that "there is general agreement that the primary function of the office must be to follow up the recommendations of the Bell mission and any project work must be quite subsidiary to this main function...It is important therefore that in discussions with the Government of India we make it plain that the function of the Delhi office will be to follow up on the Bell report; project work need hardly be mentioned." Two members of the Bell mission, Ken Bohr and Jean Baneth joined the Resident Mission in the fall of 1966, as did Ursula Zieschang who took charge of the administration, but it was yet another year before the head of the mission, William Gilmartin, arrived in November 1967. With his arrival the preparation of the annual economic report by the team assembled in the New Delhi Office became a regular responsibility around which much of the activity of the mission revolved. This remained the pattern until 1975, throughout Gilmartin's tenure and that of his successor Orville McDiarmid, who took over in the summer of 1970 and stayed until the spring of 1972, when Gilmartin returned for a second three-year tour. Of course, the mission included a number of people who focussed on the major sectors, such as Pantanali and Ken Bohr, who concentrated on industry, Picciotto and later Peter Naylor, who looked at agriculture, and Wolf Ladejinsky who dealt with institutinal issues in the agricultural sector.

