

INDIA

Both overseas wireless and cable services are operated by the Indian Radio and Cable Communications Company, Ltd. This is the result of an agreement in 1932 to amalgamate the wireless and cable services. Some 75 per cent. of the share capital of the Indian company is held by Cable and Wireless, Ltd. The Indian company makes a fixed annual payment to Cable and Wireless, Ltd., for the use of its world-wide communications system, plus a sum representing one-half of the Indian company's net profits.

RE-ORGANIZATION OF 1938

4. The 1928 organization was launched with high hopes, but the company was hard hit by the serious contraction in international trade in 1930, and, moreover, had to face foreign competition as the result of the opening of new direct wireless telegraph services competing with the services provided by the company. These difficulties led to a review of the relationship between Cable and Wireless, Ltd., and the Governments of the Commonwealth, and certain important modifications were agreed. These provided for the revenue of Cable and Wireless, Ltd., being relieved of the annual rent charge of £250,000 by the transfer of the freehold of the beam wireless telegraph stations in the United Kingdom (which had been leased to the company by the United Kingdom Post Office in 1928) in return for an interest in the equity of the undertaking. The standard revenue of Cable and Wireless, Ltd., was reduced from £1,865,000 a year to £1,200,000 a year. The interest of the United Kingdom Government in the equity of the undertaking was fixed at 2,600,000 £1 shares out of a total capital of 30,000,000 shares; and the Commonwealth Governments in general reaffirmed their policy of according the system of Cable and Wireless, Ltd., their support and co-operation. As part of these arrangements the company agreed to an immediate and substantial reduction in Commonwealth telegraph rates, a maximum rate of 1s. 3d. per word being introduced.

DEVELOPMENTS DURING THE WAR

5. The war brought new problems, and the volume of traffic was largely increased. This increase coincided with the interruption of certain cable routes, which in turn gave impetus to the establishment of direct wireless telegraph circuits, contrary to the general policy endorsed by the Governments of the Commonwealth in 1928 and 1938. Such circuits were opened between the United States and some of the Dominions (including New Zealand), India, and some Colonies, on the understanding that their operation was limited to the duration of the war and six months thereafter.