

No. 718

DEPARTMENT OF OVERSEAS TRADE

Conditions and Prospects of United Kingdom Trade in INDIA

(With a brief account of the Trade of Burma)

1937-38

(Revised to 30th September 1938)

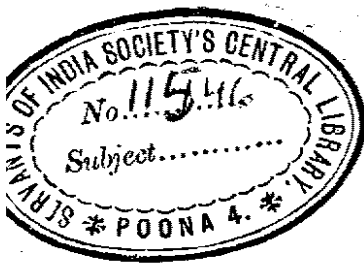
REPORT BY

SIR THOMAS M. AINSCOUGH, C.B.E.

H.M. Senior Trade Commissioner in India, Burma and Ceylon

(The previous Report covered the year 1935-36)

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DEPARTMENT OF OVERSEAS TRADE

COMMERCIAL REPRESENTATION ABROAD.

To foster British overseas trade, the Department controls the following services of Commercial Intelligence Officers:—

I. IN THE EMPIRE.

The Trade Commissioner and Imperial Trade Correspondent Services.

At the present time there are 18 Trade Commissioners' offices. These are situated four in Canada (Montreal, Toronto, Vancouver, Winnipeg); three each in South Africa (Capetown, Johannesburg, Salisbury), and Australia (Sydney, Melbourne, Brisbane); two each in India (Calcutta and Bombay—to cover also Ceylon), and British West Indies (Trinidad, Jamaica); and one each in New Zealand (Wellington), Eire (Dublin), Malaya (Singapore) and British East Africa (Nairobi).

The Trade Commissioners have the assistance of Imperial Trade Correspondents at a number of important centres.

There are also Imperial Trade Correspondents in those parts of the Empire to which Trade Commissioners have not been appointed.

The Department is represented in India, Burma and Ceylon by Sir Thomas M. Ainscough, C.B.E., H.M. Senior Trade Commissioner, whose headquarters are at Calcutta; Mr. A. Schofield, H.M. Trade Commissioner, Calcutta; and Mr. W. D. Montgomery Clarke, H.M. Trade Commissioner, Bombay.

2. IN FOREIGN COUNTRIES.

(a) The Commercial Diplomatic Service attached to the British Diplomatic Missions.

There are 37 Commercial Diplomatic posts situated in all the more important foreign markets of the world. The members of the Commercial Diplomatic Service are styled "Commercial Counsellors" in the highest grade, and "Commercial Secretaries" in the three lower grades. They are members of the staff of the British Embassy or Legation in which they serve.

The Commercial Diplomatic Officer has general supervision over the commercial work of the consular officers in his area, and with the co-operation of these two services, a complete network of Government commercial representatives is thrown over foreign countries.

(b) The British Consular Service.

Particular attention has been given to the commercial side of consular work since the re-organisation of the service. In certain countries where no Commercial Diplomatic Officer is stationed the senior Consular Officer undertakes duties of a similar character.

Further information regarding the above services can be obtained on application to the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

Members of United Kingdom firms are urged to call upon the Department's representative abroad when they visit an overseas country. It is also important that they should make a point of their representatives abroad keeping in close touch with the Department's officers.

NOTE.

It should be understood that the views expressed in annual reports are the views of the officers themselves, and are not necessarily in all respects those of the Department.

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COVERING DESPATCH

To the Right Honourable OLIVER STANLEY, P.C., M.P.,
President of the Board of Trade.

Simla,
1st October, 1938.

SIR,

I have the honour to forward for your information a Report on the Conditions and Prospects of United Kingdom Trade in India during the Indian fiscal year 1937-8 revised to the 30th September, 1938.

There has been some delay in presenting the Report this year as I had expected to be in a position to include an analysis and appreciation of the terms of the new Indo-British Trade Agreement, which, it is hoped, will emerge from the negotiations which have been proceeding between the two Governments. As these negotiations still continue and the matter is still *sub judice*, this has not been possible. While the present report is mainly concerned with an account of events to the end of March, 1938, frequent references are made to subsequent developments during the first half of the current fiscal year and an attempt has been made to give an appreciation of the position up to the end of September.

The period under review may be regarded as the close of a chapter in Indo-British trade relations — that inspired by the Trade Agreement concluded at Ottawa in 1932. Whatever the terms of the new Trade Agreement may be, they must inevitably cause some readjustment of our position in the great Indian market. In the next report of this series, an attempt will be made to evaluate the new terms and to offer constructive suggestions for the future.

Once again I have pleasure in acknowledging my indebtedness to the officials of the Commerce, Communications and Finance Departments of the Government of India for their unfailing support and assistance during the year. Special thanks are due to the Director-General of Commercial Intelligence and Statistics and his staff, who have prepared many of the tables embodied in the Report, to the Members of the Central Board of Revenue and to the Collectors of Customs for their valuable help and co-operation which have always been so willingly rendered.

I have the honour to be,

Sir,

Your most obedient servant,

THOMAS M. AINSCOUGH,

H.M. Senior Trade Commissioner in India,
Burma and Ceylon.

PREFATORY TABLES

NOTE 1.—The Author desires to express his indebtedness to the Director-General of Commercial Intelligence and Statistics for the particulars given in these tables.

NOTE 2.—Figures prior to 1937-38 relate to India and Burma: figures for 1937-38 relate only to India.

Imports (in percentages)

(Sea-borne: exclusive of treasure and of imports on Government account).

	1909-14. Average.	1914-19. Average.	1935-36.	1936-37.	1937-38.
Machinery	4	4	10	11	10
Mineral Oil	3	3	4	5	10
Cotton manufactures	36	35	16	14	9
Iron and Steel	7	6	5	5	5
Hardware	2	2	2	2	2
Silk Manufactures	3	2	2	1	1
Sugar	9	10	1	—	—
Other articles	36	38	60	62	63

Exports (in percentages)

(Sea-borne: exclusive of treasure and of exports on Government account).

	1909-14. Average.	1914-19. Average.	1935-36.	1936-37.	1937-38.
Jute, raw, and manufactures	19	25	24	22	24
Cotton, raw, and manufactures	15	16	24	25	22
Tea	6	8	12	10	14
Seeds	11	6	6	9	8
Food grains	21	17	7	8	5
Hides and Skins	7	8	2	2	3
Other articles	21	20	25	24	24

TABLE SHOWING VARIATIONS IN THE SHARES OF THE PRINCIPAL COUNTRIES IN THE IMPORT AND EXPORT TRADE OF BRITISH INDIA DURING THE LAST THREE YEARS, AS COMPARED WITH AVERAGES OF THE PRE-WAR AND WAR PERIODS.

Imports (in percentages)

(Sea-borne : exclusive of treasure and of imports on Government account).

	1909-14. Average.	1914-19. Average.	1935-36.	1936-37.	1937-38.
United Kingdom ...	63	56	39	38	30
Other parts of the British Empire	7	9	10	11	25
Japan	2	10	16	17	13
Germany	6	1	9	10	9
U.S.A.	3	7	7	7	7
Other Foreign Countries	19	17	19	17	16

NOTE.—Imports from Germany during the quinquennium 1914-19 consisted mostly of receipts in the early part of the official year 1914-15 and the residue of cargoes of prize vessels imported during the war period.

Exports* (in percentages)

(Sea-borne : exclusive of treasure and of exports on Government account).

	1909-14. Average.	1914-19. Average.	1935-36.	1936-37.	1937-38.
United Kingdom ...	25	31	31	32	34
Other parts of the British Empire	16	21	15	13	18
U.S.A.	8	12	10	9	10
Japan	8	11	14	15	10
Germany	10	1	6	5	5
France	7	4	4	4	3
Other Foreign Countries	26	20	20	22	20

NOTE.—Exports to Germany during the quinquennium 1914-19 were confined to the early part of the official year 1914-15.

* Including re-exports.

COMMERCIAL SUMMARY

BRITISH INDIA.							<i>Sq. miles.</i>
Area.—							
British India	...	...	...	...	...	...	862,679
Native States	...	...	...	...	...	...	712,508
Total	...	...	...	...	...	...	1,575,187

Population—Census of 1931.—

British India	...	...	...	...	...	...	256,859,787
Native States	...	...	...	...	...	...	81,310,845
Total	...	...	...	...	...	...	338,170,632

Language for Commercial usage.—English.

Monetary unit(s).—

3 pies = 1 pice.	
4 pice = 1 anna.	
16 annas = 1 rupee.	
1 lakh = Rs.1,00,000	}
1 crore = 100 lakhs	
	e.g., Rs.1,45,67,200 = 1 crore, 45 lakhs, 67,200 rupees.

Rate of Exchange (pre-war and current average quotations).—

Pre-war, 1s. 4d.

Current—June, 1938, 1s. 6d. (with the result that 1 lakh = £7,500 and 1 crore = £750,000).

Index Numbers.—

Wholesale prices, Bombay (July, 1914 = 100). April, 1938 = 101.

Retail prices (food), Bombay (July, 1914 = 100). April, 1938 = 104.

Cost of living (working class), Bombay (Average Prices from July, 1933 to June, 1934 = 100). April, 1938 = 105.

Principal weights and Measures (other than ordinary metric or British) with British equivalents.—Weights and measures in India vary not only from district to district but also for different commodities within the same district and, although the railways have given a lead to the adoption of a uniform system, the country is so vast that the differences are likely to persist for many years to come. The principal units in all the scales of weights are the maund, seer and the tola, and the standard weights for each of these are 82.28 lbs. and 2.057 lbs. avoirdupois and 180 grains troy. The tola is the same weight as the rupee. In addition to these weights, there is the viss of 3.60 lbs. or 140 tolas and the candy of 500 to 840 lbs. It is not necessary for the purposes of this volume to detail any variations of the weight of the maund, except those which enter into the export trade. It will be sufficient to say that in any particular city there are probably as many different maunds as there are articles to weigh. The only varieties which need be considered in connection with the foreign trade are the Bengal or railway maund already specified, the factory maund of 74 lbs. 10 ozs. 11 drs., the Bombay maund of 28 lbs. and the Madras maund of 25 lbs. In October, 1913, the Government of India appointed a Committee to inquire into the whole question, and

their majority report, which was presented the following year, recommended the extension of the railway system based on the 180 grains tola, while the minority report advocated the adoption of the metric system. The views of the Provincial Governments on these reports were obtained and the Government of India in their Resolution dated the 3rd January, 1922, declared themselves in favour of the ultimate adoption in India, excluding Burma, of a uniform system of weights based on the scale now in use on the Railways. It has been decided that no new measures prescribing all-India measures of weight or capacity should be introduced at present but that the Local Governments should take such executive action as they can to educate public opinion in favour of the standard maund and seer.

In the table below an attempt has been made to present within a small compass the principal weights and measures employed in the Indian export trade.

Principal weights and measures in use in the export trade.—

<i>Name of Unit. General.</i>	<i>British Imperial Value.</i>
Tola	180 grains troy.
Seer (Standard or Railway or India)	2·057 lbs.
Seer (Factory)	1 lb. 13·5 oz.
Viss	3·60 lbs.
Maund (Standard or 40 seers Railway or India) 82 lbs. 4 oz. 9 dr.	
Maund (Factory)	74 lbs. 10 oz. 11 dr.

Note.—For local variations consult "Handbook of Commercial Information for India" by C. W. E. Cotton, C.I.E., I.C.S., 3rd Edition, 1937.

Total Imports—1st April, 1937, to 31st March, 1938.—	Rs.
Merchandise	1,73,45,23,684
Government Stores	3,43,44,448
Treasure	4,71,26,714
	1,81,59,94,846

Principal Imports—Cotton manufactures, machinery, oils, raw cotton, iron and steel.

	<i>Rs.</i>
Imports of merchandise from the United Kingdom	51,82,36,251
Imports of merchandise from Japan	22,22,85,942
Imports of merchandise from Germany	15,31,68,484
Imports of merchandise from U.S.A.	12,90,00,281

Total Exports—(Indian merchandise).—1st April, 1937, to 31st March, 1938 1,80,92,12,176

Principal Exports.—Cotton and cotton manufactures, jute and jute manufactures, tea, food grains, seeds, hides and skins.

	<i>Rs.</i>
Exports of Indian merchandise to the United Kingdom	59,62,34,671
Exports of Indian merchandise to the U.S.A.	18,24,30,515
Exports of Indian merchandise to Japan	18,12,58,220
Exports of Indian merchandise to Germany	9,67,02,653
Exports of Indian merchandise to France	5,19,98,379

Railway mileage.—Route mileage opened for traffic on 31st March, 1937—41,069.

BURMA.

	<i>Sq. miles.</i>
Area	233,492
Population—Census of 1931	14,667,146
Total Imports—1st April, 1937, to 31st March, 1938.—	<i>Rs.</i>
Merchandise	23,80,27,428
Treasure	3,25,914
	<hr/>
	23,83,53,342

Principal Imports—Cotton manufactures, iron and steel, provisions machinery and hardware.

Total Exports—1st April, 1937, to 31st March, 1938.— *Rs.*
 (Burma produce only) 49,91,79,456

Principal Exports—Rice, timber, mineral oils, base metals and ores raw cotton and rubber.

Railway Mileage.—Route mileage opened for traffic on 31st March, 1937—2,059.

REPORT ON THE CONDITIONS AND PROSPECTS OF UNITED KINGDOM TRADE IN INDIA, 1937-8

(With a brief account of the Trade of Burma)

CHAPTER I.

GENERAL REVIEW OF THE PERIOD.

Economic conditions throughout the world are so closely inter-related that it is not surprising to find that the experience of India has very closely followed the trend of events in her two greatest markets—the United Kingdom and the United States of America. The year 1936-7 had been a period of almost uninterrupted improvement in Indian economic conditions. Exports had expanded by no less than Rs.36 crores, industrial activity had been maintained at a high level, prices generally and those of primary commodities in particular had steadily advanced and the stage appeared to be set for a period of continued prosperity. The year 1937-8 opened with active markets, rapidly rising prices and general optimism. Fears of a shortage of raw materials had produced, in India as in other countries, all the usual evidences of a boom with soaring rates and heavy forward commitments. The boom, however, was short-lived. By the early summer of 1937, the reaction set in. To quote the Review of the Trade of India published by the Government of India:—

“ April, 1937, witnessed a sudden reversal of the upward trend in business conditions. Prices in the commodity and share markets fell sharply and confidence in the future was rudely shaken. The markets tried to steady themselves during the summer of 1937 after the effects of the first shock were over and prices of primary commodities rallied to some extent. But confidence could not be restored and from October, 1937, the markets became extremely unsteady and the downward trend continued unabated until the end of the financial year 1937-8 and even into 1938-9. The causes of this reversal in the fortunes of the primary producers lay probably in the unhealthy conditions of the commodity boom that started in 1936. With the recovery in industrial production the demand for raw materials greatly increased and this was further strengthened by the re-armament activity in most countries. Moreover, a succession of poor harvests and the restrictive policies followed by the producers of some primary commodities had greatly improved

the statistical position of most foodstuffs and raw materials. As supplies were short and stocks had fallen to very low levels, the industrial and other consumers of raw materials felt some nervousness as regards securing their requirements in time and in order to safeguard their own position they placed large orders for forward delivery. This abnormal demand for replenishing their stocks, added to the normal but larger demand necessitated by greater industrial output, created conditions in the commodity markets favouring a boom. As a result, a wave of hectic speculation overran the markets and prices soared. By March, 1937, an unsound position appeared to have developed as it was clear that the level of prices reached could not be permanently maintained, for, as always happens in a boom period, the market had greatly exaggerated the possibilities of supply. To repress such unhealthy developments the authorities in many countries tried to apply the brakes. In the United States, President Roosevelt uttered a warning that prices were rising too fast and too high. In that country as well as in some others, pressure was also applied by the banks by restricting credit facilities granted to finance the holding of stocks of commodities. At the same time, the "gold scare" increased the nervousness in the market. Moreover, the boom conditions in the commodity markets were leading to their increased output, especially as the restrictive schemes in regard to some of them were being relaxed. These rapidly expanding supplies, helped as they were by favourable harvests in many parts of the world, further adversely affected the commodity markets in the second half of 1937, especially as they started coming into the market at a time when the business recession had gathered force and confidence was on the wane. This aggravated the already unhealthy situation in the markets and led to a precipitous decline in the prices of most primary commodities. Thus, by the end of 1937, boom conditions were completely reversed and in view of the increasing supplies, growing stocks and declining prices, producers again brought into operation various restrictive policies, such as reduced export quotas and increased restriction of production, which they had resorted to in the earlier period of depression. These unfavourable developments in the world markets for primary commodities had a serious effect on Indian agricultural conditions. With the reversal of the commodity boom, prices of most of India's staple products declined very sharply and this meant a shrinkage in the income of the agriculturist. The full effects of the price fall were not however felt in India till the middle of 1937, but, thereafter, conditions in the case of most of the agricultural commodities deteriorated rapidly."

The following table gives the index numbers of wholesale prices in India and in the United Kingdom, United States of America and Japan:—

	India. (a)		United Kingdom. (b)	United States of America. (b)	Japan. (b)
	Calcutta.	Bombay.			
1915 average ...	112	—	—	70	97
1916 " ...	128	—	—	86	117
1917 " ...	145	—	—	118	149
1918 " ...	178	239	—	131	196
1919 " ...	196	223	—	139	236
1920 " ...	201	216	307	154	259
1921 " ...	178	198	197	98	200
1922 " ...	176	187	159	97	196
1923 " ...	172	181	159	101	199
1924 " ...	173	182	166	98	207
1925 " ...	159	163	159	104	202
1926 " ...	148	149	148	100	179
1927 " ...	148	147	141	95	170
1928 " ...	145	146	140	97	171
1929 " ...	141	145	100	100	100
1930 " ...	116	126	88	91	82
1931 " ...	96	109	77	77	70
1932 " ...	91	109	75	68	73
1933 " ...	87	98	75	69	82
1934 " ...	89	95	77	79	81
1935 " ...	91	99	78	84	84
1936 " ...	92	97	83	85	90
1937, January ...	98	104	90	90	106
" February ...	99	103	91	91	105
" March ...	100	110	94	92	109
" April ...	103	108	95	92	113
" May ...	103	109	97	92	110
" June ...	102	106	97	92	108
" July ...	104	106	98	92	109
" August ...	105	106	98	92	107
" September ...	104	106	97	92	109
" October ...	105	105	97	90	108
" November ...	103	105	95	87	108
" December... ..	102	104	94	86	110
1938, January ...	100	104	94	85	112
" February ...	97	103	93	84	113
" March ...	96	100	91	84	114

(a) Monthly Survey of Business Conditions in India.

(b) League of Nations Monthly Bulletin of Statistics.

Prices of most items of India's agricultural production attained their maximum in the first few months of 1937 and then fell sharply. Thus, raw cotton declined from February to October, 1937, by 33 per cent. and raw jute fell from May, 1937, to March, 1938, by 25 per cent. Wheat, which reached its highest level in April, 1937, had dropped by 35 per cent. in March, 1938. Groundnut prices reached their zenith in August, 1936, and have declined steadily, the quotation in March, 1938, being 41 per cent. below the highest level and 35 per cent. below that of March, 1937. The price of rice remained fairly steady throughout 1937-8 and that of linseed was higher in 1937-8 than in 1936-7. These two apparent deviations from the general

trend were attributable to factors peculiar to these two crops. On the whole, the year 1937-8 witnessed a steep fall in the prices of India's staple products.

The year closed with the Calcutta index number of wholesale prices standing at 96 in March, 1938. The number fell to 94 in April but remained steady at that figure during May and June when signs of improvement became apparent. The Review of the Trade of India in dealing with this latest phase of the situation states that the boom conditions in commodity and share markets and the general business prosperity obtaining in the early part of 1937-8 were reversed in the second half. Liquidations on a large scale corrected the earlier excesses and the position would have been healthier but for the pessimism which prevailed among the business community. The intrinsic position of most industries and markets was generally sound after the vigorous shake out and only a change in the psychological conditions was probably necessary to start some sort of upward movement from the abnormally low level to which most markets had sunk in the depression. Such a change appears to have come over the business community in June, 1938, although it is too early to say whether the movement is likely to be sustained and to prove to be the harbinger of a real recovery or whether it is merely a temporary rally in the general downward movement. But, temporary or permanent, there is no doubt that after many months a slight upward movement became perceptible towards the end of June. The origin of this new development was in the United States of America where the business recession of last year first made its appearance. A better tone was noticeable in Wall Street and in the U.S.A. commodity markets, prices advanced and the movement spread to other countries. Indian markets responded in the latter part of June and in July. Rises took place in the prices of raw cotton; jute, raw and manufactured; groundnuts; linseed; wheat; rice and sugar. Market reports at that time were couched in more optimistic terms and attributed the rise to the more hopeful reports from the U.S.A. The Indian Stock Exchanges and money markets shared in this return of confidence, and prices of many shares were marked up appreciably. The index of variable yield securities in June, 1938, recorded its first small rise since September, 1937. Quotations of speculative securities show the effects of the new sentiment more clearly. Prices of these scrips had declined sharply after October, 1937, and they were the first to rise rapidly from the middle of June. Between the third week in June and the third week in July the quotations of the ordinary shares of the Tata Iron & Steel Co. Ltd., and the Indian Iron and Steel Co., Ltd., market leaders in this group on the Bombay and Calcutta Stock Exchanges, rose by 25 per cent. while Tata Iron and Steel Co. deferred shares advanced by 39 per cent. There seem therefore to be

some grounds for hope that—given more stable political conditions in Europe and a continuance of the upswing in the U.S.A.—the recent serious recession may have been stayed permanently and that the present recovery may persist and gather force.

Market Conditions in respect of India's Main Primary Products.—The general conditions outlined in the preceding paragraphs are reflected, in greater or lesser degree, in the case of each of India's principal agricultural products.

Raw Cotton.—One of the first important primary commodities to be adversely affected by the change in world conditions was raw cotton, which is so closely dependent on U.S.A. prices and conditions. The news of an exceptionally heavy crop in the U.S.A., combined with the general pessimism of U.S.A. markets, caused a severe fall in price during the summer of 1937. The quotation for M.G.F.G. Broach, per candy, was Rs.244 at the end of March, 1937. The quotation followed the downward trend in U.S.A. prices and stood at Rs.161 in October, a fall of 33 per cent. Thereafter, prices rallied to some extent, following the trend in the U.S.A., but in March, 1938, the quotation stood at Rs.165. The greatly reduced takings of Indian cotton by Japan owing to the exchange control imposed in that country, coupled with a very heavy offtake in the preceding year, resulted in a serious fall in export demand. This was accentuated by reduced consumption of Indian cotton in the principal European markets and the U.K. attributable to the low price of the American staple. Although this state of affairs was partially offset by increased Indian mill consumption, the result is seen in a carry-over of 2,400,000 bales on 1st September, 1938, compared with a carry-over of 1,550,000 bales on 1st September, 1937.

The balance sheet of the Indian cotton season from 1st September, 1937, to 31st August, 1938, was as follows:—

		<i>Indian cotton, 1937-8.</i>	
		(Exclusive of foreign growths; approximate figures.)	
<i>Supply: All-India.</i>		<i>Bales of 400 lbs. each.</i>	
Carry-over (revised), All-India, on			
1st September, 1937	... ..	1,550,000	
Approximate crop for 1937-8	... ..	6,300,000	
Total supply for the season...		7,850,000	
<i>Distribution.</i>		<i>Bales.</i>	
Exports: All-India	... ..	2,150,000	
All-India Mill Consumption	... ..	2,950,000	
Extras, hand spinning, etc	... ..	350,000	
Total distribution	... ..	5,450,000	
Balance being the carry-over in	All-India on		
1st September, 1938	... ..	2,400,000	

Raw Jute.—For the past three seasons, the Government of Bengal have carried on a campaign for the voluntary restriction of the jute crop with the object of maintaining prices at a level satisfactory to the cultivator. Whether as a result of this restriction or for some other reason, the jute cultivator is now securing a larger share of the ultimate value of his product than for many years past. The prices of raw jute have not fallen in the same proportion as the prices of manufactured goods. During the past two years, the world consumption of raw jute has increased to such an extent that, in spite of the larger crops of 1936 and 1937, it has exceeded production. Reserve stocks have been reduced. Larger sales at higher prices have given the jute cultivator a greater cash income, which has increased his reserves and enabled him to withhold supplies with the object of securing better prices. The prosperity of Eastern Bengal is witnessed in the greater offtake of staple requirements of the population such as piecegoods and galvanised sheets. Though the profits of the jute mills were on an abnormally low level, the total income of the jute trade, as a whole, was larger than in previous years and was more widely distributed. It is estimated that the world is consuming jute at the rate of 11,500,000 to 12,000,000 bales per annum. As the outturn of the 1937 crop is estimated at between 10,500,000 and 11,000,000 bales, there should be a further reduction of stocks at the end of the current season.

The following table shows the outturn and distribution of the crop during the last three seasons:—

		(In thousands of bales.)		
<i>Supplies.</i>		1934-5.	1935-6.	1936-7.
Stocks in Calcutta at 30th June		1,000	1,000	600
Net arrivals in Calcutta		9,490	7,991	10,450
Shipments from Chittagong		301	158	247
Total		10,791	9,149	11,297
<i>Distribution.</i>				
Received by Calcutta Mills		5,413	4,423	6,078
Exported from Calcutta and Chittagong		4,378	4,126	4,869
Stocks in Bazaar		1,000	600	350
Total		10,791	9,149	11,297

Wheat.—The Indian wheat crop of 1937 was an abundant one, amounting to 9·8 million tons compared with 9·4 million tons in 1936. As a result of the favourable parity of Indian wheat prices compared with Canadian rates, India was able to sell on the world's markets and 460,000 tons valued at Rs.4,62 lakhs were exported compared with 235,000 tons valued at Rs.2,11 lakhs in the previous year. For some ten or more years previously exports had been negligible. This encouraging

revival brought considerable prosperity to the Punjab cultivators and welcome increases of freight to Indian State Railways.

Oilseeds.—According to the official review of Indian Trade, the markets for oilseeds at the beginning of 1937 were buoyant. Extensive buying at high rates took place, but the level of prices was below that of 1936 and the situation was healthy. In March, 1937, consumers became hesitant, prices declined steadily and by the end of the year 1937-8 rates were well below the levels of February, 1937. It is pointed out that the future prospects for oilseeds are reasonably good. In the first place, increased consumption demand during the last three years has completely absorbed the accumulated stocks that had depressed markets since 1931. Moreover, world consumption is being maintained at a high level and the large quantities purchased at the beginning of 1937 have been absorbed. As consumers bought from hand-to-mouth in the latter part of 1937 and the first quarter of 1938, they cannot have any appreciable reserves. The liquidation in the markets during 1937 has restored them to a relatively healthy position—in fact distinctly more healthy than before the onset of the depression of 1931-4 when the presence of large stocks depressed the market for years. World demand for oils and fats is constantly increasing and, in the absence of large stocks, a shortage in any important consuming centre would probably lead to a strong upward movement. It may be concluded that though the oilseed markets have been depressed during the past year, they are in a very favourable position to take immediate advantage of any increase in consumption.

Rice.—As a result of the short crop during the 1935-6 season, prices of rice showed an appreciable improvement in 1936-7. The index number rose from 51 in December, 1935, to 66 in October, 1936. Thereafter, the effects of the larger crop of 1936-7 produced a downward tendency, checked only by the strength of the rice market in Burma, which dominates the position. To meet the demands of a rapidly-growing population, India has, of late years, been importing largely increased quantities of Burma rice. The average annual imports of rice from Burma during the five years 1922-6 was 726,000 tons; during 1927-31 the figure had grown to 1,136,000 tons and in the period 1932-7 had attained 1,690,000 tons.

Sugar.—Sugar in India, not being an export crop but entirely dependent upon the fortunes of a highly protected Home industry, is not subject to world changes to the same degree as other crops. It is, however, conditioned by the degree of competition in the manufacturing industry, which has had a remarkable development since the sugar protective duties were imposed in 1932. Some idea of the rapidity with which the growth of

sugar has expanded to meet the demands of the new factories may be gleaned from the following table:—

Cane Production Statistics

Year.	Total acreage under Sugarcane.	Acreage under improved varieties.	Calculated Production of Sugarcane (10-11 factors).	Average Cane Production per acre.	Yield of raw Sugar (Gur.).
			(Tons).	(Tons).	(Tons.)
1931-32	3,076,000	1,170,478	43,316,000	14.1	4,116,000
1932-33	3,435,000	1,845,788	51,129,000	14.9	4,859,000
1933-34	3,433,000	2,295,257	52,455,000	15.3	5,055,000
1934-35	3,602,000	2,445,719	54,346,000	15.1	5,292,000
1935-36	4,154,000	3,071,153	61,202,000	15.2	6,102,000
1936-37	4,573,000	3,500,000	70,170,000	16.5	6,932,000

It is considered that the optimum point of manufacturing expansion has now been reached and that the next few years should be directed towards increasing the efficiency and consolidating the position of the industry. Whereas in 1931-2 the number of mills working was 32, the cane factory production 158,581 tons and the imports 516,100 tons, the corresponding figures for 1937-8 were 146 mills, 1,025,000 tons produced and a mere 13,714 tons imported. The price index of an average of Indian sugars in April, 1937, stood at 100 and after receding slightly in May and June, rose steadily until it stood at 126 in March, 1938. Meanwhile, stocks of sugar at Calcutta, Bombay, Karachi and Madras, which stood at 33,358 tons at the end of April, 1937, had dropped to 18,000 tons.

Industrial Conditions in India.—In industry as in agriculture, the year under review witnessed a change from the boom conditions of high share values and commodity prices, active employment, full order books and record production figures to all the signs, during the last few months, of an impending depression. The recovery in primary commodity prices and the heavy volume of exports in 1936-7 had resulted in a marked rise in the income of the agriculturist with correspondingly increased purchasing power. This was reflected in the fillip given to India's import trade which will be considered at a later stage. To an even greater extent was it evident in an improved demand for the products of Indian industries, which, under the stimulus of direct protection in some cases and the fortuitous protection of a high revenue tariff in others, had increased enormously in number and variety during the past decade. Conditions varied to a remarkable degree among individual industries, but, on the whole, 1937-8 was a record year in the case of some of the most important of them.

The Indian cotton manufacturing industry has enjoyed a period of activity greater than any it has experienced for over a decade. Production of cloth in all-India rose by over five hundred million yards to the record total of 4,084 million yards. The broadening of demand resulting from the increased purchasing power of the country and also from the relaxation of Japanese competition on account of Japanese preoccupations in China brought a stream of orders, both from home and overseas markets, which called for double shift working in the case of many mills. The average prices realised for cloth were slightly higher than during the previous year. On the other hand, the mills benefited by the heavy fall in the price of raw cotton and other materials which took place during the greater part of the period. In addition to the demands of the domestic market, the easing of Japanese competition in markets such as the Straits Settlements, Ceylon, the Persian Gulf markets, Egypt and other African outlets resulted in a considerable stimulus to the export trade. Burma is also now regarded as an overseas market and is expanding rapidly as an outlet for the Indian industry. Total exports of cloth rose from 101.6 million yards to 241.3 million yards and from Rs.263 to Rs.650 lakhs in value, but it should be noted that the latter figures included shipments to Burma of 94 million yards valued at Rs.2,82 lakhs. Doubt exists as to whether this export revival will continue since the overseas demand for Indian goods was, in the main, due to boycotts, quota restrictions and higher tariffs imposed by certain countries on Japanese goods. Japan's hostilities in China also temporarily affected her ability to export as freely as formerly owing to freight and exchange difficulties. The prospects for the current year would appear to be extremely good. They are tempered only by the outbreak of widespread labour troubles throughout the country and the certainty that wage rates, which have already been materially raised in the Bombay Presidency, Cawnpore and elsewhere, will increase the costs of production. The Bombay Congress Government, as a result of the findings of their Textile Labour Inquiry Committee, insisted on increases of wages ranging from 18 per cent. in the case of the lowest paid labour to 6 per cent. in the case of operatives with a maximum salary of Rs.75 per mensem. This additional cost factor is broadly estimated to increase the cost of cloth by fully 4 per cent. Moreover, the Provincial Congress Governments throughout the country have an ambitious programme for the betterment of labour conditions which must inevitably raise the cost of production still further.

In the case of the Jute Mill Industry, world conditions towards the close of 1936 and during the first half of 1937 were favourable. Demand for jute manufactures from the U.S.A. and other markets expanded considerably until October, 1937, and exports were on a higher level than in 1935-6. The year, however, was

a most difficult one for the industry in view of the intense competition from mills outside the Indian Jute Mills Association; this caused the abandonment of most restrictions on manufacture. These conditions of cut-throat competition persisted throughout the year. The great increases in output and the consequent fall in the prices of jute goods, without a proportionate fall in the price of the raw material, brought about a serious reduction in mill profits. Persistent attempts to bring all the mills into a new agreement for the regulation of hours of work and machinery just failed after securing the adherence of about 98 per cent. of the mills. The Government of Bengal have now intervened and, in September, 1938, introduced an Ordinance for the ordered regulation of the Industry, which, it is hoped, will place it on a more satisfactory footing.

The Tea Industry enjoyed a prosperous year in 1937-8. The period was marked by good prices, better quality of tea and the absence of labour troubles. Exports rose from 302 to 335 million lbs. and from Rs.20 to Rs.24.4 crores in value. The future prospects appear to be promising. The International Tea Export Regulation Scheme is being continued for a further five years and this should ensure steady and well-regulated conditions for the Indian Tea industry. Systematic efforts are being made to extend the consumption of tea in India as well as throughout the world. All the indices point to favourable conditions and steady progress in the industry, which is now enjoying the fruits of a wisely-planned regulation scheme in marked contrast with the unsatisfactory conditions which prevailed prior to its inauguration in 1933.

The Coal Industry has also enjoyed a period of prosperity during the year under review. The raisings of coal advanced from 20 to 23½ million tons. Brisk demand from Indian industries and the stoppage of export of South African coal led to a rise in prices of Rs.3 per ton in the early part of the year and an expansion of exports from 249,526 tons to 1,005,899 tons and from Rs.20 to Rs.99 lakhs. A leading authority in the Trade writes that "the outlook must be regarded as very satisfactory. Early in 1937 the price of coal, for a variety of reasons, rose steadily and, with labour shortage causing a reduction in output, the rise continued until the end of the year. With a variety of industries—particularly the heavy industries—working satisfactorily, maintenance of the price of first-class coal seems assured. Prospects for 1938-9 should therefore be considered very satisfactory, when it is remembered that the present prices obtaining for coal are higher than they have been for the past 14 years."

The Iron and Steel Industry has enjoyed the most prosperous year in its history. Pig iron production rose from 1,552,000 tons to 1,644,000 tons and exports from 574,000 to 629,000 tons. The

II

production by the Tata Company of steel ingots advanced from 850,000 to 899,000 tons while that of saleable steel receded slightly from 667,000 to 660,000 tons, mainly owing to a reduction in the output of galvanised sheets due to insufficient orders at the beginning of 1938. The following detailed figures of the various types of steel despatched to customers from the Tata Works during the year give a clue to the capacity of the Indian industry:—

	1936-7.	1937-8.
	<i>Tons.</i>	<i>Tons.</i>
Rails and Fishplates	88,000	88,000
Bars and Light Structural	182,000	186,000
Heavy Structural	82,000	79,000
Plates	49,000	66,000
Black Sheets	28,000	31,000
Galvanised Sheets	90,000	69,000
Tin-bars	70,000	82,000
Sleeper-bars and Sleepers	23,000	12,000
Blooms, Billets and Sheet-bars	60,000	54,000
Total	672,000	667,000

The early part of the year was characterised by strong demand, shortage of stocks and high prices, but during the last few months of 1937 the situation eased considerably, particularly in the sheet trade, and prices of sheets were materially lowered in order to stimulate demand. Demand for steel in India remained on much the same levels as in the two previous years and has still not regained the totals of ten years ago when purchases of rails by Indian Railways and the consumption of galvanised sheets were both much higher than in recent years. Both the Indian Iron and Steel Co., Ltd., and the Tata Iron and Steel Co., Ltd., made record profits during the year. In his speech at the annual meeting of the Tata Company on 27th June, 1938, the Chairman stated: "Trade and business conditions throughout the world have been on the downward trend since the autumn of 1937 and, although during the last few days more hopeful signs are noticeable, he will be a bold man who can definitely predict a return of prosperity in the near future. But while the production and consumption of steel have gone down a great deal compared with the peak of 1937, prices have not been affected to the same extent. The International Steel Cartel, and Great Britain in particular, have made very strenuous and, on the whole, successful attempts to maintain steel prices. The life of the Cartel has been extended to December, 1940, and negotiations for an arrangement with American producers for the maintenance of export prices are in progress. *The consumption in India did not show any substantial increase during the boom and has, similarly, not been materially affected by the slump.* Except in galvanised sheets and in merchant bars, prices have been fairly maintained with

a slight downward trend. The demand for steel is likely to be fairly steady in the future and, by reason of our low costs, we hope to be able to meet competition without any appreciable effect on the volume of our output. Given one essential condition we can look forward with confidence to the future. That condition, essentially equally for the well being of labour as well as capital, is that of industrial peace." Labour unrest has seriously threatened the Indian industry during the year, but a strike was averted by the Tata Company by the grant of a generous bonus to its employees. The Indian Iron and Steel Company suffered from a strike in the early summer of 1938. The capacity of the Indian Steel industry will be greatly augmented when the Steel Corporation of Bengal comes into production—probably during 1939-40. According to estimates, this will add a further 200-300,000 tons of finished steel to India's output.

The Indian Cement Industry has taken full advantage of the increased activity of the past year. The formation of the Associated Cement Companies of India, a merger of the ten principal concerns under unified control, brings the policy of the industry into the hands of a single powerful organisation, which is expected to effect considerable economies in working. Indian cement, which is fully equal to the requirements of the British Standards Specification, now dominates the market. Imports last year had shrunk to under 32,000 tons, representing partly shipments to Madras, which is the market furthest removed from existing Indian cement works, and partly special rapid-hardening cements for underwater work and for other special purposes. The Indian Association hopes to close the Madras outlet for imports by the erection of a new works at Bezwada and the extension of the existing plant at Coimbatore. The prospects for the future are bright, especially in view of the steady expansion in the erection of modern-type buildings and the extensive road programme, to which reference is made on pages 66 to 70.

The Paper Industry in India has until quite recently been in the hands of three principal concerns whose combined output represented 85 per cent. of the total production of paper in 1936-7. These three companies are now threatened by the competition of a considerable number of new concerns, which have been floated during the company boom of the past few years, and which have erected modern plants with machinery largely of German origin. Prices advanced in 1937 and the earnings of the mills consequently increased. The future is regarded as uncertain in view of the rise in the cost of raw materials, the increased competition and price-cutting which may be expected when all the new mills are in production and, above all, the expiry of the tariff protection in March, 1939. A Tariff Board

has already examined the demand of the industry for the continuance of protection but the decision of the Government of India has not yet been announced.

Apart from the industries referred to above, the numerous Public Utility Corporations in India have had a successful year. Companies concerned with the supply of electrical energy for lighting and power and also the privately-owned Telephone Undertakings have all improved their earnings as a result of the general expansion of economic activity. Engineering concerns were able to take full advantage of the important construction programmes in connection with capital works on behalf of Government or of the numerous new industries. Shipping and transport companies scored from the movement of an increased volume of goods. Mining companies engaged in the extraction and treatment of oil, gold, silver, copper, lead, zinc and tin enjoyed great activity. In the case of the base metals, the phenomenal rise in prices in the spring of 1937 and the subsequent heavy fall in the latter part of the year introduced a high degree of speculative activity. The mines, however, worked at high pressure throughout the year.

During the past ten years, scores of new industrial enterprises have been inaugurated in India which are swelling the total and increasing the variety of her production. They are, moreover, displacing the imports, which have hitherto been obtained largely from the United Kingdom and which have provided a steady Customs revenue for the Government of India. In some important cases notably the manufacture of cigarettes, matches, rubber tyres, soap, paints and certain chemicals, these industries are branches of important firms in the United Kingdom and elsewhere, who have decided that it is to their advantage to meet the Indian demand from works situated inside the tariff wall and also to be in a position to claim the status of Indian origin when tendering for the requirements of Government purchasing departments, which are tilting the scales more and more towards Indian goods and against the imported article. Apart from these major industries however a host of lesser industries have sprung up under the shelter of the high revenue tariff and enjoy a degree of protection which was never intended. The active markets of 1936 and 1937 coupled with the substantial rise in the prices of competing imports have stimulated their further growth.

Labour Unrest.—One of the most disturbing features of the last few years, from the point of view of the Indian Industrialist, has been the growing prevalence and increasing frequency of labour disputes. According to the Review of the Trade of India:—“The number of disputes and of the workers affected by them in 1937 was the highest for many years, the number

of working days lost totalling nearly nine million. The strikes in the various jute mills from February to May, 1937, were largely responsible for this increase, the men involved numbering 298,000 and the days lost amounting to nearly five million. Cotton and woollen mill strikes accounted for 235,000 workers and 2.6 million days lost. Labour unrest has been growing during 1937 and with better times for many Indian industries the workers' demand for higher wages and especially for the restoration of the cuts introduced during the depression has become more insistent. The advent of the Congress Governments in many provinces has encouraged labour in this attempt. The cotton mill industry was the first in which the demand for higher wages started, the three Provinces affected being Bombay, the United Provinces and the Central Provinces. The Governments of these Provinces appointed enquiry committees and, in Bombay, the interim report of the Committee recommending an increase of 12½ per cent. in wages has been accepted by Government and by the millowners. In the United Provinces, the report of the Enquiry Committee was not acceptable to the employers, a strike was declared in Cawnpore in the middle of May, 1938, and continued up to the first week in July. In the Central Provinces, the majority report of the Committee is not acceptable to the workers and strikes are threatened. At Jamshedpur, the steelworkers also demanded a rise in wages but the matter was amicably settled by the Tata Iron and Steel Company."

This phase of labour unrest is a phenomenon which might be expected to accompany a revolutionary change in Governmental Institutions such as the Indian Reforms Scheme. There are numerous precedents for it in the case of other politically backward peoples who have attained political autonomy in a very short period of time. The specious and irresponsible promises of Indian political parties made during the time when they were not responsible for the sound and orderly government of the country are now being quoted against them and fulfilment demanded. Moreover, the avowed policy of the Indian Congress has always been to promote measures for the improvement of the amenities of life of the more depressed classes of the population and particularly of the agriculturists. There is little doubt that Congress has every intention of carrying out this laudable object. The first few years of office, however, must inevitably be difficult until political discipline has been established and the workers have learnt to differentiate between legitimate economic objectives and vague semi-political agitation, much of it openly communistic. It seems likely that this wave of labour agitation will continue for some time until the workers become organised on approved Trade Union lines under responsible leaders and confine their aims to strictly economic questions of hours, wages and general conditions of service.

The Quantum of India's Foreign Trade.—It has been the practice in previous reports of this series to give index numbers of the quantum of India's foreign trade. These numbers were based on the trade of India including Burma and, therefore, cannot be used to illustrate the changes in the volume of trade of India Proper. Figures on the basis of India Proper have now been prepared by the Department of Commercial Intelligence and Statistics of the Government of India to cover the last three years and the pre-depression year 1927-8 and are given in the following table. They are necessarily approximate but they afford a rough guide to the course of India's trade.

Year.	Quantum of	
	Exports. Rs. (crores).	Imports. Rs. (crores).
1927-8	291·9 (100·0)	254·7 (100·0)
1935-6	261·0 (89·4)	232·6 (91·3)
1936-7	320·7 (109·9)	219·4 (86·1)
1937-8	301·0 (103·1)	243·7 (95·7)

It will be noted that, while the index number of exports is 3 per cent. and in 1936-7 was 10 per cent. above the basis pre-depression year, the index of imports is still more than 4 per cent. below that of the basis year and, in 1936-7, had fallen to as low as 14 per cent. below it. The table brings into relief the time lag between the revival of exports and its effects upon the import trade. The great expansion in exports took place in 1936-7, when the index number rose by over 20 per cent. The resulting prosperity and increased purchasing power became apparent only during the following year when, as a result, imports improved only by 9·6 per cent. The balance of the augmented consumptive capacity was probably either expended in purchases of domestic products or utilised to liquidate debts to the Bania or invested or hoarded according to the standard of economic development of the individual concerned.

India's Export Trade, 1937-8.—The separation of Burma from India from 1st April, 1937 has made it impossible to compare, without special adjustment, the trade statistics for 1937-8, which are confined to exports from India Proper and include shipments to Burma as being overseas exports, and those of previous years, which include the exports of India and Burma combined and take no account of Indo-Burma traffic which, at that time, was regarded as coasting trade. The Department of Commercial Intelligence and Statistics of the Government of India has, however, compiled special statistics for the years 1935-6 and 1936-7 on a basis comparable with the year under review. Approximately accurate estimates have been made of trade under various articles and groups of articles. Even so, as the Government of India admit, these results cannot attain the accuracy of actually recorded statistics and must be taken as being merely careful

estimates based on data available in the Department. As these figures for 1935-6 and 1936-7 are not generally available one is obliged to quote the comments of the Government of India in their Review of Trade for 1937-8, where they review the year's exports as follows:—

“ The total value of India's exports to all countries including Burma in the year under review amounted to Rs.181 crores which was Rs.4 crores less than in the preceding year but Rs.31 crores more than in 1935-6. In other words, though India's export trade in 1937-8 was slightly less than in the preceding year, yet it was on a fairly high level. On the other hand, imports into India from all countries including Burma in the year under review rose by Rs.32 crores in value as compared with the previous year and Rs.24 crores as against those in 1935-6. Thus, imports into India have shown a remarkable recovery in the year 1937-8. It is well known that imports lag behind exports in the case of Indian trade and the large increase in the value of India's total exports after the trade recovery started in the middle of 1936 has led to these larger imports in the year under review. Naturally, for the time being, this has reduced the favourable balance of India's trade. That India's trade position is intrinsically sound and her present difficulties as regards the reduced favourable balance of trade are due to some extent to accidental causes can be seen from the detailed analysis of the export and import trade in important commodities.”

“ The following table shows the changes in India's export trade in the main commodities:—

Export of Merchandise.	1935-6. Rs. (lakhs).	1936-7. Rs. (lakhs).	1937-8. Rs. (lakhs).	Increase (+) or decrease (—) in 1937-8 as compared with	
				1936-7.	1935-6.
Grain, pulse and flour	3·74	6·57	9·49	+ 2·92	+ 5·75
Tea	19·97	20·22	24·39	+ 4·17	+ 4·42
Hides and skins, raw	3·97	4·19	5·04	+ ·85	+ 1·07
Seeds, including nuts and oils	10·49	18·60	14·19	— 4·41	+ 3·70
Cotton, raw and waste	33·45	43·93	29·77	—14·16	— 3·68
Jute, raw	13·71	14·77	14·72	— ·05	+ 1·01
Jute manufactures ...	24·84	29·10	29·08	— ·02	+ 4·24
Others	39·38	47·67	54·25	+ 6·58	+14·87
Total of above ...	149·55	185·05	180·93	— 4·12	+31·38

“ It will be noticed that the total export trade has fallen by only Rs.4 crores as compared with the preceding year and is

much larger than in 1935-6. The largest decrease has been in the case of cotton, raw and waste, which has dropped in value to the extent of Rs.14,16 lakhs as compared with the preceding year and is even less by Rs.3,68 lakhs than in 1935-6. The two main causes of this decline are, first, the Sino-Japanese war which has reduced Japan's takings of raw cotton from India both on account of her war pre-occupations including exchange control and the shortage of available tonnage for transport. The second cause of the decrease is the exceedingly large production of raw cotton in America which naturally affected exports of Indian cotton. Another point to be noted is that the value of raw cotton has fallen disastrously during the year under review and this, to some extent, accounts for the decreased total value of the exports. Further, India did not have a good cotton crop in 1937-8 and naturally therefore did not possess the same exportable surplus as in the preceding year. All these factors explain the very large decline in the total value of exports of raw cotton. The second item to show a large decrease in value is oilseeds. The shrinkage in this case is largely due to the fall in the price of groundnuts, the quantity exported being only 13 per cent. less than in the preceding year, but the total value declining by Rs. 3,35 lakhs or 27 per cent. Exports of linseed were also on a smaller scale than in the preceding year. Exports of raw jute and jute manufactures have declined only by insignificant amounts of Rs.5 and Rs.2 lakhs respectively. All the other items have registered increases, the largest being an improvement in the exports of tea amounting to Rs.4,17 lakhs. Exports of grain, pulse and flour have appreciated in value by Rs. 2,99 lakhs, mainly on account of larger dispatches of wheat and wheat flour. The miscellaneous group "others" has also recorded a big increase of Rs.6,58 lakhs. If the abnormal fall in the case of raw cotton exports were to be excluded, the total value of exports from India would show a gain of nearly Rs.10 crores. This shows that, on the whole, India's export position need not cause any serious anxiety."

India's Import Trade, 1937-8.—In view of the separation of Burma from April, 1937, the following table, specially compiled by the Department of Commercial Intelligence and Statistics, gives figures approximately adjusted for the years 1935-6 and 1936-7 in order to allow of a strict comparison with the figures for 1937-8, which relate only to India Proper. They should not be taken as being mathematically accurate, but they are sufficiently accurate for the purpose. It should be remembered that the imports into India Proper are now swollen by nearly Rs.26 crores of imports from Burma, consisting mainly of oil, rice and timber. Comparisons are difficult to make this year, but, in future years, an absolute comparison, with 1937-8 as a basis, will be possible.

Imports of Merchandise.	1935-6.	1936-7.	1937-8.	Increase (+) or decrease (-) in 1937-8 as compared with	
	Rs. Crores.	Rs. Crores.	Rs. Crores.	1936-7.	1935-6.
	Provisions and oil- mans' stores ...	2.26	2.27	2.60	+ 0.33	+ 0.34
Sugar	1.74	0.20	0.19	- 0.01	- 1.55
Oils	16.16	16.15	18.70	+ 2.55	+ 2.54
Cotton, raw and waste	6.79	5.88	12.13	+ 6.25	+ 5.34
Chemicals, drugs and medicines ...	4.97	4.53	5.69	+ 1.16	+ 0.72
Cutlery, hardware implements and in- struments (exclud- ing electrical in- struments and apparatus) ...	5.25	5.46	6.84	+ 1.38	+ 1.59
Dyes and colours ...	4.33	4.01	4.99	+ 0.98	+ 0.66
Machinery including belting for machin- ery	13.29	13.36	17.99	+ 4.63	+ 4.70
Metals, iron and steel and manufactures	6.55	5.36	8.20	+ 2.84	+ 1.65
Metals—other than iron and steel and manufactures ...	4.91	3.83	5.16	+ 1.33	+ 0.25
Paper, pasteboards, stationery ...	3.45	3.30	4.96	+ 1.66	+ 1.51
Vehicles	6.58	6.22	8.92	+ 2.70	+ 2.34
Cotton yarn and manufactures ...	18.71	15.57	15.55	- 0.02	- 3.16
Other yarns and tex- tile fabrics ...	8.74	9.35	11.74	+ 2.39	+ 3.00
Others	46.04	46.21	50.13	+ 3.92	+ 4.09
Total of above ...	149.77	141.70	173.79	+ 32.09	+ 24.02

The remarkable activity in the import trade in the early months of 1937 was due, in the first place, to the greatly increased consuming power of the Indian agriculturist resulting from a buoyant export trade in the previous year. This affected the demand for such items of general consumption as cotton piecegoods, copper and yellow metal sheets, galvanised steel sheets, kerosene oil, soap, cigarettes and the simpler types of hardware and other articles for the bazaar trade. The intensity of this demand is not adequately shown in the import figures as most of these items are now manufactured in India. Thus, the great rise in the demand for cotton piecegoods has been almost entirely met by the Indian mills, whose increase of production by over 500 million yards to 4,084 million yards synchronised with an actual reduction in imports from 764 to 591 million yards. Similarly, the imports of galvanised steel sheets actually fell from 64 to 43,000 tons due to the competition of the Tata Company. The rise in the imports of non-ferrous metals such as yellow metal sheets would have been greater but for heavy overstocking in 1935-6 and 1936-7 and

indigenous manufacture. Soap and cigarettes are now supplied almost entirely from factories in India. It may be stated generally, therefore, that the simpler types of consumers' goods have been supplied by Indian industries rather than by imports. The prosperity of the urban population and the more well-to-do consumers, resulting partly from improved agricultural conditions and partly from the active conditions in Indian industry, is reflected in the increased imports of such items of consumers' goods as drugs and medicines, electrical apparatus, instruments, apparatus and appliances of all kinds, motor vehicles, pedal cycles, sewing and knitting machines, wireless sets and domestic refrigerators.

The activity and prosperity of Indian industries are responsible, however, for the major part of the improvement in imports. It will be seen that outstanding advances have been made in the raw cotton and machinery groups. The increase of over Rs.6 crores in the imports of raw cotton represents a phenomenally increased offtake by Indian mills of the longer-stapled cottons from Egypt, the Sudan, Uganda and the U.S.A. for the production of the finer counts of yarn and qualities of cloth, which has been such a feature of recent years. These imports must be set off against the reduced imports of cotton piecegoods, which are being displaced by the domestic production. The rise in the imports of machinery by no less than Rs.4½ crores is largely attributable to increases in the arrivals of cotton textile machinery by Rs.1.12 crores, jute machinery by Rs.31 lakhs, boilers by Rs.30 lakhs, electrical machinery by Rs.14 lakhs, machine tools by Rs.7 lakhs, refrigerating machinery by Rs.13 lakhs, paper mill machinery by Rs.37 lakhs, tea machinery by Rs.6 lakhs, miscellaneous textile machinery by Rs.28 lakhs and "other sorts of machinery," comprising a wide variety of all types of industrial plant, by Rs.73 lakhs. This remarkable expansion in the demand for industrial machinery must inevitably cause a material diminution, in future years, of imports of those articles which will then be produced in Indian works. The industrial demand is also largely responsible for the enhanced imports of iron and steel, chemicals, dyes and colours, paints and a variety of industrial, engineering and mill stores such as belting, bobbins, mechanical leather and rubber goods, lubricating oils, engine packings, wire rope and baling hoops.

The sharp rise in prices of most articles of import between the end of 1936 and the summer of 1937 induced buyers to enter into forward commitments on an inordinately large scale in order to cover their requirements before prices rose still further. This natural urge was fostered by the widespread belief held in Indian bazaars that a European war was imminent. Future needs were therefore provided for on a generous scale with the result that, when prices began to recede towards the end of 1937, the Indian markets were found to be heavily overstocked with goods bought at very high rates. The great bulk of the imports arrived

during the first half of the fiscal year and the high prices at which they were invoiced tended to swell the values shown in the Trade Returns. The turn of the year and the early months of 1938 presented a very different picture. Prices of nearly all commodities included in India's import schedule had fallen disastrously since the spring, so that importers and dealers found themselves with unwieldy stocks purchased at high rates and liable to be undersold by more recently purchased goods. No fresh orders were placed and import values declined as old contracts were gradually worked off. The serious fall in the values of goods imported since the beginning of 1938 is attributable partly to the reduction in the volume of imports and partly to the heavy fall in prices.

This recession in the import trade has continued during the present fiscal year. For the first five months, April to August, 1938, compared with the corresponding five months of 1937, the total imports into India Proper dropped by nearly Rs.12 crores and the movement is likely to continue. India's exports during the same period have diminished by no less than Rs.17½ crores and the continued fall in the price level of primary commodities has also reduced the profits accruing, so that purchasing power is again being restricted. It remains to be seen whether the upward movement in prices and increased confidence, which became apparent at the end of June, 1938, as a result of the upswing in the U.S.A., will be sustained and gather force or whether it is merely a temporary rally in the general downward trend. The leading authorities and experts in India incline to the view that the economic recession has been stayed.

Some idea of the extent of the setback sustained by the import trade will be obtained from the following table showing the value of the imports of the principal groups of manufactured goods during the five months ended 31st August, 1938, compared with the corresponding period of 1937:—

	1937.	1938.
	Rs. (lakhs).	Rs. (lakhs).
Cotton Yarns and Manufactures	5.74	5.35
Woollen Yarns and Manufactures	1.15	82
Silk Yarns and Manufactures	71	49
Other Yarns and Textile Fabrics	2.74	1.13
Iron and Steel	4.08	2.44
Chemicals, Drugs and Medicines	2.36	2.02
Dyes and Colours	2.26	1.35
Cutlery, Hardware, Implements and In- struments	2.98	2.21
Motor Cars	1.05	69
Motor Trucks	76	35
Pedal Cycles	60	27
Non-ferrous Metals	2.47	1.89
Paper, Pasteboard and Stationery	2.14	1.41
Apparel	34	21
Arms, Ammunition and Military Stores	79	19
Electrical Goods and Apparatus	1.51	1.30
Rubber Manufactures	90	56
Sewing and Knitting Machines	31	19

The movement is likely to continue for some time as, even if there is an upward swing in primary commodity prices and exports of Indian produce, the time lag is such that the effect on the import trade is not likely to be felt until 1939-40. The only group of manufactures to show an increase in imports in the past five months is that of machinery, which advanced further from Rs.6,77 lakhs to Rs.7,92 lakhs. Material increases are recorded under textile, electrical, mining, paper-mill and miscellaneous machinery and plant for industrial purposes. The rapid extension of India's manufacturing capacity continues with the prospect of further serious displacement of imports by domestic production in the near future.

For specific information under each item of import, readers are referred to the detailed analysis which will be found in Chapter V.

The Outlook in the Import Trade.—The general factors which govern the course of India's import trade may now be summarised. Crop conditions are generally favourable as a result of a monsoon, just closing, which may be said to be fully equal to the average. Prices of primary commodities as we have seen, after steadily falling during the past year, remained steady during April, May and June and then rallied; the latest index number of Calcutta wholesale prices for August, 1938, is again 94, still 10 points below the level of August, 1937. Exports of Indian produce and manufactures during the first five months, April to August, of the current fiscal year fell by Rs.17½ crores or 21 per cent., the principal reductions being in raw cotton (Rs.10½ crores), raw jute and jute manufactures (nearly Rs.4 crores), raw and manufactured hides and skins (Rs.2½ crores) and cotton manufactures (Rs.¾ crore). The 10 per cent. drop in prices compared with those in the corresponding period of last year accentuates the reduction in the statistics of values. During the same period the favourable balance of trade in merchandise for India Proper has fallen from Rs.13.3 to Rs.6.6 crores. Even though the slight improvement in trading conditions, which caused an upward movement beginning in June, may prove to be the harbinger of a lasting recovery, there will be a considerable time-lag before any improvement in India's export trade releases an appreciable amount of additional spending power to be invested by the ryot in imported goods.

The heavy stocks of imported goods, which were such a depressing factor on markets during the closing months of 1937-8, have now largely moved into consumption. Replacement costs of most items, except those affected by rearmament demands in Europe, are on a lower and safer level. The industrial activity in India, which was such a marked feature of 1937, continues at a slightly reduced tempo, but still provides

an increasing demand for capital goods, such as machinery and plant and a steady outlet for such items as chemicals, electrical goods, instruments and apparatus of all kinds and mill and engineering stores. While it is possible that the imports during the second half of 1938-9 may be on a slightly higher scale than during the first six months, there will be a very considerable fall over the whole year 1938-9 and the immediate future is most uncertain.

Turning now to the more distant prospects of the import trade in general and that from the United Kingdom in particular, we find the position beset with such difficulties and dangers, which are likely to become more acute as time goes on, that I should be failing in my duty if I did not sound a clear note of warning to United Kingdom export interests.

In the first place, the fiscal activities of the Government of India during the past ten years, coupled with the policy pursued by Government Departments, both central and provincial, with the object of fostering indigenous industries have reduced several of the leading United Kingdom export trades to India to comparative extinction. The policy of so-called discriminating protection, which, in practice, affords generous protection to Indian industries, is so well understood that there is no need to dilate upon its working. Its effects on the imports of cotton goods, steel, paper, matches, sugar and cement, to name the principal items affected, are too well known to require elaboration. Equally damaging to the United Kingdom's export trade, however, have been the high revenue duties, raised as a temporary and emergency measure to meet the financial crisis of 1931, which have had a protective effect that was never intended and have stimulated the establishment of a large number of miscellaneous domestic industries. Many of these are economically unsuited to the conditions of the country, but they will all strongly oppose the reduction of the revenue surcharges if the time ever comes when the Government of India can afford to redeem the pledge given by the Finance Member in 1931-2 that they shall be removed as soon as the financial position permits. The general revenue rate of 25 per cent. on non-preferential tariff items and 20 and 30 per cent. on items covered by the Ottawa Preferences has effectually prevented the prices of imported goods from being reduced to a level that would have met the purchasing power of the people and stimulated the demand for articles of quality, which would still be preferred by Indian consumers if only they could be obtained at a price within their reach.

The prospects of any reduction of the present high revenue duties are receding farther and farther. The Government of India, in their telegram of 14th May, 1936, to the Secretary of

State on the subject of the Niemeyer Report on India's Finances made the following significant admission:—

“ As regards Customs the general level of the tariff is now so high that the maintenance of the aggregate yield, which is by far the most important factor in the whole revenue position, has become a somewhat precarious task. There is plainly no further reserve which could now be drawn on to meet an emergency, as was done twice in 1931, and any serious relapse in the value of India's import trade would inflict damage which would be beyond the remedy of a mere increase in the tariff. Even if we exclude a further deterioration in the conditions of international trade, the present pitch even of the revenue duties is itself liable to provoke regressive tendencies. The Government of India therefore consider that any material increase in the tariff will endanger the practicability of the plan; they conceive in fact that in order to conserve the revenue yield it will be necessary from time to time to propose reductions of particular duties.”

The “ serious relapse in the value of India's import trade ” referred to above is taking place during the current fiscal year. The monthly Customs revenue statements disclose a steady fall in revenue compared with the estimates and, unless an unforeseen improvement takes place in the last six months of the fiscal year, point to a probable total deficit, at the close of the financial year on 31st March, 1939, of at least Rs.5 crores. Even if allowance is made for economies, which the Finance Member is urging on all Government departments, there will still probably remain a figure of several crores of rupees which must be made good by additional taxation.

While there is no prospect of a general reduction of the present rates of import duties, it is possible that the Government of India may make reductions in particular cases where the law of diminishing returns has become operative. Even in these instances, the fact that a reduction of duty is found necessary in order to maintain the yield proves that serious damage has already been inflicted on the trades concerned.

In addition to the damaging effects of the protective and revenue duties, imports of stores for the use of Indian Government Departments, which now include the requirements of the Railway Administrations and the Provincial Governments, are subject to a further serious handicap on account of the unspecified preference which may be granted, under the provisions of the Stores Rules (liberally interpreted by Stores officers), to

Indian manufacturers. The amount of the preference is not laid down and consequently the overseas supplier is unaware of the handicap with which he is faced even after he has allowed for the high protective duty (or revenue duty as the case may be) when making his quotation. The fact that a considerable sum in the form of duty accrues to the Customs revenue is not taken into consideration when weighing the relative advantages of an Indian vis-à-vis an overseas tender. No record of the amount of preference granted is ever published, but the overseas supplier is aware that the Indian Stores Department is charged with the duty of stimulating Indian industries and feels that the scales are heavily weighted against him. Moreover, he is constantly being urged by the officials of the Departments concerned to erect works in India if he wishes to retain his position as a contractor to Government—a form of pressure which is difficult to withstand even in cases where it is patently uneconomical to erect a small scale branch works in the country. A reference to Chapter IV will show the enormous growth of the activities of the Government of India Central Purchasing Departments. In the year under review the Indian Stores Department and the Army Contracts Department alone placed orders aggregating Rs.11¼ crores (£8½ million).

This growing practice of the purchase, by Public Authorities, of Indian-made goods in preference to imported articles, even at some sacrifice of price and quality, now prevails in most Local Governments, municipalities and other bodies. One of the first actions of the new autonomous Provincial Governments was to lay down that purchases by all officers under their control should be made in India if practicable. This nationalist spirit is unexceptionable from an Indian political point of view, provided that it does not result in a general lowering of standards and uneconomical purchases at the public expense. It deals a heavy blow at the overseas contractor, who has been accustomed to tender on equal terms with all competitors. It also stimulates the erection by him of small-scale, uneconomical works in the country. Its most patent result is the progressive decline in the formerly valuable trade in Government Stores.

The contraction of the Indian market as an outlet for overseas manufactured goods on account of the rapidly mounting domestic production is an issue which must be squarely faced by United Kingdom manufacturers and exporters. During the past two years India has lost her pride of place as the greatest market in the world for United Kingdom goods and now ranks third, having been surpassed by the Union of South Africa and Australia. In my report for

1935-6 I sounded a note of warning that the serious limitation of the Indian market as an outlet for overseas exporters on account of the development of local secondary industries would be likely to present serious problems for United Kingdom export trade in the future. Since then we have witnessed the industrial company-promoting boom of 1936 and early 1937, the results of which are apparent in the heavy imports of machinery and equipment and will soon be even more apparent in the contraction of the imports of those articles which will be locally produced when the new factories come into production. In Appendix III will be found a list of the flotations of Joint Stock Companies in 1937-8 when the boom had subsided. In Chapter IV, pages 142 to 144, the account of the activities of the Industrial Research Bureau throws light on some of the lesser-known Indian industries, which are competing more and more for Government contracts while a study of the lists, in Chapter IV, pages 140 to 142, of the more important contracts placed for products wholly or partly manufactured in India reveals the diversity and extent of Indian production.

We may here consider the position of one or two of the major protected industries and the future probable position of the import trades concerned. Taking, first, the position of the Indian cotton mills, we find that last year, when the textile industries of the United Kingdom, the U.S.A. and the Continent were only working at a fraction of their capacity and, in many cases, were operating without profit and barely earning adequate depreciation allowances, the Indian mills increased their production of cloth by over 500 million yards to the record figure of 4,084 million yards. Double-shift working was resorted to in order to cope with the flow of orders and profits were the highest for a decade or so. This activity synchronised with a reduction in imports from 764 to 591 million yards, of which the share of the United Kingdom was 267 million yards (to be contrasted with the United Kingdom share amounting to 1,456 million yards in 1928-9). The fall in imports from Lancashire continues and they are not likely to exceed 200 million yards during the current year. The present serious position is being intensified on account of the uncertainty with regard to the outcome of the Indo-British trade negotiations, which, it is hoped, may result in a reduction of the import duty. Such a reduction cannot be expected to restore the United Kingdom cotton trade to anything like its former position in the Indian market, but it should at least impose a check to the downward trend and result in some increase in the total yardage.

As regards iron and steel, we find that whereas the total imports in 1928-9 amounted to 1,170,000 tons, they had fallen

to under 372,000 tons in the year under review. Meanwhile, the production of the Tata Iron and Steel Company has risen to over 660,000 tons and will expand as more rolling mills are brought into operation. Moreover, the new works of the Bengal Steel Corporation are expected to be in full production by 1940 and are planned to roll a further 200-300,000 tons of finished steel per annum. Within a very few years, the total steel production of India will probably reach a million tons a year and will meet virtually the whole of the Indian demand with the exception of specialities such as steel tubes, hoops and strip, wire rope, etc. Plans for the erection of strip and tube mills are being considered. The only solution, from the point of view of the United Kingdom industry, would seem to be to continue the policy of co-operation with the Indian Steel Companies in order to regulate prices and to ensure that the few products, for which there is a demand in India insufficient to warrant domestic production, should be obtained from the United Kingdom. Much might be done to stimulate the potential demand for steel in India. In normal times the Tinsplate Company of India is in a position to supply the entire demand for tinsplates from the market, while India is rapidly becoming self-supporting in the supply of galvanised sheets.

With the exception of locomotives, wheels and axles and a few rolling stock and permanent way specialities India now produces all the railway equipment, including permanent way material, wagons, carriage stock and bridgework, that she requires. The high level of duties has induced the leading United Kingdom groups manufacturing cigarettes, soap, rubber tyres, asbestos products, metal boxes, electric lamps, aluminium ware, biscuits and many other items to supply the market from their Indian factories. Imperial Chemical Industries, Ltd. have this year formed a special Indian Manufacturing Company to produce soda ash, caustic soda and chlorine while one or two rival Indian concerns are also turning their attention to heavy chemicals. The Calcutta factory of the Bata Company of Czechoslovakia will shortly be in a position to supply the entire Indian demand for boots and shoes of the types formerly imported. Indian paper, cement, sugar, matches, agricultural implements, electric fans, glassware, copper sheets, certain types of electric cables, pharmaceuticals and medical supplies, disinfectants and a host of subsidiary commodities are rapidly displacing the imported article to the embarrassment of the countries which formerly supplied these goods and, incidentally, to the detriment of the Indian revenue.

The question arises as to how it will be possible to make good the gradual decline and possible extinction of imports of

such magnitude as cotton textiles, iron and steel, railway equipment, chemicals, rubber tyres, tobacco products, soap, etc., which have hitherto been the mainstays of United Kingdom trade with India. As I stated in my last report, a partial solution of the problem will be found in the rapid development of the country which is already resulting in a remarkable diversification of her economic requirements. The resilience shown by the imports of machinery, chemicals and transport vehicles is most marked. To these one might add the astonishing growth of recent demand for electrical appliances of all kinds, cinematograph films, wireless and broadcasting equipment, telephone installations, refrigerating and air-conditioning plants and the specialised equipment required for a rapidly growing industrial community. As I have repeatedly pointed out, the response shown, of late years, by large sections of the Indian people to the provision of improved modern facilities has been remarkable. The recent extensions of the telephone network throughout the country have been taken up at once and have provided an almost immediate return on the capital invested. The senior Indian business man in the towns to-day travels by car as well as by rail, has his correspondence typed, uses the telephone, not only for long-distance calls to Indian centres but also to the United Kingdom and other countries. He does not hesitate to travel by air, he probably owns a wireless set and almost invariably makes full use of electrical appliances such as modern lights, fans and domestic refrigerators. His family regularly attend the cinema and, in some cases, also drive their own cars. The demand for certain foodstuffs and beverages, which, until recently, were regarded as luxuries is increasing rapidly. On all sides one sees, as in the United Kingdom, a changed outlook towards commodities formerly regarded as luxuries, but which are now considered to be necessities for the enjoyment of a full life. My conclusions hitherto have been that we must rely more and more in future on the shipment to India of capital products, technical equipment and high-grade specialities, thus aiding her own development with our experience and technique.

It must be recognised, however, that even in the case of capital goods, a determined effort is now being made by Indian political leaders and politically-minded industrialists, imbued with the spirit of economic nationalism in its most extreme form, to render the country so far as possible independent of imports of such items as motor vehicles, many types of machinery, electrical plant and accessories, heavy chemicals and fertilisers, bicycles and sewing machines. The autonomous Governments in the Provinces are giving the lead in this direction. At a conference, convened by the Congress organisation, of the

Ministers of Industries in those provinces with Congress Governments, held in Bombay in August, 1938, a committee of expert Indian technicians, engineers, chemists, economists, industrialists and geologists, to which foreign experts will subsequently be added, was appointed, known as the Planning Committee, with the object of planning the further industrialisation of the country on a large scale. The following problems were remitted to this Committee for immediate investigation:—

- (1) The manufacture of machinery, plant and tools of all kinds,
- (2) The manufacture of automobiles, motor boats and their accessories and other industries connected with transport and communications,
- (3) The manufacture of electrical plant and accessories,
- (4) The manufacture of heavy chemicals and fertilisers,
- (5) Metal production, and
- (6) Industries connected with power generation and power supply.

It may be urged that this is merely a tentative movement to which effect may not be given for years to come. On the other hand, prominent Indian industrialists are seriously considering the early erection of works in Bombay to manufacture a medium-powered motor car of the Ford or Chevrolet type and a commercial truck of 1½ tons capacity. It is expected that the greater portion of the component parts will require to be imported at the beginning of the scheme, but it is hoped gradually to reduce this proportion as the requisite industries develop. The company will begin by assembling and will gradually extend local manufacture: it hopes to have the co-operation and technical assistance of one of the leading motor manufacturers in the U.S.A. Another prominent Indian industrialist has recently been considering offers from machinery manufacturers for a modern works to produce textile machinery. The production of steam and oil engines has already begun and will be extended. A company was recently formed in Calcutta for the manufacture of simple machine tools, while firms of such eminence as the Tata Iron and Steel Company have advanced plans for the manufacture of heavy chemicals and fertilisers on a large scale. Yellow metal and copper sheets are already being rolled in India, aluminium utensils have been produced for some years and a large-scale plant for the output of aluminium from Indian bauxite is projected.

We now come to the lighter industries; here we find the Department of Industries of the Punjab Government has recently conducted a survey of the possibilities of manufacturing bicycles and sewing machines in the Province. As a result, a Government industrial school has been reorganised at

Ferozepore, where practical instructions will be given in precision and repetition work in connection with light metal goods, bicycles and sewing machines. It may be observed that the Remington Typewriter Company have, for some time, been producing a considerable number of component parts and assembling their typewriters in Calcutta.

Indian public men, both politicians and industrialists, seem to be imbued with the conviction that the more domestic production is substituted for imports until the latter are gradually extinguished, the more prosperous the country will become. One never hears a doubt being expressed as to how such a policy could be carried out simultaneously with the maintenance of a considerable excess export of agricultural produce, on which the whole economic system of India is based. By what means it will be possible to receive payment for an export of Rs.140 crores of raw materials and produce alone (which was the value shipped during the year 1935-6) except by the receipt of goods and services is a problem to which reference is never made. The policy of maximum industrialisation, if followed to the lengths contemplated by present Congress authorities and provincial Governments must inevitably lead, firstly, to a serious clash of interest with the agricultural element, which constitutes nearly 70 per cent. of the population, secondly, to a crisis in India's finances as the Government of India rely upon Customs receipts for some 60 per cent. of their revenue, and, lastly, to the collapse of the financial and economic fabric of the Government of India which is dependent upon an excess balance of exports in order to meet India's financial commitments in London (amounting to some Rs.50 to 60 crores per annum) and to maintain the exchange.

The Indo-British Trade Negotiations.—In the Report for 1935-6 reference was made to the denunciation of the Ottawa Agreement in the Indian Legislative Assembly on 30th March, 1936, and to the six months' notice to terminate the Agreement tendered by the Government of India on 13th May, 1936. The two Governments have since temporarily extended the Agreement, subject to three months' notice by either side, until a new agreement is substituted for it. In the meantime, protracted negotiations have been in progress during the past 18 months. The Commerce Member, The Hon. Sir Mohammad Zafrullah Khan, has visited London three times and, on the first occasion, was accompanied by a panel of seven unofficial Advisers, drawn from leaders in Indian industrial and agricultural life. A delegation from the Lancashire Cotton Industry also visited India in May, 1938, in an endeavour to conclude an industrial agreement with the unofficial Advisers on the questions of the Indian import duties on cotton textiles and the

consumption by Lancashire of Indian raw cotton. These unofficial negotiations broke down and the cotton problem reverted to the two Governments for settlement. I had hoped to be in a position to include in this Report some account of the new agreement, but negotiations continue and the whole question is still *sub judice*.

General Position of British Trade in India.—The following table, compiled by the Indian Statistical Department, shows clearly the percentage shares of the United Kingdom, the British Empire as a whole, and the principal foreign countries in the trade of India during the fiscal year 1937-8 compared with the previous year and the last pre-depression year 1928-9.

	Imports.			Exports, including re-exports.			Total trade.		
	1928-29. Share per cent.	1936-37. Share per cent.	1937-38. Share per cent.	1928-29. Share per cent.	1936-37. Share per cent.	1937-38. Share per cent.	1928-29. Share per cent.	1936-37. Share per cent.	1937-38. Share per cent.
United Kingdom ...	45	38	30	21	32	34	31	34	32
Other British Countries ...	9	11	25	14	14	18	12	13	21
Total British Empire	54	49	55	35	46	52	43	47	53
Total Foreign Countries	46	51	45	65	54	46	57	53	46
<i>Principal Countries.</i>									
<i>British Empire—</i>									
United Kingdom ...	44·7	38·4	29·8	21·4	32·1	33·7	31·4	34·5	31·9
Burma	—	—	15·0	—	—	6·0	—	—	10·3
Ceylon	0·8	1·4	0·9	4·2	3·8	2·9	2·8	2·9	2·0
Straits Settlements ...	2·0	3·1	2·1	2·4	2·2	1·4	2·2	2·5	1·8
Australia	3·3	0·9	0·9	2·2	1·6	1·7	2·7	1·3	1·3
Hong Kong	0·3	0·4	0·1	0·7	0·3	0·4	0·6	0·3	0·3
Other British Countries	2·8	5·0	6·0	4·5	6·3	6·0	3·7	5·9	5·8
Total British Empire ...	53·9	49·2	54·8	35·4	46·3	52·1	43·4	47·4	53·4
<i>Foreign Countries.</i>									
Japan	7·0	17·0	12·8	10·2	15·0	9·8	8·8	15·7	11·2
U.S.A.	7·1	6·5	7·4	11·8	9·5	9·9	9·8	8·3	8·7
Germany	6·3	9·7	8·9	9·6	4·7	5·2	8·2	6·6	6·9
Belgium	2·8	2·2	1·9	4·0	3·6	3·0	3·5	3·1	2·5
Italy	2·9	1·0	1·5	4·5	2·4	2·6	3·8	1·9	2·1
France	1·9	0·9	0·8	5·3	4·0	2·8	3·8	2·8	1·8
China (exclusive of Hong Kong and Macao)	1·7	1·1	0·6	2·8	0·6	1·0	2·3	0·8	0·8
Java	6·5	0·3	0·2	1·1	0·4	0·5	3·4	0·4	0·4
Other Foreign Countries...	9·9	12·1	11·1	15·3	13·5	11·2	13·0	13·0	11·2
Total Foreign Countries	46·1	50·8	45·2	64·6	53·7	46·0	56·6	52·6	45·6
" For Orders " Cargoes	—	—	—	—	—	1·9	—	—	1·0
Total	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0

The fall in the United Kingdom's share of India's imports from 38 to 30 per cent. is mainly due to the change in the presentation of statistics arising from the separation of Burma. After eliminating the imports into India from Burma and into Burma from India (which now enter into the overseas trade returns of each country) and after adding the imports from the U.K. into Burma to the imports from the U.K. into India we find that the figure comparable with the 1936-7 returns is 35.4 per cent., representing a fall of approximately 3 per cent. Although, with the outstanding exceptions of cotton piecegoods, galvanised steel sheets and rubber motor tyres, the values of imports from the United Kingdom were actually greater under almost every heading, the relative share declined in a number of important trades, notably iron and steel, machinery, motor vehicles, instruments and apparatus. These are precisely the industries which have been most affected by the brisk trading conditions coupled with the re-armament demand in the United Kingdom. It may be assumed, therefore, that the sharp rise in prices and extended deliveries obtaining in many of these industries due to heavy home demands have had the effect of diverting a certain amount of India's trade into the direction of the Continent, the U.S.A. and Japan.

In the export trade also, the apparent rise in the U.K. takings from India from 32.1 to 33.7 per cent. requires adjustment to allow for the separation of Burma. After eliminating the exports from each country to the other from their respective total exports, we find that the exports to the U.K. of India and Burma combined amount to 34.9 per cent. of the total, showing a rise of 2.8 per cent. over the strictly comparable figure of 1936-7. This remarkably high percentage of just under 35 is a record figure in the history of the trade relations of the two countries during the present century and clearly shows the paramount importance of the great open U.K. market to the Indian agriculturist and exporter. The percentage rose from 28 in 1932-3, the last pre-Ottawa year, to 32.2 in 1933-4, receded slightly to 31.6 in 1934-5 and 31 in 1935-6 but rose to 32.1 in 1936-7 and 34.9 in the year under review. The increased share of the United Kingdom in India's export trade may fairly be attributed, firstly, to the value of the Ottawa Trade Agreement in maintaining free entry and, in most cases, a substantial preference for the Indian product entering the U.K.; secondly, to the generous—but as yet unrewarded—efforts of the Lancashire cotton industry to stimulate the use of Indian cotton; and, lastly, to the spirit of goodwill towards Indian goods on the part of U.K. consumers, who continue wistfully to look for a reciprocal spirit in India towards U.K. manufactured goods.

This leads to a consideration of the balance of trade between India, on the one hand, and the United Kingdom, other parts

of the British Empire, Europe, the U.S.A., Japan and other foreign countries on the other. The figures are included for the past two fiscal years and also for the last pre-war year for purposes of comparison:—

	1913-14.		
	Exports.	Imports.	Net Imports (-) or Exports (+).
	Rs. (crores).	Rs. (crores).	Rs. (crores).
United Kingdom	58	117	- 59
Other British Empire ...	36	11	+ 25
Total British Empire ...	94	128	- 34
Europe	85	30	+ 55
U.S.A.	22	5	+ 17
Japan	23	5	+ 18
Other Foreign Countries ...	25	15	+ 10
Total Foreign Countries	155	55	+ 100
Grand Total	249	183	+ 66

	1936-37.		
	Exports.	Imports.	Net Imports (-) or Exports (+).
	Rs. (crores).	Rs. (crores).	Rs. (crores).
United Kingdom	60	44	+ 16
Burma	11	27	- 16
Other British Possessions ...	20	13	+ 7
Total British Empire ...	91	84	+ 7
Europe	39	23	+ 16
U.S.A.	19	7	+ 12
Japan	28	19	+ 9
Other Foreign Countries ...	15	9	+ 6
Total Foreign Countries	101	58	+ 43
Grand Total	192	142	+ 50

	1937-38.		
	Exports.	Imports.	Net Imports (-) or Exports (+).
	Rs. (crores).	Rs. (crores).	Rs. (crores).
United Kingdom	64*	52	+ 12
Burma... ..	11	26	- 15
Other British Possessions ...	24	17	+ 7
Total British Empire ...	99	95	+ 4
Europe	36*	32	+ 4
U.S.A.	19*	13	+ 6
Japan	19*	22	- 3
Other Foreign Countries ...	16*	12	+ 4
Total Foreign Countries	90	79	+ 11
Grand Total	189	174	+ 15

* Inclusive of values of " For Orders " cargoes remaining to be adjusted.

The figures for 1913-4 have been included in order to show the almost revolutionary change which has taken place in U.K.-India trading relationships during the past 25 years. During the years preceding the Great War there had invariably been a balance of trade unfavourable to India. In 1913-4, imports into India from the United Kingdom exceeded the value of exports to that country by no less than Rs.59 crores, the balance being settled by the usual mechanism of triangular trade, e.g., Indian exports to the U.S.A. were paid for by sterling drafts on London. Owing to the post-War reduction in imports from the United Kingdom and some increase in the U.K. takings of Indian produce, this adverse balance had been reduced to Rs.36 crores in 1929-30, the last pre-depression year. The sensational fall in imports during the first three years of the slump reduced it still further to Rs.11 crores in 1932-3. Then came the Ottawa Agreement and the ensuing stimulus to Indian exports without any material corresponding rise in imports. Imports and exports exactly balanced at Rs.48 crores in 1933-4, there was a small unfavourable balance to India of Rs.5 crores in 1934-5 and of Rs.2 crores in 1935-6. In 1936-7, however, on account of very heavy shipments of Indian produce, including the rapidly developing trade with Lancashire in raw cotton, the favourable balance attained the record figure of Rs.16 crores. During the year under review the balance favourable to India has fallen slightly to Rs.12 crores. This may be attributed, in about equal measure, to a fall of Rs.3.87 crores in exports to the U.K. synchronising with a rise of Rs.3.76 crores in imports therefrom. Moreover, the elimination of India-Burma trade for

the first time during the past fiscal year makes an exact comparison impossible. It is abundantly clear that India now enjoys a substantial and increasingly favourable balance of trade in merchandise with the United Kingdom. Moreover, there is every indication that this balance is likely to be fully maintained, if not increased in future years.

A study of the 1936-7 and 1937-8 tables shows that, normally, with the significant exception of Burma, India enjoys a favourable balance of exchange of merchandise with every main group of countries with which she trades. Burma still belongs to the same fiscal unit and the trade is still regarded as being coasting trade, the excesses of imports being mainly accounted for by India's heavy imports of Burma rice, oils and timber. It will be remarked, however, that a favourable balance with Japan of Rs.9 crores in 1936-7 has been changed to an unfavourable balance of Rs.3 crores in the year under review. This may be attributed to the effects of the Sino-Japanese hostilities and the resulting exchange control operations of the Japanese Government. Shipments of Indian raw cotton alone have been seriously reduced by no less than Rs.11 crores. There is no reason to suppose, however, that this represents a long-term trend of Indo-Japanese trade.

This question of the balance of trade with individual countries has an important bearing on India's foreign trade policy. It largely determines the relative advantages to be gained from the existing practice of granting general most-favoured-nation treatment to all foreign countries as compared with the recent European practice of concluding short-term bilateral agreements with individual countries. As the opinion had been gaining ground among Indian politicians that bilateral arrangements would offer a ready remedy for India's economic troubles, the Government of India examined the question with great care during the year 1935-6. Their conclusions, to which I referred in my 1935-6 Report, are so clear that they may again be summarised as follows:—

(a) India's trade position is far from being in such desperate straits as some observers would seek to establish. On the contrary, current statistics justify a certain measure of optimism, and, given a rising tendency in world prices, prosperity would be in sight again. It does not, however, lie in the power of the Government of India to bring about that consummation.

(b) So far as Germany is concerned, India has undoubtedly suffered, but the statistics for the present year show a marked improvement, the balance in India's favour for the second and third quarters of the year being 25 per cent. of Germany's exports to India in that period. In Italy, India has done much better than could have been

hoped for after the February Decree. In Iran also Indian trade has received a setback, but there is good reason to believe that Japanese competition, rather than Iranian restriction, is responsible. In the case of Turkey, India must be prepared for a certain amount of loss.

(c) Except in the case of Iran, the circumstances of the United Kingdom and India differ so much that the agreements concluded by the former with distressed and other countries provide no useful models for India.

(d) The system of bilateral clearing agreements which has been so popular in Europe could in present conditions only be harmful to India.

(e) Compensation or barter trade with the Government of India as a principal is impossible. Private compensation trade has its own dangers.

(f) Bilateral agreements with distressed countries are unlikely to be of benefit to India. A country which is prepared to restrict its imports will always drive a hard bargain with one anxious to sell.

(g) Any question of restriction of imports should at the present time be unthinkable.

(h) General most-favoured-nation treatment is still the best policy for a country like India.

(i) The circumstances of India's import and export trade are improving and her financial solvency is not in danger. A change in policy is not therefore essential.

The League of Nations have pointed out that "an unfavourable or adverse balance in a country with a sound currency is a *sine qua non* if a clearing system is to operate so as to further the interests of that country. To have a good clearing system you must have a bad balance of trade." The experts in Delhi who examined the question came to the conclusion that—

"Whether one takes a short view or a long view of the situation, the conclusion is inescapable that the policy pursued by India is one for which there is every justification. On a short view, it is clear that India's abstinence from international engagements has not been to her disadvantage during the present crisis. In fact it would in all probability have done more harm than good had she entangled herself in a series of negotiations in an attempt to solve problems the nature of which was imperfectly appreciated. If a longer view is taken, it must be remembered that India cannot isolate herself from the world and retain her present importance as a commercial unit. She must seek an outlet for her surplus produce in world markets and her ultimate prosperity is dependent on the general prosperity of the

world trading community. Circumstanced as she is, essentially a supplier of foodstuffs and raw materials, it is to her interest that as early as possible there should be restored the free and unrestricted flow of international trade on which world prosperity depends. It is all against her interest to enter upon the type of agreement which has been so common in the past few years. Not only do such agreements tend to an immediate diminution of the mutual trade of the contracting parties, but by a diversion of trade from its natural channels inflict serious damage on third parties. The policy of placing a favourable balance above volume of trade must lead to the extinction of all balances and the permanent shrinkage of international trade. India should be the last country to contribute to this result."

Foreign Competition.—The following table indicates the competitive position of the principal countries of supply during the past two years:—

	Year ended 31st March.			
	1936-7.		1937-8.	
	Rs. (lakhs.)	Per cent.	Rs. (lakhs.)	Per cent.
United Kingdom	48,08	38.4	51,82	30.0
Japan	21,25	17.0	22,23	12.7
Germany	12,14	9.7	15,31	8.7
U.S.A.	8,16	6.5	12,90	7.5
Italy	1,21	1.0	2,57	1.7

Here again, one must enter a caveat that an exact comparison of the proportions enjoyed by each country is not possible owing to the fact that the 1936-7 statistics relate to the imports of India and Burma combined and disregard coasting trade between those countries, whereas the 1937-8 figures are concerned only with India Proper and include the important import trade from Burma into India, which constitutes 15 per cent. of the whole.

Japanese Competition.—Although imports from Japan rose by almost a crore of rupees to Rs.22.23 crores, the proportionate improvement was not so great as that in the case of the United Kingdom, Germany or the U.S.A. During the latter half of the year the effects of the crisis in the Far East became apparent in the form of higher prices for many Japanese products due to rising costs of production in Japan and intensive demand in the home market. This imposed a check on Japan's ability to take advantage of improved market conditions in India. A reference to Table B of Appendix I on page 275 will show the movements under each major item of Japan's trade during the past three years. It will be noted that imports of cotton piecegoods declined in value from Rs.5,37 lakhs to Rs.4,59 lakhs and of cotton hosiery from Rs.29 lakhs to Rs.25 lakhs. On the other hand, cotton yarns advanced from Rs.1,37 lakhs

to Rs.1,68 lakhs, artificial silk from Rs.3,53 lakhs to Rs.4,41 lakhs, woollen manufactures from Rs.89 lakhs to Rs.1,33 lakhs, raw silk from Rs.36 lakhs to Rs.57 lakhs and silk manufactures from Rs.1,30 lakhs to Rs.1,50 lakhs. There was a substantial increase in imports of iron and steel from Rs.46 lakhs to Rs.61 lakhs (of which galvanised sheets accounted for Rs.30 lakhs and tubes and fittings Rs.5 lakhs). Machinery and millwork rose from Rs.18 lakhs to Rs.49 lakhs (of which cotton textile machinery accounted for Rs.16 lakhs). Imports of chemicals fell from Rs.28 lakhs to Rs.23 lakhs whereas arrivals of glass and glassware rose from Rs.62 lakhs to Rs.70 lakhs and earthenware and porcelain from Rs.26 lakhs to Rs.27 lakhs. Imports of apparel shrank from Rs.41 lakhs to Rs.28 lakhs, copper from Rs.15 lakhs to Rs.7 lakhs while imports of pedal cycles and parts only slightly rose from Rs.16,27 lakhs to Rs.16,52 lakhs.

In nearly every instance the rise in value has not been accompanied by a corresponding increase in volume and largely represents the rise in prices. In the case of cotton piecegoods, Japan's most important export trade, we find that quantitative imports were as follows:—

	1935-6.	1936-7.	1937-8.
	Million yards.	Million yards.	Million yards.
Grey	239.0	201.6	108.9
White	51.8	43.7	64.9
Coloured	142.6	123.7	132.2
	<hr/>	<hr/>	<hr/>
	433.4	369.0	306.0
	<hr/>	<hr/>	<hr/>

The 1934 Protocol, which limited the importation of Japanese cotton piecegoods, ceased to be in force from 31st March, 1937. Meantime, the separation of Burma had modified the situation. Negotiations between the two Governments took place during 1936 and the early part of 1937 resulting in the signature of a new Protocol on 12th October, 1937, which will remain in force until 31st March, 1940.

Indo-Japanese Trade Protocol of 1937.—The terms of the new Protocol will be found *in extenso* in a printed booklet* published by His Majesty's Stationery Office in 1937. It will be noted that the rate of import duty on Japanese cotton piecegoods remains at 50 per cent. *ad valorem* with an alternative minimum specific duty of 5½ annas per pound in the case of plain grey goods. If in any cotton year one million bales of raw cotton are exported from India to Japan, the quantity of cotton piecegoods which may be exported from Japan to India in the corresponding cotton piecegoods year shall be a basic allotment of 283 million yards. Provision is made to increase the allotment by 1½ million yards for every 10,000 bales of raw cotton taken by Japan in excess of one million bales, subject to a maximum allotment of 358 million

* "Protocol regarding Commercial Relations between India and Japan." (Treaty Series No. 50, 1937) price 2d. net.

yards for any cotton piecegoods year. On the other hand, deductions of 2 million yards shall be made from the basic allotment of 283 million yards in respect of every 10,000 bales by which Japan's takings of raw cotton fall short of one million bales.

Cotton piecegoods, for the purposes of the Protocol, are divided into five categories and the allotment for any cotton piecegoods year shall be divided into sub-allotments among these five categories, consisting of portions of the allotment as follows:—

	<i>Per cent.</i>
Plain greys	40
Bordered greys	13
Bleached (white) goods	10
Coloured printed goods	20
Coloured (dyed or woven) goods	17

Transfers may be made from one sub-allotment to another subject to the following conditions:—

(a) The allotment for any cotton piecegoods year shall not thereby be increased.

(b) The amount transferred from the sub-allotment for bordered greys or from the sub-allotment for bleached goods shall not exceed 20 per cent. of the amount of such sub-allotment, and the amount transferred from any other sub-allotment shall not exceed 10 per cent. of the amount of such sub-allotment; and

(c) The sub-allotment for bordered greys or the sub-allotment for bleached (white) goods shall not be increased by more than 20 per cent. of the amount of such sub-allotment, and any other sub-allotment shall not be increased by more than 10 per cent. of the amount of such sub-allotment.

Not more than 8.95 million yards of cotton fents, i.e., *bona fide* remnants not exceeding four yards in length, shall be exported from Japan to India in any cotton piecegoods year, provided that more than this allotment of cotton fents may be exported from Japan to India in any cotton piecegoods year, other than the cotton piecegoods year in which the present Protocol terminates, on condition that the quantity of the excess shall be deducted from the allotment of 8.95 million yards for the following cotton piecegoods year. If less than the allotment of cotton fents is exported from Japan to India in any cotton piecegoods year, the quantity of the deficit shall be added to the allotment of 8.95 million yards for the following cotton piecegoods year. The Protocol further laid down that the import duty on Japanese cotton fents shall not exceed 35 per cent. *ad valorem*.

Working of the Protocol.—Figures for the first complete cotton piecegoods year are not yet available, but the Government of India in July, 1938, issued the following statement showing the shipments of raw cotton from India to Japan for the year ending 31st December, 1937, and of cotton piecegoods from Japan to India for the first half of the cotton piecegoods year 1937-8, ending 30th November, 1937:—

(1) Exports of raw cotton from India to Japan from 1st January to 31st December, 1937, less re-exports from Japan (also including 894,984 bales carried forward from the cotton year 1936)—2,666,098 bales of 392 lbs.*

(2) Permissible exports from Japan of cotton piecegoods:—

	<i>Yards.</i>
(a) Allotment for the period 1st April to 30th November, 1937	179,000,000
(b) Carried forward from the cotton piecegoods year 1936-7	25,000,000
Total	<u>204,000,000</u>

(3) Permissible exports from Japan of cotton piecegoods by categories:—

(a) Without transfer between categories:—

	<i>Yards.</i>
Plain greys	81,600,000
Bordered greys	26,520,000
Bleached goods	20,400,000
Coloured printed goods	40,800,000
Coloured (dyed or woven) goods	34,680,000
Total	<u>204,000,000</u>

(b) Maximum permissible exports under each category if transfers are effected under Article 7 (2):—

	<i>Yards.</i>
Plain greys	89,760,000
Bordered greys	31,824,000
Bleached goods	24,480,000
Coloured printed goods	44,880,000
Coloured (dyed or woven) goods	38,148,000

(4) Net imports, i.e., imports less re-exports, into India from Japan from 1st April to 30th November, 1937, which count against the allotment for that period:—

	<i>Yards.</i>
Plain greys	31,605,341
Bordered greys	9,860,119
Bleached goods	36,260,276
Coloured printed goods	70,688,814
Coloured (dyed or woven) goods	19,851,094
Total	<u>168,265,644</u>

* Out of this a quantity of 271,114 bales of raw cotton will be carried over to the cotton year 1938.

It should be noted that, in view of the shipping difficulties experienced by Japanese exporters the first half-yearly quota period 1937-8 was extended by two months. This accounts for the fact that it ended in November, 1937.

The shipment of cotton piecegoods from Japan shown above is 35,734,356 yards below the permissible maximum for the period of 204,000,000 yards. Out of this a quantity not exceeding 25 million yards of cotton piecegoods will be carried over to the allotment for the second half of the cotton piecegoods year 1937-8. In respect of the categories bleached and coloured printed goods, the maximum permissible has, however, been exceeded by 11,780,276 and 25,808,814 yards, respectively, which quantities will be deducted from the respective allotments for the period December, 1937, to March, 1938.

German Competition.—German competition, which has been markedly severe in recent years, increased in intensity during 1937-8. Imports from Germany rose by nearly 25 per cent. in value from Rs.12.13 crores in 1936-7 to Rs.15.32 crores in the year under review. Reference to Table D of Appendix I on page 277 shows that the following trades were principally affected. Shipments of dyestuffs rose from Rs.1,80 lakhs to Rs.2,54 lakhs, machinery from Rs.2,03 lakhs to Rs.2,58 lakhs, iron and steel from Rs.68 lakhs to Rs.98 lakhs, hardware from Rs.94 lakhs to Rs.1,13 lakhs, paper and pasteboard from Rs.71 lakhs to Rs.86 lakhs, chemicals from Rs.36 lakhs to Rs.49 lakhs, copper manufactures from Rs.25 lakhs to Rs.37 lakhs, rubber manufactures from Rs.19 lakhs to Rs.25 lakhs, drugs and medicines from Rs.55 lakhs to Rs.75 lakhs, woollen manufactures from Rs.18 lakhs to Rs.20 lakhs and motor vehicles and parts from Rs.27 lakhs to Rs.50 lakhs. On the other hand, decreases are to be recorded under yellow metal sheets from Rs.45 lakhs to Rs.30 lakhs, cotton manufactures from Rs.5 lakhs to Rs.4.5 lakhs, haberdashery from Rs.8.5 lakhs to Rs.7 lakhs, and oils from Rs.23 lakhs to Rs.20 lakhs.

In my last report I described the exceptional methods which were being at that time (1935-6) attempted by Germany to promote her export trade with India. These fell under three heads:—

(a) Attempts to conclude compensation or barter arrangements with the Government of India.

(b) Private compensation or barter arrangements with Indian States and produce-exporting firms in India.

(c) Subsidising of German exports of manufactures, notably machinery.

At that time, while attempts to conclude compensation arrangements with the Government of India had completely failed, private compensation and barter arrangements had been

arranged, on a fair scale, with certain Indian States and with private traders. The subsidising of exports by Cartels and other bodies in Germany had been a feature of German overseas trade—notably in machinery and capital goods—for many years. The position as regards private barter deals has been changed by the decree of the German Government of 23rd February, 1937, forbidding private compensation deals with Egypt, the Sudan, Ceylon, Siam, Straits Settlements, China, the Philippines, Burma and British India. As the Indian Trade Commissioner at Hamburg states in a recent report: "The result of this new decree is that Indian importers of German goods have to pay in cash in full for all German goods imported into India, and, on the other hand, Indian commodities imported into Germany must be paid in foreign currency, provided the German importer is granted the necessary permission by the German authorities."

At the present time, it may be assumed that the only exceptional advantage enjoyed by German exporters is that of export bounties received from their Trade Associations, Cartels, or other public bodies in Germany. These bounties enable them to quote prices much below the level of quotations both from the United Kingdom and all other overseas competitors. Examples are numerous of German firms' obtaining Government and private contracts in India at prices with which other suppliers find it impossible to compete, and which seem to bear little relation to the true cost of production. These cases usually take the form of tenders for power plants (notably internal combustion engines), electrical generating sets for mills and factories and industrial plant and machinery of all kinds. The past two years have witnessed a quickening of industrial activity in India and the establishment of a wide range of new industries, frequently by Indian companies with the bare minimum of adequate capital. To such concerns, and indeed to most Indian industrialists, the availability of low-priced machinery was welcome. The result is that German industrial machinery of all kinds has made considerable inroads into the market and the total machinery trade increased in value by Rs.55 lakhs to a total of Rs.2,58 lakhs (£1,935,000).

Special mention should be made of the application of this subsidy method to the sales of German motor vehicles. The numbers of German cars entering India have risen from 335 in 1935-6 to 813 in 1936-7 and 2,097 in the year under review (which figure does not include imports into Burma). Cars such as the Opel, product of the German auxiliary of the General Motors Corporation, are sold at prices which, it is realised, must be below cost of production. It is recognised that this subsidised German competition in the Indian market does not differ materially from that experienced in other overseas

markets; or even in the United Kingdom. Reference is made to it for purposes of record, but it is not possible to suggest a remedy.

United States Competition.—The U.S.A. was able to take full advantage of the increase in purchasing power during the early part of the year under review. Imports advanced by well over 50 per cent. from Rs.8,16 to Rs.12,91 lakhs. The trade followed the usual lines, but the outstanding feature was an increase in the imports of raw cotton from 927 tons valued at Rs.8 lakhs to 29,198 tons valued at Rs.2,21 lakhs. This development was due to the insistent demand for long-stapled cotton by the Indian mills, which enjoyed a period of great activity and extended their production of the finer counts of yarn. Imports of U.S.A. motor vehicles rose from Rs.1,72 lakhs to Rs.2,61 lakhs. While arrivals of cars rose from Rs.75 to Rs.94 lakhs, those of commercial vehicles expanded from Rs.68 to Rs.1,22 lakhs.

Details will be found in Chapter V. Mineral oils advanced from Rs.93 to Rs.1,24 lakhs, machinery from Rs.1,25 to Rs.1,35 lakhs and iron and steel from Rs.9 to Rs.48 lakhs. Instruments and apparatus accounted for an increase from Rs.91 to Rs.94 lakhs, hardware from Rs.25 to Rs.26 lakhs, copper from Rs.12 to Rs.26 lakhs, drugs and medicines from Rs.24 to Rs.28 lakhs, rubber manufactures (largely tyres) from Rs.13 to Rs.22 lakhs and toilet requisites from Rs.19.9 to Rs.20.5 lakhs. The only important item in which there was a recession was tobacco, which fell from Rs.44 to Rs.42 lakhs.

The Balance of Trade.—The following statement compares India's visible balance of accounts during the year with the figures for the two preceding years. The detailed figures work up to a *plus* or *minus* balance (*plus* representing net export and *minus* representing net import) for each of the three main heads of classification, namely—

- (1) private imports and exports of merchandise,
- (2) private imports and exports of treasure, and
- (3) remittances through Government.

Burma was separated from India with effect from 1st April, 1937, but the India and Burma (Trade Regulation) Order, 1937 (vide Appendix II) provides for free trade between the two countries for a period of three years. By the India and Burma (Burma Monetary Arrangements) Order, 1937, their currencies are linked and remain under the management of the Reserve Bank of India. Hence in respect of both trade and currency the two countries still constitute, for external purposes, a single unit. The subjoined statement, compiled by the Reserve Bank of India, excludes the trade between India and Burma and indicates separately the figures for each country and also the combined balance.

	Twelve months, April to March.				
	1935-36.	1936-37.	1937-38.		
	Rs. (lakhs).	Rs. (lakhs).	India. Rs. (lakhs).	Burma. Rs. (lakhs).	India and Burma. Rs. (lakhs).
Exports of merchandise (private)	+ 1,64,37 + (3,85)	+ 2,00,79 + (4,66)	+ 1,74,97 + (4,44)	+ 24,64	+ 1,99,61
Re-exports of foreign merchandise (private)	+ 3,78 + (1)	+ 6,22 + (2)	+ 7,45 + (9)	+ 10	+ 7,55
Imports of foreign merchandise (private)	- 1,38,78 - (5,09)	- 1,27,50 - (2,92)	- 1,51,52 - (4,44)	- 12,10	- 1,63,62
Balance of trade in merchandise (private)	+ 29,37	+ 79,51	+ 30,90	+ 12,64	+ 43,54
Gold (private)	+ 37,35	+ 27,85	+ 16,34	- 1	+ 16,33
Silver (private)	- 1,27	- 13,59	- 2,49	+ 99	- 1,50
Currency notes (private)	+ 29	+ 24	+ 28	-	+ 28
Balance of transactions in treasure (private)	+ 36,37	+ 14,50	+ 14,13	+ 98	+ 15,11
Total visible balance of trade	+ 65,74	+ 94,01	+ 45,03	+ 13,62	+ 58,65
Purchase of Sterling by the Reserve Bank of India	- 45,58	- 70,87	-	-	- 33,29
Sales of Sterling by the Reserve Bank of India	-	-	-	-	-
Transfers of Government securities	- 56	- 18	-	-	- 11
Interest drafts on India in respect of Government of India securities	- 31	- 29	-	-	- 28
Balance of remittance of funds	- 46,45	- 71,34	-	-	- 33,68
Total visible balance of accounts	+ 19,29	+ 22,67	-	-	+ 24,97

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NOTE 1.—Combined figures for India and Burma have been given in respect of 1937-38 as well as previous years. Trade between India and Burma has been excluded.

NOTE 2.—The figures relating to the balance of trade in merchandise include imports and exports through Indian State ports in Kathiawar and Travancore. The amounts imported and exported through these ports are shown in brackets.

The Reserve Bank of India, in its report on Currency and Finance, comments as follows:—"As a result of the substantial decline in exports the balance of trade in merchandise for India and Burma combined decreased from Rs.79,51 lakhs in 1936-7 to Rs.43,54 lakhs in 1937-8. There was also a decrease in net exports of gold from Rs.27,85 lakhs to Rs.16,33 lakhs but this was more than balanced by a decrease in net imports of silver from Rs.13,59 lakhs to Rs.1,50 lakhs. The decrease in the favourable balance of trade necessarily involved a decrease in the amount of sterling available for purchase by the Reserve Bank. Such purchases amounted to Rs.33,29 lakhs only in 1937-8 as compared with Rs.70,87 lakhs in 1936-7. The final result is a total visible balance of accounts of Rs.24,97 lakhs against Rs.22,67 lakhs in 1936-7. It must be emphasised however that this statement does not give a complete record of the position, since there are many items for which no statistics are available. Among the most important of these items are foreign investments and the expenses of persons residing or travelling in other countries. The increase in the final figure for 1937-8 as compared with the two previous years is probably due mainly to an increase in remittances for investment abroad."

The Course of Exchange.—The rupee remained linked to sterling in accordance with the provisions of Sections 40 and 41 of the Reserve Bank of India Act which require the Bank to sell sterling at $rs. 5\frac{3}{8}d.$ and to buy sterling at $rs. 6\frac{1}{8}d.$ Under Section 14 of the India and Burma (Burma Monetary Arrangements) Order, 1937, these limits apply also to Burma. The rate of telegraphic transfers on London remained near the upper limit throughout the year, fluctuating only between $rs. 6\frac{1}{8}d.$ and $rs. 6\frac{3}{8}d.$ The average rate for the year was $rs. 6.09d.$ which is practically identical with the average for the two preceding years.

Remittances to the United Kingdom by the Reserve Bank.—The Reserve Bank is responsible for the purchase of sterling to meet the requirements of the Central and Provincial Governments of India and the Government of Burma. As in previous years purchases were made by means of weekly tenders and the Bank was also prepared to buy "intermediates" to an unlimited amount at $\frac{1}{8}d.$ above the latest tender rate. All purchases by tender during 1937-8 were made at the rate of $rs. 6\frac{1}{8}d.$, lower tenders being rejected. As we have seen in the statement of the balance of trade, the total purchases for 1937-8 amounted to Rs.33,29 lakhs (£25,140,000) against Rs.70,87 lakhs (£53,532,000) in 1936-7. The amount purchased in 1937-8 fell short of the total requirements of the various Governments by about £12 million but in view of the large sterling resources which had been built up in previous years the Reserve Bank had no difficulty in meeting this deficit.

The Money Market.—The Reserve Bank of India summarises the position of the money market throughout the year in the following terms:—“The bank rate was 3 per cent. throughout the year. This is the standard rate at which the Reserve Bank is prepared to buy or rediscount bills of exchange or other commercial paper eligible for purchase under the Act. It was last changed on the 28th November, 1935, when it was reduced from $3\frac{1}{2}$ per cent. to its present level. The Imperial Bank *hundi* rate, which is the rate at which the Imperial Bank is prepared to discount first class three months' bills, also remained unchanged at 3 per cent. The rates charged by shroffs for discounting the bills of small traders in the bazaar are reported to have averaged between 5 and 6 per cent. in Bombay throughout the year, but to have risen to a rather higher level at Calcutta during the busy season. There are no official quotations for these rates. At the beginning of the year there was a considerable demand for call loans and borrowers had to pay from $1\frac{3}{4}$ to 2 per cent. By the last week of April however the stringency had passed and the average rate had declined to about $\frac{3}{4}$ per cent. Subject to minor fluctuations this continued to be the normal rate until August, when the slack season resulted in a further decline to $\frac{1}{2}$ per cent. and at some periods $\frac{1}{4}$ per cent. There is usually a marked increase in the demand for money during the later months in the financial year, but in 1937-8 the decline in the volume of trade led to a continuance of comparatively easy conditions and the call money rate seldom rose above $\frac{3}{4}$ per cent.”

Clearing House Statistics.—The total of cheque clearances for 1937-8 was Rs.2,051 crores compared with Rs.1,932 crores in 1936-7 and was the highest since 1921-2. In each of the last three months of the year, however, the total was lower than in the corresponding month of the previous year.

Notes in Circulation.—The figures of note circulation illustrate the general trend of business activity during the period. In February and again in April, 1937, the active note circulation reached a total of Rs.197 crores, which is the highest figure so far recorded. The ensuing slack season caused a rather steeper decline than usual, but until the end of September the total remained more than Rs.16 crores above the corresponding period of the previous year. Thereafter there was a decline with the result that the figures for ensuing months fell below the level of the previous year. The active circulation of currency notes at the end of 1937-8 was Rs.186 crores or Rs.8 crores below 1936-7. The average active circulation during the year was Rs.184 crores, i.e., Rs.8 crores in excess of the previous year.

The Reserve Bank of India—Issue Department.—The position of the note issue and the reserves held against it is shown in the following statement of the Reserve Bank which gives the average weekly figures during each month of 1937-8:—

Liabilities.				Assets.							
Average of Friday figures during			Notes held in Banking Department.	Notes in circulation.	Total liabilities (total notes issued).	Gold coin and bullion.	Sterling securities.	Rupee coin.	Rupee securities.	Total assets.	Percentage of gold and sterling securities to total notes issued.
			Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	
April	1937	...	12,89	194,98	207,87	44,42	79,91	58,17	25,37	207,87	59.81
May	"	...	13,53	193,40	206,93	44,42	80,31	54,83	27,37	206,93	60.28
June	"	...	17,49	189,94	207,43	44,42	80,31	55,33	27,37	207,43	60.13
July	"	...	26,60	183,51	210,11	44,42	80,31	58,01	27,37	210,11	59.36
August	"	...	32,67	179,74	212,41	44,42	80,31	60,31	27,37	212,41	58.72
September	"	...	32,38	181,04	213,42	44,42	80,31	61,31	27,38	213,42	58.44
October	"	...	30,64	183,43	214,07	44,42	80,31	61,96	27,38	214,07	58.27
November	"	...	31,20	183,09	214,29	44,42	80,31	62,18	27,38	214,29	58.21
December	"	...	31,12	183,50	214,62	44,42	80,31	62,51	27,38	214,62	58.11
January	1938	...	28,17	184,99	213,16	44,42	78,81	62,53	27,40	213,16	57.81
February	"	...	26,31	187,09	213,40	44,42	78,81	62,78	27,39	213,40	57.75
March	"	...	24,64	188,92	213,56	44,42	78,81	62,94	27,39	213,56	57.71

The Bank's holding of gold coin and bullion has remained unchanged at Rs.44,42 lakhs since the inauguration of the Institution in April, 1935.

Banking Department.—The following is a balance sheet of the banking department of the Reserve Bank as on 1st April, 1938:—

RESERVE BANK OF INDIA.			
<i>Statement of the Affairs of the Reserve Bank of India, Banking Department, as on the 1st April, 1938.</i>			
<i>Liabilities.</i>	<i>Rs.</i>	<i>Assets.</i>	<i>Rs.</i>
Capital paid up ...	5,00,00,000	Notes:—	
Reserve Fund ...	5,00,00,000	(a) Legal Tender in	
Deposits:—		India ...	29,77,62,000
(a) Government* ...	19,37,72,000	(b) Legal Tender in	
(b) Banks ...	14,56,21,000	Burma ...	12,000
(c) Others ...	60,26,000	Rupee Coin ...	5,67,000
Bills Payable ...	7,79,000	Subsidiary Coin ...	3,71,000
Other Liabilities ...	70,73,000	Bills Discounted:—	
		(a) Internal ...	—
		(b) External ...	—
		(c) Government of	
		India Treasury	
		Bills ...	2,50,000
		Balances held abroad†	7,53,59,000
		Loans and Advances	
		to the Government	31,00,000
		Other Loans and	
		Advances ...	1,00,000
		• Investments ...	7,03,69,000
		Other Assets ...	53,81,000
	45,32,71,000		45,32,71,000

* Includes £302,800 held in London on account of the High Commissioner converted at rs. 6d. to the rupee.

† Includes Cash and Short-term Securities.

Balances held abroad decreased during the year as a result of the decline in the amount of sterling purchased in India.

Profit and Loss Account.—The following statement reproduces the Profit and Loss Account for the year 1937 which was submitted to the third annual general meeting of the shareholders in February, 1938. The surplus available for payment to the Government of India amounted to Rs.10,41,200 compared with Rs.35,92,100 in 1936. The decrease was mainly due to the low rate of interest obtainable on short dated securities of the United Kingdom which formed a larger proportion of the Bank's investments than in previous years. The proviso to Section 33 (6) of the Reserve Bank of India Act allowed the Bank to hold United Kingdom securities of any maturity during the first two years of its existence, but with effect from 1st April, 1937, all such securities held in the Issue Department must be securities maturing within five years.

<i>Income.</i>				<i>Rs.</i>	<i>a.</i>	<i>p.</i>
Interest, Discount, Exchange, Commission, etc. ...				1,27,10,792	0	9
Total				<hr/> 1,27,10,792	<hr/> 0	<hr/> 9
<i>Expenditure.</i>				<i>Rs.</i>	<i>a.</i>	<i>p.</i>
Establishment				34,86,255	7	7
Directors' and Local Board Members' fees and expenses				88,394	3	6
Auditors' fees				9,000	0	0
Rent, taxes, insurance, lighting, etc.				5,51,618	0	11
Law charges				21,251	8	6
Postage and telegraph charges				59,490	0	6
Remittance of treasure				9,30,039	4	9
Stationery, etc.				88,529	5	8
Security printing (cheque, note forms, etc.)				16,77,812	15	2
Depreciation and repairs to Bank property				78,467	13	10
Agency charges				24,96,434	12	4
Contributions to staff and superannuation funds				74,500	0	0
Miscellaneous expenses				3,57,798	8	0
Net available balance				<hr/> 27,91,200	<hr/> 0	<hr/> 0
Total				<hr/> 1,27,10,792	<hr/> 0	<hr/> 9
Amount set aside for payment of dividend at the rate of 3½ per cent. per annum				17,50,000	0	0
Surplus payable to the Governor-General in Council				<hr/> 10,41,200	<hr/> 0	<hr/> 0
				<hr/> 27,91,200	<hr/> 0	<hr/> 0

Government of India Loans.—The Reserve Bank state that no Government of India loans matured in the course of the year and, as new capital expenditure was on a comparatively small scale, it was not found necessary to float any new loan either in India or in the United Kingdom. Although there was no new loan, the Government of India were able to effect some reduction in the amount of sterling debt outstanding. As the market prices of the Government of India sterling securities were appreciably lower than those of the corresponding rupee securities, and as the necessary funds could be provided without difficulty, the Reserve Bank was authorised to purchase sterling securities up to a limited amount, as they became available in the market, and to transfer them to Government for cancellation. The nominal value of the stock purchased and cancelled in this way was as follows:—

	<i>£</i>
5 per cent. loan 1942-7	510,000
4 per cent. loan 1948-53	645,000
3 per cent. loan 1949-52	500,000
4½ per cent. loan 1950-5	495,000
3½ per cent. loan 1931 or after	600,000
3 per cent. loan 1948 or after	240,000
Total	<hr/> £2,990,000

The cost of the terminable stock was met from the ordinary resources of the Government of India, but the £840,000 of non-terminable stock was substituted by $3\frac{1}{2}$ per cent. and 3 per cent. rupee paper of the same nominal value. The rupee paper was issued gradually by the Bank in accordance with the requirements of the market. The profit resulting from the higher price of the rupee securities was treated by the Government of India as an additional contribution towards the reduction of debt. As a result of these transactions, and repayments of amounts outstanding in respect of matured loans, the total funded debt of the Government of India at the beginning and end of the year was as follows:—

	31st March, 1937.	31st March, 1938.
	(<i>crores of rupees</i>).	
In India	437·88	438·79
	(<i>million of £</i>).	
In the United Kingdom	300·73	297·56

Provincial Loans.—Five Provincial Governments raised loans during the year. The amounts were as follows:—

	<i>Rs. (lakhs.)</i>
Madras	150
United Provinces	100
Punjab	100
Central Provinces	50
North-West Frontier Province	60
	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin: 5px 0;"/>
	460
	<hr style="width: 100%; border: 0; border-top: 1px solid black; margin: 5px 0;"/>

The loans were issued simultaneously on the 31st August, 1937, and consisted of 3 per cent. stock redeemable at par on the 1st September, 1952, and issued at Rs.99 for every Rs.100 nominal value. Interest is payable half yearly and is liable to income-tax. In the case of the Punjab loan subscriptions were received either in cash or in $5\frac{3}{4}$ per cent. Punjab bonds, 1937. The other four were purely cash loans, required either for schemes of capital expenditure or for the repayment of short-term loans taken from the Government of India. Subscribers were asked to state whether, in the event of the loan which they preferred being over-subscribed, they wished their application to be transferred to the other loans. Market conditions at the time of the issue were favourable and the lists were closed within two hours. The Madras, United Provinces and Punjab Loans were over-subscribed. Applications for Rs.1000 or less were accepted in full and other applications received partial allotment in the following proportions:

							<i>Per cent.</i>
Madras	...	...	...	...	...	...	30
United Provinces	...	...	...	...	...	...	50
Punjab	...	...	...	...	...	...	25

The Central Provinces and North-West Frontier Province loans were fully subscribed after the transfer of optional applications from the other loans.

Government of India Treasury Bills.—The Reserve Bank report that three months treasury bills were offered for public tender through the Reserve Bank in each week of the year. The amount offered was Rs.1 crore a week except in the periods from the 27th August to the 15th October and from the 26th November to the 4th February when the offer was raised to Rs.2 crores and on the 11th and 18th February when it was Rs.1½ crores. There were no sales of intermediates during the year. The total amount of treasury bills outstanding with the public at the end of the year was Rs.18,12 lakhs compared with Rs.15,98 lakhs at the end of 1936-7.

The amount of treasury bills shown as outstanding with the Issue Department of the Reserve Bank at the end of the year is Rs.22,21 lakhs, but of this total Rs.6,11 lakhs were in fact held by the Government of Burma and the Provincial Governments. The separation of balances on the introduction of the new constitution resulted in some of these Governments having surplus funds for which they wished to find short term investments. It was accordingly decided that the Reserve Bank should for the present meet their requirements by selling them Government of India treasury bills from its own holdings, the bills so transferred being replaced by the issue of additional *ad hoc* bills. If the holdings of the Government of Burma and the Provincial Governments are deducted it will be seen that the amount actually held in the Issue Department at the end of the year was Rs.16,10 lakhs. The corresponding figures for the two previous years are Rs.12,56 lakhs and Rs.18,97 lakhs respectively.

Post Office Cash Certificates and Savings Bank.—The figures for the year under review were:—

Cash Certificates.

	Receipts.	Repayments.	Net Receipts.	Total outstanding.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
India ..	13,97	18,16	— 4,19	6,21
Burma ...	35	3	32	32
Total ...	14,32	18,19	— 3,87	6,53

Savings Bank.

	Deposits.	With- drawals.	Interest.	Net Increase.	Total Out- standing.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
India ...	43.27	39.76	1.46	4.97	79.65
Burma...	1.44	1.29	4	19	19
Total .	44.71	41.05	1.50	5.16	79.84

In 1936 the yield on Post Office Cash Certificates was reduced to $2\frac{1}{2}$ per cent. and the rate of interest on savings bank deposits was reduced to 2 per cent. These rates remained unchanged during the year. Owing to the large purchases of Post Office Cash Certificates during 1931-2 and 1932-3 when rates of interest were high, maturities during the last two years have been exceptionally heavy and fresh purchases have fallen short of the amount repaid. In spite of the reduction in the rate of interest the total deposits in the Post Office Savings Bank have continued to increase by substantial amounts each year.

Financial Effects of the New Constitution.—In my Report for 1935-6, I referred at some length to the probable results on Central finances of the separation of Burma and the Niemeyer financial inquiry. The 1937-8 report of the Reserve Bank summarises the position as follows:—

“ The provisions of the new constitution which relate to Burma and the Provincial Governments came into force on the 1st April, 1937. With effect from that date Burma was separated from India, Sind and Orissa were established as separate Provinces, and increased powers and responsibilities devolved on the Provincial Governments. The financial effect of these changes on the various Governments concerned constitutes the most important feature of Government finance for the year 1937-8.

“ As a result of separation receipts from customs, taxes on income and other sources of revenue which had previously accrued to the Central Government of India became part of the revenues of the separated Government of Burma. On the other hand, Burma became responsible for expenditure on defence and other items which had previously been met from Indian revenues and in accordance with the Amery award annual payments have to be made to the Government of India for a period of 40 years in order to liquidate Burma's debt to India in respect of the pre-separation period. The effect of these changes on the budget of the Government of Burma is to increase the total revenue and expenditure from about Rs.9 crores to about Rs.15 crores. The payment made to the Government of

India during 1937-8 amounted to approximately Rs.3,05 lakhs, and the Government of India estimate that after allowance has been made for this payment the net loss to central revenues owing to the separation of Burma is about Rs.2½ crores.

“ The Niemeyer award provided for the grant of additional financial assistance to the Provincial Governments at the expense of central revenues to enable them to meet their responsibilities under the new constitution. This additional assistance takes four different forms:—

(i) Grants-in-aid of specified amounts are paid to the North-West Frontier Province and to the new Provinces of Sind and Orissa. The additional cost to the Central Government of the grants paid during 1937-8 as compared with the previous year was Rs.56 lakhs.

(ii) The proportion of the export duty on jute which is payable to the producing Provinces was raised from 50 per cent. to 62½ per cent. This involves an additional loss to central revenues of about Rs.50 lakhs. The principal beneficiary is Bengal, but the neighbouring Provinces of Bihar, Assam and Orissa also receive some benefit in proportion to the amount of jute cultivated within their territories.

(iii) A considerable portion of the sums previously borrowed by the Provinces from the Central Government was remitted. As a result of these remissions the Central Government lost approximately a crore of rupees in interest receipts.

(iv) The Provinces will ultimately receive 50 per cent. of the receipts from taxes on income, apart from corporation tax, taxes on the emoluments of officers serving under the Central Government and taxes attributable to the centrally administered areas. During the first five years, however, they are to receive only the amount, if any, by which such receipts, combined with the surplus of the railways, exceed Rs.13 crores.”

Prices of Government Securities.—The following table, prepared by the Reserve Bank, shows the prices of representative rupee securities of the Government of India since 1914-5:—

	5 per cent. rupee loan 1945-55 (free of income-tax).		4 per cent. rupee loan 1960-70.		3½ per cent. rupee loan 1947-50.		3½ per cent. rupee loan (non-terminable).	
	Highest. Rs.	Lowest. Rs.	Highest. Rs.	Lowest. Rs.	Highest. Rs.	Lowest. Rs.	Highest. Rs.	Lowest. Rs.
1914-15	—	—	—	—	—	—	96 $\frac{1}{16}$	91 $\frac{1}{2}$
1917-18	—	—	—	—	—	—	70	67
1920-21	96	78 $\frac{1}{2}$	—	—	—	—	60	52
1923-24	98 $\frac{7}{8}$	93 $\frac{3}{8}$	—	—	—	—	67 $\frac{3}{8}$	61
1924-25	99 $\frac{1}{2}$	97	—	—	—	—	68 $\frac{3}{8}$	63 $\frac{1}{2}$
1925-26	104 $\frac{1}{2}$	98 $\frac{1}{8}$	—	—	—	—	74 $\frac{1}{2}$	67 $\frac{3}{8}$
1926-27	110 $\frac{1}{2}$	104 $\frac{1}{8}$	90 $\frac{1}{8}$	86 $\frac{9}{16}$	—	—	79 $\frac{1}{8}$	74 $\frac{3}{8}$
1927-28	108 $\frac{1}{8}$	105 $\frac{1}{8}$	90	87 $\frac{9}{16}$	—	—	79 $\frac{5}{16}$	74 $\frac{3}{8}$
1928-29	106 $\frac{1}{4}$	102 $\frac{1}{8}$	88 $\frac{1}{2}$	83 $\frac{3}{8}$	—	—	75 $\frac{3}{8}$	71
1929-30	103 $\frac{3}{4}$	100	84 $\frac{5}{8}$	75 $\frac{7}{8}$	—	—	72 $\frac{5}{16}$	63 $\frac{15}{16}$
1930-31	101 $\frac{1}{8}$	99 $\frac{1}{4}$	77 $\frac{1}{2}$	73	—	—	68 $\frac{7}{8}$	61 $\frac{5}{16}$
1931-32	101 $\frac{1}{4}$	88 $\frac{1}{2}$	75 $\frac{1}{2}$	58 $\frac{1}{4}$	—	—	63 $\frac{1}{2}$	51
1932-33	113 $\frac{3}{8}$	98 $\frac{3}{8}$	100 $\frac{1}{16}$	67 $\frac{1}{2}$	—	—	88 $\frac{9}{16}$	60 $\frac{1}{2}$
1933-34	115 $\frac{1}{4}$	109	103 $\frac{1}{2}$	90 $\frac{1}{2}$	97 $\frac{1}{4}$	90	88 $\frac{1}{2}$	79 $\frac{1}{2}$
1934-35	119 $\frac{9}{16}$	114 $\frac{5}{8}$	111 $\frac{1}{8}$	101 $\frac{1}{4}$	102 $\frac{1}{8}$	97 $\frac{7}{8}$	98 $\frac{3}{4}$	87 $\frac{1}{2}$
1935-36	120 $\frac{1}{2}$	114 $\frac{1}{2}$	113 $\frac{3}{8}$	103	107 $\frac{3}{8}$	100 $\frac{9}{16}$	99 $\frac{3}{8}$	87 $\frac{3}{16}$
1936-37	121 $\frac{9}{16}$	117 $\frac{1}{2}$	116 $\frac{1}{16}$	109 $\frac{3}{4}$	108 $\frac{1}{8}$	103 $\frac{7}{8}$	100 $\frac{1}{16}$	91 $\frac{1}{4}$
1937-38	120 $\frac{1}{2}$	118	114 $\frac{1}{16}$	110 $\frac{1}{8}$	107 $\frac{1}{4}$	105	99 $\frac{1}{8}$	92 $\frac{9}{16}$

The Reserve Bank state that in the first three months of 1937 the prices of Government of India Rupee securities had declined steeply in sympathy with security prices in London. During March $3\frac{1}{2}$ per cent. rupee paper dropped to Rs.91/4/-. At the beginning of April, however, it had recovered to Rs.92/9/-, and later in the month the announcement of the United Kingdom's budget led to a further recovery to Rs.95/5/-. During the next three months prices fluctuated between Rs.94/2/- and Rs.96/12/-, but in August the increased confidence of the London market caused a further rise to Rs.98/7/-. The issue of the Provincial loans on the 31st August had little effect on the prices of other securities, and during the next six months rupee paper fluctuated within comparatively narrow limits, prices ranging only from Rs.96/13/- to Rs.99/2/-. In March anxiety regarding the international situation caused a decline to Rs.96/4/- but at the end of the month the price had recovered to Rs.97/12/-. Thus although the price did not again rise above par, as it had done in the autumn of 1936, there were no fluctuations as violent as those of 1936-7. The maximum and minimum prices of the year were Rs.99/2/- and Rs.92/9/- compared with Rs.100/15/- and Rs.91/4/- in the preceding year.

There has been a growing disparity between the prices of $3\frac{1}{2}$ per cent. sterling stock and the prices of the corresponding rupee stock. The latter began to establish a lead in March, 1936 but until the end of that year the margin of difference seldom exceeded one point. Between January and March, 1937, rupee securities declined less steeply than sterling securities and the margin increased to about three points. During 1937-8 it has widened still further. The average difference has been about five points and at some periods it has risen to as much as seven points. This must be attributed mainly to the confidence of the Indian investor in the sound financial position of the Government of India and the Provincial Governments, the absence of internal disturbances, and the comparative immunity of the Indian markets from the effects of political developments in Europe. Another factor which has probably had some influence is the new Insurance Act which requires all Insurance Companies doing business in India to keep deposits with the Reserve Bank in the form of either cash or "approved securities." The Act was finally passed in February, 1938, but its provisions had been under discussion during the preceding two years.

As a result of the increasing disparity between rupee and sterling security prices there has undoubtedly been a considerable volume of remittances for private investment in the United Kingdom and elsewhere. These remittances have probably been one of the most important of the invisible items in India's

balance of accounts. Up to the end of the year, however, there was no indication of their having any appreciable effect on the level of prices.

Fixed-Yield Industrial Securities (mainly Debentures and Preference Shares).—The next statement gives the index numbers of this group from April, 1931-2. It will be noted that prices have remained fairly constant throughout the year, the close registering one point higher than the opening.

(Basis: 1927-8 = 100.)

Months.	1931- 32.	1932- 33.	1933- 34.	1934- 35.	1935- 36.	1936- 37.	1937- 38.
April ...	96.5	93.1	112.2	121.4	128.4	132.4	132.0
May ...	95.9	92.2	113.4	121.4	130.1	134.4	131.5
June ...	95.2	91.0	115.0	124.5	130.5	135.3	132.1
July ...	93.6	94.1	115.5	124.7	130.7	137.6	132.0
August ...	92.6	98.4	115.6	126.9	131.0	138.9	132.4
September	91.5	100.1	116.0	127.0	130.6	130.2	132.7
October ...	91.7	101.5	116.3	129.1	129.9	138.7	132.9
November	91.3	103.7	115.6	127.9	131.0	138.1	132.3
December	90.8	104.9	115.1	128.9	132.6	138.0	132.6
January...	90.4	106.4	115.3	129.7	133.6	138.3	132.6
February	91.2	107.9	116.4	130.4	134.0	133.5	133.1
March ...	92.4	109.9	118.1	130.1	133.2	133.7	132.9

Variable-Yield Securities.—The last statement shows the index numbers of the speculative group (mostly ordinary shares) for the same period. It will be noted that the high-watermark was reached in September, 1937, since when the decline has been a steady one.

(Basis: 1927-28 = 100.)

Months.	1931- 32.	1932- 33.	1933- 34.	1934- 35.	1935- 36.	1936- 37.	1937- 38.
April ...	74.5	61.5	81.4	95.5	109.7	105.9	125.2
May ...	68.7	61.0	82.6	97.2	112.4	108.1	124.5
June ...	64.1	58.1	85.1	96.9	110.7	109.3	121.3
July ...	62.3	61.4	86.7	97.8	109.8	114.7	123.7
August ...	58.5	66.8	86.7	102.6	102.7	113.3	124.5
September	61.0	67.5	86.9	106.0	102.8	112.4	128.7
October ...	64.7	68.9	85.8	110.8	106.6	113.3	128.1
November	65.6	69.0	85.0	111.5	108.7	117.1	121.8
December	63.2	69.6	85.7	115.2	108.6	119.4	115.2
January...	61.3	76.3	86.1	120.8	106.3	124.2	112.0
February	63.3	77.4	89.4	119.4	105.5	126.6	109.0
March ...	63.8	77.6	92.8	112.8	103.7	137.0	108.5

Indian Working Class Cost of Living Index Numbers:—

Bombay.—The index number (Base: Year ending June, 1934) of the cost of living for working classes in Bombay

in March, 1938, remained stationary at 107. The average in the year 1937 was 106.

Ahmedabad.—The index number (Base: Year ending July, 1927) of the cost of living in Ahmedabad in March, 1938, was stationary at 71; for 1937 the average was 75.

Sholapur.—The index number (Base: Year ending January, 1928) of the cost of living in Sholapur during March, 1938, declined by 2 points to 70. The average for 1937 was 73.

Nagpur.—The index number (Base: January, 1927) of the cost of living in March, 1938, fell by 3 points to 58.

Jubbulpore.—The index number (Base: January, 1927) of the cost of living in Jubbulpore in March, 1938, declined by 1 point to 57.

Indian Joint Stock Companies in 1937-8.—*Flotations.*—The following table shows the registrations over a period of years:—

Year.	Companies registered.		Aggregate authorised capital.		Average authorised capital per company
	Number.	Index Number (pre-war year = 100).	Amount	Index Number pre-war year = 100).	
			Rs.		Rs.
1913-14 (pre-war)	349	100	66,69,48,000	100	19,11,000
1931-32	749	215	29,61,00,000	44	3,95,000
1932-33	1,232	353	30,27,31,000	45	2,46,000
1933-34	866	248	50,84,96,000	76	5,87,000
1934-35	935	268	36,46,63,000	55	3,90,000
1935-36	993	285	49,19,16,000	74	4,95,000
1936-37	1,175	337	1,09,04,63,000	164	9,28,000
1937-38	986	283	53,11,87,000	80	5,39,000

The industrial boom of 1936-7, which was based on plentiful supplies of cheap money and a realisation of the fortuitous protection afforded by a general revenue tariff of 25 per cent., has slightly subsided although the flotation of new miscellaneous industrial companies proceeds steadily. A study of the published returns, which are available for perusal at the Department of Overseas Trade, shows that increases in the authorised capital were noticeable under iron, steel and shipbuilding (+Rs.10,15 lakhs); chemicals and allied trades (+Rs.3,87 lakhs) and cotton mills (+Rs.73 lakhs). The principal decreases were under the following heads:—Investment and Trust Companies (-Rs.15,85 lakhs); Motor traction, dealing and manufacturing (-Rs.12,08 lakhs); Navigation (-Rs.10,95 lakhs);

Life, Fire and Marine Insurance (- Rs.9,72 lakhs); Banking (- Rs.8,83 lakhs); Trading and Manufacturing, others (- Rs.5,94 lakhs); Public Service Companies—gas, water, electric light, power and telephone (- Rs.2,14 lakhs); Clay, stone, cement, lime and other building and constructing materials (- Rs.1,90 lakhs); Paper Mills (- Rs.1,50 lakhs); Sugar (including jaggery) Manufacture (- Rs.1,18 lakhs); Hotels, Theatres and Entertainments (- Rs.87 lakhs); Estate, Land and Building and Engineering (- Rs.85 lakhs each). I would again point out that the amount of authorised capital is a very unsafe guide to the actual state of affairs as, in the majority of Indian concerns, the paid-up capital is only a small fraction of the authorised capital. Companies in India go to allotment on very small subscriptions.

A statement of the joint stock companies incorporated in British India and in the States of Hyderabad, Baroda, Mysore, Travancore and Cochin during the 12 months April, 1937, to March, 1938, will be found in Appendix III. This statement gives the details of the companies under each heading.

Liquidations.—Six hundred and four companies, with an authorised capital of Rs.29 crores, having ceased work, went into liquidation or otherwise became defunct during the year 1937-8.

The Indian Budget.—The Honourable Sir James Grigg, Finance Member of the Government of India, in his annual budget speech on 28th February, 1938, reviewed the results of the financial years 1936-7 and 1937-8 and presented his estimates for the year 1938-9.

Financial Year, 1936-7.—In the revised estimates for 1936-7 a deficit of Rs.1,92 lakhs was anticipated. The actual figure proved to be Rs.1,79 lakhs. Customs and central excise duties as a whole produced Rs.22 lakhs more than was expected. There were increases of Rs.29 lakhs from the excise duty on sugar, Rs.18 lakhs (net) from the export duty on jute and Rs.18 lakhs from the duties on motor spirit. On the other hand, there was an unexpectedly large shortfall of Rs.35 lakhs under "Cotton fabrics not of British manufacture" and a deficit of Rs.12 lakhs under "Silver." Although the net revenues of the railways increased by Rs.1,02 lakhs, the whole of this increase was credited to the Railway Depreciation Reserve Fund in partial repayment of the amounts withdrawn to meet the deficits of previous years and consequently general revenues were not affected. The Finance Member summarised the main tendencies of the closing months of 1936-7 in the following terms:—"a rapid improvement in railway traffic and customs receipts, the latter improvement concealing a rapid decline in the duties on the imports of silver and of cotton

piecegoods. *The import trade had clearly begun to respond to the strong stimulus provided by the marked expansion of our exports and to take that upward turn which was to continue throughout the rest of the calendar year 1937.*"

Financial Year, 1937-8.—The revised estimates for the year 1937-8 showed a total improvement of Rs.3,90 lakhs in revenue but, as there was an increase of Rs.3,22 lakhs in expenditure, the net improvement was only Rs.68 lakhs. The budget estimates for the year had provided for a nominal surplus of Rs.7 lakhs after the utilisation of the whole Revenue Reserve Fund of Rs.1,84 lakhs. In the light of the revised estimates, only Rs.1,09 lakhs will require to be drawn from the Fund and the balance of Rs.75 lakhs will be carried forward to relieve the burden in the year 1938-9.

The improvement of Rs.3,90 lakhs in revenue is largely accounted for by a total net gain of Rs.1,91 lakhs under the head of customs and central excise duties. This encouraging figure is reached after allowing for decreases of Rs.1,28 lakhs under the head of "Silver," Rs.59 lakhs in the import duties on cotton fabrics of United Kingdom manufacture and Rs.70 lakhs in those on cotton fabrics not of United Kingdom manufacture. As the Finance Member said—"The decrease under cotton fabrics not of British manufacture is due to the war between China and Japan, but it is noticeable that British piecegoods have not participated in the resultant advantage to Japan's competitors in the Indian market. That advantage has accrued entirely to the domestic producer, whose steadily increasing out-turn has been accompanied by a steady decline in our total imports from abroad and in the revenues which we have derived from them. In spite of these large decreases our revised estimates for customs and central excise duties combined to show a total net improvement of Rs.1,91 lakhs. The improvement is spread over a wide range of articles included in the non-protective part of the tariff and is largely accounted for by the increased imports of durable and semi-durable goods. Thus, machinery is responsible for an additional Rs.42 lakhs and motor vehicles for an additional Rs.41 lakhs. There is also an increase of Rs.45 lakhs from motor spirit. The increase in railway returns continued until the autumn and was then replaced by a steep decline from the figures of a year before. The decline is too serious for us to hope that it will shortly be reversed but we can at any rate hope that it will become less steep and this is the basis of the estimate for a total railway contribution of Rs.2,83 lakhs. Customs and central excise receipts continued to advance until the end of the calendar year, but in December the percentage of improvement was lower than in the preceding months and the returns of January of this year confirm the flattening of the curve."

On the expenditure side, however, an expected total increase of Rs.3,22 lakhs largely neutralises the total improvement of Rs.3,90 lakhs in revenue. Extra expenditure on Defence services accounts for Rs.2,60 lakhs and is largely due to the cost of the military operations in Waziristan, which is estimated at Rs.1,76 lakhs. The construction of roads in Waziristan is responsible for an additional Rs.25 lakhs while the balance is made up of minor items such as the rise in prices (Rs.10 lakhs), Quetta reconstruction (Rs.10 lakhs), improvements in the conditions of service of British troops (Rs.16 lakhs), etc., etc.

Estimates for the Financial Year, 1938-9.—The total estimates for ordinary revenue amount to Rs.85,17 lakhs, a decrease of Rs.37 lakhs on the revised estimates for 1937-8. Adding the balance of Rs.75 lakhs available in the Revenue Reserve Fund, we arrive at a total revenue estimate of Rs.85,92 lakhs. The provision for defence services is Rs.2,04 lakhs less than the revised estimates for 1937-8 and there is a decrease of Rs.22 lakhs in interest charges, but other expenditure is expected to increase by Rs.1,46 lakhs. We arrive, therefore, at a total expenditure of Rs.85,83 lakhs leaving a small estimated surplus of Rs.9 lakhs.

In budgeting for a net reduction of Rs.60 lakhs in Customs and Central Excise duties for the current year compared with 1936-7, the Finance Member significantly stated that “ we are bound to take note of the arrest which has shown itself in January of the previous upward tendency and in view of this we should certainly not be justified in expecting the maintenance of the current year's figures. This check may be attributed to the setback which has manifested itself primarily in the United States of America but which has also spread eastward. The Indian cotton grower has already been affected and there are other economic indices which point in the same general direction. There has been a decline in our favourable balance of trade. I need not quote the figures of that balance which related to India and Burma combined, but for India alone the favourable balance during the first nine months of 1936-7 was Rs.44,20 lakhs, while during the first nine months of the current year it is Rs.27,56 lakhs. The difference is therefore over Rs.16½ crores. The large increase in imports and consequently in customs revenue during the first nine months of 1937-8 must be attributed to a considerable extent to the favourable balance of last year, and the decline in the balance is bound to have some effect on our imports in 1938-9—indeed it is already having its effect. It should also be remembered that since most of our customs duties are on an *ad valorem* basis an increase in prices automatically involves an increase in customs revenue. There was a marked increase in the general level of prices in the later months of 1936-7 and the early months of 1937-8 but recently

the tendency has been in the opposite direction. There are of course certain items in our customs schedule which are likely to increase irrespective of general trade conditions. Motor spirit, for example, is almost certain to be an increasing source of revenue in view of the steady growth in the number of motor vehicles in use in India. But it seems probable that such items will be more than balanced by decreases in other imports."

In the above statement the Finance Member certainly did not overestimate the factors which are likely to produce a most difficult budgetary position in 1938-9. The activity in the import trade in 1937 resulted in the market becoming heavily stocked in most manufactured goods with the result that there has been a marked decline in the value of imports during the first six months of 1938 resulting partly from decreased volume and partly from the fall in prices. This reduction has already seriously reduced customs revenue during April, May and June and is likely to result in a decline in customs revenue to a far greater extent than is allowed for in the budget estimates. Exports have also fallen away in even greater proportion, with the result that the balance of trade in merchandise for the first two months of the current fiscal year amounts to Rs.1,03 lakhs only compared with Rs.4,15 lakhs for the corresponding period of 1937 and Rs.9,83 lakhs in 1936. Exports of gold are also reduced, leaving a total visible balance of trade for the two months of Rs.65 lakhs as against Rs.6,68 lakhs in 1937 and Rs.12,73 lakhs in 1936. The strain on the exchange is already (July, 1938) being felt and the T.T. rate has fallen to just above the lower specie point.

The Railway Budget.—The Hon. Member for Railways and Communications in introducing the Railway Budget on the 14th February, 1938, stated that the original budget estimates for 1937-8 contemplated a small surplus of Rs.15 lakhs. Revised estimates, however, showed that the total receipts are expected to be Rs.95½ crores and the total expenditure, including depreciation, Rs.63½ crores leaving a net revenue of Rs.32 crores. After meeting interest charges expected to be Rs.29¼ crores, a surplus of Rs.2¾ crores is contemplated. The measure of prosperity which was reflected in the gross earnings in 1936-7 continued. Not only was there an encouraging increase in passenger earnings, but the momentum of the upward movement in goods earnings was not checked until towards the close of 1937. With the exception of oil-seeds and cotton, the figure for each of the principal commodities carried on the railways showed a large increase. The number of tons of merchandise carried in the first seven months showed an increase of about 9 per cent. and the ton-mileage was greater by about 14 per cent. The average load per ton was 204 miles. The improvement in passenger

earnings justified expectations. In the first seven months of the year the number of passengers on all class I railways increased by about 9 per cent. and passenger miles increased by about 10 per cent. Whereas the improvement in passenger earnings continues to be well maintained, there has been a marked deterioration in goods earnings since November, 1937, mainly attributable to the conditions prevailing in the cotton market. It is anticipated that total traffic receipts for 1937-8 will be Rs.94½ crores against Rs.91¾ crores in 1936-7 and against an original estimate of Rs.90¾ crores. On the other hand, working expenses, including depreciation, are expected to show an increase of about Rs.1½ crores more than last year and about Rs.¾ crore in excess of the original estimate. The main portion of this increase is due to the higher price of coal and to the reconditioning of wagons and increased repairs to rolling stock necessitated by the heavier traffic.

Estimates for 1938-9.—The Chief Commissioner of Railways, introducing the budget in the Council of State on 14th February, 1938, summarised the position in the following terms:—

“ Though we do not take a pessimistic view of the future, we do not think we are justified in being too optimistic. In these circumstances we have decided that it is not safe to place our budget at more than Rs.94½ crores, our revised estimate for the current year 1937-8. We anticipate that owing to the increased price of stores, and more especially coal, our working expenses will increase to the extent of about Rs.½ crore. Interest charges should be practically the same as in the current year. Our estimate, therefore, is that the net result of the year's working will be a surplus of Rs.2.56 crores against a surplus of Rs.2.83 crores in the current year. This surplus will again be paid to central revenues as a contribution under the existing convention. The appropriation to the depreciation fund during 1938-9 will be Rs.12.57 crores and the withdrawals should be about Rs.6.65 crores. The net accretion to the fund during the year should, therefore, be about Rs.6 crores and the balance at the end of the year over Rs.24¾ crores, a much more satisfactory position than during the years of deficit.”

Capital Works Programme in 1938-9.—The Chief Commissioner of Railways outlined the capital works programme as follows:—

“ Our new works programme for 1938-9 provides for a total expenditure of Rs.12¾ crores of which Rs.¾ crore will be met from stores in stock and the balance of Rs.12 crores will be further reduced to Rs.11 crores by a credit for material returned from works. Though our estimated expenditure is Rs.11 crores, we are, following the precedent

of past years and on the advice of the Public Accounts Committee, only budgeting for an expenditure of Rs.9.40 crores, as we have found that normally there are unforeseen delays in the completion of works with a consequent reduction in expenditure. Of this expenditure of Rs.9.40 crores, Rs.2.75 crores will be a debit to Capital and Rs.6.65 crores to the Depreciation Fund.

“ Our programme this year includes Rs.55 lakhs for the construction of three new lines in Sind. These are the Sind Right Bank Feeders from Larkana to Jacobabad, involving the purchase and conversion to broad-gauge of the existing narrow-gauge line from Larkana to Dodapur. The total cost of this line, including the purchase of the narrow gauge, is estimated at Rs.86 lakhs, of which Rs.45 lakhs will probably be required in 1938-9. The other two lines referred to are the Khadro—Nawabshah and Pithoro—Thandu—Mithakhan Railways. All these railways are required for the transport of the produce expected from the development of the Lloyd Barrage project.

“ As will, I think, be clear from the division of expenditure between Capital and Depreciation Fund, we are again concentrating on the rehabilitation of our assets and the keeping of our property in order. A considerable sum, about Rs. $\frac{3}{4}$ of a crore, is being spent on the renewal of bridges, an essential item of expenditure if we are to meet the needs of traffic. We also propose to spend Rs.91 lakhs on the improvement of traffic facilities, such as remodelling of stations. These are, again, essential works if we are to improve and speed up our services. They are in practically all cases a necessary corollary to the acceptance of certain of the recommendations of the Railway Enquiry Committee. There are four works of special interest. I refer to the remodelling of the Jhansi and Dhond locomotive sheds on the Great Indian Peninsula Railway and similar works at Bitragunta and Rajahmundry on the Madras and Southern Mahratta Railway. All these works are being included with the definite object of improving our locomotive utilisation. Some years ago the Bhusaval locomotive shed on the Great Indian Peninsula Railway was modernised with the result that on the Bhusaval passenger and mail link the train mileage of locomotives has been increased from about 6,500 miles to 8,500 miles per mensem. To show what pooling of locomotives will do, the Great Indian Peninsula Railway has been able to reduce its locomotive stock by 462 locomotives within 14 years, or 47 per cent. of the total stock. The two works I have referred to on the Great Indian Peninsula Railway will enable us to effect a further reduction of 28 locomotives.

“ We have also not lost sight of the necessity of providing additional amenities for passengers, mostly our third class passengers, and on this we are spending about Rs.21 lakhs.

“ A considerable number of locomotives are approaching the end of their useful lives; so, in order that we may be in a position to purchase the types of locomotives most suitable to our requirements, when the time comes, we have ordered a certain number of experimental types. These will be fully tried out before any extensive purchases are made. On our coaching stock we are spending Rs.152 lakhs, of which sum about Rs.58 lakhs will go towards the renewal of inter and third class carriages. The actual figures are 197 broad-gauge units and 109 metre-gauge units. These new coaches will incorporate many of the features of the model third class coach approved of by the Central Advisory Council two or three years ago. On goods stock we are spending about Rs.1½ crores, of which Rs.1¼ crores is for the renewal of general service wagons.

“ Put shortly, our Capital and Depreciation Fund programme may be divided roughly into the following main heads:—

	Rs.
Track renewals	4 crores
Bridge works	¾ crore
Other structural works (including Rs. 23 lakhs for reconstruction works at Quetta)	3 crores
Rolling Stock	4½ crores

Rolling Stock Programme for 1939-40.—The following programme of expenditure on new rolling stock during the forthcoming year has now (July, 1938) been approved by the Standing Finance Committee and will be proceeded with:—

Class of Stock.	Capital Rs. (lakhs).	Depreciation Fund Rs. (lakhs).	Total Rs. (lakhs).
Locomotives and boilers ...	22.40	81.26	1,03.66
Carriages	13.62	89.75	1,03.37
Wagons	68.48	1,05.05	1,73.53
Total	1,04.50	2,76.06	3,80.56
Plus expenditure from ordinary revenue			3.30
Grand Total ...			3,83.86

The next table gives, for purposes of comparison, the programmes during the past four years:—

Class of Stock.	1936-37. Rs. (lakhs).	1937-38. Rs. (lakhs).	1938-39. Rs. (lakhs).	1939-40. Rs. (lakhs).
Locomotives and boilers ...	78	83	1,29	1,04
Carriages	1,79	1,45	1,52	1,03
Wagons	61	1,25	1,56	1,74
Total	3,18	3,53	4,37	3,81
Plus expenditure from ordinary revenue	—	—	18	3
Grand Total ...	3,18	3,53	4,55	3,84

It is proposed to purchase 19 broad-gauge and 11 metre-gauge locomotives. Of the broad-gauge engines, 15 "X.E." type will be purchased abroad on account of the East Indian Railway and four passenger engines of a type not yet decided will be imported on behalf of the Eastern Bengal Railway. Nine "Y.B." metre-gauge engines for the Assam Bengal Railway will be built at the Bombay, Baroda and Central India Railway Workshops at Ajmer while two "Y.B." engines for the Bengal and North Western Railway will be imported.

As regards boilers, 150 boilers (Rs.40 lakhs) will be purchased to replace old boilers overdue for renewal (127 broad-gauge, 11 metre-gauge and 12 narrow-gauge). A further 61 broad-gauge and two metre-gauge boilers (Rs.20.68 lakhs) will be purchased as spares to facilitate quicker out-turn of engines from shops.

Ten rail cars (Rs.11.11 lakhs) will be purchased on account of the Madras and Southern Mahratta Railway in order to meet the intensive road motor bus competition in certain areas.

237 bogie and 32 four-wheeler carriages will be built in railway workshops. In the case of these items it should be noted that only the buffers, wheels and axles, brake gear and other specialities not made in India will be imported.

Of the Rs.173½ lakhs worth of wagons, Rs.125 lakhs will be spent on the purchase of 2,500 broad-gauge general service wagons. Two thousand wagons of this number are already on order as they form part of the 6,095 wagons already approved in connection with the three-year programme of purchase. The remaining 500 broad-gauge general service wagons are necessary to meet a shortage in the wagon pool. Rs.10½ lakhs will be spent on the purchase of 320 metre-gauge general service wagons for the B.B. & C.I. Railway on replacement account. The balance of the expenditure provides for non-pooled and miscellaneous types such as bogie rail trucks (100), platform trucks (200), oil tank wagons (66), brake vans (41), timber trucks (22), etc., etc. The sum of Rs.1 lakh is provided for fitting automatic vacuum brakes to metre-gauge goods stock on the B.B. & C.I. Railway. Practically the whole of the general service wagons are now made in Indian works, only specialities being imported. The detailed rolling stock programme may be

consulted by manufacturers who may be interested at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

Road Development in India.—The following note on the progress made in co-ordinating road development throughout the country has been courteously supplied by Mr. K. G. Mitchell, C.I.E., M.Inst.C.E., Road Engineer with the Government of India:—

Position of the Road Fund.—The total receipts to the Central Road Fund from its inception in March, 1929, to the end of September, 1937, amounted to Rs.1032·50 lakhs of which a sum of Rs.171·24 lakhs was appropriated to the Reserve with the Government of India, leaving a balance of Rs.861·26 lakhs for distribution to Provinces, Minor Administrations and Indian States. Out of Rs.861·26 lakhs, a sum of Rs.840·55 lakhs was allocated and the balance of Rs.20·71 lakhs remained undistributed at the end of March, 1938. During the year itself a sum of Rs.100·22 lakhs was allocated to Governor's Provinces including Burma and Federated Shan States (in respect of the revenue for the year 1936-7) and Rs.20·59 lakhs to Minor Administrations and Indian States. Under the current Resolution on road development adopted by the Indian Legislature in 1937 the shares allocated to Governor's Provinces are retained by the Governor-General in Council until they are actually required for expenditure on road development works. The following table shows allocations to Provinces and expenditure incurred from the Road Fund during 1937-8 and the unspent balances at the end of that year:—

Province.	Balance on 1st April, 1937 (Final audited figures).	Allocation for the year ending 30th September, 1937.	Expenditure during 1937-38.	Unspent balance on 31st March, 1938.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Madras	43·29	20·79	11·51	52·57
Bombay	41·29	25·11	36·85	29·55
Bengal	43·33	15·86	9·69	49·50
United Provinces	1·56	8·11	4·44	5·23
Punjab	18·49	12·01	9·55	20·95
Bihar	12·13	3·64	—	15·77
Central Provinces and Berar	4·44	4·33	2·39	6·38
Assam	3·01	3·23	3·74	2·50
North West Frontier Province	1·49	2·38	2·76	1·11
Orissa	1·21	0·54	—	1·75
Sind	11·56	2·55	4·12	9·99
Burma, including Shan States	34·13	1·67	Owing to separation no information is available.	
Total	215·93	100·22	85·05	195·30

The Provinces where there are large balances have prepared comprehensive programmes of work and it is expected that the balances will be reduced in the near future.

“ Reserve in the Road Fund.—Grants aggregating Rs.24 lakhs were approved for different schemes covering anticipated receipts to the end of 1939-40. Of this sum, Rs.13½ lakhs were distributed to Bombay, Bihar, Central Provinces, Assam, the North-West Frontier Province, Sind, Orissa and Coorg Provinces, Rs.8½ lakhs to the Indian States and Rs.2½ lakhs for expenditure on soil research, trackways, dual carriageways and the Indian Roads Congress.

“ Capital programmes.—Capital programmes of road development were in progress in the United Provinces and the Central Provinces and the Governments of Madras and Bombay have submitted large programmes of works which are under consideration by the Government of India.

“ Indian Roads Congress.—At the invitation of His Exalted Highness the Nizam’s Government, the fourth session of the Indian Roads Congress was held at Hyderabad (Deccan) in January, 1938, and was attended by 105 delegates. The Congress continues to do useful work by providing for an exchange of ideas and thus promoting efficiency and economy in the construction and maintenance of roads and bridges.

“ Road-Rail Co-ordination: Transport Advisory Council.—The third meeting of the Council was held in Delhi in December, 1937. The main item of business was the consideration of a Motor Vehicles Bill designed to replace the existing Act which is out of date. The Council recommended the setting up of a Standing Technical Committee to consider and advise on the drafting of model rules, the collection and publication of statistics and any technical matter relating to motor vehicles that may be referred to it, such as permissible weights, speeds and the use of speed governors.

“ Revision of the Indian Motor Vehicles Act, 1914.—The Bill to amend the Indian Motor Vehicles Act, 1914, which was introduced in the Legislative Assembly in September, 1936, and circulated for opinion, was not proceeded with pending the receipt of the Wedgwood Committee’s Report. That report was published in June, 1937, and the Motor Vehicles Insurance Committee published its report in March, 1937. In the meantime, opportunity was taken to overhaul the existing Act, as recommended by the Transport Advisory Council and, after taking into consideration the

recommendations of these two Committees, a skeleton outline of the Bill to amend the Motor Vehicles law was circulated to Provincial Governments in July, 1937. As a result of discussions with Provincial Governments a Bill was finally drafted and introduced during the last session of the Legislature. It has since been circulated for eliciting public opinion and its provisions will be examined by a Select Committee which will meet in July, 1938. The Bill provides for—

- (i) the amendment and consolidation of the existing law relating to motor vehicles; in particular the provisions relating to the registration of vehicles, the licensing of drivers, and Public safety,
- (ii) the regulation of motor transport for the carriage of passengers or goods for hire or reward, and
- (iii) implementing the recommendations of the Committee on Compulsory Insurance.

“ *Motor Vehicles Insurance Committee.*—This Committee which was appointed in November, 1936, submitted its report in April, 1937. Its recommendations fall into three main categories:—

- (a) Compulsory insurance of vehicles against third party risks;
- (b) The general tightening up of the law relating to motor transport as a necessary complement, and
- (c) The control of insurance companies.

The provisions of the Motor Vehicles Bill cover (a) and (b), but as (c) requires some amendment of the law relating to insurance, action on it has been suspended until a decision has been reached on the main issue.”

Road Schemes projected in the Provinces.—I am indebted to the Indian Roads and Transport Development Association, Ltd., which has done so much good work for the extension and improvement of Indian roads, for the following appropriate extracts from the President's speech at the Annual General Meeting held on 29th April, 1938:—

“ One of the most important is the Bombay-Calcutta trunk road scheme involving the linking up of the many existing stretches of road now lying unconnected between the two cities, of which the main missing link is that between Sambalpur and Tatanagar. At its meeting in January last the Standing Committee for Roads approved a grant of Rs.3.24 lakhs to Orissa and certain States for constructing the link from Sambalpur up to Jamdha which will open up country at present inaccessible by road or rail.

“ Many provinces are going ahead with their programmes and you will recollect that reference was made at the annual meeting last year to the loan programmes in the Central and United Provinces and to the other programmes in Sind, Punjab, Madras, etc. Orissa during the last two years has drawn up schemes estimated to cost about Rs.16 lakhs, for which grants have been allotted from the Road Development Fund, and further projects estimated to cost Rs.15 lakhs are understood to have been submitted for administrative approval.

“ The Punjab Programme, originally intended to be spread over 12 years, has now been modified into an eight-year plan in consequence of the railway's objection to certain schemes, and a part of the programme which will occupy the Punjab P.W.D. for at least three years has been finally sanctioned. The Punjab Government further propose to take over 800 miles out of 1,229 miles of Class II Roads administered by District Boards and to recondition them to the P.W.D. arterial road standard at a cost of approximately Rs.31 lakhs. With the responsibility for these roads removed from their hands, the District Boards will have more money available for the improvement of earth roads.

“ The Bombay Presidency is planning a comprehensive programme of road development, thanks to the enthusiasm of the Honourable Minister in charge. This programme, which is to commence next year, envisages the expenditure of a sum of roughly 4 crores of rupees over seven years, of which scheme amounting to Rs.175 lakhs are to be financed from the Presidency's share of the Central Road Development Fund. The remaining schemes are to be financed by loans, supplemented, to some extent, by the Provincial Road Fund, i.e., the surplus receipts from Provincial taxation of motor vehicles. The programme includes the reconstruction of the Bombay—Poona Road and also the completion, subject to the approval of the Government of India, of the road from Bombay to Ahmedabad.

“ In Bengal unfortunately the report of the Special Officer, Road Development Projects, although understood to be comprehensive, is long overdue. There is at present very little progress in the expenditure of the sums which have accrued in Bengal's share of the Road Development Fund and the report of the Special Officer is anxiously awaited. It is now understood Government have decided to appoint a special Road Development Officer whose duty will be the execution of the works approved.

“ Sind is going ahead with its five-year programme costing Rs.35 lakhs to which reference was made at the last

annual meeting. Plans and estimates for 17 roads included in the programme have been finally sanctioned and estimates for 11 more roads had been completed at the end of 1937, while considerable land acquisition work had also been completed. The Sind Communications Board has recently passed a resolution urging that a loan of Rs.50 lakhs be raised to finance a further programme, which is now being considered by the Local Government.

“ Assam has prepared a new 10-year programme costing 1 crore of rupees which they propose to carry out when funds become available. The Province, in view of the very small share it gets from the Road Development Fund as its normal share, is depending very largely on special grants from the Reserve in the Fund, and schemes, from the general programme, costing some 25 lakhs of rupees have been selected for priority in the hope of grants being thus received in the near future.”

Radio Telegraphy and Telephony.—I am once again indebted to the General Manager of the Indian Radio and Cable Communications Co., Ltd., who has courteously supplied the following note with regard to the development of wireless communications in India during the year:—

“ *Cable and Wireless Services.*—During the year under report the main activities of the Indian Radio and Cable Communications Company, Ltd., include the Wireless Beam Telegraph Services between India and England and between India and Japan and the Cable Services from Bombay and Madras to all parts of the world. The total number of paid words handled over the Company's Telegraph System during the year ended 31st December, 1937, was 25,455,095 as against 24,289,480 during the year ended 31st December, 1936. The monthly totals were higher during the earlier part of the year but later on they showed a downward tendency due to slack trade in general.

“ *Overseas Telephone Service.*—The Overseas Telephone Service shows a steady increase in the number of calls and units handled, the increase being approximately 42 per cent. and 38 per cent. respectively. From May, 1937, the rates for Overseas calls between India and England were further lowered making the rate Rs.40/- for three minutes and in spite of this lowering in rate, it is gratifying to note that the revenue was 17 per cent. higher than the previous year. It may however be pointed out that due to dullness in trade conditions during the second half of the year, the traffic was, in spite of the lower rates, on the low side but it is hoped that with the revival in trade the outlook will be much brighter.

“ Radio Broadcasting.—During the year, the installation of the four medium-wave stations was commenced and the Lahore Station was completed by the end of the year. Good progress was made on the Lucknow Station which will be completed early in 1938. The same remark applies to the Delhi short-wave station which is nearly completed. With regard to the medium-wave stations at Trichinopoly and Dacca, all the material has arrived in India but delay is taking place on account of the building programme. These two stations will not be completed until after the monsoon of 1938. The medium-wave station at Hyderabad was completed during the year and construction work is proceeding with the Aurangabad Station.

“ Aerodrome Wireless Stations.—The equipments supplied by this Company of the Marconi-Adcock type have been installed by the Posts and Telegraphs Department and will be brought into operation during 1938. Three further aerodrome stations of short-wave transmitters have been ordered by the Posts and Telegraphs Department to be used for inter aerodrome working and for meteorological purposes. It is anticipated that Wireless Beacons will also be installed in the near future at the main aerodromes. Messrs. Tatas, Ltd., have purchased during the year three Marconi transmitting and receiving equipments for installation in their D.H. Rapide machines.

“ Aircraft Wireless.—Arrangements have been made by this Company to maintain a Service Depot under the supervision of a qualified Aircraft Wireless Engineer at Juhu Air Port, and as Air Transport Companies are starting operations in India there are likely to be considerable developments in this field.

“ Police Wireless.—During the year under review, demonstrations were carried out in Bombay and other places with Police Wireless Equipments and the Bombay Police authorities have purchased two complete equipments, one as Headquarters station and the other as Mobile station. A wireless Police School has been organised and a number of police are undergoing instruction in wireless operating. The Bombay Police authorities have under consideration the question of building up a complete ‘Scotland Yard’ wireless organisation.

“ Wired Wireless.—During the year, a number of new projects for carrier current working were considered by the Posts and Telegraphs Department. Tenders have been called for these projects and it is expected that a number of these will be carried through in 1938. It is expected that in the course of the next year or so, extensive carrier current circuits will be installed for linking important cities of India.”

Broadcasting.—The developments of broadcasting in India have been so far-reaching and the ultimate effects on the market for wireless receiving apparatus will be of such great importance to United Kingdom exporters that it will not be considered to be out of place to describe the events of the past two years in some detail. My thanks are due to the Deputy Controller of Broadcasting for the two comprehensive notes which follow:—

Indian Broadcasting in 1936-7.

“ Readers of the last year’s report will have read with interest the brief, though comprehensive, account of the steps that were proposed to be taken for the development of broadcasting in India. The name of the Indian State Broadcasting Service, as the Service was named, has been changed to All India Radio and considerable progress has been made this year with the different projects to be financed with the Government of India grant of Rs.40,00,000 for broadcasting mentioned in the last year’s report. An expert analysis of the proposals referring to this big expansion in India has been made, which summarises the difficulties of planning a broadcasting system for this country and indicates what is being done.

“ The technical problem which confronts the Broadcasting Department of the Government of India, ‘ All India Radio,’ is that of providing a service over an area of nearly two million square miles with the limited funds available, which, though representing a considerable sum of money, are negligible compared to the amounts spent on broadcasting in Europe or America. The area of India, it must be remembered, is roughly twenty times that of the British Isles. On the other hand, the sum of money available is less than that required for providing a television service to the city of London. A glance at the following table showing the income and expenditure since the formation of the Indian State Broadcasting Service will give a clue to the position.

Year.	Expenditure (in thousands of rupees).	Revenue (in thousands of rupees).			
		Customs.	Licences.	Miscellaneous.	Total.
1929-30 (initial)	3.30	—	—	—	—
1930-31 ...	2.79	56	67	33	1,56
1931-32 ...	2.64	1,04	66	30	2,00
1932-33 ...	2.38	2,44	85	35	3,64
1933-34 ...	2.80	4,09	1,20	39	5,68
1934-35 ...	3.95	7,83	1,65	40	9,88
1935-36 ...	5.52	10,50	2,50	50	13,50
1936-37 ...	9.61	13,62	3,40	1,27	18,29
1937-38 ...	*16.03	*15.43	*5.32	*1.40	*22.15
Total ...	49.02	55.51	16.25	4.94	76.70

* These figures are provisional pending audit by the Accountant-General, Central Revenues.

“ The number of licences in force at 31st March, 1937, was 42,133 against 27,500 on 31st March, 1936, but it is extremely likely that there are a further three to four thousand sets in use which are not licensed. In order to afford an inducement to the renewal of licences in time, it has been decided, as an experimental measure for one year from the 1st January, 1937, to grant a rebate of Rs.2/- to every licence renewed before the date of expiry. A new form of licence termed as ‘ Commercial Broadcast Licence ’ for issue to hotels and restaurants has been introduced. The fee is Rs.25/- for one receiver and loud-speaker and Rs.10/- for each additional receiver or loud-speaker.

“ The receipts from Customs duty on all wireless receiving apparatus imported into British India (excluding receiving apparatus certified by the Director-General, Posts and Telegraphs, as not likely to be used for broadcast reception) show remarkable elasticity. The rates of duty are 40 per cent. preferential and 50 per cent. standard, and are all credited to General Revenues instead of to Broadcasting Fund as in previous years.

“ In my last report, a mention was made about the scheme of capital expenditure submitted by Mr. H. L. Kirke, the head of the Research Department of the British Broadcasting Corporation. The various recommendations made by him have been examined by the Government of India in consultation with Local Governments, and as a result of these deliberations it is proposed to establish (and in the case of Peshawar to take over), as speedily as conditions permit, broadcasting stations, at the following places, of the type and with the power noted against each:—

- (i) 5 K.W. Medium-Wave Stations at :—
 - (a) Trichinopoly,
 - (b) Dacca,
 - (c) Lucknow, and
 - (d) Lahore ;
- (ii) 10 K.W. Short-Wave and a 0.2 K.W. Medium-Wave Station at Madras ;
- (iii) 10 K.W. Short-Wave Stations at Calcutta and Bombay ;
- (iv) 10 K.W. Short-Wave and one 5 K.W. Short-Wave Station at Delhi ;
- (v) $\frac{1}{2}$ K.W. Medium-Wave transmitter at Peshawar (to be taken over from the Government of the North-West Frontier Province).

In addition, a sum of Rs.20,000 is proposed to be spent on remodelling the existing transmitters at Bombay and Calcutta. A sum of Rs.60,000/- is also proposed to be spent chiefly on equipment for research purposes, and another sum of Rs.50,000 for a Short-Wave Diversity Receiver Unit for the purpose of relaying Empire programmes from

Delhi, which amount is intended to cover the cost of the land, the receiver as well as other necessary accompaniments, such as batteries, aerials, etc. The 100 K.W. Station at Allahabad recommended by Mr. Kirke had to be omitted for want of funds.

“ It was originally thought that the best policy would be to have a few central broadcasting stations of high power for entertainment purposes and to leave local schemes of small stations for uplift purposes, to Local Governments. Recent experience at Delhi has shown that a theoretical distinction between the different kinds of broadcasting is of little value and once a broadcasting station is set up, it must in fact meet as efficiently as possible the needs of the whole of its regular service area, both urban and rural. On the other hand, expert opinion which the Government of India have after careful consideration adopted, is in favour of a larger number of smaller power stations in the present state of broadcasting development in India so as to give a better distributed service than would be provided by a few high power stations. The broadcasting stations now proposed will give a good service to as dense a population, both rural and urban, as it is possible to do with the funds available. In deciding on the locations of these stations care has been taken to see that every major province is assured of a satisfactory service. The distribution proposed will also enable provision of programmes suited to different linguistic areas and to rural needs. The stations will be available for use by Local Governments for the purpose of rural broadcasts when desired.

“ *Research Department.*—Acting upon the advice of Mr. H. L. Kirke of the British Broadcasting Corporation, the Government of India have established a Research Department under Mr. C. W. Goyder, Chief Engineer, specially recruited from the British Broadcasting Corporation, to carry on work on the lines recommended, viz. :—

- (i) measurement of field strength of existing stations where necessary to provide data for future development ;
- (ii) measurement of field strength of signals from a mobile transmitter for the purpose of testing sites for new stations and determining the service areas which such stations will have ;
- (iii) carrying out and organising tests from the proposed short-wave experimental transmitter at Delhi ;
- (iv) experiments to find out the relationship between atmospheric strength and wavelength to provide data for the determination of the best wavelengths to be used under various circumstances ;
- (v) experiments in rural broadcasting including the development and testing under service conditions of new types of receivers and methods of power supply ;
- (vi) short-wave reception of Empire programmes for relaying purposes ;

- (vii) recording programmes by the disc and other methods ;
- (viii) development of radio link apparatus for use at outside broadcasts where lines are not available ;
- (ix) supervision of tests on new microphones ;
- (x) general advice on the purchase of new apparatus and in some cases the design and supervision of manufacture of new apparatus ; and
- (xi) liaison with the Posts and Telegraphs Department in regard to lines.

“ A special receiver for use in villages has since been developed by the Research Department. It consumes one-third the power of the receiver previously available and incorporates a time watch, which switches the receiver on and off at the correct time for the village hour programmes. Sixteen receivers of the type have been prepared for Bombay which are reported to be giving satisfactory service. Experiments have been undertaken to see whether suitable receivers for use in the tube well area in the United Provinces where electricity is available, can be provided. The Research Department is further exploring the possibility of making available to the public cheap receivers in order to help the manufacturers to produce such sets. Experiments are also in progress on the comparative suitability of various acoustic materials for studios, while a study is being made of the new recording equipment now available in the market in order to decide upon the one most suitable for the new Stations.

“ *Central News Organisation.*—A scheme for the establishment of a Special News Organisation for the purpose of disseminating news to all outlying stations from Delhi has been accepted by the Government of India at an estimated cost of Rs.85,000. This scheme will be entirely separate from the office of the Director of Public Information under the Government India, and will come into force in the budget of the next financial year. Steps have been taken to recruit a News Editor for the Central News Organisation simultaneously in England and in India in accordance with the scheme.

“ *Programmes.*—During the year under review, the Indian State Broadcasting Service (now known as the All India Radio) carried out programmes of a more ambitious nature (too numerous to mention) than have hitherto been attempted. Two news-bulletins are broadcast from the Delhi Station, and greater attention is being paid to broadcast talks along well-thought-out lines at all the three stations of All India Radio. The talks cover a wide range, and *inter alia* provide for discussions and debates on social, economic and educational topics. Steps have been taken to see that the talks do not contain controversial matter. Running commentaries have also very much increased in

number and the existing Stations are getting experienced in outside broadcasts.

“ A questionnaire was circulated at the end of the year under report by the Controller of Broadcasting to all licence holders in the service area of the Delhi Station in order to find out how far listeners approved the present programmes, and whether they desired any modifications. The replies received show that a large number of Indian listeners are interested in European programmes and are evincing a growing desire for them. There is a certain amount of dissatisfaction with Indian music, probably due to its monotonous and static nature. Experiments are accordingly being made at the Delhi Station to explore and possibilities of developing Indian music along traditional lines, and also towards a suitable blend of European and Indian music.

“ In order to secure the confidence and co-operation of the public, an Advisory Council, with the Controller of Broadcasting as Chairman and the Station Director, Delhi, as Secretary, has been appointed to advise on programmes and such other matters as may be placed before it by the Controller of Broadcasting. The functions of the Council are purely advisory, and it will have a number of small sub-committees to advise on different subjects, e.g., language, drama, etc. If the Council proves a success, this method of maintaining direct contact with public opinion may be tried elsewhere.

“ *Rural Broadcasting.*—The All India Radio has been entrusted with the full control of rural broadcasting in Bengal and the Punjab and now administers the funds provided by the Local Governments subject to certain safeguards. The Government of Bombay have recently placed orders through All India Radio for the installation of 16 village receivers in the area surrounding Bombay as an experimental measure. The Government of Behar and United Provinces also contemplate the installation of some receivers in their respective provinces.

“ The first experiments in designing programmes for the entertainment and edification of the rural population have proved useful in enabling the service to arrange for attractive village programmes. The difficulties encountered are: (i) choice of a suitable hour when villages are free to gather round the set, and (ii) arranging for village music, which is the only kind of music which can appeal to the rural population. Village music has never been recorded and seldom studied, and village musicians lack that degree of efficiency and polish which alone can enable them to be good performers before the microphone. Attempts have also been made to broadcast such items of rural interest

as agricultural news, health news and market rates, but some of these are difficult to collect regularly and sufficiently quickly to have topical interest.

“ The village programme from the Delhi station has gained in popularity, and dialogues and short plays are particularly liked by the villagers. Many enquiries are being received by the Delhi Station for further information on points which are made the subject of daily programmes, such as the best variety of seeds, the advantages of irrigation and the method of prevention of epidemics in villages. If a larger number of villages were provided with sets, it is probable that village broadcasting could be made very popular and valuable. The high cost of community receivers militates against the provision of a large number of sets by Local Governments. Experiments are accordingly being made near Delhi to ascertain whether the villager is willing to pay for longer hours of listening by fixing slot machines to communal receivers. Rural broadcasting could obviously be spread much more quickly if the villagers themselves were convinced of its value, and were ready to contribute towards the cost.”

Indian Broadcasting in 1937-8.

“ *Development.*—The year under review saw the most important stage in the development of broadcasting in India. The Peshawar station was taken over from the Government of the North-West Frontier Province on the 1st April, 1937. The next additions to the list of Broadcasting stations were made in December, 1937, when the 5 kw. Lahore Medium-Wave and the 10 kw. Delhi Short-Wave stations were inaugurated on the 16th December. Another stage was marked on the 4th February, 1938, on the occasion of the opening of the 10 kw. Bombay Short-Wave station.

“ It was decided to shift the Bombay studios to the new Government buildings in Queens Road. Considerable progress was also made in regard to the erection of the other stations at Lucknow, Madras, Dacca and Trichinopoly. Except at Dacca studio buildings were selected during the year 1937-8.

“ The building for the Todapur Receiving Centre was completed and the receiving centre has since been in regular operation in connection with the relay of foreign programmes.

“ A number of improvements were made by the Research Department in the special receiver for community reception in the villages. At a result of these improvements the receiver now in use consumes only one-third of the power consumed by the previous receivers. The new receiver

also incorporates a time-switch which switches the receiver on or off at the times scheduled for the village programme and thereby reduces the consumption of power.

“ An important feature of the year was the selection of the operating wavelengths for the Indian stations. Extensive listening tests as well as field-strength measurements were carried out with a view to determining those wavelengths which would reduce interference and atmospheric disturbances to the absolute minimum so as to provide a clear reception in the zones they are intended to serve. The wavelengths which were found most suitable were given publicity in *The Indian Listener*, the official organ of All India Radio and in the Press.

“ *Rural Broadcasting*.—Sixteen battery-worked receivers with time-switches in padlocked metal cases were supplied to the Government of Bombay.

“ A proposal for the installation of 120 sets in the villages of the Delhi Province and to provide for their maintenance for a period of three years at a total cost of Rs.1 lakh has been sanctioned by the Government of India and it is proposed to inaugurate the scheme during the next cold weather.

“ From the 31st March, 1938, Delhi ceased to be the centre for rural broadcasting in the Punjab as, on the opening of the Lahore Station, the rural receiving sets originally installed by the Punjab Government in the vicinity of the Delhi station were removed to places within the range of the Lahore station.

“ *Educational Broadcasting*.—During the year under review the new field offered by educational broadcasting was studied by All India Radio and some spade work in co-operation with the educational authorities was undertaken. All India Radio which has a specific cultural function, will for a certainty develop into a more prosperous organisation when educational broadcasting becomes a regular department of activity. The replacement of the teacher or professor, however, is not contemplated.

“ *Miscellaneous*.—The Government of India sanctioned the broadcast of cotton prices from the 15th November, 1937. The Indian Central Cotton Committee also agreed to instal 12 receivers at their own expense at suitable cotton centres for the benefit of the cultivators. The News Editor for the Central News Organisation, Mr. Charles Barns, arrived from England and took charge on the 9th September, 1937.

“ The question of reshuffling the timings of news bulletins with a view to having a single all-India Bulletin from Delhi

relayed by all stations supplemented by regional bulletins of local interest from each station is under consideration.

“ It has been decided that wireless receiving sets used for the reproduction of broadcast programmes in all types of shops, business premises, etc., to which the public have access, including those of wireless dealers should be covered by the Commercial Broadcast Licence on payment of Rs.25/-.

“ The Licence fee on sets for demonstration purposes has been reduced from Rs.10/- to Rs.5/- per set.

“ An agreement with the members of the Indian Phonographic Industry and the International Federation of the Phonographic Industry for the supply of gramophone records to All India Radio for broadcasting purposes is to be signed shortly and the terms of agreement are already being acted upon in anticipation of signature.

“ Indian States like Travancore, Baroda, and Gwalior which had under consideration schemes for setting up their own transmitters have been given every possible assistance in that connection. Nominees of the Travancore Government have also been given training in installation work by All India Radio.

“ The following table shows the revenue from import of wireless articles and the number of licences in force at the end of each financial year from 1934 onwards.

Year ending	Customs revenue. (In thousands of Rs.)	Licences in force.
31-3-1934	4.09	12,037
31-3-1935	7.83	17,881
31-3-1936	10.50	28,066
31-3-1937	14.35	42,152
31-3-1938	15.94	52,883 "

Need for United Kingdom Receiving Sets.—I should like to repeat the appeal which I have already frequently made to U.K. manufacturers of radio apparatus to turn their attention to the great potentialities of the Indian market. The situation is still unsatisfactory from the U.K. point of view. Dutch interests have assiduously cultivated the market for years, are constantly producing new designs specially applicable to Indian conditions and have gone to the length of bringing out a wireless engineer of eminence to study Indian problems. U.S.A. suppliers are providing nearly 50 per cent. of the market in receiving sets (*vide* statistics in Chapter V, page 250) owing to the fact that the standard sets for U.S.A. consumption are generally (but not entirely) suitable for India. The efforts already made by two

or three U.K. manufacturers are commendable as regards "all-wave" receivers, but much remains to be done in designing sets suitable for the local reception of medium wave transmissions. It has been pointed out that the proportion of the population of 338,000,000 able to afford all-wave receivers is very small and the full potentialities of the market will only be exploited when the radio industry is in a position to supply efficient sets to retail at a very low price, certainly not more than Rs.60-80. Once a suitable range of models is available at the right price, success depends upon the creation of an efficient and widespread marketing and service organisation throughout the country. Firms who may be interested should apply to the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1, where they may consult a copy of the special supplement of the "Indian Listener" dated 22nd July, 1937, which was specially compiled by experts of the Indian Broadcasting Service with the object of educating both manufacturers and consumers with regard to the precise types of receiving sets required to meet India's needs. They will also receive considered advice and information with regard to methods of representation and the conditions obtaining in this great and expanding market.

Civil Aviation.—I am indebted to the Director of Civil Aviation in India for an advance copy of his comprehensive report on the progress of Civil Aviation in India during 1937-8, from which the following paragraphs are reproduced:—

"The present Report completes the account of an era in air transport in India which reached its end with the opening of the Empire Air Mail Scheme in February, 1938. The Report is thus concerned with a period when Indian air transport was in process of replanning and re-organisation in preparation for a greatly enlarged scheme of operation and utility.

"The following tables illustrate the development of regular air transport services operated by the principal nations and the relative position of India in 1937 and previous years. The figures foreshadow the great advance in air traffic that may be expected in future years when the Empire air mail services are in full operation. In 1937 figures for Great Britain and the British Commonwealth of Nations include the operation of the all-up mail scheme on the England-Africa route during the second half of the year.

"Indian route mileage was increased in 1937 by the opening of the Bombay-Kathiawar and Bombay-Delhi air services. These new air lines are significant of the impetus which has been given to projects for internal air services in India. The widening of public demand for air travel and the air carriage of mails will inevitably encourage the further growth of airways connecting with the trunk services or serving local needs.

Mileage of regular air routes

Year.	Great Britain.	India.	British Commonwealth of Nations.	United States of America.	France.	Germany.
1933	11,670	5,180	32,670	47,687	21,450	17,228
1934	13,750	5,830	41,390	50,800	21,290	23,440
1935	18,739	6,395	53,291	52,461	24,451	22,291
1936	23,717	6,483	68,240	61,532	33,798	23,494
1937	26,679	8,325	79,875	63,656	38,750	31,880

NOTE.—The mileage given is the mileage of the air routes over which services are operated by the countries named.

British Regular Air Transport Services

Year.	Miles flown.	Passengers carried.	Outward air mail (external).	Total air mails (internal and external).
			Tons.	Tons.
1933	2,638,000	79,100	85	171
1934	4,557,000	135,160	122	250
1935	8,412,000	200,000	187	714
1936	9,584,000	236,300	325	977
1937	10,783,000	243,805	667	1,602

Internal Regular Air Services—India and Burma

Year.	Miles flown.	Passengers carried.	Mails carried.
			Tons.
1933	153,680	155	10·5
1934	345,771	757	21·3
1935	553,754	553	43·4
1936	496,539	349	49·4
1937	622,193	1,178	61·2

“ Since the start of the ‘ all-up ’ mail scheme, Indian aircraft operating on the feeder air services have increased their scheduled flying from 8,260 to 25,660 miles per week while the mail loads they carry have increased from 2,600 lbs. to 12,000 lbs. per week. Imperial Airways and its associated companies are flying daily a distance greater than a circuit of the earth. On the Indian and eastern route over 13 tons of mails are carried every week by air to and from Southampton. This figure will be greatly increased when mails to and from Australia and New Zealand are brought into the all-up scheme.”

REGULAR AIR TRANSPORT.

The Empire Air Mail Scheme.—“ The Empire Air Mail Scheme, began, so far as India is concerned at the end of February, 1938, shortly before the close of the period to which

this report relates. Interest in the events of 1937 and the figures concerning the regular air transport services in that year, to which the statistical tables in this report refer, must inevitably recede into the background in the new perspective created by the Empire Air Mail Scheme. Continuing the process begun in the previous year, 1937 was a period of deliberate stabilisation during which the organisation for the new order was being carried through in all its manifold details. The only important innovation was the introduction of the new 'Empire' flying boats on the England-India route. Therefore, before dealing with the progress of the regular air services in 1937 it will be an advantage to give first a short general account of the beginning of the Empire Air Mail Scheme which must necessarily take a dominant place in the records contained in the Report.

" The general plans for the Empire Air Mail Scheme were stated in the last report. To-day the practical benefits of the Scheme are already to a large extent being enjoyed by the public in India, and a detailed description of them is no longer required. It is sufficient to say that, when this scheme has been fully completed during 1938, the inter-Empire letter mails, excluding those to and from territories on the American continent, will have been transferred to the air without an appreciable increase in postage rates but with an immense saving of time in correspondence between the participating countries.

" In India a flat uniform rate of $2\frac{1}{2}$ annas per $\frac{1}{2}$ oz. has been fixed for postage to any of the participating countries. There are five services weekly to and from Europe and since 10th April a schedule of $2\frac{1}{2}$ days between Karachi and Southampton has been maintained, with but a few delays.

" For the Indian air transport companies concerned in this scheme the new responsibilities that have fallen to them have had the effect of almost quadrupling their activities in a single stride. The following brief particulars will illustrate the scope of this expansion:—

" Indian Trans-Continental Airways, Limited, which with two Atalanta aircraft of Indian registration has since July, 1933, taken a half share with Imperial Airways, Limited, in the operation of the route from Karachi to Singapore, is increasing its capital from Rs.10,00,000 to Rs.32,00,000, and will own four of the eight Armstrong Whitworth 'Ensign' aircraft which will in future operate two services weekly over the entire route from England to Calcutta. The capacity-ton-miles to be operated by the Company will advance from 750,000 to 3,000,000 ton-miles a year.

" The Tata service, measured by this yard-stick of capacity-ton-miles, will show an enlargement from 76,500 to 306,500 ton-miles a year. The company's fleet has been renewed with larger and faster aircraft and the route of 1,800 miles now operated from Karachi to Colombo is no longer to be considered merely as an Indian feeder service,

but has become an important branch of the inter-Empire scheme.

“ Indian National Airways, flying on the 700-mile route from Karachi to Lahore, have effected an increase in capacity-ton-miles from 30,300 to 94,000 a year, and the company now find themselves in a position to consider the development of passenger traffic on this route.

“ The first unsurcharged air mails to reach India from Europe under the Empire Air Mail Scheme left Southampton in two flying boats, the ‘Coolangatta’ and the ‘Centurion,’ on the 23rd February, 1938, and arrived at Karachi on the 27th February. The large load of mails on this initial service made it necessary to employ two flying boats, but of these only one, the ‘Coolangatta,’ proceeded beyond Karachi to Singapore. In the westbound direction, the first service to leave India departed from Calcutta on the 1st March, 1938, left Karachi the following day and reached Southampton on Sunday, the 6th March, 1938.

“ At the outset during the change-over period from the twice weekly schedule to the new frequency of four services weekly, many difficulties had to be overcome to preserve the regularity of mail deliveries before the services settled down to the new schedules. For example, the two eastbound services prior to 27th February were operated to Singapore by flying boats and the mails for Delhi were unloaded at Gwalior and brought to Delhi by aeroplanes chartered from Indian National Airways, Limited, while in the westbound direction for the first two weeks the flying boats flew to a slightly altered schedule which was later changed to the normal one.

“ From 27th February, four services weekly between India and England were operated by flying boats as far as Karachi. From Karachi two of the flying boat services were continued across India to Singapore, and the other two services connect at Karachi with services operated by Atalanta aircraft between Karachi and Calcutta via Delhi. The section Karachi-Calcutta is flown in one day both by the flying boats and the Atalantas. When the ‘all-up’ mail scheme was extended to Australia in August, 1938, the frequency of the services between India and England was increased to five. The three flying boat services are operated right through to Australia via Singapore. Two of the services west of Karachi will be operated by aeroplanes and three by flying boats. For a limited period until the new ‘Ensign’ aircraft are ready, use is being made of ‘Hannibal’ and ‘Atalanta’ aircraft for the aeroplane services on the section Egypt-India, connecting at Karachi with services across India to Calcutta operated by the existing ‘Atalanta’ machines, which will be supplemented, if necessary, by additional Atalantas brought from the African route.

“ Up to the end of May, 56 eastbound services from England landed 62·2 tons of mails for India and Ceylon and 51 westbound services carried 44·9 tons from India and Ceylon. On these figures it is estimated that the annual weight of mails inward and outward at Karachi from and to the West will be approximately 249 tons and 180 tons respectively per annum. The estimates arrived at before the inauguration of the Scheme were 213·4 tons inward and 164 tons outward.

“ With this brief outline of the opening of the Empire Air Mail Scheme as a preface, the operations of the regular air services during 1937 will now be considered. There was again a substantial increase of air traffic generally during the year. Surcharged air mails to India increased from 61·2 tons to 73·4 tons. Surcharged air mails from India increased from 53·8 tons to 62·5 tons.

“ Air mails carried by the two Indian feeder services increased from 49·4 tons to 61·0 tons. These figures exclude the trans-India service which carried both transit mails and Indian internal air mails.

“ Air passengers to India increased from 864 to 960, whereas the passengers from India decreased from 973 to 930. This falling-off was due not to any slackening of the demand but to the inability of Imperial Airways to carry all the passenger traffic offering from India to the West owing to the growth in mail loads and shortage of aircraft.”

Company Organisation.—The aircraft operating companies at the end of 1937 were as follows:—

<i>Company.</i>	<i>Services or other operations.</i>
<i>India.</i>	
Indian Trans-Continental Airways, Ltd.	Karachi-Singapore (operated jointly with Imperial Airways, Ltd.).
Tata Sons, Ltd.	(i) Karachi-Bombay-Madras (since extended to Colombo). (ii) Bombay - Cannanore - Trivandrum (Seasonal—since extended to Trichinopoly). (iii) Bombay - Indore - Bhopal - Gwalior-Delhi (Seasonal). (iv) Air charter.
Indian National Airways, Ltd.	(i) Karachi-Lahore. (ii) Air charter.
Air Services of India, Ltd. ...	(i) Bombay - Bhavnagar - Rajkot-Jamnagar-Porbandar. (ii) Air charter.
Indian Air Survey and Transport, Ltd.	Air survey and air charter.
Indian Aviation Development Co., Ltd.	Air charter, aeronautical consultants.
Himalaya Airways, Ltd. ...	(i) Hardwar-Gauchar (irregular). (ii) Air charter.
<i>Burma.</i>	
Irrawaddy Flotilla and Airways, Ltd.	(i) Rangoon-Yenang-Yaung. (ii) Rangoon-Tavov (iii) Air charter.

The non-Indian services across India continued to be operated as in previous years by Imperial Airways, Ltd., the K.L.M. and Air France.

Sales and Service Organisations.—U.K. manufacturers of aircraft and component parts will be interested in the following extract from the Director's report:—

“ The value of sales effected by importers and distributors of aircraft spares is given in the following table:—

Name of Company.	Sales during 1937.		Increase (+) or decrease (–) on sales in 1936.	
	Aircraft.	Spares and other accessories.	Aircraft.	Spares and other accessories.
	Rs.	Rs.	Rs.	Rs.
De Havilland Aircraft Co., Ltd., Karachi	2,66,092	1,04,869	– 37,022	– 3,303
Indian Air Survey and Transport, Ltd., Dum Dum ...	45,959	14,495	—	+ 2,582
R. K. Dundas, Ltd., New Delhi	2,32,431	27,118	+ 1,39,531	+ 5,718
Aero Stores, Ltd., Karachi ...	—	21,000	—	+ 5,000
Other sales and service organisations	—	6,479	—	– 1,358
Total, 1937	5,44,482	1,73,961	+ 1,02,509	+ 8,639

“ (1) *De Havilland Aircraft Co., Ltd., Karachi.*—The Company's total turnover of Rs.3.71 lakhs during 1937 includes 2.67 lakhs in respect of sales of complete aircraft which comprised three Dragon Rapides, one Dragonfly, two Hornet Moths and two Tiger Moths.

“ The company continued to maintain a service organisation at Karachi.

“ (2) *Indian Air Survey and Transport, Ltd., Dum Dum.*—The company maintains an efficient sales and service organisation and reports increased business.

“ (3) *R. K. Dundas, Ltd., New Delhi.*—Turnover increased by Rs.1.45 lakhs during the year. The firm now represents the following British Aircraft manufacturers:—

Airspeed (1934), Ltd.
 General Aircraft, Ltd.
 Percival Aircraft, Ltd.
 Philips and Powis, Ltd.
 Whitney Straight, Ltd.

“(4) *Aero Stores, Karachi*.—The company reports that the year 1937-38 was the first year since 1922 which had proved profitable—the result of an all-round development of business. The company has an efficient sales and service organisation and has now added departments for aviation maps and aerodrome supplies. Special attention has been given to supplying such aerodrome requirements as “No Wind” signal balls, crash equipment, asbestos fire-fighting suits and paraffin flares.

“(5) *Indian Aviation Development Co., Ltd.*—A qualified staff is maintained to erect and test and service aircraft. The company co-operates with Aero Stores, Karachi.

“(6) *A. R. Haseler & Co., Ltd., Bombay*.—This company now holds in stock more than 500 different items. It has introduced a scheme of servicing aircraft instruments in conjunction with Smith's Aircraft Instruments, Ltd., London. Spare instruments are loaned to operators while theirs are being repaired or overhauled and this had proved a very useful facility to aircraft owners.

“*Imports of Aircraft and Aircraft Material*.—The import trade in aircraft and aircraft parts and accessories made a remarkable advance from Rs.14 lakhs in 1936 to Rs.41 lakhs in 1937. Complete aircraft imported rose from 30 valued at Rs.6.4 lakhs to 62 valued at Rs.31.4 lakhs. A large part of this increase is attributable to the additions made to the fleets of the feeder services in India and to the new aircraft of more modern types acquired by several Indian Princes. The total includes complete aeroplanes valued at Rs.4,14,880 imported from the United States of America and aircraft spares and accessories worth Rs.49,590 which were also received from that country.”

A comparison with the figures for the three previous years is given below:—

Year.	Aircraft imported.		Value of aircraft parts, etc., imported.	Total value of aircraft and aircraft parts, etc., imported.
	No.	Value.		
		Rs.	Rs.	Rs.
1934 ...	32	4,06,140	4,02,425	8,08,565
1935 ...	25	3,13,131	5,03,473	8,16,604
1936 ...	30	6,43,580	8,04,408	14,47,988
1937 ...	62	31,44,027	9,73,678	41,17,705

Number and Types of Aircraft in India.—The number of aircraft on the Register increased from 127 at the end of 1936 to 147 at the end of 1937 (with a total horse power of 37,600). Among the new registrations are four Armstrong Whitworth

A.W. 27 " Ensign " aircraft (total horse power 12,400) which on completion are to be placed in service by Indian Trans-Continental Airways, Ltd. The following table shows the number of aircraft of different types and classifications which held certificates of registration and certificates of airworthiness at the end of 1937.

Types.	Aircraft Registered.					Holding certificates of airworthiness.
	Regular Air Service.	Miscellaneous commercial flying.	Flying Clubs and training.	Private flying.	Total.	
DH 60 Moth ...	—	1	19	12	32	19
DH 80 Puss Moth ...	—	—	1	4	5	2
DH 82 Tiger Moth ...	—	—	5	3	8	7
DH 83 Fox Moth ...	2	4	1	1	8	6
DH 84 Dragon Moth ...	2	—	—	—	2	1
DH 85 Leopard Moth ...	—	3	3	4	10	8
DH 87 Hornet Moth ...	—	—	1	2	3	3
DH 89 Dragon Rapide ...	4	—	—	—	4	4
DH 90 Dragonfly ...	—	—	—	3	3	3
Airspeed Courier ...	1	—	—	—	1	1
Avro Avian ...	—	—	—	2	2	—
Avro Commodore ...	—	—	—	1	1	—
Avro X ...	—	2	—	—	2	1
Avro 642 ...	—	—	—	1	1	1
A.W. XV Atalanta ...	2	—	—	—	2	2
A.W. 27 Ensign ...	4	—	—	—	4	—
Blackburn Bluebird ...	—	—	2	—	2	1
Cierva Autogiro ...	—	—	—	1	1	—
Comper Swift ...	—	—	1	1	2	1
Curtiss Rambler ...	—	—	—	2	2	—
Desoutter Monoplane ...	—	—	—	1	1	—
Heath Monoplane ...	—	—	—	1	1	—
B.A. Swallow ...	—	1	2	3	6	4
B.A. Eagle ...	—	—	—	1	1	—
Miles Hawk ...	—	—	1	2	3	2
Miles Merlin ...	2	—	—	—	2	2
Miles Hawk Trainer ...	—	—	1	—	1	—
Monospar Monoplane ...	—	—	—	3	3	1
Percival Gull ...	1	—	—	1	2	—
Percival Vega Gull ...	3	1	1	1	6	4
Short Scion Senior ...	2	—	—	—	2	1
Spartan Cruiser ...	—	—	—	1	1	—
Stinson Reliant ...	—	—	—	1	1	1
B.A.C. Superdrome ...	—	1	—	—	1	—
Flying Flea ...	—	—	—	6	6	—
Airspeed Envoy ...	—	—	—	2	2	1
Waco ...	9	—	—	1	10	7
Lockheed 12A ...	—	—	—	2	2	2
Taylor Cub ...	—	—	—	1	1	—
Total 1937 ...	32	13	38	64	147	85
Total 1936 ...	20	16	34	57	127	71

There were 62 registered aircraft not in possession of Certificates of Airworthiness on the 31st December, 1937. Included in this number were those whose certificates were for some reason in abeyance, as well as some of the private aircraft which are not required to be certified as airworthy. Four are the A.W. 27 "Ensign" aircraft for which no applications for certificates of airworthiness have yet been made. Five were of foreign design, three of which were of a type that would not be accepted as complying with Indian standards of airworthiness. Six were "Flying Fleas" which could not be granted certificates of airworthiness.

There were 34 aircraft of 13 different types added to the Register during 1937. The total horse power of these aircraft is 19,062. For 1936, the comparative figures were 35 aircraft of 4,992 horse power. The new aircraft registered in 1937 are shown in the following table. Twenty-four of these machines are of British and 10 of U.S.A. construction.

Number of Aircraft.	Type of Aircraft.	Regd. H.P.	Total H.P.
1	DH 60 Moth (Gipsy II)	105	105
1	DH 60 Moth (Gipsy Major)	118	118
1	DH 82A Tiger Moth (Gipsy Major) ...	118	118
2	DH 85 Leopard Moth (Gipsy Major)...	118	236
2	DH 87B Hornet Moth (Gipsy Major)...	118	236
3	DH Dragon Rapide (2 Gipsy VI) ...	360	1,080
1	DH 90 Dragonfly (2 Gipsy Major) ...	236	236
4	A.W.27 Ensign (4 Armstrong Siddeley Tiger)	3,100	12,400
4	Percival Vega Gull (Gipsy VI)...	180	720
2	Percival Vega Gull (Gipsy VI, Series II)	195	390
1	Miles Hawk (Gipsy Major)	118	118
1	Taylor Cub (Continental)	40	40
2	Lockheed 12A (2 P.W. Wasp Junior)...	800	1,600
6	Waco (Jacobs L-4)	225	1,350
1	Waco (Jacobs L-5)	285	285
1	Flying Flea (Scott)	20	20
1	Flying Flea (Perman Ford)	10	10
34			19,062

Patents and Designs.

The Indian Patents and Designs (Amendment) Act, 1938.—A Bill further to amend the law relating to the protection of inventions and designs was introduced in the Legislative Assembly on 27th August, 1937. The draft bill has been circulated to the Provincial Governments and Administrations with the object of securing opinions from commercial bodies which are now being considered in the Patent Office. It is expected that the draft

bill will then be reintroduced in the autumn session of the Legislature, remitted to a Select Committee and finally debated and passed during the budget session of January-April, 1939.

The need for amendment of the Indian Patents and Designs Act, 1911, in order to put a stop to the import of goods bearing pirated designs registered under that Act, has been engaging the attention of the Government of India for some time. The opportunity is now being taken of strengthening the provisions of the Act in this respect and of introducing several minor improvements.

Patent applications in 1937.—In his report for the calendar year 1937, the Controller of Patents and Designs states that the number of applications for patents filed during the year was 1,246 as compared with 1,068 in 1936. Of these, 303 applications originated in India and the remaining 943 came from overseas. Applications numbering 430 claimed priority under the reciprocal arrangements that exist between British India and other parts of the Empire. As compared with 1936, an increase was noticed in the number of applications originating in India, Europe and the U.S.A., while there was a slight decrease in the number of applications received from the United Kingdom. Applications from Germany increased by about 85 per cent.

Chemical Industries.—The Controller states that there was a phenomenal increase in inventions relating to chemical industries, the number of applications in this group being nearly twice that of any of the preceding four years. Over 40 per cent. of the applications came from Germany and 30 per cent. from the U.S.A. A large number of applications related to the manufacture of caustic alkali and alkali metal salts. Synthetic resins received much attention, the production of a new urea-formaldehyde composition is claimed which is flexible, transparent and non-inflammable and which contains no glass. It is stated that this new product is resistant to violent shocks, is transparent to infra-red and ultra-violet rays and that when hardened the material can be worked like ordinary wood.

Metallurgy.—There was a marked increase in inventive activity mainly in connection with iron and steel manufacture. The process of de-oxidising and de-phosphorising steel by vigorously mixing the molten metal with the slag was one of the principal subjects, in which both Indian and foreign inventors were interested. Other subjects included the production of new de-phosphorising slags, new processes for preparing steel from pig iron containing low silicon, high sulphur and high phosphorus and improvements in the Duplex process of manufacturing high and medium carbon steels. Improvements in the

Bessemer process also engaged considerable attention, the object being to extend the application of this process to pig irons hitherto regarded as unsuitable for its application. There was a revival of interest in the manufacture of alloy steels, notably chrome-steels and chrome-copper steel.

Electrical Industries.—Applications under this head were 25 per cent. in excess of those for the three previous years and covered all branches of the industry, but principally the art of illumination. Inventive activity increased in connection with cables and conductors, notably multicore insulated cables, insulating and dielectric materials and suspension insulators for overhead lines. Wireless signalling and controlling apparatus attracted attention, and more thought was given to aerial systems for the transmission and reception of broadcasting programmes and to improvements in radio broadcast receivers with the object of eliminating atmospheric effects and the provision of improved superheterodyne sets specially suitable for the reception of sound and vision signals.

Transport.—There has been greatly reduced interest shown in the railway and tramway field, but a marked increase in applications relating to road vehicles, mainly relating to shock absorbers, sliding roofs and the coachwork of motor car bodies. Inventive activity relating to aeronautics also increased.

Agriculture and Irrigation.—The attention of foreign inventors was directed towards promoting the growth of plants by treating the seeds with biotin and its derivatives or other water-soluble vitamins of the B group and also towards seed germination and growth of seedlings in soilless cabinets in which by an even distribution of seeds and liquids, e.g. water or nutrient solution, and by the regulation of temperature, germination was greatly accelerated and regulated under human control. The number of applications relating to lifting water from wells decreased, particularly in the Punjab. Strainers for tube wells came in for much attention by Indian inventors. Seventy-five per cent. of applications in the class of "Fats" related to processes for the extraction of cashew nut oil. There was a remarkable increase in the applications relating to the manufacture of tea, the Tea Restriction Scheme having, apparently, led inventors to devise new and improved methods of manufacture in order to reduce the cost of production. Applications relating to the sugar industry declined and were mainly concerned with the methods of treating molasses.

Engines and Power.—Inventive activity relating to the improvement of design and construction of internal combustion engines continued and was directed towards fuel supply systems, valve operating mechanisms, combustion chambers, pistons and governing mechanism, etc. A novel development was the

evolution of a two-stroke cycle engine in which the mass exit of burnt gases from the cylinder is utilised for charging the engine. The attention of Indian inventors was directed mainly to safety and overflow devices for engines and to governors. Rotary engines also attracted attention.

Textiles.—Applications relating to spinning increased and those relating to weaving declined. Interest in the hand-spinning wheel or “charka” markedly declined. The construction of borders on fabrics by extra threads on the outside of each border, the weaving of a plurality of lengths of cloth simultaneously by a single operator, and the construction of the comb-boards and of jointless buffers of pure india-rubber received attention by Indian inventors. Inventive activity on sewing and embroidering machines showed a marked revival, the objective usually being to produce a sewing machine of simpler construction and operation.

There was a marked increase in inventions relating to bleaching and dyeing. About one-third of these applications originated in India. The subjects included processes for dyeing fabrics with diazotised bases and diazo salts in conjunction with naturally occurring colouring matters, the preparation of artificial wool from jute and the production of new wetting agents from Indian vegetable oils. A number of foreign applications related to processes for imparting water-repellent properties to cellulosic-materials. A steady fall took place in the number of applications relating to the artificial silk industry.

Designs.—In all, 1,302 design applications were filed during the year compared with 1,401 applications in 1936. The number of applications which originated in India comprised 645 from Bombay and 126 from Bengal. Of a total number of 387 design applications received from abroad, 370 came from the United Kingdom, representing, in the main, textile designs filed by the Calico Printers' Association. Textile designs accounted for 80 per cent. of the total applications. Of the 1,040 applications under this head, 678 originated in India of which 604 from Bombay and 362 from the United Kingdom.

Commercial Legislation.—During the past twelve months four Government Bills of the greatest importance to United Kingdom exporters to India have been introduced in the Indian Legislature and are still under consideration. In each case the most careful attention is being given to their provisions, firstly, by wide circulation throughout India with the object of soliciting authoritative commercial opinion and, secondly, in Select Committee. The Motor Vehicles Bill will probably be passed during the session ending in September 1938, while the Import of Drugs Bill, the Indian Trade Marks Registration Bill and the Indian Merchandise Marks (Amendment) Bill will not be passed before

the spring of 1939 at the earliest. Copies of all these Bills may be seen at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

The Motor Vehicles Bill.—In the statement of objects and reasons appended to the Bill, the Government of India point out that “ it has been recognised now for some years past that the Indian Motor Vehicles Act, 1914, which was framed to suit conditions at an early state of development of motor transport, is no longer adequate to deal with conditions brought about by the rapid growth of motor transport in the past two decades. In the interests alike of the safety and convenience of the public and of the development of a co-ordinated system of transport, much closer control is required than the present Act permits, and it is necessary to take powers to regulate transport.

The question of the co-ordination of road and railway and the methods by which the object can be secured consistently with the public interest has engaged the attention of the Government of India for some years past. As early as 1933, Messrs. Mitchell and Kirkness carried out, at the instance of the Government of India, an inquiry into these problems and submitted a report in which they emphasized the importance of early action. The Road-Rail Conference convened by the Government of India in the same year passed a Resolution, *inter alia*, recommending control of public service and goods motor transport. In January 1935 the first Transport Advisory Council made definite recommendations to the same effect. In the following year a Bill was framed to give effect to these recommendations and was approved by the second Transport Advisory Council; this Council recommended a complete overhaul of the Act of 1914 at an early date and the appointment of a committee to inquire into and report on the subject of compulsory insurance of motor vehicles.

A Bill was introduced in August, 1936, to amend the Act of 1914 on certain points. It was, however, recognized then that a more comprehensive measure would have to follow. The Legislature decided that the Bill should be circulated and this was done but, before further action could be taken on it, the reports of the Motor Vehicles Insurance Committee and of the Wedgwood Committee were received. Government decided that in the circumstances it was preferable to drop the partial measure and to present a more comprehensive Bill. The present Bill incorporates the main recommendations of both these Committees and is the outcome of consultations with Provincial Governments and the third Transport Advisory Council which deliberated on it in December last. The principle of compulsory insurance has been approved by almost all the Provincial Governments, though there are differences of opinion as to whether its adoption should be entirely optional or whether, in

the interests of uniformity, its adoption within a certain period of time should be obligatory.”

The main provisions of the Bill are:—

(1) The amendment and consolidation of the existing law relating to motor vehicles; in particular the provisions relating to the registration of vehicles, the licensing of drivers, and public safety.

(2) The regulation of motor transport for the carriage of passengers or goods for hire or reward, and

(3) The implementation of the recommendations of the Committee on Compulsory Insurance, notably those relating to the compulsory insurance of vehicles against third party risks.

Every consideration is being given in Select Committee to the views expressed by competent bodies such as the Indian Roads and Transport Development Association and the Society of Motor Manufacturers and Traders. It is to be hoped that one of the results of the Bill will be the establishment of fleets of well-organised road transport and haulage vehicles of the most modern and suitable types and serviced by an adequate spare parts and repair organisation. Such development is bound to provide a greatly increased market for buses and commercial vehicles of the heavier and more durable type.

The Import of Drugs Bill.—Readers of these reports will be aware that, for the past twenty years, I have consistently advocated the provision of legislation on the lines of the U.K. Pharmaceutical Act and the U.S.A. Pure Food and Drugs Act in order, firstly, to check the import of deleterious drugs and those failing to reach the standard of the British Pharmacopoeia and, secondly, to stop the widespread manufacture and sale in India of such drugs and the counterfeiting of United Kingdom Trade Marks. This Bill deals with the first of these objectives and, so far as it goes, would seem—with minor amendments—to meet the case. In the statement of objects and reasons attached to the Bill, it is stated that the Government of India have, for some time past, following the report of the Drugs Enquiry Committee, been considering, in consultation with local Governments, the question of implementing the recommendations made by the Committee for controlling the import, manufacture and sale of drugs and medicines in India. The recommendations are based on a vast volume of evidence, both oral and written, collected by the Committee during its extensive tour in the country, and they have received widespread support in India. Government has been pressed in the Legislature by commercial bodies and in the public press of India without distinction of party to implement the recommendations of the Committee. In addition, the question was debated in the Council of State in September, 1935. The subject is one which is primarily the concern of Provincial Governments and Central legislation

can only deal with imports. Certain recommendations, for instance, those relating to the manufacture, storage and sale of drugs, education and control of pharmacists, are essentially for Provincial Governments to deal with. The Bill excludes such matters.

The Government of India introduced the Bill with the object of dealing with the lesser evil of imported drugs, which are not equal to recognised standards. They fully realised the pressing need for further legislation by Provincial Governments to remedy the abuses of local manufacture and unregulated sale of spurious drugs. They hoped, however, that their lead would be followed by the local Administrations. It is satisfactory to note that the replies received from Provincial Governments, to whom copies of the draft Bill were sent for their comments, have been so wholeheartedly in favour of similar legislation to be operative throughout the whole of India that the Government of India are now (July, 1938) considering the withdrawal of the draft Bill and the substitution of a much more comprehensive measure which would deal with all abuses in respect both of imported and of locally manufactured drugs. Such a solution of the serious difficulties, with which the Trade has had to contend for many years, will be welcomed by all *bona fide* exporters of drugs in the United Kingdom and will, it is hoped, redound to the benefit of the Trade as well as to the safety and welfare of the Indian consumer.

Indian Merchandise Marks (Amendment) Bill.—Although the Government of India have not yet introduced a Bill in the Legislature, their preliminary proposals for the revision of the Indian Merchandise Marks Act, 1889, were circulated early in 1938 to Provincial Governments and commercial bodies. The opinions expressed on these proposals were then examined, certain tentative conclusions were reached which have been embodied in a report by Mr. R. K. Nehru, I.C.S., and a draft Bill. This draft Bill is now in process of further circulation and a final draft of the Bill will be prepared after the views of the various interests on the first draft and the report have been ascertained and considered by the Government of India. The Bill, as finally drafted, will probably be introduced in the Legislative Assembly early in 1939.

The subject is a very complex one and the views of Chambers of Commerce and Trade Associations in the United Kingdom were considered by the Government of India before reaching their tentative conclusions. Copies of the draft Bill have now been forwarded to the Board of Trade for their further consideration and comments. United Kingdom interests concerned will, therefore, have full opportunity of expressing their considered views through the medium of the Board of Trade. Meanwhile, copies of Mr. Nehru's report and of the draft Bill are available at the Department of Overseas Trade.

Indian Trade Marks Registration Bill.—Similar procedure has been followed in this case. The report of Mr. Nehru, embodying the clauses of a draft Bill, is at present being circulated for the opinion of the Provincial Governments and commercial bodies. When these are received during the autumn, a final draft will be made and a Bill presented in the Indian Legislature probably during the budget session of 1939. Here again, the views of United Kingdom interests have been obtained through the Board of Trade, which is in possession of the draft documents (also available for perusal at the Department of Overseas Trade).

CHAPTER II.

A BRIEF ACCOUNT OF THE TRADE OF BURMA DURING THE FIRST YEAR OF SEPARATION, APRIL, 1937, TO MARCH, 1938.

Note.—The following short account of the overseas trade of Burma has been difficult to compile owing to the discontinuance of the monthly Import Trade Returns and the presentation of Burma statistics in a different form. Plans for the scientific compilation of statistics are receiving the attention of the Government of Burma at the present time. It is hoped, therefore, that in future reports these difficulties will be removed and that it will be possible to make comparisons with the trade of previous years. My thanks are due to the Statistical Adviser to the Government of Burma and to the Collector of Customs, Rangoon, for their courtesy in providing early access to their reports, on which I have freely drawn.

General.—The following table shows the aggregate trade of Burma both before and after the depression became acute at the close of the year 1929-30:—

	Exports.	Imports.	Total Trade.	Balance of Trade. Exports—Imports.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
1926-27—1928-29	68,63	39,24	1,07,87	29,39
1929-30	68,86	36,12	1,04,98	32,74
1930-31	54,88	28,38	83,26	26,50
1931-32	44,76	21,25	66,01	23,51
1932-33	46,30	20,29	66,59	26,01
1933-34	46,93	17,88	64,81	29,05
1934-35	50,73	20,44	71,17	30,29
1935-36	54,14	20,83	74,97	33,31
1936-37*	56,10 (49,73)	21,78	77,88 (71,51)	34,32 (27,95)
1937-38	50,42	23,80	74,22	26,62

* The figures for 1937-38 exclude excise duty on mineral oil from the recorded values of exports. For purposes of comparison, the excise duty on mineral oils has been deducted from the 1936-37 figures and the comparable figures are shown in brackets.

It will be observed that there has been a steady improvement since the low watermark of 1933-4. In Burma, as in India, the principal expansion in exports took place during the years 1935-6 and 1936-7. During the year under review, exports rose by only 1 per cent., an advance of 17 per cent. in the value of shipments to foreign countries being largely offset by a decline of 10 per cent. in the shipments to India. On the other hand, imports were stimulated by the increased purchasing power resulting from the prosperity of the two previous years and rose by 9 per cent.

Distribution of Trade.—The next table gives the percentage shares of the main groups of countries participating in both the export and import trade during the past five years—the period during which the Ottawa Trade Agreement has been in force:—

Countries.	1933-4.	1934-5.	1935-6.	1936-7.	1937-8.
<i>Exports.</i>					
I. British Empire :—					
India	58	61	58	57	51
United Kingdom ...	10	11	12	12	14
Other British Empire Countries	14	12	15	16	20
Total British Empire ...	82	84	85	85	85
II. Foreign Countries :—					
Europe	10	7	7	7	7
Asia	6	6	6	6	5
Africa	2	3	2	2	3
America					
Total Foreign Countries	18	16	15	15	15
Grand Total ...	100	100	100	100	100
<i>Imports.</i>					
I. British Empire :—					
India	52	52	48	50	49
United Kingdom ...	22	22	23	19	20
Other British Empire Countries	5	5	5	5	5
Total British Empire ...	79	79	76	74	74
II. Foreign Countries :—					
Europe	6	6	7	8	10
Asia	12	12	14	14	11
Africa	3	3	3	4	5
America					
Total Foreign Countries	21	21	24	26	26
Grand Total ...	100	100	100	100	100

It will be remarked that the exports to India, which had averaged about 58 per cent. during the first four years of the period, fell to 51 per cent. in 1937-8, whereas exports to the United Kingdom increased steadily from 10 to 14 per cent. and those to other Empire Countries from 14 to 20 per cent. This increased offtake of Burma produce is undoubtedly due in large measure to the preferential treatment accorded to Burma by the United Kingdom and the British Colonial Empire. As regards imports, however, it is somewhat disappointing to note that the percentage share of India has dropped by 3 points during the quinquennium and that of the United Kingdom by 2 points, the share of other Empire Countries remaining stationary. This declining trend in the U.K. percentage figure is also noticeable in India and other Eastern markets. While the Ottawa preferences accorded by Burma have not resulted in any outstanding advantage to U.K. trade, there is little doubt that they have mitigated the effects of severe Continental and U.S.A. competition and that, but for them, the decline would have been more pronounced.

The Trade with India.—The outstanding feature of Burma's overseas trade is the predominant position occupied by India, both as a consumer of rice, mineral oils, teak and other exports and also as a supplier of cotton textiles, coal and the innumerable items which make up the import trade. During the past five years exports to India accounted for 57 per cent. of the total while India supplied over 50 per cent. of Burma's imports. It is not surprising, therefore, that when the separation from India became imminent considerable anxiety was manifested in both countries lest their mutual trade should suffer from the fact that it ceased to be coasting trade and became foreign trade to which the Customs duties on foreign trade automatically applied. The events which followed have recently been described with great clearness by Sir Hugh Stephenson, who was Governor of Burma at the time, in the following terms:—*

“ It was quite clear that Burma could not face the possibility of this trade with India, amounting to more than half its total trade, being thrown into confusion, or take the risk of having to find new markets in a very difficult world for such a large proportion of its exports. The principal exports are rice, oil and timber, which, taken together, constitute some 80 per cent. of its total exports. India takes more than half the exports of rice, practically the whole of the kerosene and petrol, and from half to three-quarters of the timber. About 70 per cent. of the population of Burma are engaged in agriculture and another 10 per cent. in preparing Burma's natural products for

* Extract from a lecture entitled “ Some Problems of a Separated Burma ” delivered to the Royal Central Asian Society on March 16th, 1938.

export. It was essential to secure that this large portion of the population should not be exposed to the risk of ruin by a failure in Burma's export trade; and this could only be secured by a trade agreement with India. The Government of Burma therefore entered into negotiations with the Government of India.

" In these negotiations India was in a very strong position. Its past history had forced Burma into a position of dependence on the India trade circle. If Burma had been from the beginning administratively independent of India its trade might have developed in other directions, but as things were it was impossible for it to find other outlets for this 63 per cent. of its exports within a measurable distance of time, and the retention of the Indian market was vital. On the other hand, although Burma's trade was useful to India, it was not vital. The 45 per cent. of Burma's imports which came from India only represented some 7 per cent. of India's exports; this trade is on the increase, but it fairly constantly represents only 7 per cent. of India's exports. India, with its increasing population and the industrialization of that population, requires Burma's rice; but there is some tendency to increase the wheat consumption at the expense of rice. There is still room for a greater intensive production of rice in India, and Japan's increasing self-sufficiency in the matter of rice causes an ever-growing competition of Siam and, to some degree, of French China in the Indian market. Burma's kerosene and petrol are very useful to India, and in time of war might become essential, but the world competition in oil is very keen and Burma maintains its position only by agreements and by a very slight preference in the Indian market. Burmese teak would be in a difficult position in the Indian market if it were exposed to unrestricted competition with Siamese teak.

" It was at first thought that neither country could afford to do without some revenue duties on this mutual trade, and an agreement was suggested for a category of low revenue duties. But while these duties would bring in comparatively little to Burma, there was the danger that even a revenue duty might tip the scale against Burma's oil and timber, and if India threatened a revenue duty on rice Burma was helpless. Moreover, India's revenue duties had risen from 5 per cent. to 25 per cent. in the last thirty years, and it was felt that even a revenue duty which started low down would be a constant menace. The Burma Government therefore decided to press for free trade between the two countries for a sufficiently long period to enable Burma trade to adjust itself to future possibilities.

“ Apart from financial dependence on Customs duties for revenue purposes, the interests of Burma as an agricultural country with practically no manufactures seemed to lie in the direction of a safe market for its exports, combined with as cheap imports as possible, and *prima facie* the separation from India gave Burma the opportunity of regulating its Customs tariffs entirely in its own interests. Hitherto the protective tariffs in India had forced the Burman consumer to pay a high price for his machinery, steel, textiles, and so forth, the benefit of which went entirely to India. It was hoped and expected by Lancashire and by British export interests generally that they would, by means of agreements with separated Burma, be able to establish a stronger hold on the Burman markets, and the proposed trade agreement between Burma and India excited a good deal of controversy. But it was quite clear that India would not be prepared to guarantee Burma's position in the Indian market unless India's position in the Burma market was reciprocally guaranteed. It would be of no use to India to have free trade with Burma if it was open to Burma by reducing the tariff duties on foreign goods which competed with India, to undermine the privileged position which India held in the Burman market. The only proposal which the Government of India would look at was the maintenance of the privileged position of the two countries in each other's markets. On the other hand, Great Britain could offer nothing to Burma comparable with the advantages of a continued open market in India. Great Britain could not absorb Burma's rice, oil and timber, and although Burma would, of course, have preferred a greater freedom in regulating its trade to its own advantage, the Indian market was vital, and could be secured on no other terms than the maintenance of the existing position. The agreement with India had therefore to be accepted and was finally embodied in an Order in Council. Its provisions were that there was to be free trade between India and Burma, and the trade between these two countries would be regarded as coastal trade; where either country levied an excise duty on its own products it was at liberty to levy a counteracting import duty against similar products from the other country. As regards foreign trade, the duties in force on the date of separation could not be reduced or abolished by either country without the consent of the other, provided that duties on foreign goods, which at the date of separation were not produced or manufactured in India, could be reduced or abolished by Burma on giving not less than two months' notice to India and *vice versa*. If the duty on any foreign goods was higher in India than Burma, then India could

impose an import duty on such goods when imported from Burma, not exceeding the difference between the two duties, and *vice versa*.

“ This agreement secured to each country the relatively advantageous position it held in the markets of the other at the date of separation but did not provide for any increase in those advantages. It left it open to either country to increase their duties on foreign goods, but not to decrease them without the consent of the other. The net result was that Burma was left with very restricted freedom in the matter of trade agreements with other countries, and to a considerable extent it stereotyped the channels of Burma's trade. But, in fact, it was the only course open to Burma.”

The India and Burma (Trade Regulation) Order, 1937.—In Appendix II, page 281, will be found the Order in Council which regulates Indo-Burmese trade. The Order came into force on the date of separation (1st April, 1937) and remains in force until 31st March, 1940, or until twelve months have elapsed from the giving by the Governor-General of India to the Governor of Burma or by the Governor of Burma to the Governor-General of India of notice to terminate the operation thereof, whichever is the longer period.

Imports of Foreign Goods via India.—During the decades in which Burma constituted a province of India it has been the practice of many United Kingdom and other overseas suppliers of goods to regard Burma as a subsidiary of the Indian market and to establish branches or sub-agents under the control of the main organisation, which was usually in Calcutta or Bombay. Stocks were frequently supplied from the main depots in Calcutta and Bombay. Similarly, the large merchant and engineering firms established in India have fulfilled the whole or portions of contracts secured in Burma from material imported into India. The imports from India into Burma, therefore, include a considerable proportion of foreign merchandise which has paid import duty in India. The extent of the trade will be seen from the following table:—

	Average value for three years 1933-4 to 1935-6.	1936-37.	1937-38.
	Rs.	Rs.	Rs.
Imports, Private—			
India { Foreign merchandise	94,91,788	99,83,157	1,00,50,488
{ Indian merchandise	9,00,96,073	9,93,45,311	10,70,06,603
Other Foreign Countries (foreign merchandise) ...	9,75,79,950	10,84,82,789	12,10,80,497
Total Imports ...	19,71,67,811	21,78,11,257	23,81,37,588

It will be noted that just under 10 per cent. of the imports from India consist of foreign goods imported into India and shipped to Rangoon. In addition, there is probably a considerable quantity of goods of foreign origin which are shipped from Indian ports to Burma as coasting trade and which are included under the heading of Indian merchandise. Just as imports from the free port of Hong Kong into China Proper make it difficult to determine with precision the countries of origin of China's imports, in like manner allowance must be made, in respect of from five to ten per cent. of Burma's total imports from overseas, for the lack of precise information with regard to provenance. One can only assume that the proportion of each foreign supplier is approximately that of its contribution to the import trade of India.

Burma's Export Trade, 1937-8.—In Appendix I to the present chapter, page 112, will be found a comparative statement showing the quantity and value of the principal products of Burma which were exported to India and other foreign countries during the year under review. It will at once be remarked that rice constitutes no less than 42 per cent. of the total exports, mineral oils 22 per cent. and timber (notably teak) approximately 8 per cent. Burma may almost be said to be a one-crop country. The general prosperity and purchasing power of the people depend almost entirely upon the satisfactory disposal of the exportable surplus of rice. Consequently, the capacity of the country to absorb imports may be said to depend upon the fortunes of the rice crop during the preceding and current year.

The Rice Trade during 1937.—The Chairman of the Burma Chamber of Commerce in his authoritative review of the year states that "the rice trade during 1937 presents very few notable features. For the first seven months of the year prices remained remarkably steady and two-thirds of the crop was marketed at prices ranging between Rs.96 to Rs.100. From August to October the average rose to about Rs.105, touching Rs.112 about the middle of October. Thereafter prices fell again and closed at Rs.100. On the whole it may be said the year was very similar to 1936, and in spite of the improvement in cereal values in other countries during the first half of 1937, Burma only managed to hold its own compared with the previous year.

"Crops in India were good—particularly in Bengal—and imports from Burma declined from 1,728,000 tons to 1,403,000 tons. This decreased demand from India was fortunately replaced by increased purchases by other countries, particularly Europe, shipments to which increased from 260,000 tons to 365,000 tons. Demand from the Far East improved slightly and Burma shared, even if only to the extent of about 40,000 tons, in the accumulation of stocks which took place in

Hong Kong and other ports during August and September, prior to the outbreak of hostilities. This caused prices to rise slightly, but when it was realised that no shipments of importance were to be expected for some months to come, the market again fell to its former level.

“ After the decline in shipments to Ceylon during 1936, it is encouraging to note that Burma again improved its position with exports amounting to 378,000 tons in 1937, 40,000 tons more than in 1936. The rice shipped to Ceylon is entirely in the form of boiled, and Ceylon forms a very important outlet for that section of the trade.

“ Shipments of special qualities to the United Kingdom were again on a satisfactory level compared with previous years.

“ Although trade restrictions remained just as numerous in Europe it is encouraging to find that purchases from Burma showed a gratifying increase of 100,000 tons which would seem to indicate that ways and means can be found for financing imports if the necessity for them proves to be sufficiently strong.

“ The exportable surplus for the year was estimated by Government to amount to 2,900,000 tons. This proved to be an under estimate of 10 per cent., the actual exports amounting to 3,198,000 tons. On the whole the price realised for the crop was fairly satisfactory. It was indicated a year ago in this review that improved crops in India and the lack of outlet to China would tend to prevent paddy prices rising much over Rs.100 and, in actual fact, this proved to be the case. It may be considered fortunate in many ways that larger quantities were sold to Europe, but this did no more than enable the general average price to be maintained. It would seem probable that Rs.100 must be looked upon by Burma as a good price for its surplus rice crop in present world conditions. This may seem a low price compared with that in the series of years when the crop fetched Rs.150 and over but, taking into account the year 1933 and 1934 when the price averaged no more than Rs.70 and the fact that there has never yet been any large carry-over from one crop to the next, there is reason for satisfaction that a lower average level has not occurred during the past two years.

“ There has been great difficulty in framing an estimate for the new crop. Up to the end of November, conditions were excellent and a bumper crop seemed assured. December was a very unfortunate month with widespread rain in Lower Burma in the first and last weeks. The first weight estimate gave a surplus of 3,450,000 tons. The second has reduced this figure to 3,200,000 tons and is still subject to revision in the light of further information of the extent of the actual loss due to the rains. Apart from the loss of crop, there is bound to be a larger

proportion of damaged grains which may cause less demand from Europe. So far, prices have tended to decline and prospects indicate that the average price of paddy will be rather less favourable than last year."

The Import Trade during 1937.—The Burma Chamber of Commerce provides the following comprehensive review of the import trade during the year:—

"The year opened very hopefully. Demand the world over for almost all manufactures increased rapidly from December, 1936. Prices at manufacturing centres rose steeply and shipment dates became more and more distant. In the local market demand during the early months of 1937 was very good and there seemed every hope of further expansion. Under compulsion of rising prices and retreating shipment dates, and in expectation of good demand locally, merchants and dealers purchased much more freely and for more distant shipment than for many years. Unfortunately hopes were disappointed. After the first few months local demand ceased abruptly and did not again recover throughout the year. It appears that consumers in Burma were unable to pay much, if any, more than 1936 prices for their needs and the conclusion to be drawn is that there was no increase in the spending power of the country.

"The value of imports through the Port of Rangoon generally shows a substantial increase over the previous year, but it is to be feared that large quantities of the goods imported have not yet gone into consumption and this is likely to be reflected in the Import figures for the early part of 1938. Articles (excluding Indian) which contributed to the increase are Chemicals, Hardware, Instruments and Apparatus, Beer and Stout, Iron and Steel, Lubricating Oil, Paper, Provisions, white and coloured Cotton Piece-Goods, Woollen Piece-Goods and Cycles. Articles which show a decrease in value are Machinery, Fuel Oil, Sugar, Cotton Twist and Yarn and Grey Cotton Piece-Goods. Imports of Indian goods continued to increase, the more important commodities being Boots and Shoes, Grain, Pulse, and Flour, Instruments and Apparatus, Iron and Steel, Paper, Seeds, Soap, Cotton Twist and Yarn, and white and coloured Cotton Piece-Goods. A few items show a decrease. These are Apparel, Cement, Fresh Fruits and Vegetables, Hardware, Groundnut Oil, Betelnuts and Sugar.

"In Piece-Goods the year has been very difficult and full of disappointment. The optimism prevailing at the beginning of the year was very short lived, but lasted long

enough to see dealers heavily committed in the future. Except for the first few months the market has passed through a depressed period. Sales were very slow and although for some time the market was supported by high replacement costs it was never possible to get values up to current replacement level. Following the publication of the American Cotton Crop estimates the price of Cotton fell heavily and this together with constantly accumulating stocks had a further adverse effect and local prices dropped. Until existing stocks are liquidated there is little likelihood of any increase in values. Total imports show a heavy increase over the previous year, but as already said there is a large carry-over into 1938. Imports from Japan dropped owing to the high prices being asked in the early part of the year. Great Britain participated in part of the increase in white and coloured goods. India also gained in white and coloured goods, her trade in the latter class having increased enormously.

“ The Burma/Japan Trade Convention was signed in June. To the Import Trade the important Articles of Convention are those which limit the quantity of Cotton Piece-Goods which may be exported from Japan to Burma to 21 million yards in any one half-year. The total yardage is divided in varying percentages over the four categories, Grey, Bleached, Printed and Dyed and Woven goods. For the first half-year ended September the imports under all categories were far short of the quota and, whilst a certain carry-over from one half-year to the next is permissible, the carry-over so permitted is less by several million yards than the short-fall during the first half-year. For the first quarter of the second half-year (October/December) the total imports were in excess of the quarterly proportion of the quota.

“ In Iron and Steel manufactures conditions were much akin to those in other sections. Prices at manufacturing centres rose very considerably at the end of 1936 and were maintained during the first three months of 1937, whilst it became difficult to place orders except for distant shipment. Locally a decline set in during April and dealers became keen sellers in an endeavour to cut losses. Later on prices in Great Britain and the Continent showed signs of weakening, and at the end of the year uncertainty prevailed as to prices generally and in the absence of any strength in local demand dealers were anxious to clear stocks. The position has been aggravated by the late marketing of the paddy crop, and demand for building material, which usually commences during November/December, has not yet developed.

“ In the lines which she usually exports, Japan took little share of the trade. Her re-entry into the market in a small way in April at low rates and the subsequent firming of prices serve to show that she has been able to offer only small lots merely to keep in touch with the market. Of the increase in imports of Iron and Steel the United Kingdom, Germany and India each took a share, the most notable increase being in the trade with Germany.

“ In Galvanized Iron Sheets, in the absence of Japan as a serious competitor, a much larger portion of the trade was secured by British makers. The Continent again took the bulk of the trade in Wire Nails, and only small lots of Japanese goods were imported.

“ A feature which has developed recently is America's interest in the local bazaar, due possibly to the suspension of business with China.

“ Imports of Cement from the United Kingdom showed an increase on those of last year mainly accounted for by a special demand for Rapid Hardening and Coloured Cements against a few big contracts. Imports for bazaar trade from the United Kingdom and Japan were maintained in quantity as compared with the previous year but as consumption moved up appreciably during the year, the percentage of the trade enjoyed by these countries shows a decrease. This year saw the advent of Burma cement on the market and this product is now catering for the bulk demand. Imports from India were withdrawn early in the year in favour of Burma cement.

“ In the Sundry Hardware section a moderate miscellaneous trade was put through, but rising prices at the beginning of the year checked business and the volume has been somewhat less than in previous years. Hardware dealers as a whole made good profits at the end of 1936 and the beginning of 1937, but have made little money since. Their earlier profits, however, enabled them to tide over the depressed period and credits on the whole have been satisfactory.

“ Consequent on the Sino-Japanese trouble Chinese dealers instituted a boycott of Japanese goods. Efforts have been made to induce other communities to join in the boycott without any marked success and trade with Japan has been affected very little, if at all.”

In Appendix II to this chapter, page 114, will be found a table showing the values of the principal commodities imported into Burma arranged in order of their importance.

In Appendix III to this chapter, page 115, will be found a table showing the distribution, by countries, of the import trade during the past five years.

Cotton Piecegoods.—The outstanding features of the year were an increase of over 16 million yards in the imports of cotton piecegoods of all kinds from India, an increase of 3 million yards in imports from the United Kingdom and a decrease of 10 million yards in arrivals from Japan owing to a sharp rise in Japanese prices during the first half of the year. The relative shares of India, Japan and the United Kingdom are shown in the following summary, abstracted from the annual report of the Collector of Customs, Rangoon:—

Countries.	1935-36.		1936-37.		1937-38.	
	Yds. (in millions).	Per cent.	Yds. (in millions).	Per cent.	Yds. (in millions).	Per cent
India	73	43	86	54	103	60
United Kingdom	36	21	26	16	29	17
Japan	62	36	47	29	37	22
Other Countries	1	—	1	1	1	1
Total ...	172	100	160	100	170	100

The table in Chapter V, page 171, gives the imports from each principal supplier arranged according to the four main classes of piecegoods. In grey goods the United Kingdom has been completely ousted by India and Japan. Indian mills have also gained ground over Japanese suppliers during the past year. In bleached goods imports from the United Kingdom rose slightly from 17.3 million yards to 17.4 million yards, whereas arrivals from Japan fell from 4.4 to 1.8 million yards. Imports from India totalled 32.3 million yards. Coloured, printed and dyed goods were drawn from India 50.9 million yards, the United Kingdom 11.3 million yards and Japan 31.3 million yards.

The Burma-Japan Trade Convention.—In June, 1937, a Trade Convention with attached Protocol was signed by representatives of His Majesty's Government in the United Kingdom and the Government of Japan regularising Burma-Japanese trading relations following upon separation. The Convention and Protocol will be found *in extenso* in a printed booklet* published by His Majesty's Stationery Office in 1938. Both agreements remain in force until 31st March, 1940. The most important clauses, from the point of view of this Report, are those regulating the quantities and types of cotton piecegoods which may be exported from Japan to Burma. It is provided that the duties on Japanese plain grey goods shall

* "Convention regarding Trade and Commerce between Burma and Japan" (Treaty Series No. 1, 1938) price 2d. net.

be 50 per cent. *ad valorem* or 5½ annas per pound, whichever is higher, and on all other types of Japanese cotton piecegoods 50 per cent. *ad valorem*. Furthermore, if in any cotton year a quantity of raw cotton which is not less than 65 per cent. of the total quantity of raw cotton available for export from Burma in that year or 70,000 bales, whichever quantity is less, is exported from Burma to Japan, the quantity of cotton piecegoods which may be exported from Japan to Burma in the corresponding year shall be a basic allotment of 42 million yards. The allotment for any cotton piecegoods year shall be divided into sub-allotments among the four main categories of goods as follows:—Greys 15 per cent., bleached goods 10 per cent., coloured printed goods 45 per cent. and coloured dyed or woven goods 30 per cent. Provision is made for tolerances in respect of grey, bleached and coloured (dyed or woven) goods of 20 per cent. of the sub-allotment and, in respect of coloured printed goods, of 5 per cent. of the sub-allotment provided that the total allotment in any one cotton piecegoods year shall not thereby be increased. In the event of Japan's not taking the basic amount of Burma raw cotton specified above, provision is made for the diminution of the piecegoods quota by 300,000 yards for every 1,000 bales of the deficit. There are also clauses regulating the carry-over, both of raw cotton and of piecegoods, from one half-year to another and for the restriction of the imports of bona fide cotton fents (not exceeding four yards in length) to a maximum of 1,050,000 yards.

For the first half-year ended September, 1937, the imports of Japanese piecegoods in all the categories were considerably short of the quota and were also short of the permissible carry-over. During the second half-year, the total imports were in excess of the quota. As we have seen, the total imports from Japan for the complete fiscal year were 5 million yards short of the maximum quota of 42 million yards.

Woollen Goods.—The total value of woollen goods imported during the year aggregated Rs.33 lakhs and were derived as follows:—

<i>Countries of origin.</i>					1936-7.	1937-8.
					<i>Rs. (lakhs).</i>	<i>Rs. (lakhs).</i>
India	...	...	...	...	2.13	4.41
U.K.	...	...	...	...	7.52	10.96
Italy	...	...	...	...	2.56	4.94
Germany	...	...	...	...	.58	.34
Japan	...	...	...	...	10.87	11.75
Other Countries	...	...	...	...	.66	.65
Total ...					<u>24.32</u>	<u>33.05</u>

Metals and Ores.—Total imports under this comprehensive heading rose from Rs.140 lakhs to Rs.193 lakhs owing partly to

increased quantities but mainly to higher prices. Nearly 90 per cent. of the total value was accounted for by imports of iron and steel. The shares of the principal suppliers were as follows:—

Countries of origin.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
India	57	73
United Kingdom	43	62
Belgium	9	10.5
Germany	7	17
U.S.A.	3	9.5
Japan	10	12

Machinery and Millwork.—The total imports increased by nearly Rs.7 lakhs to Rs.149 lakhs notwithstanding a sharp fall of nearly Rs.5 lakhs in the import of mining machinery. The United Kingdom supplied 50 per cent. of the total imports, her share consisting mostly of boilers; prime movers (other than electrical); electrical machinery; pumping, oil-crushing and saw-milling machinery; sewing and knitting machines. The U.S.A. supplied 24 per cent. of the total imports and contributed more than half of the mining machinery and of the typewriters. Germany supplied 7 per cent. of the total trade and increased her shipments of oil-crushing and rice and flour-milling machinery. India supplied 7 per cent. while Poland doubled her shipments of mining machinery.

Motor Vehicles.—The imports from countries other than India were as follows:—

Class of Vehicles.	1936-7		1937-8.	
	No.	Value. Rs. (lakhs).	No.	Value. Rs. (lakhs).
<i>1. Motor Cars.</i>				
From U.K.	660	12.95	669	13.48
From U.S.A.	128	3.03	173	4.05
From Germany	15	.24	96	1.60
<i>2. Motor Omnibuses.</i>				
From U.K.	15	.65	123	6.85
From U.S.A.	113	1.60	208	3.18
<i>3. Motor Cycles</i>				
	10	.05	26	.09
Total	941	18.52	1,295	29.25

In addition to the above totals, India contributed 341 motor cars valued at Rs.9.98 lakhs and 566 motor buses and trucks valued at Rs.13.05 lakhs. The imports from India mainly represented U.S.A. cars and trucks assembled in bond by the General Motors Corporation at their Bombay depot from chassis, etc., imported in a knocked-down state, Indian import duty having been paid in Bombay on the assessed value of the component parts at the time of importation. Imports of cars from India were reduced by 58 in number and Rs.1.77 lakhs in value,

whereas the number of trucks advanced from 528 to 566 and from 11.55 lakhs to Rs.13.05 lakhs in value. The United Kingdom just held her position so far as cars are concerned, but it is satisfactory to note that the value of U.K. trucks imported nearly doubled. In Burma, as in India, the year has witnessed greatly increased competition from German cars of the Opel and Adler types, which are invoiced at prices with which it is practically impossible to compete. It will be noted that the average declared value of German cars was only Rs.1,666 (£125).

Hardware.—Of the total imports in the hardware group, imports from India contributed about 25 per cent. and those from foreign countries 75 per cent. The relative shares in the total trade of the U.K., Germany, Japan and the U.S.A. were 25, 20, 10 and 6 per cent. respectively. Imports from the U.K. consisted mainly of larger supplies of agricultural implements and of miscellaneous implements and tools. Germany increased her shipments of builders' hardware and lamps while Japan contributed the bulk of the enamelled ironware.

Miscellaneous.—The increased purchasing power of the country is clearly shown in the improvement to be recorded in a wide variety of quasi-luxury products. Thus, imports of soap rose from Rs.2 lakhs to Rs.16 lakhs, toilet requisites from Rs.8 lakhs to Rs.10 lakhs, drugs and medicines from Rs.17 lakhs to Rs.20 lakhs, cinematograph films from Rs.13,000 to Rs.9 lakhs, and paper and pasteboard from Rs.28 lakhs to Rs.45 lakhs. In 1936-7 there were no imports of domestic refrigerators whereas, in 1937-8, 319 were imported valued at Rs.1 lakh. The imports of wireless receivers advanced from 936 valued at Rs.1.2 lakhs to 1,540 valued at Rs.2.5 lakhs. Precious metals and stones (notably diamonds) rose from Rs.9 lakhs to Rs.16 lakhs. The import of typewriters increased from 380 worth half a lakh of rupees to 1,330 worth nearly Rs.3 lakhs and sewing and knitting machines from 6,036 valued at Rs.5.7 lakhs to 6,714 valued at Rs.6.4 lakhs. A striking example of the increased prosperity of the people is provided by the imports of provisions, notably condensed and preserved milk, which rose from 500,000 cwts. (Rs.134 lakhs) to 541,000 cwts. (Rs.142 lakhs). There has been a steady rise in the consumption of imported provisions since 1932-3, the quantity index being now only 6 per cent. below the pre-depression average. The index of values is, however, still 40 per cent. below owing to the lower level of prices. Imports of liquors increased in volume by 115,459 gallons and in value by Rs.5.75 lakhs to a total of 744,645 gallons valued at Rs.31.94 lakhs. India only contributed 21,630 gallons (Rs.1.97 lakhs), being handicapped by the imposition in Burma of customs duty on foreign liquor re-exported from India after payment of customs duty. The

improvement of 22 per cent. in the volume of liquor imported is largely accounted for by increased supplies of 91,204 gallons of ale, beer and porter, 2,927 gallons of brandy and 26,797 gallons of denatured spirit.

Outlook in the Import trade.—As we have seen in the Chamber of Commerce Review of the import trade during 1937-8, the year closed with a considerable accumulation of stocks, not only of piecegoods, but also of metals, hardware and sundries. A considerable proportion of these stocks had been purchased at the high prices ruling in the spring and summer of 1937. Consequently, some anxiety was felt with regard to their disposal, particularly in view of the drop in replacement quotations since the autumn of 1937. Moreover, the paddy crop was damaged by untimely rains in December and the indications pointed to lower average prices for paddy during the current year. Importers have, therefore, followed a cautious policy and forward purchases have been on a materially reduced scale.

The aggregate trade of Burma during the first two months of the current fiscal year (April and May, 1938), amounted to Rs.13.37 lakhs, which is below the corresponding figure of last year by Rs.67 lakhs. Of this total decrease, exports to India accounted for Rs.22 lakhs and exports to other countries Rs.27 lakhs. Imports from other countries fell by Rs.38 lakhs, but it is noteworthy that imports from India actually rose by Rs.20 lakhs. During the two months the total trade with India has been practically stable having fallen by only about Rs.2 lakhs whereas the total trade with other countries has fallen by over Rs.65 lakhs or nearly 10 per cent. It seems clear that imports into Burma during the current year will be materially diminished in value due to a reduced volume of trade, the effect of which will be accentuated by the lower level of prices of most manufactured goods.

In Appendix IV to this Chapter will be found a statement, published by the Ministry of Commerce and Industry, showing the percentage distribution of the sea-borne trade in Burma, both export and import, over a lengthy period of years.

Burma-United Kingdom Trade Negotiations.—The denunciation of the Ottawa Trade Agreement by the Indian Legislature in March, 1936, coupled with the constitution of Burma as a separate entity of the Empire on 1st April, 1937, rendered it necessary for Burma to enter into negotiations with the United Kingdom for a new Trade Agreement. Dr. Thein Maung, the Minister of Commerce, was accordingly deputed to London during the summer of 1937 and was accompanied by Mr. J. H. Wise, I.C.S., the Secretary for Commerce, and a panel of three unofficial commercial advisers. Protracted negotiations

III

took place with the Board of Trade during the summer and autumn of 1937 during which the whole field of United Kingdom-Burma trade relations was carefully surveyed. Owing, however, to the restrictions on Burma's freedom of negotiation imposed by the India and Burma (Trade Regulation) Order, 1937, it was found that it would in practice be impossible to enter into an agreement with the Government of Burma until a new United Kingdom-India Trade Agreement had been concluded. The Burma delegate returned to Rangoon in November and the negotiations were adjourned pending further developments in the Indo-British trade negotiations. Meanwhile, steps were taken to continue the existing position in regard to the tariff treatment of Burmese goods in the United Kingdom market until 30th November, 1938.*

Conclusion.—This chapter might appropriately be concluded with the following extract from the speech of the Chairman of the Burma Chamber of Commerce at the annual meeting held in February last:—

“ In spite of the barriers of quotas, tariffs and exchange control with which so many countries have deliberately surrounded themselves, we can still say that Burma has never yet failed to export its surplus produce within the year of production. This has not been done without severe shrinkage in values, but we cannot expect a quicker rate of advance than international trade conditions permit. There are, I think, signs that the will to break through these barriers is becoming more evident and any improvement in this respect should assist us in Burma eventually. Bearing in mind the dictum that ‘ all short statements of economic questions are *ipso facto* wrong ’ we may, I think, look forward to another year of steady though perhaps slower progress towards better values for our goods.”

* The date has since been further postponed to 30th June, 1939.

APPENDIX I

Comparative Statement of Exports of Selected Commodities

Articles.	Average for three years 1933-34 to 1935-36.		1936-37.		1937-38.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
To India—						
Oils, mineral (excluding paraffin wax) ...	756,530	9,89.67	839,548	10,96.35	829,543	11,08.72
Rice, husked and unhusked	1,912,074	12,08.21	1,621,220	12,00.25	1,326,239	9,81.49
Wood and timber	186,389	2,08.87	211,527	2,27.17	204,242	2,35.10
Grain, pulse and flour (excluding rice and paddy)	78,609	55.67	133,004	93.91	53,782	42.85
Fresh vegetables of all kinds	—	23.96	—	28.48	—	28.33
Paraffin wax and candles	2,236	11.90	2,642	13.72	2,635	13.92
Cutch	2,082	5.60	2,030	6.24	2,056	6.16
Lac	2,366	7.87	2,763	6.57	910	1.59
Tobacco	1,615	5.51	1,607	5.26	1,472	4.26
Other articles	—	1,05.08	—	1,27.27	—	1,05.60
Total Burma Produce	—	26,22.34	—	28,05.22	—	25,28.02
To other Foreign Countries—						
Rice, husked and unhusked	1,381,239	8,47.41	1,230,143	8,91.48	1,516,599	11,05.04
Paraffin wax and candles	46,817	1,98.53	44,441	1,88.30	49,519	2,10.04
Lead, pig	62,992	1,55.32	66,472	2,34.92	70,491	2,50.19
Wolfram, ore	5,902	1,04.11	9,039	1,08.98	10,147	2,00.41
Teak, wood	40,798	84.35	67,848	1,43.07	61,159	1,44.69
Cotton, raw	18,079	94.93	22,862	1,24.40	17,487	82.85
Tin, ore	3,661	70.14	3,016	52.16	2,785	54.07
Bran and pollards	254,905	60.33	268,181	91.69	317,564	1,18.82

Zinc concentrates	76,789	31.81	84,555	38.87	76,801	50.99
Rubber, raw	5,257	24.45	6,315	51.21	6,658	53.09
Oil cakes	57,341	28.19	65,135	41.22	71,863	46.66
Grain, pulse and flour (excluding rice and paddy)	35,003	20.61	61,949	37.00	47,635	32.88
Copper matte	10,401	22.34	8,540	24.48	7,280	22.50
Hides, raw	4,777	12.87	5,645	15.66	6,882	23.80
Nickel, speiss	4,110	11.39	4,325	14.17	3,462	10.84
Tobacco	616	2.66	250	2.01	507	2.80
Jadestone	72	1.12	103	1.16	88	.97
Lac	87	.30	129	.33	75	.12
Other articles (including exports by post) ...	—	50.28	—	48.91	—	53.82
Total, Burma Produce	—	18,21.14	—	21,10.02	—	24,64.58
Grand Total, Burma's export to India and other Foreign Countries	—	44,43.48	—	49,15.24	—	49,92.60

APPENDIX II.

Comparative Statement of the Values of the principal commodities in the import trade

	Average value for three years, 1933-34 to 1935-36.	1936-37.	1937-38.
From India—	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Cotton, manufactures of	1,89.97	1,85.81	2,34.30
Jute, manufactures of	1,39.29	1,19.60	1,29.12
Tobacco	67.82	77.01	84.61
Metals and ores	34.50	55.64	72.65
Grain, pulse and flour	46.52	46.10	60.80
Cotton twist and yarn	46.63	45.72	56.90
Coal	40.80	37.26	45.05
Provisions	34.90	39.31	39.54
Oils	20.33	35.88	37.65
Fish	36.50	36.19	36.78
Fruits and vegetables	25.59	35.34	34.78
Spices	35.63	33.56	33.03
Seeds... ..	17.94	13.85	22.98
Hardware and cutlery	15.53	17.21	13.77
Coir	8.23	8.10	9.35
Other articles	1,91.33	2,47.16	2,59.26
Total	9,51.51	10,33.74	11,70.57
From Other Foreign Countries—			
Cotton manufactures including twist, etc.	2,29.43	2,09.46	2,15.88
Machinery and millwork	92.19	1,34.16	1,38.89
Metals and ores	78.59	81.54	1,20.69
Provisions	77.33	92.99	1,02.67
Oils	50.25	87.12	87.99
Hardware, etc.	31.10	33.20	40.24
Instruments, apparatus and appliances, etc.	20.93	29.03	37.88
Paper and pasteboard	22.90	21.37	33.26
Motor cars, etc.	12.22	16.49	31.07
Liquors	26.06	24.91	29.97
Wool, manufactures of	22.09	22.19	28.64
Apparel, etc.	8.74	25.64	15.38
Buildings, etc.	10.46	9.88	13.69
Salt	9.67	15.52	12.86
Articles (not specified) imported by post	11.40	10.83	11.81
Fish, etc.	12.82	13.46	11.47
Earthenware, etc.	8.24	9.32	9.18
Silk	11.29	4.65	7.30
Tobacco	3.75	2.87	3.79
Soap	7.62	1.49	1.71
Sugar	17.91	4.02	1.23
Other articles	1,98.31	2,19.53	2,55.21
Total	9,63.39	10,69.67	12,10.81
Grand Total—India and other Foreign Countries	19,14.90	21,03.41	23,81.38

APPENDIX III
Distribution of the Import Trade of Burma

Countries.	Average value for three years, 1933-34 to 1935-36.	1936-37.	1937-38.
British Empire—	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
India	—	1,093·28	1,170·57
United Kingdom	433·90	413·62	479·18
Ceylon	7·69	4·57	7·31
Straits Settlements	50·09	63·13	61·29
Federated Malay States	·21	·07	·20
Hong Kong	19·54	27·84	27·61
Union of South Africa	3·08	3·01	4·53
Mauritius and Dependencies	—	—	—
Canada	1·82	1·47	1·88
Other British Possessions	8·63	12·97	17·70
Total, British Empire	524·96	1,619·96	1,770·27
<i>Foreign Countries.</i>			
Europe—			
Germany	40·95	58·32	78·30
Netherlands	21·59	26·94	46·48
Belgium	21·57	38·25	38·18
France	8·13	7·27	10·78
Switzerland... ..	3·73	6·21	6·64
Italy (including Fiume)	12·17	5·49	11·06
Other Countries	22·00	30·46	41·42
Total, Europe	130·14	172·94	232·86
Asia—			
Iran	20·19	55·92	46·28
Sumatra	·12	2·86	6·33
Java	18·09	4·41	1·83
China, etc.	9·01	6·29	4·83
Japan	199·30	238·98	209·14
Other Countries*	·68	0·81	1·36
Total, Asia	247·39	309·27	269·77
Africa—			
Egypt	2·87	2·35	5·13
Other Countries	·74	2·15	—
Total, Africa	3·61	4·50	5·13
America—			
U.S.A.	57·28	71·44	103·31
Other Countries	·01	—	·03
Total, America	57·29	71·44	103·34
Total, Foreign Countries	438·43	558·15	611·10
Grand Total, British and Foreign Possessions	963·39	2,178·11	2,381·37

* Includes "Iraq".

APPENDIX IV

Percentage Distribution of the Annual Sea-borne Trade of Burma by Countries

Countries.	Exports including re-exports.									Imports.								
	1929 -30.	1930 -31.	1931 -32.	1932 -33.	1933 -34.	1934 -35.	1935 -36.	1936 -37.	1937 -38.*	1929 -30.	1930 -31.	1931 -32.	1932 -33.	1933 -34.	1934 -35.	1935 -36.	1936 -37.	1937 -38.*
<i>British Empire.</i>																		
India	43	41	49	58	63	66	63	62 (57)	51	41	42	51	47	52	52	48	50	49
United Kingdom ...	9	9	8	8	9	9	11	11 (12)	14	25	24	20	22	22	22	23	19	20
Straits Settlements ...	6	7	6	4	4	4	4	4 (5)	6	3	3	2	3	3	3	3	3	3
Ceylon	7	7	6	5	4	4	5	5 (6)	6	—	—	—	—	—	—	—	—	—
Other British Empire	4	5	4	4	4	3	4	4 (6)	9	—	—	—	2	2	2	2	2	2
Total, British Empire	69	69	73	79	84	86	87	86 (85)	86	70	71	75	74	79	79	76	74	74
<i>Foreign Countries.</i>																		
Japan	1	1	1	2	1	2	3	4 (5)	2	8	9	9	12	10	9	11	11	9
Germany	8	6	5	5	4	3	2	2 (2)	4	4	3	2	2	2	2	2	3	3
Netherlands	3	2	3	2	1	1	1	2 (2)	1	3	3	2	2	1	1	1	1	2

Belgium	2	2	2	1	1	1	1	1 (1)	2	1	1	1	1	1	1	2	2	2
United States of America	1	1	1	—	1	—	—	— (—)	—	5	5	4	3	3	3	3	3	4
Other Foreign Countries	16	19	15	11	8	7	6	5 (5)	5	9	8	7	6	4	5	5	6	6
Total, Foreign Countries	31	31	27	21	16	14	13	14 (15)	14	30	29	25	26	21	21	24	26	26
Grand Total ...	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

* Exports to India exclude Excise duty on mineral oils since April 1st, 1937. The comparable figures of 1936-37 are given in brackets below the actual figures.

APPENDIX V

Comparative Statement of the Imports of Metals and Ores

		Average for three years 1933-34 to 1935-36.		1936-37.		1937-38.	
		Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
From India—							
Aluminium	... ..	—	—	(b)	—	740	.73
Brass	... ..	—	—	2,101	.85	2,152	1.20
Copper	... ..	—	—	1,530	.74	1,098	.56
IRON AND STEEL—		Tons.		Tons.		Tons.	
Pig	... ..	—	—	298	.14	613	.27
Manufactures of Iron and Steel—		(a)		(b)			
Beams, pillars, girders, etc.	... ..	—	—	—	—	2,492	5.01
Nails, rivets and washers (excluding wire nails)	... ..	—	—	—	—	30	.07
Pipes and tubes and fittings	... ..	—	—	—	—	224	.40
Sheets and plates of all kinds	... ..	—	—	14,862	36.17	12,985	35.15
Other manufactures	... ..	—	—	12,443	16.75	13,605	28.22
Total, Iron and Steel		—	—	27,603	53.06	29,949	69.12
Lead	... .. Cwt.	—	—	(b) —	—	224	.07
Quick silver	... .. lb.	—	—	—	—	42	.11
Tin	... .. Cwt.	(a) —	—	393	.08	136	.15
Zinc or spelter	... .. "	—	—	(b) —	—	29	.02
Other sorts of metals and ores	... .. "	—	—	34,380	1.99	28,495	.69
Total, India		—	—	29,523	56.72	31,595	72.65

From other Foreign Countries—							
Aluminium	Cwt.	3,920	2.63	6,535	4.07	6,526	4.60
Brass	"	3,605	1.55	4,312	2.21	5,798	3.33
Copper	"	773	.39	669	.37	1,073	.67
IRON AND STEEL—							
Pig	Ton	403	.29	392	.28	268	.28
Manufactures of Iron and Steel :—							
Beams, pillars, girders, etc. ...	Ton	1,556	2.90	2,456	5.34	800	1.64
Nails, rivets and washers (excluding wire nails)	Ton	1,187	3.69	1,451	4.14	1,308	4.09
Pipes and tubes and fittings	"	3,559	9.95	4,874	11.55	8,346	22.60
Sheets and plates of all kinds	"	13,490	26.19	12,309	21.86	11,546	30.10
Other manufactures	"	12,740	24.60	12,130	25.78	16,700	45.42
Total, Iron and Steel	"	32,935	67.62	33,612	68.95	38,968	104.13
Lead	Cwt.	933	.14	940	.20	1,483	.32
Quicksilver	lb.	10,586	.30	5,876	.15	6,287	.16
Tin	Cwt.	536	.87	583	1.02	996	1.92
Zinc or spelter	"	18,588	2.56	25,152	3.72	11,599	2.63
Other sorts of metals and ores	"	2,224	2.53	1,940	2.53	2,665	2.93
Total, other Foreign Countries	Tons	34,469	78.59	35,626	83.22	40,478	1,20.69
Grand Total, India and other Foreign Countries		(a)	—	65,149	1,39.94	72,073	1,93.34

(a) No separate record was maintained prior to 1936-37.

(b) No separate record was maintained in 1936-37.

APPENDIX VI

Comparative Statement of the Imports of Machinery and Mill Work

	1936-37.	1937-38.
	Rs. (lakhs).	Rs. (lakhs).
From India—		
Prime-movers	—	·11
Electrical machinery	—	·25
Agricultural machinery	—	·01
Metal-working machinery	—	·09
Mining machinery	—	·80
Oil machinery	—	1·49
Rice and flour machinery	—	·09
Sewing and knitting machinery	—	·12
Saw-mill machinery	—	·02
Boilers	—	·02
Unenumerated	—	6·72
Total	7·72	9·72
From Other Foreign Countries—		
Prime-movers (not electrical)	9·22	12·59
Electrical machinery	8·75	10·70
Agricultural machinery	0·52	·88
Metal-working machinery (including machine tools)	2·20	1·95
Mining machinery	63·24	58·32
Oil machinery	7·15	6·36
Rice and flour machinery	1·75	3·03
Sewing and knitting machinery	6·86	6·43
Saw-mill machinery	1·66	1·88
Boilers	6·63	5·57
Unenumerated	26·18	31·18
Total	1,34·16	1,38·89
Grand Total, India and other Foreign Countries	1,41·88	1,48·61

APPENDIX VII

Comparative Statement of the Imports of Hardware (excluding Cutlery)

	Average value for three years, 1933-34 to 1935-36.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
From India—			
Agricultural implements	—	—	.05
Enamelled ironware	—	—	.78
Implements and tools	—	—	.19
Lamps	—	—	.46
Hardware, other sorts	—	—	12.17
Total	—	18.03	13.65
From Other Foreign Countries—			
Agricultural implements ...	.43	.11	.23
Enamelled ironware	4.78	4.35	5.61
Implements and tools	5.80	6.31	9.78
Lamps	3.48	4.05	3.64
Other sorts	16.61	18.76	20.98
Total	31.10	33.58	40.24
Grand Total, India and other Foreign Countries	—	51.61	53.89

(a) No detailed head was maintained prior to 1937-38.

CHAPTER III.

A NOTE OF THE ACTIVITIES OF THE INDIAN TARIFF BOARD DURING THE PERIOD.

The year has been a relatively uneventful one in Tariff Board circles. The Board were engaged, for the greater portion of the time, in an exhaustive enquiry into the case for protection of the sugar industry after the expiry of the present measure of protection on 31st March, 1938. Two minor enquiries affecting the paper and the magnesium chloride industries have just been completed and an investigation of the sericultural industry has recently been begun.

I. Enquiry into the Sugar Industry.—On the 27th March, 1937, the Government of India issued a resolution in the Commerce Department, No. 127T(1)/37, which reads as follows:—

“ The amount of protection afforded to the Sugar Industry by the duties imposed by Section 2 of the Sugar Industry Protection Act, 1932, will determine on the 31st March, 1938, and Section 3 of that Act provides that the Governor-General in Council shall cause to be made by such persons as he may appoint in this behalf an enquiry to ascertain if the protection of the Sugar Industry during the period from 31st March, 1938, to the 31st March, 1946, should be continued to the same extent or to a greater or lesser extent. The Government of India have decided that this enquiry should be undertaken by the Tariff Board and the following terms of reference have been framed for its guidance:—

“ (a) The Board is requested to examine the measure of protection now enjoyed by the Sugar Industry and to report whether it is necessary to continue protection to this extent or to a greater or lesser extent;

“ (b) In making its recommendations the Tariff Board will take all relevant considerations into account including that stated in part (b) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923.”

After a most extensive enquiry throughout the summer of 1937, during which each important sugar growing and manufacturing centre was visited and evidence collected from all sources, including Java and Japan, the Board submitted its report to the Government of India on 13th December. The Government of India are still (July, 1938) considering the question and the report has not yet been published. It is anticipated

that some months may elapse before an official decision is reached, in which case any relevant Bill will be introduced in the budget session of the Assembly in January-April, 1939. Meanwhile, an interim measure was passed by the Indian Legislature in April, 1938, for the temporary continuance of the existing protection until such time as the Government of India took steps to implement the recommendations of the Board.

II. Enquiry into the Magnesium Chloride Industry.—On the 18th December, 1937, the Government of India issued a resolution in the Commerce Department, No. 199-T(1)/37, in the following terms:—

“ The protective duty imposed on imported magnesium chloride under the Heavy Chemical Industry (Protection) Act, 1931, has effect only up to the 31st March, 1939, and the Government of India consider it necessary that an enquiry should be held by the Tariff Board in order to ascertain whether any, and if so what, protective measures should be continued beyond that date.

“ The Tariff Board is therefore requested to examine the above question. In making its recommendations the Board will take all relevant considerations into account including those stated in parts (b) and (c) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923.”

It is contended by the Indian Industry that the existing protective duty of Rs.1/5/- per cwt. or 25 per cent. *ad valorem*, whichever is higher, has resulted in an expansion of output from 2,000-2,500 tons in 1931 to 10,000 tons at the present time and that the product is being exported to the United Kingdom, Australia, Holland and Germany. The Industry fears that if protection is now withdrawn, competing countries will undersell the indigenous article in the Indian market and the local industry will be killed.

The Tariff Board are completing their report but it is not likely that official action will be taken on it until the budget session of the Legislature in February-April, 1939.

III. Enquiry into the Paper and Paper Pulp Industries.—On the 11th December, 1937, the Government of India issued a resolution in the Commerce Department, No. 202-T(1)/36 which reads as follows:—

“ The protection afforded to the Paper and Paper Pulp Industries by the Bamboo Paper Industry (Protection) Act, 1932, will determine on the 31st March, 1939. A subsidiary enquiry into the question of classification of paper for tariff purposes was held by the Tariff Board in 1935 and the action taken upon the Board's recommendations having resulted

in a not inconsiderable extension of the range of protection previously enjoyed by the Indian paper making industry, the Government of India decided to review the necessity or desirability of maintaining the extra measure of protection which was fortuitously afforded by the imposition of the revenue surcharge of 25 per cent. in 1931. The matter has accordingly been enquired into departmentally, but, owing to the complicated nature of the data to be examined and in view of the imminence of this further enquiry by the Tariff Board into the whole question of protection to the Industry, the Government of India have taken no action in regard to the surcharge.

“ The Tariff Board is now requested to re-examine the question of the protection enjoyed by the paper and paper pulp industries in India and to report what protective measures (if any) should be continued after the 31st March, 1939.

“ If the Tariff Board is satisfied during the course of its investigations that the revenue surcharge on the paper protective duties is no longer justifiable it will be at liberty to make its recommendations in this behalf in advance of its main report.

“ In making its recommendations the Tariff Board will take all relevant considerations into account including those stated in parts (b) and (c) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923.”

Interim Report of the Tariff Board.—In July, 1938, the Government of India published the interim report of the Board which deals with the question of the surcharge. After surveying the financial results of the five principal paper making companies for the period 1931-2 to 1936-7, during which it was found that, apart from paying increased dividends, all the companies had been able to increase their reserves and make provision for extensions and improvements in their plant which had already reduced the cost of manufacture, the Board came to the conclusion that the general improvement in their financial condition was due to the additional amount of protection consequent on the revenue surcharge which had been enjoyed during those years. The Board therefore called upon them to prepare statements showing the effect of the removal of the surcharge on their financial position on the supposition that if the surcharge were removed the price of imported paper would fall to that extent and Indian mills would be forced to reduce their selling prices proportionately.

Position of the established mills.—The Board state that “ the three principal companies, who manufacture paper from bamboo or grass pulp and whose combined output represented

85 per cent. of the total production of paper in 1936-37, agree that having regard to the present level of prices of imported paper the continuance of the revenue surcharge is not necessary as a measure of protection. The other two companies are not in so strong a position and have pressed for the continuance of the surcharge as a measure of protection. They have in the period under review used larger quantities of imported pulp and comparatively less indigenous material than the other three companies and have therefore a less strong claim for protection. All the five companies have effected substantial reductions in their works costs since 1930-31 and have further economies in view. Increases in production have also enabled them to reduce the incidence of overhead charges. We shall deal at length with the question of the cost of production in our main report.

“As regards the prices of imported classes of paper which compete with Indian made paper, the general tendency from 1930-31 was in the downward direction. The reduction in this period was just over 6 pies per pound. From December, 1936, however, a rise began in the price of wood pulp and a corresponding rise in the price of imported paper. In 1937-38 the c.i.f. price of imported classes of paper which compete with Indian mills' products has risen again to the 1930-31 level. Having regard to the fact that the cost of manufacture has been appreciably reduced, we think that the industry to-day does not now require additional protection in the shape of the surcharge. Though recently there has been some recession in prices, there does not appear to be any probability of a fall in the price of Continental paper to the level touched during the period of depression in the financial year 1938-39 in view of the declared policy of foreign pulp making companies to maintain the price of pulp at an agreed level.

“The only difficulty that can be foreseen is the import of cheap Japanese paper. We understand that Japanese wood free printing paper was quoted as low as £15 10s. per ton c.i.f. Bombay in 1936-37 and sold at about 3 annas a pound. The selling price has recently been increased to 3 annas 6 pies per pound following the general rise in prices, but it is still well below the price of similar qualities of paper imported from Continental countries which has stood at not less than 4 annas per pound. We shall deal with the question of foreign competition at greater length in our main report.”

Position of New and Reconstructed Mills.—The Board find that the position taken up by new or reconstructed mills is quite different. These mills claim that in the early stages of production they are likely to meet with difficulties which will increase their costs and that they require the surcharge as a

measure of protection. The report continues " we have examined such estimates of the cost of manufacture as have been submitted by them. In the case of one mill using grass the estimate is based on the experience of nine months working in 1937, but as the mill has worked to less than a third of its full capacity and has encountered special difficulties in obtaining its raw material at a reasonable price, the present figures are not indicative of future works costs. One new mill using rags and waste paper has in 1936-37 declared a dividend on the capital invested which stood at an unusually low figure, as it was able to obtain second-hand machinery at a very low price. The four remaining mills which intend to use bamboo or grass for the manufacture of pulp have not yet been completed. The estimates of the cost of production put in by three of the mills are somewhat higher than the present actual costs of established mills. But as they are purely theoretical costings we cannot base our calculations on them. The estimate of the fourth mill is so high that we cannot accept it as reasonable. It is no doubt true that in the early stages of manufacture new mills may encounter difficulties. On the other hand, they have profited by the experience of the older mills and are able to instal the latest type of machinery which have proved to be the most suitable for Indian conditions. We see no reason why their costs should prove to be higher than the average costs of established mills as soon as they are able to manufacture up to their designed capacities. But taking even their own estimates of costs, we are satisfied that the revenue surcharge is not required as a measure of protection at the prevailing level of prices."

Recommendations of the Board.—The Board summarised their conclusions and recommendations as follows:—

" Our conclusion is that the continuance of the revenue surcharge imposes an unnecessary burden on the consumer at the present level of prices and is not justifiable as essential to the development of the industry. Over-protection, besides enabling manufacturers to maintain prices at a level which is unfair to the consumer, may give undue encouragement to the starting of further new concerns with the consequent danger of eventual over-production which is not in the interests of the industry itself, taking a long view of its development.

" Our recommendation applies only to the protected classes of paper and not to the unprotected classes which are subject to revenue duty. We consider it, however, necessary to add the proviso that action should be taken under section 4 of the Indian Tariff Act of 1934 if the price of any class of imported protected paper should fall to the level which would render the protective duty ineffective.

“ In regard to the surcharge on the protective duty on wood pulp somewhat different considerations apply. Reduction in the price of pulp is obviously to the advantage of both established and new mills to the extent to which imported pulp is used. Any considerable reduction in the duty on imported pulp might result in the substitution of imported pulp for pulp made from indigenous materials, but a reduction by Rs.11-4-0 per ton, the amount of surcharge is not, in our opinion, likely to have this effect taking into consideration the recent rise in the world price of wood pulp and the reduction in the cost of manufacture of indigenous pulp since 1930-1. The danger of this undesirable development is so small that the removal of surcharge on the pulp duty may safely be recommended for the remaining period of protection pending consideration of the basic amount of the protective duties which we may find to be necessary to recommend in our main report if continuance of protection for the paper industry is found to be justifiable beyond the 31st March, 1939.”

Decision of the Government of India.—In Resolution No. 202-T (4)/38 of the 25th June, 1938, the Government of India stated their decision as follows:—

“ In their Commerce Department Resolution No. 202-T (1)/36, dated the 11th December, 1937, the Government of India, when referring to the Tariff Board for examination the question of what protective measures (if any) should be continued after the 31st March, 1939, in respect of the paper and paper pulp industries in India, directed that if the Tariff Board during the course of its investigations should be satisfied that the revenue surcharge of 25 per cent., imposed in 1931, on the existing paper protective duties was no longer justifiable it would be at liberty to make its recommendations in this behalf in advance of its main report.

“ 2. The Tariff Board has accordingly submitted an interim report dated the 30th March, 1938, the main findings of which are as follows:—

(i) But for the revenue surcharge the average margin of profit realised by the Paper Mills would not have been such as to give the return on the capital invested which the previous Tariff Board considered reasonable, until 1937-8, when a substantial rise in the price of imported paper enabled the mills to raise their selling limits.

(ii) The three principal companies, who manufacture paper from bamboo or grass pulp, and whose combined output represented 85 per cent. of the total production in 1936-7, agree that having regard to the present level of prices of imported paper the continuance of the

revenue surcharge is not necessary as a measure of protection. The other two companies are not in so strong a position and have pressed for the continuance of the surcharge as a measure of protection. These latter two companies have in the period under review used larger quantities of imported pulp and comparatively less indigenous material than the other three companies and have therefore a less strong claim for protection.

(iii) In the case of new and reconstituted mills, taking even the mills' own estimate of costs, the revenue surcharge is not required as a measure of protection at the prevailing level of prices.

(iv) The continuance of the revenue surcharge on Paper imposes an unnecessary burden on the consumer at the present level of prices and is not justifiable as essential to the development of the industry.

(v) Action should be taken under section 4 of the Indian Tariff Act if the price of any class of imported paper should fall to the level which would render the protective duty ineffective.

(vi) A reduction in the price of pulp is obviously in the interests of both established and new mills to the extent to which imported pulp is used. Any considerable reduction might result in the substitution of imported pulp for pulp made from indigenous materials; but, taking into consideration the recent rise in the world price of wood pulp and the reduction in the cost of indigenous pulp since 1930-1, the removal of the surcharge is not likely to have this effect.

“ 3. The Governor General in Council accepts these findings of the Tariff Board and has accordingly decided that the revenue surcharge on the protected classes of paper and on wood pulp should be removed forthwith by Notification under Section 4 of the Indian Tariff Act, 1934.”

IV. Enquiry into the Sericultural Industry.—On the 9th April 1938, the Government of India issued a resolution in the Commerce Department No. 28-T(2)/1939 to the effect that:—

“ The protection afforded to the Sericultural Industry in India by the Indian Tariff (Textile Protection) Amendment Act, 1934, will determine on the 31st March, 1939. The Tariff Board is requested to examine the question of the protection enjoyed by the Industry and to report what protective measures, if any, should be continued after that date.

“ The Tariff Board in making its recommendations will take into account all relevant considerations, including the

financial needs of the country and the dependence of the Government of India on import, export and excise duties for a large part of its revenue. It will have regard also to Part (c) of the Resolution adopted by the Legislative Assembly on the 16th February, 1923, and will consider in particular how its recommendations will affect the handloom weaving industry."

This investigation is now proceeding and will include a consideration of artificial silk (rayon) in so far as it competes with the products of the Indian silk industry.

Apart from the above four enquiries, there is nothing further to report as to the activities of the Indian Tariff Board. It should be noted, however, that the Indian Tariff (Textile Protection) Act, 1934, which determines the duties on all cotton textiles, expires on 31st March, 1939. The appointment of a Tariff Board is being deferred pending an outcome of the Indo-British Trade negotiations, which are still (July, 1938) proceeding.

CHAPTER IV.

AN ACCOUNT OF THE FURTHER DEVELOPMENT OF PURCHASES OF GOVERNMENT STORES IN INDIA BY THE INDIAN STORES DEPARTMENT, ARMY HEADQUARTERS, THE RAILWAY ADMINISTRATIONS AND OTHER DEPARTMENTS OF THE GOVERNMENT OF INDIA.

The value of the purchases of Government Stores by the several Departments of the Government of India has attained such proportions (nearly £6 million on account of the Indian Stores Department alone), and is likely to be so materially increased in the near future when the Indian rearmament programme is embarked upon, that more than usual interest attaches to this year's review of the scope of activities of the Departments concerned.

The Indian Stores Department in 1937-8.—I am once again indebted to Sir James Pitkeathly, C.M.G., C.I.E., C.V.O., C.B.E., D.S.O., the veteran Chief Controller of the Indian Stores Department, for the following information, which has been abstracted from his Administration Report for the year. The Chief Controller reviews the progress made during the year in the following terms:—

"The record of the activities of the Indian Stores Department for the year 1937-8 shows a further marked advance over the corresponding figures for the preceding year. The turnover of every branch of the Department exceeded the highest previous record, which result is the

more gratifying as it has been achieved in the first year of the Constitutional Reforms in India. It is noteworthy that the purchases on behalf of the Autonomous Provinces amounted to Rs.82,09,244, exceeding the corresponding figure for 1936-7 by Rs.11,67,884, in spite of the fact that purchases for authorities in Burma have been accounted for separately from 1st April, 1937. The number of orders placed during the year increased from 80,318 to 86,148 and their value from Rs.6,49,06,534 to Rs.7,89,31,378 showing an increase of Rs.1,40,24,844 (or 21.6 per cent).

*“ The operation of the Rupee Tender Rules.—*The revised rules for the supply of articles required to be purchased for the public service, which make it obligatory on all purchasing departments to obtain their requirements of stores (with certain exceptions) on the condition that they are delivered and paid for in rupees in India, were in force in all Central Departments and Governors' Provinces except the Punjab. The Punjab Government still have the revision of their Stores Rules under consideration.

*“ Changes in the procedure consequent on the introduction of the Government of India Act, 1935.—*Up to the end of the financial year 1936-7 all contracts arranged by the Department were executed in the name of the Secretary of State for India in Council. On the introduction of the Government of India Act, 1935, an important alteration was made in this procedure. Under the revised arrangements, introduced with effect from the 1st April, 1937, contracts on behalf of authorities under the Central Government (including local bodies under their control) are executed in the name of the Governor-General in Council. Purchases on behalf of the Crown Representative's Department are made in the name of the Crown Representative who has delegated the necessary authority. As regards the purchases arranged on behalf of Governors' Provinces (including local bodies under the control of Provincial Governments) and Indian States, it was decided that under the present constitution the contracts should be executed in the name of the Governor of the Province or the Ruler of the State concerned. It consequently became necessary to obtain formal delegation of authority from the Provincial Governments and States concerned to enable officers of the Purchase Branch to enter into contracts on their behalf.

“ All the Provincial Governments in India, except the Government of the North-West Frontier Province, have issued the necessary authority and orders for stores required by them are being placed in the name of the

Governor of the Province concerned. The Government of the North-West Frontier Province have the matter under their consideration. Some of the Provincial Governments have also agreed to orders being placed in their name for local bodies in their Provinces.

“ Certain Indian States have similarly delegated general authority to Purchase Officers of the Department to enter into contracts on their behalf. Specific certificates conferring such authority are obtained with indents received from other States and orders are in every case executed in the name of the State concerned.

“ It has been decided that, till the advent of the Federal Railway Authority, purchases on behalf of Railways worked by companies should be effected in the name of the Governor-General in Council. The Railway companies concerned have signed the necessary indemnity bonds to protect the Governor-General in Council in respect of transactions effected on their behalf.

“ The Governments of Burma, Ceylon, Straits Settlements and Aden have delegated similar authority to the Purchase Officers of the Department and purchases on their behalf are being effected in the name of the respective Governments.

“ *Indents on the Director-General, India Store Department, London and firms abroad.*—Copies of 2,326 indents of the estimated value of Rs.1,27,21,027 placed by the various Provincial Governments and Departments of the Central Government on the Director-General, India Store Department, London, or direct on firms abroad, were received for scrutiny during the year as against 1,623 indents of the estimated value of Rs.99,62,717 examined during the year 1936-7.

“ Demands of the estimated value of Rs.51,133 were challenged during the year as against Rs.9,493 during the preceding year. The following statement shows the result of the examination of indents during the years 1934-5 to 1937-8:—

Year.	No. of indents examined.	Value of indents examined.	Value of items challenged.	Percentage of value of items challenged to total value of indents.
		Rs.	Rs.	
1934-35	1,257	93,32,272	74,640	0·79
1935-36	1,416	77,42,267	33,293	0·43
1936-37	1,623	99,62,717	9,493	0·001
1937-38	2,326	1,27,21,027	51,133	0·401

“ The increase in the number of indents from 1,623 in 1936-7 to 2,326 during the year under review, was mainly due to the increased demands for aviation stores.

“ The half-yearly lists of stores obtained from abroad were published in the Indian Trade Journal during September, 1937, and March, 1938, for the information of the commercial and industrial community.

“ In addition to the scrutiny of indents placed by Government Departments by arrangement with the Railway Department the examination of indents placed by Railways worked by Companies was started during the year. Such items of stores included in the indents as could be obtained of Indian manufacture were brought to the notice of the Railway Board with a view to ensure that Indian manufacturers were given opportunities to tender for future demands.

“ *Utilisation of the services of the Indian Stores Department by authorities outside India.*—The services of the Department continued to be utilised, as in the past years, by the Resident Engineer, Royal Airship Base, Karachi, for the purchase and inspection of diesel and lubricating oils and by the Inspector-General of Police, Singapore, Straits Settlements, for badges, blankets, lungies and accoutrements. The total value of orders placed on behalf of these two authorities aggregated Rs.7,420. The Colonial Store Keeper, Ceylon, purchased fuel oil through the Department of the value of Rs.3,524. Tents and durries of the value of Rs.2,760 were inspected on behalf of the Palestine Government and cast iron pipes and specials aggregating 89 tons were inspected on behalf of the Singapore Municipality.

“ The transactions on behalf of Governments of Burma and Aden have been shown in the statistics for the year under review under the British and Colonial Governments, as a result of the introduction of the Government of India Act, 1935. The value of stores purchased on their behalf amounted to Rs.2,70,608 and Rs.3,129 respectively. Stores amounting to Rs.59,358 and three tons of castings were also inspected on behalf of the Burma Railways.

“ *Variations in demands.*—The following statement shows the fluctuations in the values of orders placed on behalf of various indenting authorities as compared with the corresponding figures of the preceding year :—

Indenting authorities.	Value of orders during		Increase + Decrease -	Percentage Increase + Decrease -
	1936-37.	1937-38.		
	Rs.	Rs.	Rs.	
Central, Defence ...	1,19,51,371	1,88,98,218	+ 69,46,847	+ 58·1
Central, Civil ...	67,18,330	71,84,310	+ 4,65,980	+ 6·94
Railways, State managed	3,30,46,908	3,89,14,155	+ 58,67,247	+ 17·75
Railways, company managed	28,33,452	7,71,416	- 20,62,036	- 72·42
Railways, managed by Indian States ...	2,82,160	11,64,251	+ 8,82,091	+ 312·68
Total Railways ...	3,61,62,520	4,08,49,822	+ 46,87,302	+ 12·96
Provincial Governments	70,41,360	82,09,244	+ 11,67,884	+ 16·59
Indian States ...	5,70,855	5,79,816	+ 8,961	+ 1·56
Quasi-public bodies ...	24,51,625	29,25,287	+ 4,73,622	+ 19·3
British and Colonial Governments ...	10,473	2,84,681	+ 2,74,208	+ 2,618·2
Grand Total ...	6,49,06,534	7,89,31,378	+ 1,40,24,844	+ 21·6

“ Owing to the separation of Burma from India on the 1st of April, 1937, the value of purchases made during the year on behalf of the Burma Government, Burma Railways and the Army authorities in Burma, has been shown in this Report under ‘ British and Colonial Governments ’.

“ *Purchases on behalf of the Defence Department.*—The value of stores purchased for the Army, Royal Air Force and other defence authorities amounted to Rs.1,88,98,218, an increase of Rs.69,46,847 or 58·1 per cent. over the previous year’s figure of Rs.1,19,51,371.

“ The value of textiles purchased increased from Rs.68,60,189 to Rs.1,12,55,389 and the value of Engineering Stores purchased increased from Rs.50,91,182 to Rs.76,42,829.

“ *Purchases on behalf of Civil Departments of the Central Government.*—Stores purchased for Civil Departments of the Central Government increased in value from Rs.67,18,330 to Rs.71,84,310. Larger purchases were made for the Posts and Telegraphs Department, and the Civil Aviation Department, but the purchases made for the Central Public Works Department decreased.

“ *Purchases on account of Railway administrations.*—Stores purchased for State Railways during the year amounted to Rs.3,89,14,155 against Rs.3,30,46,908 in the

previous year, an increase of Rs.58,67,247 or 17·75 per cent. Purchases of Company-managed Railways declined from Rs.28,33,452 to Rs.7,71,416 and those for Railways managed by Indian States increased from Rs.2,82,160 to Rs.11,64,251. The total purchases for all Railways amounted to Rs.4,08,49,822 against Rs.3,61,62,520 in 1936-7, an increase of 12·96 per cent.

“ In paragraph 20 of the Administration Report for 1935-6 it was mentioned that as a result of the meetings with the Railway Board eighteen items were added to the list of the requirements of State Railway Administrations, the purchase and inspection of which were entrusted to the Indian Stores Department.

“ The list has been further expanded by the addition of the following classes of stores :—

- (1) Blocks, pulley.
- (2) Electrical heating appliances, electrical fittings for external lighting including flood lights and flood light fittings.
- (3) Electrical measuring instruments and meters with accessories.
- (4) Fans and blowers, foundry and forge.
- (5) Furnaces and forges.
- (6) Gauges, pressure (steam, air and water).
- (7) Hydrants, loco.
- (8) Lead seals.
- (9) Machines, riveting, hydraulic.
- (10) Machines, rock drilling.
- (11) Machines, stone breaking.
- (12) Mills, mortar.
- (13) Mills, pug.
- (14) Mills, soorkee.
- (15) Plant, disinfecting.
- (16) Plants, chlorinating and water treatment other than plant forming part of large water softening and filtration schemes.
- (17) Presses, hydraulic (forging, wheel, etc.).
- (18) Pumps, boiler testing.
- (19) Road rollers.
- (20) Sand blasting apparatus.
- (21) Sanitary ware and fittings.
- (22) Shafting, pulleys and shafting fittings.
- (23) Soda ash.
- (24) Soda, caustic and washing.
- (25) Stoves and cooking ranges other than stoves and ranges required for rolling stock.
- (26) Twine and sutlee.
- (27) Webbing.
- (28) Wood working machinery.

“ *Purchases on behalf of Provincial Governments.*—The total of these purchases amounted to Rs.82,09,244 against Rs.70,41,360 an increase of Rs.11,67,884 or 16·59 per cent.

“ Larger purchases were made for the Governments of Bombay, United Provinces, Punjab, Assam and North-West Frontier Province but the value of purchases on behalf of

Madras, Bengal and Central Provinces were less than during the previous year.

“ *Details of Important Purchases.*—The more important purchases made during the year are shown below:—

<i>Textile and Leather Stores.</i>		Rs.
Tents and tent components		18,22,000
Blankets		16,67,000
Drills		13,15,000
Flannel		12,66,000
Greatcoats and greatcoat cloth		10,11,000
Jerseys, waistcoats, vests, banians, etc.		9,80,000
Socks, stockings, gloves, etc.		8,37,000
Cotton waste		6,40,000
Pugree cloth, dyed and bleached		5,53,000
Serges		5,34,000
Putties, cotton and woollen		4,65,000
Rugs, horse		2,95,000
Drawers, cotton and woollen		2,85,000
Garments, made up		2,29,000
Dhoti cloth, long cloth and dosuti cloth		2,18,000
Duck, cotton		1,85,000
Durries		1,85,000
Canvas, cotton, hemp, flax, etc.		1,81,000
Paulins, flax, jute and hemp		1,66,000
Yarn, cotton and woollen		1,67,000
Leather cloth, linoleum, etc.		1,47,000
Ropes, head and heel, manilla, etc.		1,46,000
Cordages, cotton, etc.		1,39,000
Wool, cotton absorbent		1,33,000
Sheets, barrack and hospital		1,32,000
Cloth, cord		1,30,000
Carpets		1,23,000
Thread, sewing and twine		1,18,000
Tape and webbing		1,16,000
Twill, cotton		96,000
Bags, postal		98,000
Bandage cloth		94,000
Flannelette		86,000
Gauze, absorbent		81,000
Covers and nets, tank, mule, etc.		78,000
Cloth, jaconet, dungaree, etc.		77,000
Boots, shoes, etc.		70,000
Hides and skins and leather accoutrements		58,000
Nettings, mosquito		57,000
Hessians and gunnies		55,000
Towels and towelling cloth		53,000
Kanats for aerodrome hangars		51,000

“ *Engineering, Hardware and Miscellaneous Stores.*—The total purchases during the year amounted to Rs.6,31,18,234 against the previous year's figure of Rs.5,33,94,405, an increase of Rs.97,23,829 or approximately 18 per cent.

“ The following table shows the extent to which Engineering and Miscellaneous stores were purchased on behalf of the various authorities utilising the services of the Department.

Indenting authorities.	1936-37.	1937-38.	Difference.
	Rs.	Rs.	Rs.
Central, Defence	50,91,182	76,42,829	+ 25,51,647
Central, Civil	58,83,257	62,11,596	+ 3,28,339
Railways, State managed ...	3,06,00,917	3,66,79,325	+ 60,78,408
Railways, Company managed	27,88,114	6,88,835	- 20,99,279
Railways, managed by Indian States	2,42,149	11,34,699	+ 8,92,550
Provincial Governments ...	57,87,006	71,69,156	+ 13,82,150
Indian States	5,68,925	5,72,088	+ 3,163
Quasi-public bodies	24,26,858	29,09,258	+ 4,82,400
British and Colonial Governments	5,997	1,10,448	+ 1,04,451
Total	5,33,94,405	6,31,18,234	+ 97,23,829

" The value of important items of Engineering and Miscellaneous stores wholly or partially manufactured in India, for which contracts were placed during the year, amounted to Rs.2,75,85,000, representing 43·7 per cent. of the total value of purchases during the year, as against 38 per cent. in the year 1936-7.

" *Details of important purchases of Engineering Miscellaneous Stores.*—The more important purchases of Engineering and Miscellaneous stores made during the year were:—

	Rs.
Axles, tyres, wheels, screw couplings, underframe parts, etc., for railway wagons and locomotives	74,98,000
Mild steel sections and sheets	53,69,000
Railway permanent way material and fittings ...	41,27,000
Cables, conductors and transmission line material	28,20,000
Road dressing materials	26,88,000
Tools, including track tools, hand tools and workshop tools	24,75,000
Lubricating oils and greases	22,26,000
Paints, enamels and varnishes	21,21,000
Motor vehicles and spare parts	20,90,000
Cement	20,49,000
Steel structures, tanks and stagings	15,81,000
Oil, kerosene	14,88,000
Diesel rail cars	14,20,000
Cells, electric, primary, secondary and spare parts ...	11,60,000
Oil, fuel	10,25,000
Fans, electric	10,22,000
Pipes and specials, C.I.	10,16,000
Lamps, electric	10,08,000
Wagons and trucks	7,59,000
Wire, G.I.	7,31,000
Bolts and nuts	6,70,000
Dynamos and other train lighting equipment ...	6,52,000
Pig iron	6,37,000
Vacuum brake fittings	6,20,000
Generating sets, engines and spares	5,81,000

	Rs.
Pipes and fittings, M.S. and G.I.	5,15,000
Sheets, galvanised iron	4,94,000
Coal and coke	4,85,000
Tyres and tubes, rubber	4,79,000
Electrical fittings and miscellaneous electrical stores	4,11,000
Engineering plant, machinery and spare parts ...	4,10,000
Tubes, boiler, flue, etc.	4,07,000
Sheet piling, steel	3,92,000
Gas, oxygen, acetylene, etc.	3,66,000
Broadcasting equipment	3,65,000
Oil, castor	3,39,000
Signalling and interlocking materials	3,33,000
Lead	3,17,000
Charpoys, tubular	2,90,000
Aeroplane hangars	2,84,000
Pipes, Hume	2,53,000
Acids, chemicals, etc.	2,50,000
Road rollers and road making equipment	2,36,000
Petrol	2,34,000
Steel, spring, tool	2,28,000
Bricks, fire and fireclay	2,28,000
Locomotives and spare parts	2,18,000
Pumping sets and spares	2,16,000
Pipes, asbestos	2,11,000
Wire ropes	2,02,000
Oil, linseed	1,96,000
Fittings, water supply	1,91,000
Superheater elements	1,82,000
Creosote	1,59,000
Motors, electric	1,55,000
Insulators	1,53,000
Antimony	1,48,000
Zinc	1,48,000
Hoses, I.R., canvas and pneumatic	1,48,000
Cranes, lifts, hoists	1,47,000
Brushes	1,47,000
Electrodes	1,47,000
Point rodding	1,42,000
Sheets, asbestos cement and accessories	1,37,000
Turpentine and rosin	1,37,000
Meters, electricity	1,35,000
Fire extinguishers	1,24,000
Belting	1,23,000
Weighing machines and weighbridges	1,20,000
Tractors	1,16,000
Meters, water	1,15,000
Grinding wheels	1,14,000
Boilers	1,02,000
Fencing materials	98,000
Roofing materials	94,000
Timber	91,000
Electrolyte	86,000
Cooking ranges and spare parts	82,000
Sea and river craft	82,000
Files, steel	80,000
Chemical apparatus	76,000
Oil stand	76,000
Air compressor	75,000

	Rs.
Sanitary fittings	71,000
Calcium carbide	68,000
Telephone and signalling materials	68,000
Wood screws	64,000
Ball and roller bearings	58,000
Explosives	55,000
Locks	54,000
Soaps	52,000
Dust shields	50,000

“ Among the important contracts handled by the Department during the year the following may be specially mentioned.

(1) Rail cars for the N.W. Railway	14,20,000
(2) Steel work for Cochin Harbour bridges	11,45,684
(3) M.G. goods wagons for Jodhpur Railway	7,50,000
(4) Hangars for the R.A.F. Ambala and Drigh Road	2,84,328 ”

Encouragement of Indian Industries and Purchases of Indigenous Products.—I have referred in Chapter I to the powerful stimulus which the activities of the Indian Stores Department exert on Indian industries. The following brief summary of the work of the Department will be read with interest and some concern by United Kingdom Contractors:—

“ The Department continued to take advantage of every opportunity that offered to encourage and assist manufacturers in India in improving the quality of their products by means of technical advice and suggestions in the course of purchase and inspection. Every endeavour was made to substitute supplies of indigenous manufacture, wherever possible, without sacrifice of economy and efficiency. A few notable instances are cited in the following paragraphs:—

“(1) *Entomological insect store and postal boxes.*—It was observed from the indents placed on the Director-General, India Store Department, London, that these boxes were being obtained from abroad. So as to enable the concerns in India to compete in this line, drawings were prepared of sample boxes obtained from the Indenting Officer and distributed with an enquiry which was addressed to all likely manufacturers, who were asked to submit their quotations and samples in case it was possible for them to manufacture such boxes. The replies disclosed the fact that these boxes could be obtained in India and at prices comparing favourably with those of the imported boxes, and the samples received from the firms together with their quotations were referred to the Indenting Officer for his examination and comments. At first the Indenting Officer did not approve of the quality of the samples due to certain minor defects, but it was pointed out to

him that such defects could be easily rectified when arranging supplies and he agreed to place his indents, in future, on the Department. Samples were also forwarded to another indenter and, after examination of the boxes, he agreed to draw his supplies in future from concerns in India.

“(2) *Point indicator lamps*.—In the scrutiny of tenders received against a demand for this item it was observed that the price quoted by a manufacturer in India was more favourable than that of the importer. The tenders were forwarded to the indenter who preferred the proprietary imported brand as he had no experience of other makes. After placing an order as indicated by him the matter was pursued and the Indian manufacturer was asked to send a sample for trial direct to the Indenting Officer concerned. This has resulted in his approval of the lamps manufactured in India for his future requirements.

“(3) *Drill cloth*.—Advice was given to a firm in Bombay during the course of inspection of supplies against an order placed with the firm by the Department to weave their drill cloth on ‘tappet’ looms instead of ‘Dobby’ looms with the result that a distinct improvement in cover and finish of the cloth was effected.

“(4) *Malleable iron castings*.—In the course of inspection, advice was rendered to a local metal works and foundry in respect of the preparation of special moulds and cores, annealing and testing in connection with malleable cast iron vacuum brake and signal components manufactured by them. As a result, their products have attained a high standard and now compare favourably with imported articles both in quality and finish. The development of this industry has brought about a considerable reduction in the imports of these castings.

“(5) *Berth light fittings and side lamps*.—Against tenders invited by the Department for berth light fittings and side lamps a competitive offer was received from a Calcutta firm, but the samples which accompanied the tender were not acceptable as they exhibited a number of defects. These were pointed out to the firm, who were asked to forward fresh counter samples after effecting the necessary improvements. With the assistance rendered by the Department, the firm have now been able to produce side lamps, which have been approved by a State Railway, and a trial order will be placed.

“(6) *Locks iron guards.*—In view of the difficulties experienced in getting satisfactory supplies of this article, a few selected Aligarh firms were asked to submit samples together with their quotations. With the exception of one firm, whose samples were considered suitable, samples received from others exhibited a number of defects and they were instructed in detail as to the measures to be taken to remove the defects.

“Among other articles, to which special attention was devoted during the year, for the purpose of developing their manufacture in India or their utilization in preference to imported articles, the following may be mentioned:—

Anti-waste cocks, scissors, whistles with chains, zinc cells, table knives and regulators for railway carriage fans.

“*Exhibition of Indian Manufactures.*—The arrangements made in the Imperial Secretariat Buildings, New Delhi, for exhibiting articles of Indian manufacture have already been mentioned in previous reports. The utility of this exhibition to manufacturers appears to be fully appreciated and during the year exhibits comprising chemicals, oils, paints, varnishes, surgical dressing, glassware, an electric ceiling fan, a steel almira, a safe, boots and shoes were received from manufacturing concerns in India.”

Important Purchases of Articles of Indian Manufacture.—The following is a list of the more important contracts placed during the year for products which were wholly or partially produced or manufactured in India:—

Textiles and Leather Goods.

	Rs.
Tents and tent components	18,22,000
Blankets	16,67,000
Drills	13,11,000
Flannel	11,90,000
Greatcoats and greatcoat cloth	10,06,000
Jackets, cardigan, waistcoat, jerseys, etc.	9,04,000
Socks, stockings, gloves, etc.	8,37,000
Cotton waste	6,40,000
Pugree cloth, dyed and bleached	5,45,000
Serges	5,29,000
Putties, cotton and woollen	4,21,000
Rugs, horse	2,95,000
Drawers, cotton and woollen	2,85,000
Garments, uniform	2,29,000
Dhoti cloth, long cloth and dosuti cloth, etc.	2,18,000
Duck, cotton	1,85,000
Durries	1,85,000
Yarn, cotton and woollen	1,67,000
Paulins, flax, jute and hemp	1,66,000
Ropes, head and heel, loading and picketting, etc.	1,46,000
Cordages, cotton, etc.	1,39,000

	Rs.
Wool, cotton, absorbent	1,33,000
Sheets, barrack and hospital	1,32,000
Cloth, cord	1,30,000
Carpets	1,23,000
Tape and webbing	1,16,000
Thread, sewing and twine	1,07,000
Bags, postal (flax, jute, leather, etc.)	98,000
Twill, cotton	96,000
Bandage cloth	94,000
Flannelette	86,000
Gauze, absorbent	81,000
Cloth, jaconet, dungaree, etc.	77,000
Boots, shoes, etc.	70,000
Covers and nets, tank, mule	68,000
Hessians and gunnies	55,000
Towels and towelling cloth	53,000
Kanats for aerodrome hangars	51,000
Hides, skins and leather accoutrements	50,000
Nets, mosquito	47,000
Wool, stuffing, packing and trimmings	43,000
Capes, coats and hoods, waterproof	42,000
Caps, cotton, balaclava, etc.	36,000
Dusters, sponge cloths, cloths table, etc.	33,000
Cloth, baize and Oxford	27,000
Cases, pillow, mattresses, etc.	23,000
Cloth, stockinette	20,000
Cloth, collar	17,000
Coir and coir made articles	14,000
Canvas	14,000
Kullahs, lungies and fringes, etc.	10,000
Bunting and flags	10,000
Shirts, blouses, etc.	10,000
Covers, bonnet	10,000
<i>Engineering and Miscellaneous Stores.</i>	
Mild steel sections and sheets	44,00,000
Railway permanent way materials and fittings	39,78,000
Cement	20,38,000
Road dressing materials	20,17,000
Cables, conductors, etc.	17,25,000
Steel structures, tanks and stagings	16,41,000
Paints, enamels, varnishes and dry pigments	16,32,000
Component parts for railway carriage underframes and screw couplings	10,26,000
Pipes and specials, cast iron	10,14,000
Lubricating oils and greases	7,30,000
Pig iron	6,46,000
Coal	5,02,000
Aeroplane hangars	4,68,000
Bolts and nuts	3,72,000
Gases	3,47,000
Oil, castor	3,39,000
Anchor plates and rails	3,28,000
Axles, tyres, wheels and underframe parts for locomotives and railway wagons	3,09,000
Gharpoys	2,90,000
Fans, electric	2,71,000
Signalling and interlocking materials	2,65,000
Pipes, Hume	2,38,000

	Rs.
Bricks, fire and fire clay	2,26,000
Lamps, electric	1,98,000
Oil, linseed	1,97,000
Vacuum brake fittings	1,76,000
Creosote	1,58,000
Point rodding	1,42,000
Sheets, asbestos, cement and accessories	1,35,000
Insulators	1,22,000
Rubber tyres and tubes	1,19,000
Acids and chemicals	1,13,000
Cells, primary	91,000
Tools, track	88,000
Turpentine and rosin	87,000
Sheets, galvanised iron	78,000
Oil stand	76,000
Bodies for motor chassis	63,000
Furniture, steel	61,000
Soaps	57,000
Miscellaneous electrical stores	55,000
Locks	54,000
Pipes, asbestos	53,000
Dust shields	49,000
Oil, kerosene	42,000
Plates, division	34,000
Broadcasting equipment	31,000
Timber	31,000
Weighing machines and weighbridges	28,000
Methylated spirit	28,000
Pig lead	25,000
Cooking ranges and spares	24,000
Roofing materials	23,000
Cylinders, cast iron	23,000
Cranes, lifts and hoists	21,000
Disinfectants	20,000
Petrol	19,000
Scales and weights	19,000
Sea and river craft	18,000
Pipes and specials, stoneware	17,000
Steel, tool	17,000
Letter boxes	17,000
Bars, stretcher	17,000
Penstocks	16,000
Fittings, water supply	15,000
Graphite and plumbago	14,000
Safes and chests	14,000
Sheets, brass	14,000
Tar, crude	14,000
Shellac	14,000
Glass plates, sheets, etc.	13,000
Brushes	12,000
Spares for loco. headlights	11,000
Antimony ingots	10,000
Keys, wooden, babool	10,000

Work of the Industrial Research Bureau.—In 1935, the Government of India, on the recommendation of the Industries Conference, agreed to the establishment, on a temporary basis for three years, of an Industrial Research Council, an Industrial

Research Bureau and a research branch of the Government Test House in Calcutta. After three years' work the Government of India decided that the Bureau was of value as an instrument for assisting the industrial and technical development of the country and they accordingly placed it on a permanent basis from 1st March, 1938.

Some idea of the value of the research work carried out in assisting existing and prospective industries, directors of industry and technical departments of Government may be obtained from the annual administration report of the Bureau, which may be consulted at the Department of Overseas Trade. The Bureau's activities are many-sided. Bulletins are published dealing with specific industrial problems, some recent ones being concerned with (1) the development of heavy chemical industries in India, (2) Indian vegetable oils, (3) purification of clay, (4) the soap industry, (5) the leather industry, (6) the handloom industry. Draft Bulletins on the electric fan and electric lamp industries are in course of preparation. Prizes have been awarded for papers dealing with clockmaking in India, the manufacture of optical instruments in India, the manufacture of sulphuric acid by the contact process, and the chemistry of the manufacture of sulphitation sugar from coloured canes. A list of technical and industrial researches and investigations in progress or in contemplation has been forwarded to the Department of Scientific and Industrial Research, London, in accordance with a reciprocal arrangement. This can doubtless be consulted by United Kingdom firms that may be interested.

The Bureau has recently been particularly active in respect of the following lines of investigation:—

Rayon.—An examination has been undertaken at the request of the Central Cotton Committee into the possibility of manufacturing artificial silk in India (both rayon and staple fibre) by the viscose and also by the acetate process.

Lubricating Oils and Paints.—The Bureau co-operates with the Central Standards Office of the Railway Board in connection with the lubrication and painting of railway rolling stock.

Hurricane Lamps.—Advice was given to a Calcutta manufacturer of hurricane lamps in connection with defects in his tinning processes.

Calcium Carbide.—Detailed advice was given to an industrialist who desired to manufacture calcium carbide in the Mettur district, Madras, where cheap electric power would be available.

Paint Manufacture.—The Government Test House in Calcutta is equipped with a laboratory paint mill. A staff of two chemical

assistants and one physical assistant devote their sole attention to problems of paint manufacture in India.

Dry Cells.—Investigations have been carried out on an extensive scale into:—(a) the determination of the assembly and maturing processes necessary for the production of high-quality cells, and (b) comparative tests of raw materials with a view to utilising indigenous materials wherever possible.

Internal Combustion Engines.—The superior staff engaged on internal combustion engine work during the past year consisted of two physical assistants and one chemical assistant.

Vegetable Oils as Lubricants and as Fuel.—Tests of various blends of Indian vegetable oils in the Government Test House are reputed to show that certain blends are suitable as lubricants and that groundnut oil gave practically as good a performance for fuel purposes in a diesel engine as Shell diesel oil.

Glass.—The activities of the Bureau during the year under review have been mainly concerned with the construction and setting to work of an improved pot type furnace in the factory of the Star Glass Works at Ferozabad, U.P. The work of collecting, examining, analysing and classifying raw materials available in India to determine their suitability for glass manufacture was continued. The investigation into the possibility of manufacturing china glass in India was brought to a successful conclusion. Liquid gold has also been produced on a laboratory scale. Samples of U.K. glass ampoules and containers used by the Indian Medical Service for serums and drug tablets were analysed with a view to ascertaining the possibility of their manufacture from glass made in India.

Soaps.—Much work has been undertaken during the past three years to stimulate soap manufacture.

Casein Plastics.—The Bureau have been requested by the Research Council to prepare a report on the economic possibilities of the manufacture of plastics in India.

Electric Lamps.—Assistance continues to be rendered to electric lamp factories *operating in India with Indian capital and management* by means of periodic tests of groups of their lamps. Electric lamps to the total of 105 were tested on behalf of two Calcutta firms and one Bombay firm in connection with this scheme during the year.

Miscellaneous.—Technical information has been provided regarding manufacture of the following items, several of which are already being produced in India:—spectacles, glass bangles, bakelite, sealing wax, razor blades, typewriter ribbons, buttons, silver thread, galvanised iron buckets and briquettes from paddy husk.

Purchases of Railway Materials.—The most recently published report on Indian Railways for 1936-37 states that the value of stores purchased by Class I Railways (excluding H.E.H. the Nizam's State and Jodhpur Railways which are mainly the property of Indian States) amounted to Rs.13.64 crores during 1936-37, showing a decrease of Rs.1.93 crores as compared with 1935-36. The principal decreases, as indicated in the statement below, were under rolling stock (Rs.1.39 lakhs); hardware, copper, tin and zinc ware (Rs.18 lakhs); all other stores (Rs.17 lakhs), and permanent way material and track tools (Rs.16 lakhs). Of the total decrease of Rs.1.93 crores, Rs.0.99 crore were under "imported materials" and Rs.0.94 crore under "indigenous materials". The decrease under the former was mainly under rolling stock (Rs.79 lakhs); all other stores (Rs.11 lakhs); hardware, copper, tin and zinc ware (Rs.8 lakhs), whereas under the latter it was mainly under rolling stock (Rs.60 lakhs), permanent way material and track tools (Rs.17 lakhs) and hardware, copper, tin and zinc ware (Rs.10 lakhs).

Particulars.	Value of imported materials.			Value of indigenous materials.	Total purchases.	
	Purchased direct	Purchased through agents in India	Total imported materials.		1936-7.	1935-6.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).		Rs. (lakhs).	Rs. (lakhs).
A. Bridge work and its parts, fittings and special parts, fittings and special fastenings ...	1	1	2	18	20	13
B. Engineering plant and components including all hand and power machinery ...	1	10	11	1	12	9
C. Workshop machinery, plant and equipment, including pneumatic machinery and tools	11	11	22	2	24	27
D. Permanent way material and track tools ...	7	11	18	2,65	2,83	2,99
E. Rolling stock ...	68	88	1,56	69	2,25	3,64
F. Building materials, water mains, sewage system and track and yard enclosing material and signal and interlocking material, etc. ...	2	15	17	24	41	51
G. Stores hardware, copper, tin and zinc ware, all leather, canvas and india-rubber in bulk, metals, painters' stores, timber and fuel oil, etc. ...	13	1,02	1,15	3,43	4,58	4,76
H. Electrical and train and locomotive lighting plants and materials, etc., and telegraph and telephone equipment ...	14	55	69	5	74	74
All other stores ...	6	84	90	1,37	2,27	2,44
Total ...	1,23	3,77	5,00	8,64	13,64	15,57

Value of stores purchased by State-managed and Company-managed Railways during 1931-32 to 1936-37, value of stores purchased by those Railways through the Indian Stores Department and value of stores purchases controlled by the Railway Board for those Railways during that period.—A statement is given below showing the value of stores imported direct, imported stores purchased in India, and indigenous stores purchased by the State-managed and Company-managed Railways during the years 1931-32 to 1936-37, together with the value of stores purchased by those railways through the Indian Stores Department and also the value of stores purchases controlled by the Railway Board during the same period:—

(Figures in thousands)								
Railways.	Total value of stores purchased.				Value of stores purchased through Indian Stores Department.	Percentage of Column 6 to Column 5.	Value of stores purchases controlled by the Railway Board.	Percentage of Column 8 to Column 5.
	Stores imported direct.	Imported stores purchased in India.	Stores of Indian manufacture or of indigenous origin.	Total.				
I.	2.	3.	4.	5.	6.	7.	8.	9.
1931-32.								
State-managed ...	1,03,23	2,91,56	5,47,71	9,42,50	1,18,08	12.53	4,51,48	47.90
Company-managed	1,41,21	1,28,46	3,87,24	6,56,91	7.87	1.20	1,73,73	26.42
Total ...	2,44,44	4,20,02	9,34,95	15,99,41	1,25,95	7.87	6,25,21	39.10
1932-33.								
State-managed ...	8,54	2,26,28	3,95,16	6,29,98	1,46,84	23.38	2,61,05	41.44
Company-managed	79,00	1,07,12	2,87,83	4,73,95	4.70	0.99	95,87	20.23
Total ...	87,54	3,33,40	6,82,99	11,03,93	1,51,54	13.72	3,56,92	32.33
1933-34.								
State-managed ...	6,81	2,50,63	4,94,51	7,51,95	1,70,93	22.73	3,22,17	42.84
Company-managed	66,36	1,12,71	2,65,56	4,44,63	3,81	0.85	77,58	17.45
Total ...	73,17	3,63,34	7,60,07	11,96,58	1,74,74	14.60	3,99,75	33.40

1934-35.								
State-managed ...	5.40	2,57.11	5,42,69	8,05,20	2,53,51	31.48	3,48,19	43.24
Company-managed	1,10,90	1,45,65	3,51,58	6,08,13	6,15	1.01	1,40,18	23.05
Total ...	1,16,30	4,02,76	8,94,27	14,13,33	2,59,66	18.37	4,88,37	34.55
1935-36.								
State-managed ...	6.37	3,36,88	6,14,15	9,57,40	2,78,11	29.05	4,05,78	42.38
Company-managed	1,23,99	1,32,21	3,43,68	5,99,88	6,76	1.13	1,40,28	23.38
Total ...	1,30,36	4,69,09	9,57,83	15,57,28	2,84,87	18.29	5,46,06	35.06
1936-37.								
State-managed ...	5.31	2,58,65	5,33,26	7,97,22	*3,29.44	41.32	3,17,91	39.88
Company-managed	1,18,12	1,18,13	3,30,41	5,66,66	28.32	5.00	1,10,46	19.49
Total ...	1,23,43	3,76,78	8,63,67	13,63,88	3,57,76	26.23	4,28,37	30.69

* Purchases to the value of Rs. 97,198 for the Chief Mining Engineer, Railway Board, Rs. 5,043 for the Central Publicity Bureau (Indian State Railways) and Rs. 251 for the Railway Clearing Accounts Office made through the Indian Stores Department during 1936-37 are omitted from this figure.

It will be seen that the value of stores imported direct by the State-managed Railways has decreased from Rs.103.23 lakhs in 1931-2 to Rs.5.31 lakhs in 1936-7. This is the direct result of the new stores purchase rules (commonly known as the rupee tender system) which became obligatory on those Railways with effect from the 1st January, 1931. The percentage of the value of indigenous stores to the total value of all stores purchased by these Railways has increased from 58.11 per cent. in 1931-2 to 66.89 per cent. in 1936-7. The value of stores purchased by these Railways through the Indian Stores Department has also been increasing steadily.

In the case of Company-managed Railways the value of stores imported direct decreased during the aforesaid period from Rs.141.21 lakhs to Rs.118.12 lakhs. The value of stores purchased by these Railways through the Indian Stores Department has increased from Rs.7.87 lakhs in 1931-2 to Rs.28.32 lakhs in the year under review.

Purchase of Defence Services Requirements.—I am indebted to Colonel W. leC Brodrick, Director of Army Contracts at Army Headquarters, Simla, for the following succinct account of the activities of his department during the financial year ended 31st March, 1938.

“(a) *Introductory.*—The position remains unchanged since the introduction of the rupee tender system on 1st January, 1931. The bulk of the imported stores contracted for in India are purchased by the Director of Contracts at Army Headquarters, Simla, who acts for all branches of the Defence Services in India. Lethal weapons, munitions of war, technical apparatus and equipment and any other stores required by the Naval, Military or Air Forces of the Crown in India for which drawings, patterns, specifications or designs have been issued, prescribed or announced by the Admiralty, War Office, Air Ministry, Government of India or Commander-in-Chief in India are, by virtue of Rule 8 of the revised Stores Purchase Rules, obtained by indent on the India Store Department, London, unless they are available in India in accordance with the prescribed drawing, pattern, specification or design. The Indian Stores Department in India purchase the Army textiles, motor transport vehicles, and also the Engineering requirements of the Engineer-in-Chief’s branch of Army Headquarters. The remainder of the heterogeneous mass of stores required by a modern army is purchased by the Director of Contracts. The wide variety of the items in which he is interested is shown in the following list of 52 main groups:—

“1. Acids and Chemicals (including artificial manure); 2. Ammunition and Explosives; 3. Batteries and Cells (primary and secondary); 4. Boilers;

5. Brushware; 6. Crockery; 7. Cutlery and Plate; 8. Dairy Requisites; 9. Electric Cables and Wires; 10. Electrical Stores, Miscellaneous; 11. Engines, internal combustion; 12. Engines, steam; 13. Food-stuffs; 14. Footwear; 15. Glassware; 16. Haberdashery; 17. Hardware and Ironmongery; 18. Head-ware; 19. Hollow-ware, aluminium; 20. Hollow-ware, enamel; 21. Hollow-ware, iron; 22. Instruments, musical; 23. Instruments, optical, scientific and surveying; 24. Iron and Steel (and their alloys); 25. Leather and Products; 26. Machinery, agricultural and dairy; 27. Machinery, miscellaneous; 28. Machinery, workshop; 29. Metals, non-ferrous (ingot and sections); 30. Mill Stores; 31. Miscellaneous Stores; 32. Oil and Colourmen's Stores; 33. Oils (mineral and vegetable) and Lubricants; 34. Packing materials; 35. Paints, Enamels and Varnishes; 36. Photographic stores; 37. Road Dressing Materials; 38. Rubber goods; 39. Ship Chandlers' stores; 40. Soap; 41. Stationery and Drawing Office and General Office Requisites; 42. Tanning materials; 43. Telegraph, telephone and wireless stores; 44. Textiles; 45. Timber; 46. Tinware; 47. Tools; 48. Vehicles and accessories; 49. Weighing Appliances; 50. Wickerwork; 51. Wire (steel and iron) and products; and 52. Woodware."

" In view of the imperative need for absolute reliability in Army equipment, the greatest stress is laid by the Director of Contracts upon sound quality. Purchases are made at the keenest possible prices, but the Defence Services cannot afford to take risks by reducing quality, either in order to effect economies or to encourage local industries.

" (b) *Value of Purchases.*—The aggregate value of stores purchased by the Director of Contracts was approximately Rs.3,38,00,000 (£2,535,000) of which nearly two-thirds represented the value of indigenous stores, the remaining one-third being accounted for by imported stores purchased from stockists and agents in India or direct from overseas manufacturers. This does not include stores obtained by Defence Services in India on indent direct from the India Store Department, London, under Rule 8 of the Store Purchase Rules, to the value of approximately £1,700,000.

" (c) *Types of imported stores purchased.*—Following is a list of important types of imported stores purchased by the Director of Contracts:—

" Abrasive materials; Accumulators; Acid, Boric; Agricultural Implements; Air Testing and Can Washing machines; Artificial manures; Barrows, wheel;

Bleaching powder; Boilers; Bolts, Nuts, Screws and Washers, etc.; Brake Lining; Brasses, Cleaning; Cables and Wires, Electric; Cement Water Proofer; Chamois leather; Combs, Curry; Cranes, Electric; Cylinder Liners; Dairy Requisites; Engines, Steam and Internal Combustion; Explosives; Ferromolybdenum; Fire Fighting appliances; 'Gerrard' Wire and wire typing machines; Hardness testing machines; Lead sheet, pure; Locomotive; Machine tools; Machinery and plant, trade type, for Ordnance Factories; Manganese copper; Motors Electric; Musical Instruments; Nickel, pure; Paper, packing, water-proof; Photographic stores; Pipes, Lead; Razor blades; Rope, galvanised; Scientific apparatus; Sewing machines; Shots, chilled iron; Steel, nickel; Tape, insulating; Tools, hand; Vehicles and accessories; Weighing machines and weighbridges; Welding and cutting equipment.

“ (d) *Procedure for invitation of tenders, placing of contracts, etc.*

“ I. *Agency Purchases.*—The bulk of the indigenous foodstuffs as well as jute manufactures are purchased through accredited agents.

“ II. *Contract Purchases.*—All other stores—indigenous and imported—are obtained on contract by competitive tenders from contractors registered with the Director of Contracts. Should an unregistered firm tender, its credentials are verified prior to placing business with it. Tenders valued at Rs.5,000 and over are advertised in the Indian Trade Journal, a weekly journal published by the Director-General of Commercial Intelligence and Statistics, Calcutta—every Thursday—copies obtainable from the Manager of Publications, Civil Lines, Delhi—to whom the subscription (Indian (including postage) Rs.18/-; Foreign (including postage) Rs.22/-) is payable. This journal is the official medium for tender advertisements, etc., of Government Purchasing Organisations.

“ All tenders are invited for delivery and inspection in India and for payment in rupees. In the case of important imported stores simultaneous tenders are also invited through the India Store Department, London. Quotations c.i.f. India in rupees only are considered—sterling quotations cannot be considered. In specified instances inspection by the India Store Department, London, prior to shipment, is arranged. Firms in the U.K. are advised to keep in close touch with the India Store Department, London, by registering their names with that Department. Occasionally the Director of Contracts invites tenders

direct from overseas firms. In such instances firms in the U.K. are advised to comply strictly with the instructions given for submission of tenders.

“ All purchases are made on a strictly competitive basis.

“(e) *Irregularities noticed in tenders, etc., of U.K. firms:—*

“ The following irregularities and omissions have often been noticed in tenders submitted by firms in the U.K. and in the execution of orders placed with them:—

“ (i) Tenders received late, i.e., after the specified date for receipt.

“ (ii) Quotations given in sterling instead of in rupees.

“ (iii) Quotations given subject to exchange fluctuations instead of at a definite price.

“ (iv) Quotations given on basis of delivery later than contract date.

“ (v) Failure to adhere to the clear instructions given in contracts, with regard to the method of submission of invoices and other documents—resulting in delay in clearance of consignments, demurrage, delay in payment, etc.

“ (vi) Shipment of stores without prior inspection by Director-General, India Store Department—where contracts specify such inspection—necessitating inspection after arrival of consignments at the ultimate destination in India—with consequent delays in payment and possible risk of rejection in India.

“ (vii) Failure to quote direct to the Director of Contracts on the grounds that the firm concerned is represented in India.

“ (viii) Delays in delivery.

“(f) *Development of indigenous industries vis-à-vis imported stores.*

“ In pursuance of the policy of the Defence Services in India to develop indigenous sources of supply, the indigenous manufacture of the following stores which were previously imported has been established:—

“ Axes, Felling, Heads; Axes, Pick, Heads; Barbed Wire; Batteries and Cells; Certain items of Brushware; Cutlery; Combs, Curry; Certain items of Tools; Eyelets, Brass; Enamel Plates; Garniture (Buttons, Aluminium; Buttons, Horn; Hooks and Eyes, Brass; Hooks, Waist, Brass; Buckles, White metal; Buckles, Brass, Nickel plated; Rings, Split, Brass); Glycerine (for Nitro-Glycerine); Certain items

of Grease; Ground Sheets; Hay Forks; Hoods for Milk Bottles; Hurricane lanterns; Kit, Tool, Empty; Lamp Reservoirs and Burners; Line Whip Cord; Respirator Anti-gas (Rubber Components); Rings (tin fasteners) for milk bottles; Rings, Rubber; Shoes, Canvas with Crepe Rubber Sole; Spurs, Jack.

“ In individual cases, where the circumstances warrant it, a limited price preference is given as an encouragement.”

Medical Stores.—The following special note has been courteously provided by Lieut.-Colonel W. M. Will, I.M.S., Deputy Director-General (Stores) of the Indian Medical Service:—

“ There are four Medical Store Depots located at Madras, Bombay, Calcutta and Lahore. They are administered by the Director-General, Indian Medical Service, on behalf of the Government of India, Defence Department. Since the separation of Burma from India in April, 1937, the Medical Store Depot at Rangoon is no longer under the administrative control of the Director-General. These Depots were originally established to ensure the supply of drugs, instruments and appliances of uniform quality and pattern for the Army in India. In course of time their sphere of activity was extended and by a normal process of evolution civil medical institutions turned to them as the most reliable source of supply.

“ The Depots were, at first, only distributing centres. It was, however, discovered that some of the drugs could be more economically manufactured in India than imported from abroad and in consequence the necessary plants were installed in the Madras and Bombay Depots. The number of items manufactured gradually increased, especially during the war, and there are now at the above-mentioned two Depots modern and up-to-date factories, employing Indian labour capable of supplying all Government institutions in India with drugs and preparations of the British Pharmacopoeia standard. At each of these factories there is employed a highly qualified advisory chemist, whose duties include the analytical examination of every preparation made in the depot factory and all supplies received from outside to ensure that they are up to the prescribed standard. They also examine, immediately they are received from Europe and thereafter at frequent intervals, all anaesthetics and drugs liable to deterioration. Further, as soon as it is found that a preparation of the required standard can be obtained in India at a rate not more than the cost of manufacture in the depots, the manufacture of that particular item is discontinued and it is purchased

locally. More than half the amount provided for purchase of stores is, in this way, spent on purchases made in India. Stores worth Rs.10,15,115/- were imported in 1937-8 while stores worth Rs.14,53,277/- were purchased in India during the same period. It is not the policy of Government to compete with private enterprise and private institutions are not encouraged to obtain their supplies from the Medical Stores Department.

“ The number of surgical instruments and appliances now manufactured in India has increased considerably in recent years with the result that quite a number of these items, at one time imported from Europe, is now obtained locally.”

Department of Posts and Telegraphs.—The Director-General of Posts and Telegraphs in his annual report for 1936-7 summarises the stores transactions of the telegraph stores during the years 1935-6 and 1936-7 in the following table:—

	1935-6.	1936-7.
	Rs.	Rs.
Opening Balance	44,86,000	48,95,000
Receipts	71,07,000	65,83,000
Issues	66,98,000	63,11,000
Closing Balance	48,95,000	51,67,000

The closing balance includes the stock of stores maintained for possible military requirements, valued at Rs.20,53,000, interest on which is excluded from the departmental accounts. The department continued to pursue the policy of manufacturing in its own workshops as much of its requirements as was possible having regard to efficiency and economy in production. The total value of stores purchased in India was Rs.44,15,918 as against Rs.43,12,023 in 1935-6. Purchases made outside the country amounted to Rs.316 only. The value of instruments manufactured in the telegraph workshops increased from Rs.2,69,100 in 1933-4 to Rs.6,29,000 in 1936-7 indicating that increased demands are being more generally met by local resources than by importation from abroad.

Telephone Development.—The steady extension of telephone lines throughout the country is evidenced by the following figures of imports of telegraph and telephone instruments and apparatus:—

	1935-6.	1936-7.	1937-8.
	Rs.	Rs.	Rs.
From the U.K.	12,49,729	16,81,894	15,47,068
From other Countries	5,00,633	2,38,089	6,92,119
Total Imports	17,50,362	19,19,983	22,39,187

Further considerable contracts for telephone apparatus have recently been placed, mainly in the United Kingdom, and the Government of India are stimulating new construction by capital grants, it having been clearly demonstrated that telephone business in India is a lucrative investment.

At the end of 1936-37 the number of exchanges owned and maintained by Government was 442 with 24,246 straight line connections and 4,757 extension telephones. Of these, 192 with 1,658 straight line connections and 672 extension telephones were worked by non-departmental agencies. There were also 430 independent non-exchange systems with 901 telephones. The revenue earned during the year was Rs.46,55,000 from rents and Rs.32,30,000 from trunk call fees, compared with Rs.44,22,000 and Rs.29,60,000 respectively in the previous year. Licensed telephone companies operate in some of the largest towns and own 29 exchanges with 47,486 telephones (including 2,433 non-exchange telephones). The revenue earned by the Companies' systems was Rs.94,50,700 against Rs.86,76,300 in the previous year, yielding a royalty to Government of Rs.4,58,000 against Rs.4,23,000 in 1935-36. The India-Burma Radio Telephone Service was opened from 24th December, 1936. It was subsequently extended to all places in India, Ceylon and Burma which are served by the ordinary trunk service.

The Canteen Contractors Syndicate Ltd.—United Kingdom purveyors of provisions and Canteen stores will be familiar with the rapid progress made by this organisation since its establishment in 1928. The policy of the Syndicate has always been to give preference, where possible, to Empire goods. Its main demands are on the United Kingdom, where it operates through its buying and shipping agents, Messrs. L. R. Parker & Co. (1931) Ltd., shipments being financed through the Mercantile Bank of India Ltd., 15, Gracechurch Street, E.C. The Managing Director of the Syndicate has contributed the following note with regard to activities in 1937-8:—

“ The Canteen Contractors Syndicate Ltd., as Official Suppliers to the Contractors of British units in India for Canteen and Mess supplies has again in 1937-38 shown marked increase of turnover over all previous years. This apart from extensive demands from the army for troops' rations during the Waziristan Operations, to meet which the Syndicate was responsible pending the taking over of these supplies by the Director of Contracts. For the supply of Canteen requirements throughout the field an Advanced Canteen Depot was installed at Bannu and stocked with every provision for which there might be possible call. Its presence, with the further depot in reserve at Rawalpindi, was greatly appreciated by the Contractors, as also by the

Military Authorities. The success of these up-country depots, in addition to the Syndicate's port depots at Karachi, Bombay, Calcutta and Madras, has suggested the establishing of still another centre at Delhi by which the more rapid service to Contractors and their Units in the United Provinces is secured.

“ The recent visit of the General Manager to England was productive of many new contacts and a clearer understanding among manufacturers of the quasi-official status of the C.C.S., Ltd., and its special field of trade secured to it. The knowledge that it deals only with British and Indian Troops through its Contractor-Members, who are bound by their undertaking with the Army Authorities to sell such goods only in Military Canteens, is inducing an increasing number of firms to accord it full agency terms in the many lines it handles.

“ Enquiries concerning the Syndicate and the special field of trade it covers may be addressed to the Managing Director, Canteen Contractors Syndicate, Ltd., P.O. Box No. 113, Karachi, India. Its Price List comprises, besides a complete range of provisions tinned and refrigerated, every requirement of the troops, Messes and Married Families, including Confectionery, Patent Foods, simple Medicines, Essences, Toilet Requisites, Stationery, Soaps, Haberdashery, Polishes, Cleaning Materials, Cigarettes, Tobaccos and Smoking sundries, Cutlery, Hardware, Billiards equipment and other supplies.”

CHAPTER V.

DETAILED EXAMINATION OF THE LEADING IMPORT TRADES WITH SPECIAL REFERENCE TO CHANGES IN THE CHARACTER, VOLUME AND ORIGIN OF THE IMPORTS DURING THE FISCAL YEAR 1st APRIL, 1937, TO 31st MARCH, 1938.

General Note.—Unless otherwise stated, the statistics in this section are drawn from the publications of the Department of Statistics, Government of India, and relate to imports on private account only. Since all Indian statistics are now given in rupees and not in sterling, and in view of the labour which would be involved in converting into sterling, the lakh of rupees (Rs.100,000 or £7,500 at 1s. 6d. exchange) has been taken as the usual unit. It is fully realised that this is not, from the point of view of the reader in the United Kingdom, so convenient a unit as the £ sterling.

Note with regard to Burma.—From the 1st April, 1937, following the separation of Burma from British India, the Accounts

of the Seaborne Trade of the latter *include* the trade of British India with Burma and from the same date *exclude* the direct foreign trade of Burma with countries other than India.

It follows from the foregoing that a percentage of the total imports into British India is now represented by imports from Burma and the *percentage* shares of all the other countries of supply are correspondingly reduced. This explains the heavy reductions in the percentages of trade in the current year as compared with that of 1936-7.

Furthermore, as regards the grand total of the import trade of British India and also the respective sub-totals (as distinct from percentages) of the various countries of supply, the grand total of imports will now be *increased* by the imports from Burma (approximately Rs.26 crores) but *decreased* by the imports into Burma from overseas countries other than India (approximately Rs.11 crores).

Therefore, for comparison purposes with 1936-7, of the increase during the year, viz., Rs.48 crores, Rs.15 crores is attributable to the statistical change following separation from Burma and Rs.33 crores to the improvement in general economic conditions.

Similarly as regards exports, the year's aggregate is now *increased* by Indian exports to Burma (approximately Rs.10½ crores) but *reduced* by exports from Burma to overseas countries other than India (approximately Rs.25 crores). Accordingly, the decrease in the exports of Indian merchandise of Rs.15 crores shown in subsequent figures must be reduced by Rs.14½ crores to get a figure comparable with the year 1936-7.

As regards the respective sub-totals of imports from various countries, in comparing the imports of the year 1937-8 with those of 1936-7 the former will no longer include such countries' shipments to Burma, as the latter are now included in the separate import returns made by that country. This point must be borne in mind throughout the whole of the present survey. For example, where, as is frequently the case, the current year's imports from a particular country exceed those of 1936-7, the measure of the increase is even greater to the extent of their direct shipments to Burma now excluded from the British Indian returns.

MANUFACTURED AND MAINLY MANUFACTURED GOODS.

Cotton Textiles.—Yarns.—The year has witnessed a further reduction by 6½ million lbs. in the imports of yarn synchronising with a further expansion of the Indian output by 105 million lbs. The Bombay Millowners' Association state that there were considerable increases in the prices of finer yarns owing to higher

prices of Egyptian cotton, 60's selling at Rs.1/2/- per lb. and 80's combed at Rs.1/8/- in March, 1937. Otherwise, markets ruled featureless during the year, the highest price for 20's being $7\frac{1}{2}$ annas per lb. and the lowest $6\frac{3}{4}$ annas per lb., with prices ruling about 7 annas towards the close of the year.

The following table gives the imports of grey yarns arranged according to counts:—

Counts.	1936-7.	1937-8.
	lbs.	lbs.
Nos. 1 to 20	76,397	249,747
„ 21 to 30	758,389	270,264
„ 31 to 40	3,283,522	1,291,335
„ 41 to 50	591,199	338,046
Above 50's	6,726,883	2,754,605
Two-folds	3,703,503	4,134,463
Total imports (grey) ...	15,139,893	9,038,460

In the range of 1's to 20's, detailed sources of origin are not yet available. Imports of 21's to 30's were drawn from the U.K. (267,864 lbs.) and Japan (2,400 lbs.). In the range from 31's to 40's, which are mainly 32's and 40's, imports from the U.K. fell from 1,076,017 lbs. to 954,323 lbs., Japan from 1,673,784 lbs. to 323,412 lbs. and China from 533,721 lbs. to 10,000 lbs. Numbers from 41's to 50's were drawn from the U.K. (329,160 lbs.) and Japan (8,500 lbs.). The higher counts above 50's were obtained from the U.K. (1,862,787 lbs.), Japan (826,718 lbs.) and China (45,600 lbs.). China has practically ceased to compete in this range. As regards two-folds, the principal trade was in 51's to 80's, totalling 2,125,951 lbs. Of this the U.K. supplied only 27,946 lbs., whereas Japan shipped 2,008,007 lbs. (compared with 658,420 lbs. in 1936-7). Two-fold 26's to 50's were drawn from Japan (1,209,805 lbs.), China (420,000 lbs.) and the U.K. (38,445 lbs.). The small imports of two-folds above 80's were drawn from Japan (261,200 lbs.) and the U.K. (31,302 lbs.).

The next table sets forth the details of the imports of bleached yarns:—

Counts.	1936-7.	1937-8.
	lbs.	lbs.
Nos. 1 to 30	93,189	158,683
„ 31 to 40	882,591	1,033,313
„ 41 to 50	16,922	10,819
Above 50's	825,840	1,016,162
Two-folds	1,134,579	655,677
Total imports (bleached) ...	2,953,121	2,874,654

The U.K. supplied practically the whole of the imports of bleached single yarns of all counts. In two-folds, however, imports below 25's were negligible. In 26's to 50's a total trade of 425,934 lbs. was divided between Japan (354,600 lbs.) and the U.K. (54,234 lbs.). Details of countries of origin are not yet available in respect of counts above 50's or of two-folds.

Coloured yarns were imported as follows:—

Counts.					1936-7.	1937-8.
					lbs.	lbs.
Nos.	1 to 30	...	...	...	313,055	36,112
"	31 to 40	...	...	...	264,546	257,041
"	41 to 50	...	...	...	5,338	2,000
	Above 50's	...	...	...	271,953	183,098
	Two-folds	...	...	...	188,270	30,726
Total imports (coloured)					1,043,162	508,977

The U.K. supplied practically all the coloured yarns with the exception of 11,117 lbs. of 1's to 30's, 12,012 lbs. of 31's to 40's, 13,000 lbs. above 50's and 1,520 lbs. of two-folds, the origin of which is not stated.

Imports of single mercerised yarns, totalling 40,784 lbs. were mostly drawn from Japan. As regards two-fold mercerised spinnings, the total trade rose from 9,351,120 lbs. to 9,557,373 lbs. Japan continues to enjoy practically the whole of this trade, which is mainly in counts above 50's.

The sources of supply of yarns of all kinds were as follows:—

Principal countries of consignment.	1936-7.		1937-8.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom ...	7,661,783	79	6,631,851	78
Japan ...	15,829,914	1,37	14,643,626	1,68
China ...	4,834,026	37	527,200	3
Other Countries ...	194,610	2	194,918	2
Total ...	28,520,333	2,55	21,997,595	2,51

The outstanding features of the table are the virtual elimination of the competition of Chinese mills owing to the Far Eastern war and the noteworthy rise in Japanese prices due to the same cause.

Indian Yarn Production.—The imports of cotton yarn are negligible when compared with the large and growing production of Indian mills.

				Indian Mills.	
				Imports in lbs.	Production in lbs.
				(1,000).	(1,000).
1913-4 (pre-war year)	...	...	...	41,171	682,777
1929-30	...	...	...	43,882	833,560
1933-4	...	...	...	32,055	921,061
1934-5	...	...	...	34,022	1,000,756
1935-6	...	...	...	44,570	1,058,297
1936-7	...	...	...	28,520	1,054,117
1937-8	...	...	...	21,997	1,159,513

The next table compares by counts the quantities of imported cotton twist and yarn with the quantities produced in Indian mills: it will be remarked that the total increase of Indian production, amounting to 105 million lbs., was fairly evenly spread over the various counts. The expansion in spinnings of 40's and upwards proceeds steadily and accounts for the recent heavy imports of Egyptian, East African and American types of cotton.

	1913-4 (pre-war year).		1929-30.		1935-6.		1936-7.		1937-8.	
	Imports.	Production.	Imports.	Production.	Imports.	Production.	Imports.	Production.	Imports.	Production.
	lbs. (000)	lbs. (000)	lbs. (000)	lbs. (000)	lbs. (000)	lbs. (000)	lbs. (000)	lbs. (000)	lbs. (000)	lbs. (000)
Cotton twist and yarn—										
Nos. 1 to 20 ...	1,254	492,693	1,047	493,382	182	594,552	253	592,092	268	607,945
,, 21 to 25 ...	896	123,995	290	181,245	174	161,705	169	148,005	41	160,292
,, 26 to 30 ...	3,686	42,999	395	90,579	1,216	126,079	819	120,757	425	142,521
,, 31 to 40 ...	23,657	19,712	20,050	46,365	13,535	112,339	4,431	123,008	2,582	152,455
Above No. 40 ...	7,859	2,699	9,013	15,279	8,710	58,528	8,484	61,852	4,327	85,113
Two-folds (doubles) ...	—	—	13,053	—	20,731	—	14,341	—	14,337	—
Unspecified descriptions and waste ...	6,819(a)	679	34	6,710	22	6,084	23	8,403	18	11,187
TOTAL ...	44,171	682,777	43,882	833,560	44,570	1,059,287	28,520	1,054,117	21,998	1,159,513

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(a) Includes white twist and yarn which commenced to be shown separately by counts from April, 1927.

Piece-goods.—The following table shows the quantities of the three main classes of piece-goods imported during the last pre-war year, the last pre-depression year, and the past five years:—

Year.	Grey (unbleached).	White (bleached).	Coloured, printed or dyed.
(All in million yards.)			
1913-4	1,534·2	793·3	831·8
1929-30	925·5	473·6	483·5
1933-4	230·1	261·9	268·7
1934-5	297·4	285·2	361·0
1935-6	331·9	263·3	351·2
1936-7	261·8	219·6	282·5
1937-8	133·1	202·2	255·6

The next statement gives the *values* in the same years:—

Year.	Grey (unbleached).	White (bleached).	Coloured, printed or dyed.
	£	£	£
*1913-4	16,966,515	9,523,204	11,907,683
†1929-30	15,694,355	9,956,641	11,359,972
†1930-1	5,150,163	4,653,855	5,113,835
†1933-4	2,293,343	3,549,364	3,940,681
†1934-5	3,023,721	4,099,275	5,573,667
†1935-6	3,254,701	3,734,185	4,843,241
†1936-7	2,532,341	3,368,512	4,124,497
†1937-8	1,425,497	3,134,905	4,212,157

* At exchange of rs. 4d.

† At exchange of rs. 6d.

The further heavy fall of 173 million yards in the total imports cannot this year be attributed to reduced consuming capacity and is directly due to the remarkable expansion in Indian mill production from 3,572 million yards to 4,084 million yards. Notwithstanding the rise in the purchasing power of the country, of which there is abundant evidence in the increased imports of other manufactured goods, the encroachment of the Indian mills into one after another of the styles which have constituted the staple piece-goods trade of the U.K. has brought about an inevitable reduction of imports. This tendency is likely to continue as the local mills increase their output and widen the range of their productions.

The following table gives the declared value per yard, in annas and pies, of the three main classes of goods over a period of years:—

Cotton Piecegoods.	1913-4. A. P.	1933-4. A. P.	1934-5. A. P.	1935-6. A. P.	1936-7. A. P.	1937-8. A. P.
Grey (unbleached)	2 8	2 2	2 2	2 1	2 1	2 3
White (bleached)	2 11	2 11	3 1	3 0	3 3	3 4
Coloured, printed or dyed ...	3 5	3 2	3 4	2 11	3 1	3 6

The rise in prices, which is particularly marked in the case of coloured styles, is mainly due to a hardening of Japanese rates in consequence of rising costs of production due to the crisis in the Far East.

Varieties of Piece-goods imported.

	1913-4 (pre-war year).	1934-5.	1935-6.	1936-7.	1937-8.
Grey (unbleached)—	(All in million yards.)				
Dhooties, saris and scarves	806.1	113.9	119.4	94.2	40
Jaconets, madapol- lams, mulls, etc.	150.4	24.0	19.6	10.7	8
Longcloth and shirt- ings	545.4	155.3	188.3	153.6	84
Sheetings	0.2	2.4	0.9	1.6	—
Drills and jeans ...	21.3	0.7	1.7	0.7	—
Other sorts	10.8	1.1	2.0	1.0	1
Total	1,534.2	297.4	331.9	261.8	133

The fall in the imports of dhooties and shirtings is striking and is entirely due to the greater quantities and improved qualities of these goods produced by the Indian mills. Lancashire has suffered most from the reduction in bordered dhooties, while the fall in grey shirtings has been at the expense of Japan. The imports of grey mulls and jaconets are entirely in U.K. hands whereas sheetings, drills and jeans, which are no longer imported were formerly supplied by Japan.

	1913-4 (pre-war year).	1933-4.	1934-5.	1935-6.	1936-7.	1937-8.
White (bleached)—	(All in million yards.)					
Dhooties, saris and scarves ...	104.3	6.5	8.7	4.9	3.0	1
Jaconets, mada- pollams, mulls, etc.	307.9	137.8	169.1	147.1	121.9	121
Longcloth and shirtings	115.3	75.8	65.4	71.8	63.0	55
Nainsooks	204.7	17.5	13.3	8.4	3.6	4
Drills and jeans...	5.7	5.3	3.3	3.8	3.0	3
Checks, spots and stripes	16.1	4.4	4.8	4.5	4.4	4
Twills	8.3	7.0	6.5	9.6	8.4	5
Other sorts	31.0	7.6	14.1	13.2	12.3	9
Total	793.3	261.9	285.2	263.3	219.6	202

The reduction in the case of bleached goods has not been quite so serious, but the fall in white shirtings is noteworthy and has been at Lancashire's expense. A glance at the table of declared values shows that bleached goods are the only category in which prices are still appreciably higher than in 1913-4. There is little doubt that the material rise in Lancashire rates, both in cloth and in bleaching charges, during the end of 1936 and the early part of 1937 is largely responsible for the drop in the trade. As Indian mill prices did not rise to anything like the same extent, there was a resultant substitution of Ahmedabad white mulls, shirtings, etc., for established Lancashire qualities. U.K. shippers not only lost trade to the Indian mills but also to Japan, the shipments from which have risen by nearly 17 million yards.

	1913-4 (pre-war year).	1933-4.	1934-5.	1935-6.	1936-7.	1937-8.
(All in million yards.)						
Coloured, printed or dyed—						
Dhooties, saris and scarves ...	115.2	18.0	25.4	19.3	16.9	17
Cambrics, etc. ...	113.6	34.2	50.9	41.5	35.5	27
Shirtings ...	152.6	59.6	85.4	92.6	43.2	53
Prints and chintz	209.7	23.7	28.0	18.6	8.6	8
Drills and jeans	30.0	53.7	53.1	70.7	75.1	69
Checks, spots and stripes ...	19.7	13.0	15.6	23.4	43.5	15
Twills ...	31.4	14.9	18.0	14.3	13.0	12
Other sorts ...	159.6	51.6	84.7	71.1	46.8	55
Total ...	831.8	268.7	361.1	351.5	282.6	256

Printed goods were reduced from 187.5 million yards to 153.3 million yards. Woven coloured goods also declined from 13.8 million yards to 10.9 million yards. Dyed goods, however, staged a recovery from 81 million yards to 91 million yards.

Sources of Imports.

(1) Plain Grey Goods.

Countries of consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	12,189,847	19	9,108,177	16
Japan ...	155,340,885	1.83	84,298,046	1.15
Other Countries ...	68,666	—	156,579	—
Total ...	167,599,398	2.02	93,562,802	1.31

The United Kingdom interest is now virtually confined to the supply of grey jaconets, mulls, and cambrics to the Madras and Bombay markets. Even this is a rapidly dying trade. Apart from these goods, some 600,000 yards of grey shirtings and the same amount of miscellaneous plain grey goods, the trade is in the hands of Japan. The rise in Japanese prices during the latter half of 1937-8 is marked.

(2) *Bordered Grey Goods.*

Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	41,303,132	73	14,871,438	28
Japan ...	52,901,768	62	24,642,591	31
Other Countries ...	6,000	—	22,000	—
Total ...	94,210,900	1.35	39,536,029	59

In the pre-depression year of 1929-30, U.K. shipments to India of bordered dhooties amounted to over 443 million yards valued at over Rs.10 crores. With the exception of fine white yarn dhooties and other specialities where the reputation of the old-established "marks" or "numbers" results in a premium being obtained in the price, the trade had disappeared, never to return, in the face of the remarkable advance in Indian production and, to a lesser degree, of Japanese competition.

(3) *Bleached Goods.*

Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	163,974,611	3.45	128,672,263	2.82
Japan ...	48,087,102	75	64,889,257	98
Switzerland ...	4,743,126	20	6,058,459	27
Netherlands ...	1,616,571	4	1,155,717	3
Other Countries ...	1,199,741	5	1,427,542	7
Total ...	219,621,151	4.49	202,203,238	4.17

Notwithstanding the improved conditions prevailing in the market, even the great U.K. bleached goods trade, the last stronghold of Lancashire, is being seriously assailed by Indian mill products and Japanese competition. Detailed figures for 1937-8 are not yet available, but in 1936-7, the trade in white mulls was divided between the U.K. (93,212,057 yards) and Japan (11,198,400 yards). Ahmedabad productions of good quality and finish are successfully competing in the markets of the Punjab and North-West Frontier Province. White shirtings were drawn from the U.K. (28,939,354 yards) and Japan (32,421,011 yards). The United Kingdom still retains a larger share of the finer jaconets, cambrics and muslins and shipped 17,201,256 yards as compared with 2,139,126 from Japan. Lancashire controls the trade in lawns (4,730,411 yards), but high prices have reduced the trade in nainsooks to 1,700,495 yards from the U.K. and 1,901,722 yards from Japan. Japanese competition, in spite of higher prices, would have been still more intense but for the fact that Japanese shipments are limited, with certain tolerances, to 10 per cent. of a maximum piecegoods quota of 358 million yards.

(4) *Printed Goods.*

Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	49,766,639	1.09	47,885,511	1.07
Japan ...	137,603,885	1.92	102,536,155	1.54
Other Countries ...	149,559	—	2,957,525	6
Total ...	187,520,083	3.01	153,379,191	2.67

The restriction of Japanese imports of printed goods to 20 per cent. of a maximum quota of 358 million yards, which came into force in 1937, has already had a marked effect. The U.K. still supplies practically all the printed saris and scarves and the prints and chintz but Japan provides 95 per cent. of the 70 million yards of printed drills and jeans, 94 per cent. of the checks, spots and stripes, 75 per cent. of the printed shirtings and practically the whole of the flannelettes. Japanese shipments of printed goods are up to the maximum tolerances allowed under the quota.

(5) *Dyed Goods.*

Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	63,433,947	1,71	62,550,410	1,93
Japan ...	13,186,097	23	22,916,875	41
Switzerland ...	2,816,325	9	3,242,802	12
Italy ...	644,155	2	627,305	3
Other Countries ...	1,117,185	4	2,004,700	6
Total ...	81,217,709	2,09	91,342,092	2,55

Owing to the few dyeworks as yet established in India, this trade has been maintained at a higher level than most, but is still far behind the 1928-9 aggregate of 155 million yards valued at Rs.5,62 lakhs. The U.K. supplies almost all the dyed cambrics, and twills, 80 per cent. of the dyed shirtings and 82 per cent. of the sateens, but Japan's shipments of dyed flannelettes control the market while she is a most serious competitor in dyed drills, twills, shirtings and checks, spots and stripes. Switzerland's trade is confined to embroidered allovers, of which she supplies 81 per cent. and Austria 14 per cent. Italy sends small quantities of sateens and miscellaneous dyed fabrics.

(6) *Woven Coloured Goods.*

Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	3,496,186	15	3,520,206	16
Japan ...	9,826,787	22	6,921,248	21
Germany ...	176,841	1	151,723	1
Italy ...	46,031	*	84,808	†
Other Countries ...	269,997	1	255,867	1
Total ...	13,815,842	39	10,933,852	39

* Rs. 20,282.

† Rs. 45,513.

The relative position of Lancashire and Japan remains practically unchanged. The Japanese trade is largely in woven coloured lungis and sarongs, flannelettes, checks, spots and stripes, shirtings and velveteens. The U.K. supplies 56 per cent. of the coatings and trouserings, 22 per cent. of the velvets and 52 per cent. of the shirtings. The outstanding feature of the past few years has been the almost complete elimination of the Continent owing to the 50 per cent. import duty imposed on all foreign goods.

(7) *Fents of all descriptions.*—The imports of fents were subdivided as follows:—

	1936-7.		1937-8.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
Fents of cotton, not exceeding 4 yards in length	6,500,042	40	5,843,637	40
Fents of silk, artificial silk, silk mixture or artificial silk mixture not exceeding 2½ yards in length...	6,907,637	56	315,846	2
Fents of other materials not exceeding 4 yards in length	192,840	1	89,468	1
Total imports	13,600,519	97	6,248,951	43
Countries of Consignment.				
United Kingdom	1,855,956	12	2,525,005	16
Japan	11,137,577	82	2,041,834	17
U.S.A.	590,544	3	1,607,232	9
Other Countries	16,442	—	74,880	1
Total ...	13,600,519	97	6,248,951	43

The remarkable drop in the imports of cotton fents from Japan is due to the clause in the protocol to the Indo-Japanese Agreement of 1937 which restricts the imports into India from Japan of cotton fents, i.e., *bona fide* remnants not exceeding 4 yards in length, to 8.95 million yards in any cotton piece-goods year. This figure represents 2½ per cent. of the maximum piece-goods quota of 358 million yards. It will be remarked that the U.K. and the U.S.A. have benefited considerably by the reduction of Japan's shipments. The drop in the imports of artificial silk cut pieces from Japan results from the clause in the Indian Tariff (Amendment) Act of 1936 which limits the permissible length of fents of silk and artificial silk to 2½ yards.

Percentage shares of the United Kingdom and Japan in the total quantities of piece-goods imported.

	1913-4.	1929-30.	1933-4.	1934-5.	1935-6.	1936-7.	1937-8.
United Kingdom	97.1	65.7	54.5	58.5	46.4	43.7	45.1
Japan ...	0.3	29.9	44.8	39.6	52.4	54.6	52.2

The next table illustrates in a most striking manner the fall in the trade of the U.K. *pari passu* with the remarkable expansion of Indian mill production.

Imports by countries of consignment and production in India of cotton piece-goods (excluding fents).

(All in million yards.)

			United Kingdom.	Netherlands.	Italy.	U.S.A.	Switzerland.	Japan.	China.	Others.	Total imports.	Mill production in India.	Total.
1913-4	...	...	3,068	25	23	9	6	9	—	19	3,159	1,164	4,323
1914-5	...	...	2,354	21	10	10	3	16	—	6	2,420	1,136	3,556
1915-6	...	...	2,022	21	13	14	4	39	—	5	2,118	1,442	3,560
1916-7	...	...	1,748	14	14	8	3	100	1	4	1,892	1,578	3,470
1917-8	...	...	1,404	6	7	7	1	95	1	3	1,524	1,614	3,138
1918-9	...	...	851	1	1	2	1	238	—	3	1,097	1,451	2,548
1919-20	...	...	963	8	1	6	2	76	—	8	1,064	1,640	2,704
1920-1	...	...	1,278	13	10	9	4	170	1	7	1,492	1,581	3,073
1921-2	...	...	947	12	2	21	1	90	1	6	1,080	1,732	2,812
1922-3	...	...	1,440	13	2	5	3	108	3	3	1,577	1,725	3,302
1923-4	...	...	1,306	11	6	1	7	123	6	7	1,467	1,702	3,169
1924-5	...	...	1,599	12	10	3	7	155	5	10	1,801	1,970	3,771
1925-6	...	...	1,275	16	11	3	7	217	2	9	1,540	1,954	3,494
1926-7	...	...	1,457	20	17	5	12	244	2	10	1,767	2,259	4,026
1927-8	...	...	1,530	20	26	5	15	323	7	10	1,936	2,357	4,293
1928-9	...	...	1,442	20	38	7	11	357	13	12	1,900	1,893	3,793
1929-30	...	...	1,236	22	25	9	10	562	10	8	1,882	2,419	4,301
1930-1	...	...	520	13	10	4	6	321	2	6	882	2,561	3,443
1931-2	...	...	376	7	11	3	8	340	4	4	753	2,990	3,743
1932-3	...	...	586	5	8	1	10	579	1	3	1,193	3,170	4,363
1933-4	...	...	415	2	—	—	1	341	—	2	761	2,945	3,706
1934-5	...	...	552	2	2	1	8	374	1	4	944	3,397	4,341
1935-6	...	...	440	2	1	1	6	496	—	1	947	3,571	4,518
1936-7	...	...	334	2	1	—	8	417	—	2	764	3,572	4,336
1937-8	...	...	267	1	1	—	9	308	—	5	591	4,084	4,675

Note.—Figures for 1937-8 relate to India excluding Burma.

The Burma Trade in Cotton Piece-goods.—As the imports into Burma are excluded from the 1937-8 figures, it is necessary to add them in order to make a comparison with previous years. They were as follows:—

(All in million yards.)

	Grey.	White.	Printed.	Dyed or Coloured Woven.	Total.
United Kingdom	·078	17·429	5·574	5·723	28·804
India	20·466	32·264	·735	50·138	103·604
Japan	2·436	1·796	22·218	9·061	35·511
Other Countries	·006	·537	·032	·420	·996
Total Imports	22·986	52·027	28·559	65·342	168·915

It will be noted that 28·8 million yards must be added to the total of U.K. piece-goods shipments to India in order to make a true comparison with previous years.

Indian Mill Competition.—The subjoined detailed statement gives the quantities (in pounds and their equivalent in yards) and descriptions of the woven goods produced in Indian mills during the past three years:—

Description.	Twelve months, April to March.		
	1935-36.	1936-37.	1937-38.
<i>Grey and bleached piecegoods—</i>			
Chadars {	23,688,903	26,742,040	27,577,620
yards }	59,459,392	65,874,990	66,938,314
Dhooties {	234,221,282	219,768,310	227,945,918
yards }	1,240,510,752	1,117,737,083	1,215,345,358
Drills and jeans {	32,136,569	35,786,610	39,253,555
yards }	128,898,928	136,535,387	152,896,435
Cambrics and lawns {	16,191,679	15,977,891	24,549,639
yards }	129,690,723	123,774,104	192,878,144
Printers {	2,944,017	2,923,383	4,657,442
yards }	15,973,248	14,710,688	23,312,944
Shirtings and longcloth {	182,246,590	194,908,662	226,093,878
yards }	842,843,691	900,680,257	1,084,830,608
T-cloth, domestics, and sheetings {	38,836,445	45,183,043	47,966,242
yards }	152,072,567	170,530,913	191,331,889
Tent-cloth {	3,046,110	3,958,324	5,256,276
yards }	7,488,852	9,718,387	12,210,733
Khadi, Dungri or Khaddar {	37,751,012	39,652,608	38,638,262
yards }	116,406,563	126,440,306	126,621,260
Other sorts {	16,860,329	19,634,847	25,246,163
yards }	80,147,212	95,763,357	124,281,707
TOTAL {	587,922,936	604,535,718	667,184,995
yards }	2,773,491,928	2,761,765,472	3,190,647,392

1 3 8	Coloured piecegoods	{ pounds	152,872,906	154,663,112	169,197,040
		{ yards	797,878,975	810,221,627	893,628,971
	Grey and coloured goods, other than piecegoods ...	{ pounds	5,119,105	5,144,770	6,158,207
		{ dozens	1,291,250	1,188,139	1,517,358
	Hosiery	{ pounds	4,809,937	5,964,268	7,496,087
		{ dozens	1,440,599	1,883,486	2,445,619
	Miscellaneous	{ pounds	5,673,448	5,577,656	6,013,110
	Cotton goods mixed with silk or wool	{ pounds	4,676,151	5,928,016	8,155,602
		{ yards			
	GRAND TOTAL	{ pounds	761,074,483	781,813,540	864,205,041
	{ yards	3,571,370,903	3,571,987,099	4,084,276,363	
	{ dozens	2,731,849	3,071,625	3,962,977	

The Committee of the Millowners' Association, Bombay, in their Report for 1937 review the year as follows:—

“ The position in the cloth and yarn markets was affected by the imposition of quotas on Japanese goods in foreign markets, by the Japanese adventure in China and the pre-occupations of textile exporting countries with production for the army. These three factors helped Indian mills to secure considerable business for export, but for which the position of the industry would have been difficult. As matters stand, however, thanks to these factors, the industry not only increased its production by working more spindles and looms double shift, but has also disposed of this increased production, and for the first time in many years the industry worked without loss in the latter part of the year. As compared to the beginning of the year, Bombay mills increased their spinning and weaving activity by about 15 per cent. by the end of the year.

“ During the first three months of the year, in spite of the rapid rise in prices of cotton, cloth prices did not rise, but with greater confidence in prices offtake continued steady in cloths and yarns. Then followed a steady decline in cotton prices and offtake of cloths and yarns fell, but mills secured good orders for forward deliveries, as traders felt that with war scares in the air, future contracts were likely to give profits. By the time heavy declines in cotton prices came, a fair amount of business was booked for export and this helped to keep the cloth and yarn markets steady. At the beginning of the year, with the Broach contract round Rs.230, cloth contracts were entered into on the basis of $9\frac{1}{2}$ annas per lb. for calendered shirtings. Towards the close of the year, with Broach contract around Rs.170, contracts were entered into on the basis of 9 annas a lb. for calendered shirtings. Fluctuations during the year were not heavy. The highest prices were realised in April when calendered shirtings were sold on the basis of 9 annas 7 pies, 30/40 dhooties on the basis of 15 annas, 24/32 dhooties on the basis of $12\frac{1}{2}$ annas and 40/40 shirtings on the basis of 15 annas. The one exception was rayon textiles for which the highest prices were secured during April and May. Towards the end of the year, sales were effected on the basis of 9 annas for calendered shirtings, $14\frac{1}{2}$ annas for 30/40 dhooties and $12\frac{1}{4}$ annas for 24/32 dhooties.

“ Towards the end of the year, unsold cloth stocks stood at 12,000 bales and yarn stocks at 5,000 bales, the figures being lowest for many years. The low point in cloth stocks was reached in November with total stocks of cloths at 58,000 bales, and in yarns in September when the total

stocks stood at 8,000 bales only. A fair amount of forward business was also booked.

“ Towards the end of the year, export demand fell off, and if this does not revive, mills may once again find themselves in difficulties since, with the low prices ruling for all commodities, the purchasing power of the farmer has declined considerably and offtake of cloths is not expected to be heavy so far as the Indian ryot is concerned. However, the continuance of the Sino-Japanese War has produced a certain confidence amongst the merchants who are still inclined to make forward purchases.

“ The year 1937 on the whole may be said to have closed with a better promise for the year 1938. Generally speaking, trade throughout the world has revived and economic conditions are improving. Nations also seem anxious to enter into trade agreements with one another, and this in the end may lead to a greater flow of international trade. It is only the uncertainty of the political situation that is still creating doubts and holding the economic recovery of the world in check. A further improvement in world conditions will lead to the betterment of the Indian Textile Industry, and let us hope no obstacles will be placed in the country itself to the gradual march of this most important industry towards prosperity.”

Cloth Consumption in India.—The following table, compiled by the Director-General of Commercial Intelligence, shows, over a series of years, the consumption *per head* of cotton piecegoods (including fents) and hand-loom products in India:—

Year.	Net Imports.		Net available mill production.		Handloom production.		Net available mill consumption.	
	Actual.	Per caput.	Actual.	Per caput.	Estimated.	Per caput.	Total.	Per caput.
	Yards crores.	Yards.	Yards crores.	Yards.	Yards crores.	Yards.	Yards crores.	Yards.
1913-4	313	9.78	108	3.38	107	3.34	528	16.50
1920-1	145	4.53	143	4.47	115	3.59	403	12.59
1921-2	102	3.19	157	4.90	119	3.72	378	11.81
1922-3	152	4.61	156	4.73	134	4.06	442	13.40
1923-4	142	4.30	154	4.67	101	3.06	397	12.03
1924-5	177	5.36	179	5.43	126	3.82	482	14.61
1925-6	153	4.50	179	5.27	116	3.41	448	13.18
1926-7	176	5.18	206	6.06	133	3.91	515	15.15
1927-8	194	5.71	219	6.44	131	3.85	544	16.00
1928-9	191	5.46	174	4.97	108	3.09	473	13.52
1929-30	190	5.43	229	6.54	140	4.00	559	15.97
1930-1	87	2.49	246	7.03	139	3.97	472	13.49
1931-2	76	2.11	288	8.00	150	4.17	514	14.28
1932-3	120	3.34	311	8.64	170	4.72	601	16.70
1933-4	77	2.14	289	8.03	144	4.00	510	14.17
1934-5	97	2.62	334	9.03	146	3.95	577	15.60
1935-6	97	2.62	350	9.46	166	4.49	613	16.57
1936-7	79	2.13	347	9.38	149	4.03	575	15.54
1937-8	58	1.61	384	10.67	148	4.11	590	16.39

Note—Figures for 1937-8 relate to India excluding Burma.

It will be remarked that, in spite of a rapidly increasing population, the consumption per head of population of all types of cloth has been maintained in a remarkable manner. The falling-off in imports has been made good by the products of the mills and handlooms. Even the depression had little effect in checking the quantity, although it has affected the quality, of the goods consumed.

Conditions in large import markets.—I am indebted to a leading authority in the piece-goods trade for the following summary of conditions in the four large import markets:—

Calcutta.

“ Last year as a whole was a highly unprofitable one to buyers generally. The beginning of the year saw the height of the boom which had started towards the close of the previous year. Then came the break in Cotton and the local market has been steadily declining ever since. Manufacturers’ prices also declined in sympathy with raw cotton, but in the case of Lancashire the decline has never been as rapid as that of the local market, with the result that forward business has been confined to retail lines. In Japanese goods, however, the position has been different, inasmuch as makers there on several occasions effected considerable reductions in their prices and buyers, taking full advantage of such reductions, booked their requirements in good quantities.

“ An important development during the year has been the very marked progress made by the Indian Mills. The rise in prices referred to above gave the local mills just the chance they were waiting for, with the result that they have almost completely captured the trade that Lancashire used to do in the coarse types of White Mulls and also in Grey Dhooties and White Shirtings. The same is the case with the Japanese Grey and White Shirtings.

“ The end of the year was somewhat brighter as most of the highly purchased goods had gone into liquidation and dealers started showing signs of settling down to normal trading once again.”

Bombay.

“ The fiscal year 1937-8 started disappointingly for dealers of Lancashire Piece-goods, as the generally expected increase in duty on Japanese Piece-goods and further quota restrictions did not materialise in the renewed Indo-Japanese Trade Agreement.

“ From April to June our market was quiet and dealers were gradually liquidating their holdings at remunerative prices. During July and August Cotton declined sharply

and bazaar prices fell from 5 per cent. to 6 per cent. The local market was shaken and nervousness prevailed for sometime with the result that the demand for imported goods suffered.

“ In September with the outbreak of Sino-Japanese hostilities local Mills booked a large business amounting to some 50,000 packages.

“ Although the prospects of the monsoon were on the whole favourable and a good demand for imported goods was looked for, the weakness of cotton created an atmosphere of apprehension, bazaar rates for the most part sagged and forward business was very much curtailed.

“ The bearish Cotton Bureau report in October further unsettled the market and dealers showed little interest in buying their requirements.

“ During Diwali festival, early in November, about 80,000 packages were sold by the Bombay Mills at remunerative rates. Serious labour trouble occurred in Ahmedabad in the middle of November, which later on developed into a general strike in the Textile Industry in Ahmedabad. In Bombay too, there was some trouble but on a smaller scale.

“ December and January, 1938, witnessed heavy arrivals of Japanese Rayon Piece-goods and speculators in Bombay suffered heavily owing to the continued drop in local prices. It is said that market losses amounted to about Rs.50 lakhs and some failures occurred during this period. Credit facilities were curtailed and unsettled conditions prevailed with the result that business was further restricted.

“ In conclusion we may add that the whole of the past fiscal year was a difficult one for trading and on the whole an unremunerative one to dealers in imported Piece-goods. Stocks to-day are heavy and are clearing slowly at prices showing considerable loss to holders.

“ On the other hand Indian Mills and dealers in local manufactures had on the whole a satisfactory year and trading has been profitable. The Mills are pushing ahead their programme for expansion in fine count specialities, bleached and dyed and some Mills have also turned their attention to the production of printed styles to compete with the imported article.”

Karachi.

“ The fiscal year 1937-8 proved highly unsatisfactory for importers of and dealers in Piece-goods alike, in fact for

the latter the period can be looked upon as little less than disastrous. Buoyed up by the enthusiasm inspired by the so-called Coronation boom early in the year, dealers plunged heavily in Manchester goods when the market was at its height. Then came a sudden drop in cotton and a decline set in which has been almost continuous ever since. Dealers found themselves saddled with holdings that could not be cleared at any price as the Indian Mills, taking advantage of the high prices ruling abroad, stepped in and did a large business.

“ The only Manchester styles which continue to sell in any quantity in this market and the centres fed by it are the fine white mulls and to a limited extent the medium and coarse mull qualities. White shirtings are as good as dead and the demand for printed and dyed Lancashire goods is only on a limited scale.

“ Business in Japanese goods, chiefly greys, whites and prints, continued throughout the year under review, the Sino-Japanese conflict appearing to have little effect on freight arrangements.

“ The prices of Lancashire goods seem at last to be coming down to an economic level but it will be some time before the advantage gained by the local industry can be nullified.

“ The usual rumours regarding a reduction in duty on Lancashire goods were current before publication of the Central Budget.”

Madras.

“ The beginning of this period found merchants with manageable ready holdings, and fairly heavy forward bookings (at high prices) of Manchester qualities. The demand was fair, if not brisk, and dealers were able to make handsome profits on their cheaply bought stock goods. Indian mill qualities were pretty well booked and were maintaining the degree of popularity earned in the previous season. Japanese Grey goods were virtually out of the market, though Japanese Printed and Fancies styles were in evidence.

“ The firmness in Manchester's forward quotations was an important factor in giving stability to the market, and the general impression in April-May, 1937, was that, given reasonable offtake, the season would show merchants satisfactory results.

“ The first hint of trouble came in June, towards the end of the marriage season. The Manchester qualities had

failed to move off according to expectations, at the prices stockholders had fixed. Indian mill qualities had begun to come in for almost the entire demand for consumption. July brought with it the realisation that merchants were in for a difficult time: demand was dead, and they were saddled with stocks and also with very expensive forward commitments which stood no chance of selling in competition with local mill products (which had lately gained enormously in popularity) unless at a substantial loss. Then Japan suddenly began to figure as competitors in grey shirtings, which still further complicated the position.

“ From August to November Indian mill and Japanese products shared the offtake. A syndicate of Manchester standard quality stockholders had been formed in July in an attempt to control prices. It did contrive to keep the bazaar nominally steady, but in the absence of demand, there was no movement of stocks. By October there was evidence of weakness in Lancashire’s quotations, and this had a depressing effect here, since merchants had been banking upon continued firmness at home.

“ Deepavali and Ramzan came, with the market well loaded with Manchester Grey and White goods, all styles of Indian mill goods and Japanese Prints and Fancies. Both festivals were a failure from the Piece-goods Bazaar’s point of view, and 1938 started inauspiciously.

“ During January and first half of February conditions remained unchanged. But towards the end of February there were signs of improvement, and a general if only moderate volume of enquiry began in early March. The decline in Lancashire’s prices gave dealers an opportunity, of which they have in part taken advantage, of averaging down their standard quality purchase prices by further indents. There is a distinctly better feeling all round. Much depends upon the merchants’ ability to lighten their position during the marriage season, which continues until July. It is feared however that only a small measure of relief can be expected, and it looks as if to-day’s commitments, stock and forward, will act as a drag on progress throughout the year.”

Indian Exports of Cotton Piece-goods.—The Indian mills are now not only securing almost the whole of the domestic market but are competing keenly with U.K. and Japanese goods in the overseas markets of Burma, Ceylon, Nigeria, Egypt, Iraq, Iran, Straits Settlements, Tanganyika Territory and elsewhere. The following table illustrates the remarkable expansion during the past year:—

Destination.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs)
Burma	Not recorded.	—	94,006,947	2,82
Ceylon	24,505,340	89	26,915,688	91
Straits Settlements ...	12,833,294	44	24,377,817	73
Egypt	13,307,509	22	23,467,395	40
Nigeria	3,845,573	7	12,602,618	26
Arabia	3,753,610	8	5,734,278	13
Iraq	3,140,371	7	4,696,740	13
Iran	12,387,642	18	6,854,011	12
Tanganyika Territory...	2,695,754	5	5,092,542	10
Other Countries ...	25,166,674	63	37,507,304	90
Total Exports ...	101,635,767	2,63	241,255,340	6,50

Eliminating the 94 million yards valued at Rs.2,82 lakhs representing the share of Burma, which, prior to separation, was regarded as internal coasting trade, we find that India's exports to overseas markets have risen by 45,612,616 yards and by Rs.1,05 lakhs in value. It is a significant fact that, although Indian millowners receive a protection of 20 per cent. (25 per cent. in the case of prints) in the home market, they are able to undersell U.K. products in neutral overseas markets where they meet on equal terms. Moreover, there are no grounds for supposing that the prices quoted in overseas markets are lower than those quoted in India. As we have seen in the comments of the Bombay Millowners' Association on trade during the year, they attribute this extension of overseas exports to three factors:—

- (1) the imposition of quotas on Japanese goods in foreign markets;
- (2) the Japanese struggle in China, which has reduced the volume and increased the price of competing Japanese goods; and
- (3) the preoccupation of other textile exporting countries with military requirements.

By the terms of the Lees-Mody Pact, Lancashire did not oppose the freedom of India from the quotas imposed on foreign countries in Ceylon, the Straits Settlements and the African Colonies. This generous gesture has, in practice, resulted in Indian mills securing a valuable portion of the Japanese trade displaced by the quotas.

Raw Cotton.—The subjoined table gives the imports of raw cotton into India during the past two years:—

Countries of Consignment.	1936-7.		1937-8.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
Kenya Colony	35,925	3,06	47,710	4,24
U.S.A.	927	8	29,198	2,21
Egypt	18,546	1,84	28,347	2,83
Anglo-Egyptian Soudan	4,086	42	18,763	1,95
Tanganyika Territory...	4,143	35	7,504	67
Other Countries	1,361	9	2,892	23
Total	64,988	5,84	134,414	12,13

The fact that the imports of long-stapled cotton more than doubled during the past year is additional eloquent evidence of the greatly increased output of the finer counts by Indian mills. As the re-exports only amounted to 552 tons (Rs. 3½ lakhs), it is clear that the imports were retained for Indian mill consumption. This upward movement continues. The Indian Central Cotton Committee report that, from voluntary returns supplied to them by importers, the total purchases of American cotton for India from 1st September, 1937, to 31st August, 1938, amount to 152,433 bales.

Indian Cotton to Lancashire.—As a result of the admirable propaganda and active work carried on by the Lancashire Indian Cotton Committee, there has been a striking increase in the United Kingdom's takings of Indian cotton during recent years.

Cotton year. 1st September-31st August.	Bales.	Million lbs.
1932-3	257,000	103
1933-4	367,000	147
1934-5	374,000	150
1935-6*	518,000	207
1936-7*	587,000	235

* Exclusive of exports from Burma.

During the 1937-8 season, there has been a falling-off in shipments to the U.K. due, partly to the unfavourable price parity and the availability of enormous supplies of cheap American cotton, and partly to the depression in the Lancashire spinning industry. There is little doubt, however, that further substantial progress would be made if India showed similar interest in and consideration to the export of Lancashire goods to that market. The Lancashire Committee clearly state:—

“ The work of the Lancashire Indian Cotton Committee had its origin in the policy of economic and commercial reciprocity adopted by the Indian and U.K. Governments.

The results of the work carried out are not confined to the mere increase to a volume comfortably exceeding 500,000 bales of the U.K. takings of Indian cotton. The direct advantage to the Indian cotton growers of this increase is self-evident. But the indirect consequences also deserve some consideration. The improved demand from the U.K. has unquestionably helped to maintain a better level of prices for sales to other purchasers. The railways and dock and harbour authorities in India have received increased revenues from the handling of the cotton. The trade in cotton has made a more substantial contribution than would otherwise have been the case to the favourable trade balance India enjoys with the U.K. On all these and on other similar grounds, it can fairly be claimed that in the field of raw cotton the U.K. has made a substantial contribution to the policy of economic reciprocity.

“ It is clear that nothing would be gained by disregarding the fact that this policy is seriously in jeopardy. The commercial agreement in which it finds its practical embodiment is under notice of termination, and if it be not renewed, on mutually satisfactory terms, the work of the Lancashire Indian Cotton Committee will be left without any *raison d’etre*. It is, therefore, very much to be hoped that a fresh agreement will be reached without undue delay, as otherwise the position achieved for Indian cotton in Lancashire is certain to suffer seriously from a revulsion of public sentiment.”

Cotton Sewing Thread.—The imports were as follows:—

Countries of origin.	1936-7.		1937-8.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom ...	1,798,753	46	1,157,811	33
Other Countries ...	718,031	11	459,846	10
Total ...	2,516,784	57	1,617,657	43

The imports have shown a declining tendency during recent years, the 1937-8 figures being the lowest for many years and little more than 50 per cent. of the value of the pre-slump total of Rs.81 lakhs in 1929-30. During 1936-7 the U.K. supplied 79, Holland 7, Japan 6 and Austria 5 per cent. Japanese shipments grow rapidly and there is a tendency for Austrian imports to increase. Dutch competition seems to be fairly constant.

Artificial Silk Yarns.—The increased use by the Bombay and Ahmedabad mills of artificial silk yarns for the manufacture of

mixture fabrics is shown by an increase in the total imports of 14 million lbs. and Rs.1,06 lakhs in value. Of this growth, 9 million lbs. (Rs.69 lakhs) more were imported via Bombay, mainly for the use of the mills, and 2 million lbs. (Rs.17 lakhs) more via Madras, largely for use of the handloom weavers of Southern India.

Countries of Consignment.	1936-7.		1937-8.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom	242,122	1	496,878	4
Japan	15,129,540	84	28,238,426	1,82
Italy	1,939,951	12	2,766,285	19
Other Countries ...	317,271	2	87,449	0.5
Total ...	17,628,884	99	31,589,038	205.5

Although imports from Italy are recovering, Japan now controls the market and is taking the opportunity of raising her prices.

Piece-goods made entirely of Artificial Silk.—The effects of the raising of the duty on 1st April, 1937, on rayon goods, not of U.K. manufacture, from 50 per cent. ad valorem or 4 annas per square yard, whichever is higher, to 50 per cent. ad valorem or 5 annas per square yard are seen in the fall of imports from Japan by 13 million yards and Rs.23 lakhs. Although the duty on U.K. products is only 30 per cent. or $2\frac{1}{2}$ annas per square yard, the margin is not sufficient to enable U.K. exporters to make any inroads on the Japanese trade and they are merely maintaining their position as suppliers of specialities.

Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	492,326	4	798,551	6
Japan	101,446,069	2,33	88,455,089	2,10
Other Countries ...	380,266	1	441,298	2
Total ...	102,318,661	2,38	89,694,938	2,18

“Other Countries” include Germany and France. The average declared value of the imports from the U.K. in 1936-7 was $12\frac{1}{2}$ annas per yard, whereas that of Japanese imports was $4\frac{1}{8}$ annas per yard.

Piece-goods of Artificial Silk mixed with other Materials.—By contrast with the preceding table, the imports of rayon mixtures of all kinds showed a satisfactory expansion. Here again, the

duty was raised on 1st April, 1937, on rayon mixture goods, not of U.K. manufacture, if containing 50 per cent. or more cotton, from 50 per cent. or 3¼ annas, whichever is the greater, to 50 per cent. or 4 annas per yard. The duty on non-U.K. mixtures containing less than 50 per cent. cotton was raised from 50 per cent. or 4 annas per yard, whichever is higher, to 50 per cent. or 5 annas per yard, whichever is higher. Notwithstanding this, Japanese shipments under this heading increased substantially.

Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	619,861	5	613,230	5
Japan	10,754,357	28	14,995,952	37
Germany	171,657	2	203,223	3.5
Italy	227,075	1	181,839	1.5
Other Countries ...	113,906	1	84,594	2
Total ...	11,886,856	37	16,078,838	49

The mixtures were subdivided as follows:—

	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
Containing 50 per cent. or more of cotton	10,917,871	27	14,561,235	33
Containing no cotton or less than 50 per cent. cotton...	968,985	10	1,517,603	16

It is remarkable that the increase was proportionately greater in the mixtures containing a greater percentage of artificial silk which were subject to a greater increase in duty.

Staple Fibre Yarns.—It is only during the past year that staple fibre yarns have been separately distinguished and, unfortunately, the details of origin are not yet available. The total imports were as follows:—

	lbs.	Rs. (lakhs).
Yarns made of staple fibre only	2,422,037	19
Yarns made of staple fibre mixed with other textile fibres	69,125	1
Total	2,491,162	20

Flax Manufactures.—The main types imported were:—

Description.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Twist and yarn	*	†
Canvas	9	11
Piecegoods	2	2
Sewing thread	1	2
Other sorts, including bags and sacks	5	7
Total imports	17	22

* Rs. 26,189.

† Rs. 44,559.

Details of the provenance of the imports are not yet available. In 1936-7, the U.K. supplied 94 per cent. of the total trade, the balance consisting of Rs.10,271 worth of piece-goods from Japan and Rs.2,116 from Belgium, Rs.3,072 worth of linen thread from Japan and miscellaneous flax manufactures to the value of Rs.23,000 from Japan, Rs.24,000 from China, Rs.15,000 from Czechoslovakia and Rs.6,000 from Germany.

Jute Manufactures.—This heading largely comprises second-hand gunny bags re-exported from Australia and transhipped via Ceylon. The aggregate trade has shown a continuous decline over the past three years. The figures are:—

Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1	0.6
Ceylon	7	4.2
Other Countries	1	1.5
Total Imports	9	6.3

In 1936-7 the U.K. supplied practically the whole of the jute yarn and canvas amounting to Rs.34,000, Rs.2,000 worth of the gunny cloth, Rs.8,000 worth of the rope and twine and Rs.32,000 worth of miscellaneous jute manufactures. Ceylon provided almost the whole of the gunny bags and the Straits Settlements consigned relatively small quantities of gunny bags, gunny cloth and miscellaneous manufactures.

Silk Manufactures.—After a marked fall in the total trade during 1936-7, the figures for the year under review show a satisfactory expansion. The imports of the various types were:—

Silk Yarn.

Countries of Consignment.	1936-7.		1937-8.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom ...	54,408	1	18,861	0.5
Japan	1,657,643	43	1,790,518	47.5
Italy	238,508	5.5	289,152	6.5
China (including Hong Kong)	461,454	10.5	203,756	5.5
Other Countries ...	32,651	1	35,001	1
Total ...	2,444,664	61	2,337,288	61

Silk Piece-goods.

Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
Japan	16,171,613	63	18,718,388	73
China	3,260,204	12	3,005,542	12
Other Countries ...	2,130,939	6	1,147,495	5
Total ...	21,562,756	81	22,871,425	90

The imports of silk piece-goods are a fair index of the capacity of the country to absorb semi-luxury articles. The increased values during the past year are largely due to higher prices of the light-weight Oriental crepes, pongees and miscellaneous fabrics which are drawn from Japan and China. The U.K. contributed a trifling 22,288 yards valued at Rs.61,832, prices being too high for the market.

Silk Mixture Cloths.

Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	110,980	1.5	24,876	0.5
Japan	5,086,554	24	6,006,411	29
China	583,360	3.5	593,820	3.5
Germany	238,868	2.5	223,010	3
Other Countries ...	212,289	2	183,540	2
Total ...	6,232,051	33.5	7,031,657	38

The average declared value of imports from Japan rose from Rs.3/10/- per lb. in 1935-6 to Rs.3/15/- per lb. in 1936-7 and

advanced further in 1937-8 due to the rise in Japanese prices during the latter half of the year.

Woollen Manufactures.—The various types imported were:—

Description.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Worsted yarn for weaving	18	38
Knitting wool	23	29
Blankets and rugs other than floor rugs	25	39
Braids	*	†
Carpets and floor rugs	4	4
Hosiery	14.5	14
Piecegoods	84	112
Mixture cloths	31	51
Shawls	13	18
Total imports of all kinds	2.27	3.30

* Rs. 15,000.

† Rs. 21,000.

In 1936-7, of the worsted yarn imported, the U.K. supplied the negligible quantity of 5,568 lb. valued at Rs.11,000. Practically the whole of this item was drawn from Japan, which has displaced all competitors. Of the knitting wool, Japan supplied 70 and the U.K. 24 per cent., lesser amounts being drawn from Germany, Belgium and Poland. Blankets and rugs in 1937-8 were contributed by Italy (92 per cent.) with lesser quantities from Germany, Poland and Japan. Italy has completely recovered her position in this trade. The small trade in braids is in the hands of Czechoslovakia and Germany. Carpets and floor rugs were drawn from the U.K. (50 per cent.), the balance representing Oriental carpets from Iran, Turkey and China and a small quantity of cheap tapestry carpets from Belgium. Woollen hosiery was imported from the U.K. (40 per cent.), Japan (53 per cent.) negligible quantities arriving from Germany.

Woollen and Worsted Piece-goods.—The inroads which have been made by the Indian woollen mills into this important trade are clearly shown by the following figures of the aggregate imports over the past 25 years:—

Pre-war average annual import ...	Rs. 2,07 lakhs.
War " " " ...	Rs. 1,38 "
Post-war " " " ...	Rs. 1,89 "
1935-6	Rs. 81 "
1936-7	Rs. 84 "
1937-8	Rs. 1,12 "

The recovery during the past year reflects increased purchasing power throughout the main consuming centres in North-west

India and Bengal. The subjoined table gives the origin of the imports:—

Principal Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	1,672,610	41.5	1,483,180	41
Japan	3,200,380	34.5	4,530,443	56.5
Italy	56,141	1	303,980	8
Germany	416,825	5.5	309,954	5.5
Other Countries ...	99,372	1.5	95,309	1.5
Total	5,445,328	84	6,722,866	1,12.5

As was forecast in my last Report, the removal of uncertainty as to the future of import duties by the Government of India announcement of January, 1936, coupled with increased purchasing power as a result of improved economic conditions in the Punjab and Upper India has resulted in a marked revival of imports. Despite the heavy alternative minimum specific duty of 18 annas per lb., imports from Japan continue to expand but Italian shipments, notwithstanding their recent recovery, are far below the figures of 1932-3 (Rs.42 lakhs). The trade in fine cloths from France has been almost extinguished by the high rates of duty.

Woollen Mixture Cloths.—The ingenuity and resource shown by Yorkshire manufacturers in developing the construction of mixture cloths utilising staple fibre and other materials has enabled them to develop a new and rapidly increasing trade in this market. Separate figures of mixture cloths have only been recorded since 1934-5, but the expansion already shown is most encouraging.

Principal Countries of Consignment.	1936-7.		1937-8.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	1,771,981	24	2,667,284	38
Japan	420,580	5	644,112	8
Italy	15,118	—	153,616	2
Germany	47,587	1	38,230	1
Other Countries ...	70,440	1	116,167	2
Total	2,325,706	31	3,619,409	51

Woollen Shawls.—The aggregate trade remained stationary in volume, but, owing to the rise in prices, advanced in value by 50 per cent. Imports were drawn from:—

Countries of Consignment.	1936-7.		1937-8.	
	No.	Rs. (lakhs).	No.	Rs. (lakhs).
Germany	238,357	8	286,147	12
Japan	239,903	5	176,427	5
Other Countries ...	16,500	—	30,241	1
Total	494,760	13	492,815	18

In 1936-7 the U.K. only contributed 2,880 shawls valued at Rs.8,551. The other supplier included in "other countries" was France with 11,899 shawls valued at Rs.12,000.

Machinery and Millwork.—The valuable trade in machinery now ranks as the most important item in the list of imports into India of manufactured goods. It has outstripped the long-established supremacy of cotton textiles and now accounts for 10 per cent. of the total imports into the country. Moreover, with progressive industrialisation, the prospects for expansion are more promising than those of almost any other trade. Although the manufacture of certain types of simple machines is being developed in India, the demand for the most developed types of plant is likely to become even more insistent. Indian manufacturers now demand the latest and most efficient processes and types of plant and equipment that the world can offer and insist upon expert advice, erection facilities and continuous service after erection. It is clear, therefore, that the United Kingdom must rely more and more in future on the supply of capital products and technical equipment to India, thus aiding India's development with her experience and technique.

The past year has witnessed a most encouraging increase in the total imports of machinery and millwork from Rs.14.14 crores (£10,600,000) to Rs.17.16 crores (£12,900,000). The pre-war imports were Rs.8.26 crores. The high-water mark was reached in the pre-slump year of 1928-9 with a total of Rs.18.36 crores and the recent lowest level was Rs.10.54 crores in 1932-3, since when the improvement has been continuous and progressive. During the past year there has been a minor boom in the promotion of new industries and the modernisation of existing plants. The protective effects of the Indian tariff, coupled with the availability of capital at low rates, have stimulated company promoters to embark on new industrial ventures, not only in developed industries such as textiles, iron and steel, cement and sugar, but in new fields such as paper, chemicals, rubber tyres, boots and shoes and certain engineering specialities. This activity is reflected in the increased imports of

boilers, prime movers, electrical machinery, textile machinery, paper mill machinery and machine tools, while the increase of Rs.74 lakhs in miscellaneous industrial plant results from the expansion of a host of minor industries which are springing up throughout the country under the fortuitous protection of the high revenue tariff.

The following table shows the origin of the imports during the past two years:—

Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	9,26	10,90
Germany	2,02	2,57
U.S.A.	1,25	1,36
Japan	18	49
Belgium	31	26
Other Countries	1,12	1,58
Total	14,14	17,16

The next table shows the relative importance of the three principal suppliers in 1929-30 and during the past five years:—

Principal Countries of Consignment.	1929-30.	1933-4.	1934-5.	1935-6.	1936-7.	1937-8.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom...	74.9	68.4	71.9	67.3	65.2	63.2
Germany	9.5	10.3	9.9	11.8	14.3	14.7
U.S.A.	9.9	6.3	9.6	9.1	9.2	8.4
Other Countries ...	5.7	15.0	8.6	11.8	11.3	13.7
	100.0	100.0	100.0	100.0	100.0	100.0

Before the war, the U.K. supplied 90 per cent. of the imports. Her share subsequently became stabilised at about 75 per cent. until the slump in 1929-30, since when there has been a steady fall to the present low level of 63 per cent. This decline is attributable, in the first place, to the determined bid which is being made by Germany, aided by artificially low prices due to subsidisation and currency manipulation, to secure a much larger share of the market in industrial plant. Secondly, the leading Continental engineers attracted by such a large, open market have, of recent years, followed the example of their U.K. competitors and have established technical branches and agencies in India. This applies particularly in the case of Switzerland, Sweden and Czechoslovakia. The U.S.A. still competes keenly in those items such as electrical plant and mining machinery in which she has an established market, but her percentage share remains fairly constant. On the other hand, imports from Japan have shown steady expansion during the

past few years and meet the demand for cheap industrial equipment among the lesser industries.

German competition is now encountered in almost every branch but, notably, in electrical machinery, cotton textile machinery, sewing and knitting machines, paper mill machinery, steel works plant and low-priced industrial equipment for the miscellaneous industries. German tenders for important Government and Public Utility Companies' contracts are frequently submitted at prices which appear to bear little relation to costs of production and can only be the result of a subsidy, direct or indirect. In my last Report, I dealt with the private barter deals with Indian States and exporting houses, by means of which valuable contracts for machinery were obtained in return for undertakings to purchase Indian produce. In February, 1937, however, the German Authorities issued a new decree forbidding private compensation deals with most Eastern markets, including India. The practice of subsidising the export trade in the case of important contracts would appear still to be followed; otherwise most of the prices tendered would be uneconomic.

Swiss competition is noticeable in the case of cotton textile machinery, turbines and other prime movers, electrical plant and pumping machinery. Firms such as Escher Wyss, Brown Boveri, Sulzer and others are strongly represented in India and secure an increasing share of the trade. Similarly, the Swedish General Electric Company has latterly improved its position in respect of electrical plant while makers of specialities such as ball bearings, water turbines, refrigerators, etc., are active. The Skoda works of Czechoslovakia are active in tendering for a wide range of industrial plant. The competition from the U.S.A. follows well-defined lines and is mainly met with in electrical plant, mining and pumping machinery, typewriters, refrigerating machinery, machine tools and a fairly extensive range of miscellaneous works equipment. Japanese shipments have expanded fivefold in the past five years, the most competitive items being cotton textile machinery and sewing machines. Japan, however, supplies considerable values of the simpler forms of industrial equipment, which do not directly compete with U.K. products.

The following brief analysis of the principal types of machinery imported will be of interest:—

Cotton Textile Machinery.

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Cotton spinning machinery ...	1,08	95	1,61
Cotton weaving machinery ...	57	55	76
Cotton bleaching and dyeing machinery ...	6	6	5
Cotton printing machinery ...	2	1	6
Other sorts... ..	27	24	44
Total imports	2,00	1,81	2,92

The provenance of the above imports was:—

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,63	1,25	2,37
Germany	17	28	22
Japan	4	6	16
U.S.A.	3	3	6
Italy	3	1	3
Other Countries	10	18	8
Total	2,00	1,81	2,92

Competition in spinning machinery is mainly encountered from Germany and Switzerland, but Japan is likely to be a more serious competitor in the future when her exportable surplus of textile plant becomes greater. In weaving machinery, Germany competes strongly in dobbies and other loom attachments, but the most serious potential competitor is Japan with her Toyoda automatic looms. Germany competes actively in bleaching and dyeing plant, whereas printing machinery has hitherto been almost entirely drawn from the U.K. The U.S.A. provide patent winders.

Woollen Manufacturing Machinery.—The trade remains steady at about R.3 lakhs, which represent mostly renewals and extensions of existing plant in the half-dozen or so woollen mills in India. The figures were:—

1935-6.	1936-7.	1937-8.
Rs. 3,71,688.	Rs. 2,81,817.	Rs. 2,97,281.

While the U.K. supplied 73 per cent. in 1936-7, imports from Germany show a tendency to increase and Japan has appeared in the returns during the last three years.

Jute Manufacturing Machinery.—The imports were as follows:—

1935-6.	1936-7.	1937-8.
Rs. 1,15,43,038.	Rs. 73,97,849.	Rs. 1,06,15,192.

Detailed figures of origin are not yet available, but, in 1936-7, U.K. machinists secured 94 per cent. of the business, small supplies of specialities being drawn from the U.S.A. and Germany.

Electrical Machinery.—The following table gives the main types of electrical plant imported during the last two years:—

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Control and switchgear	49	55
Generators, alternators and dynamos	40	26
Motors	35	47
Transformers	20	26
Turbo-generating sets	15	9
Others	96	1,06
Total	2,55	2,69

The scarcity of contracts for main generating sets during the previous year is reflected in the drop in the imports of generators, dynamos, etc., in 1937-8. The large hydro-electric systems in the Punjab, Madras, United Provinces and North-West Frontier Province provided an increased demand for transmission gear and industrial motors.

The provenance of the imports was as follows:—

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,38	1,79	1,64
Germany	29	37	47
U.S.A.	16	17	17
Other Countries	22	22	41
Total	2,05	2,55	2,69

The fall in the U.K. percentage from 70 to 61 is again, attributable to severe and subsidised German competition at prices with which it is difficult to compete. Competition from the U.S.A. is being held at the moment, but the Swedish and Swiss firms are obtaining an increasing share of the work. As I have repeatedly stated, the highly organised local organisations of the powerful U.K. manufacturing groups should be able—with their unrivalled experience and connections—to take the fullest advantage of any revival in demand, but even they are helpless against subsidised competition such as that which has been experienced from German firms during the past few years.

Boilers.—The imports were as follows:—

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	58	72	95
Germany	2	12	9
Other Countries	16	3	12
Total	76	87	1,16

As a result of the great industrial activity, the aggregate imports have exceeded the total of Rs.1,09 lakhs in the pre-slump year of 1929-30. Thanks to their admirable local organisations and service, the leading U.K. boiler makers are maintaining their predominant position. Details are not yet available of the countries of origin included under "other countries", but in 1936-7 Hungary shipped Rs.89,000, the U.S.A. Rs.53,000 and Japan Rs.22,000 worth.

Prime-Movers (other than electrical).—The total imports were classified as follows:—

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
<i>Locomotives.</i>		
Oil engines	3	4
Oil engines (parts of)	*	2
Steam engines	5	8
Steam engines (parts of)	5	6
Railway locomotive engines and tenders and parts	46	44
<i>Other than locomotives.</i>		
Gas engines	1	1
Gas engines (parts of)	1	†
Oil engines	61	58
Oil engines (parts of)	20	18
Steam engines	7	4
Steam engines (parts of)	6	8
Other	7	12
Total imports of prime-movers	1,65	1,70

* Rs. 32,870.

† Rs. 40,773.

At first sight it appears strange, in view of the extension of Indian industries, that the increase in the total trade was not greater. The slight reduction in oil engines, however, is counterbalanced by the increase in electric motors, already referred to, which inevitably results from the provision of cheap electrical energy in bulk from the hydro-electric systems of the Punjab, United Provinces and Madras. There is, however, such scope for the application of power to Indian agriculture that the demand for prime-movers utilising crude oil and steam is not likely to be permanently reduced. Details of the provenance of prime-movers are not yet available for 1937-8. German imports of oil engines in 1936-7 represented 15 per cent. of the total and show a tendency towards rapid expansion.

Agricultural Machinery.—There has been a set-back during the year due to reduced imports of agricultural tractors and ploughs. The latter are now being manufactured on an

increasing scale at Kirloskar and Satara in the Deccan. The subjoined table reveals the position:—

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Agricultural tractors and parts ...	5	6	5
Ploughs and parts	1	2	1
Others	4	4	4
Total imports ...	10	12	10

Details of origin are not yet available, but in 1936-7 the U.S.A. supplied 67 per cent. of the tractors, the U.K. contributing 6 and Germany 27 per cent. of the ploughs and parts thereof, the U.K. sent 50 and the U.S.A. 28 per cent. Miscellaneous types of agricultural machinery were drawn from the U.K. (44 per cent.), Germany (43 per cent.) and the U.S.A. (10 per cent.).

Mining Machinery.—The exclusion of Burma from last year's figures has resulted in a marked fall in the total imports from Rs.73 lakhs to Rs.17 lakhs. Although Indian gold and manganese mines were active, the absence of any expansion in the coal industry precluded any large importations of colliery plant, which is mainly provided by the U.K.

Countries of consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs.)
United Kingdom	16	22	5
U.S.A.	12	21	9
Belgium	11	19	*
Other countries	2	11	2
Total	41	73	16

* Rs. 48,198.

In 1936-7 the U.K. supplied 80 and the U.S.A. 19 per cent. of the coal mining machinery. All other kinds were drawn from the U.K. (28 per cent.), the U.S.A. (29 per cent.) and Belgium (26 per cent.). Lesser amounts were drawn from Germany and Poland.

Metal Working Machinery (including Machine Tools).—The expansion under this heading reflects the number of new factories and workshops erected in India during the past year. The imports would have been greater had it been possible to secure delivery of the machines ordered. The abnormal demand in Europe for machine tools of all kinds to meet the armament

demand has been such that extended deliveries have been necessary and, in many cases, there has been considerable delay in shipment.

Countries of consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	12	20	22
Germany	4	4	5
U.S.A.	1	3	5
Other Countries	1	3	4
Total	18	30	36

The trade has now regained the 1929-30 total of Rs.36 lakhs. Since 1936-7 separate figures have been recorded as follows:—

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (laks).
Machine tools	23	30
Other machines	7	6
Total	30	36

Countries of origin of each sub-division are not yet recorded for 1937-8 but, in the previous year the U.K. supplied 71 per cent. of the machine tools and 57 per cent. of the others. Germany provided 13 per cent. of the machine tools and 16 per cent. of the others. U.S.A. shipments formed 6 per cent. of the machine tools and 16 per cent. of the remainder.

Oil Crushing and Refining Machinery.—The total imports fell away during the past year, which is largely accounted for by the non-inclusion of the Burma figures.

Countries of consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	9	13	7
Germany	7	10	8
U.S.A.	3	5	5
Other Countries	2	—	3
Total	21	28	23

Paper Mill Machinery.—The equipment of the large number of new paper mills, which have been erected during the past two years, has resulted in a six-fold expansion of imports of plant.

1935-6.	1936-7.	1937-8.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
8	8	45

Unfortunately, it is not yet possible to include details of provenance in respect of 1937-8, but it is known that German manufacturers have secured the contracts for most of the new Indian-owned mills as a result of the remarkably low prices which have been quoted.

Pumping Machinery.—Demand was well maintained both in respect of waterworks schemes and also pumping equipment for industrial purposes.

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	21	21.5	23
U.S.A.	5	4	6
Germany	3	2.5	4
Other Countries	2	2	3
Total	31	30	36

U.K. manufacturers are strongly represented both as regards heavy-duty steam pumps for waterworks and also in the lighter types of industrial pumps, driven by steam, oil or electrical energy.

Refrigerating Machinery.—There has been a most encouraging revival in the demand for refrigerating plant of all kinds but it is regrettable that one most promising cold storage project in Northern India has had to be abandoned in the face of Indian religious feeling. There are signs that we are on the eve of an important forward move in the provision of mechanical cooling plants for works, offices and bungalows and air-conditioned transport on railways and roads. There is no country in the world where the provision of such facilities is more urgently needed. In the past, the cost has been considered to be prohibitive but any material lowering of prices would probably meet with an immediate response from this market. The total imports of all refrigerating plant (including domestic refrigerators) have been:—

1935-6.	1936-7.	1937-8.
Rs. 14,62,913	Rs. 15,54,116	Rs. 28,28,692

Since April, 1937-8, the imports of (a) domestic refrigerators and (b) other refrigerating plant have been subdivided, the figures for 1937-8 being Rs.9,41,242 and Rs.18,87,450 respectively.

Rice and Flour Mill Machinery.—This trade is only slowly recovering from the depression. In the absence of new flour mills, imports of flour-milling plant represent mainly renewals

while—with the separation of Burma—the imports of rice milling machines are mostly small machines for the bazaar demand.

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	5	3	4
Germany	2	2	2
U.S.A.	1	1	1
Other Countries	1	2	2
Total	9	8	9

The principal demand for small rice milling plants is in Bengal and Madras.

Saw-mill and Wood-working Machinery.—The exclusion of the Burma statistics must be borne in mind. Even so, the industry in India Proper remains practically stationary and the imports are largely confined to renewals for saw-mills and wood-working machines for the railway carriage and wagon shops.

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	4	3	2
Other Countries	1	1	2
Total	5	4	4

German competition tends to increase while arrivals from the U.S.A. remain stationary.

Sewing and Knitting Machines (including parts).—The statistics of the import of sewing and knitting machines afford a good index to the general prosperity of the country. As might be expected, the trade expanded from Rs.51 lakhs to Rs.71 lakhs during the past year and is within Rs.1 lakh of the pre-slump average. The imports of complete machines were as follows:—

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	47	34	43
Germany	16	15	23
Other Countries	2	2	5
Total	65	51	71

In 1937-8 Rs.66,75,177 represented sewing machines and Rs.4,78,764 were knitting machines. The number of U.K. machines rose from 42,098 to 56,388, while arrivals of

German machines rose from 21,202 to 31,864, and those from "other countries" from 1,491 to 2,836. The increase in German competition is disconcerting and results from drastic reductions in prices, which would indicate subsidies in one form or other. The machines of the Singer Sewing Machine Company, manufactured on a vast scale at its Clydebank factory, have such a reputation on the market on account of the Company's network of depots, schools and hire-purchase arrangements that they should be able to withstand all ordinary competition at economic prices. German competition, in present conditions, must be considered to be quite abnormal. The imports from "other countries" represent specialities from the U.S.A. and a growing number of the lowest-priced machines from Japan. Serious efforts are being made to manufacture sewing machines in India—a development which will require to be carefully watched.

Sugar Machinery.—When one considers that more than £6,500,000 worth of sugar machinery has been imported during the past seven years, it is not surprising that the imports tend to diminish as the market approaches saturation point. It is recognised that the existing factories in the principal existing cane areas of the United Provinces and Bihar and Orissa are fully adequate to deal with the crop. There still seems to be scope for a few further factories in other parts of India, where adequate supplies of cane can be secured and where a ready market can be found in the immediate vicinity. Apart from these occasional contracts, the steady demand for renewals should provide a regular stream of orders, although it should be noted that local engineering works now supply most of the simpler forms of spare parts.

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	50	69	44
Germany	11	12	13
Netherlands	1	4	1
Other Countries	4	10	12
Total	66	95	70

In 1936-7 the share of "other countries" included Rs.620,000 of second-hand sugar machinery from Java and Rs.349,000 from the U.S.A. Czechoslovakia supplies small quantities of specialities but is not a regular supplier of complete plants.

Tea Machinery.—The confidence created by the Tea Restriction Scheme has induced tea companies to effect necessary renewals of their factories with the result that there has been a

steady increase in the imports of machinery during the past three years.

1935-6. 1936-7. 1937-8.
Rs. 12,62,920 Rs. 14,77,275 Rs. 20,86,928.

Imports are almost entirely drawn from U.K. but in 1936-7 Rs.90,000 worth of special plant was obtained from Ceylon and Rs.18,000 from Germany.

Typewriters.—As I have repeatedly stated, so long as U.K. manufacturers of typewriters are not disposed to establish their own marketing organisations in India, they cannot expect to secure a much larger share than that disclosed by the following table:—

Countries of origin.	1936-7.		1937-8.	
	No.	Value (Rs.).	No.	Value (Rs.).
U.S.A. ...	13,841	13,75,191	17,929	16,68,163
Other Countries ...	1,988	2,12,189	2,754	2,86,833
Total ...	15,829	15,87,380	20,683	19,54,996

In 1936-7 the U.K. supplied 669 machines valued at Rs.84,319, Germany shipped 1,126 machines valued at Rs.112,192 and Switzerland 118 machines (Rs.7,893).

Other Sorts of Machinery.—These figures which are a good index to the activity prevailing among the numerous, unclassified industries of India, show a satisfactory expansion from Rs.2,25 lakhs to Rs.2,99 lakhs in the year under review. Details of provenance are not yet available but in 1936-7 the U.K. contributed 50, Germany 18, the U.S.A. 13, Denmark 4, Belgium 3, Switzerland 1½ and Japan 1½ per cent.

Iron and Steel.—The following statement giving the total imports of iron and steel into India during the past three years shows that, while there has been a modest increase during the past year, the quantities are well below those of 1935-6. The market was still further restricted owing to the increase in the output of finished steel by the Tata Iron and Steel Company from 646,000 tons in 1935-6 to 660,000 tons, to which should be added the production (unknown) of several re-rolling mills, which use both imported and Tata billets and other "semis". Moreover, the high prices which ruled until the end of 1937 had the effect of checking demand. There is no reason to suppose that the continuous decline in the tonnage imported from 1,197,000 tons in 1927-8 to 372,000 tons in 1937-8 is likely to be checked. The rapid extensions of the Tata Works combined with the output of the Steel Corporation of Bengal, which

should be available at the end of 1940, must inevitably result in the contraction of the Indian market for overseas steel to a few specialities and to those sections which the Indian works do not find economic or convenient to roll.

Total imports.	1935-6.	1936-7.	1937-8.
	Tons.	Tons.	Tons.
Iron	2,922	2,413	3,169
Steel	92,233	77,913	93,882
Iron or Steel	354,284	282,524	274,572
Total	449,439	362,850	371,623

Increases in tonnage occurred under the heads of steel bars; beams, channels, girders and bridgework; bolts and nuts; hoops and strips; nails, rivets and washers; screws; tinplates; tubes, and wire rope. On the other hand, there was a heavy fall in the imports of galvanised sheets and lesser reductions under plain sheets, wire nails, rails, chairs and fishplates, fencing materials and angle and tee steel.

Owing to the high prices which prevailed during 1936 and the greater part of 1937, the value of the imports shows a great expansion and tends to obscure the true position.

Total imports.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Iron... ..	4	3	5
Steel	97	81	154
Iron or steel	621	510	666
Total	7,22	5,94	8,25

Prices of Tata steel, which now govern market rates, ruled high until the end of 1937, when they were sharply reduced, notably in the case of galvanised sheets, in order to keep the mills in full production and to check the decline in consumption, which had become apparent. The fiscal year opened with 24 gauge galvanised sheets at Rs.16 per cwt. but closed at Rs.12/4/- per cwt. The following table shows the declared values per ton of some principal items of import during the month of March of the past three years.

Article.	1936.	1937.	1938.
	Rs. per ton.	Rs. per ton.	Rs. per ton.
Steel bars	108	158	282
Beams, channels and bridgework	119	110	195
Galvanised sheets	176	186	265
Tinplates	349	426	346

Production and Development of the Tata Iron and Steel Works.—I am indebted to the Tata Iron and Steel Company, Limited, for the following authoritative statement showing the production and the main items of development at Jamshedpur during the year ended 31st March, 1938:—

<i>Production of Pig Iron :—</i>						Tons.	
Number of furnaces in existence on 31.3.1938	...	...	...	...	...	4
Pig iron production	...	...	...	...	...	921,300
Pig iron used in works	...	...	...	...	...	846,052
Ferro Manganese produced for works' use	...	...	...	...	...	9,024
						Number in existence on 31.3.1938.	
<i>Furnaces and Converters :—</i>							
Bessemer converter (acid)	...	...	...	...	...	3
Open hearth furnace (basic)	...	...	...	...	...	10
<i>Production of Ingots :—</i>						Tons.	
Open hearth basic	...	...	...	...	...	320,936
Duplex basic	...	...	...	...	...	578,485
Electric furnace ingots	...	...	...	...	...	1,895
						Number in existence on 31.3.1938.	
<i>Rolling Mills :—</i>							
Cogging mill	...	...	...	...	...	1
35 in. roughing mill	...	...	...	...	...	1
Rail and heavy section mill	...	...	...	...	...	1
Plate mill	...	...	...	...	...	1
Light section, bar and merchant mills	...	...	...	...	...	4
Sheet bar and billet mill	...	...	...	...	...	1
Sheet mills	...	...	...	...	...	7
<i>Production of Semi-finished Steel :—</i>						Tons.	
(a) Blooming mill	...	...	...	...	...	770,369
(b) Sheet bar and billet mill—							
(1) Billets	...	...	...	...	...	} Rolled from blooms pro- duced on the blooming mill shown above. {
(2) Sheet bars and sleeper bars		243,288
(3) Tin bars and wide flats		134,866
						84,960	
<i>Production of Steel for Sale :—</i>							
Rails 50 lb. and over (first-class only)	...	...	...	...	...	74,522
Rails 30 lb. and under (first-class only)	...	...	...	...	...	2,721
Fishplates (first-class only)	...	...	...	...	...	2,977
Angles, channels and tees	...	...	...	...	...	66,918
Beams	...	...	...	...	...	58,970
Rounds, squares, flats, octagons and tie bars	...	...	...	...	...	116,197
Plates	...	...	...	...	...	64,684
Sheets $\frac{1}{2}$ in. and under other than galvanised sheets	...	...	...	...	...	27,366
Galvanised sheets	...	...	...	...	...	81,024
Blooms and billets for sale and kumardhubi	...	...	...	...	...	72,925
Sleepers and crossing sleeper bars	...	...	...	...	...	2,298
Plus tin bars, sleeper bars, sheet bars, etc., for sale	...	...	...	...	...	89,776
Total tons	...	...	...	...	...	660,378

B and C Blast Furnaces were relined during the year.

The installation of the new Power Plant was practically completed at the end of the year and the new Control and Research Laboratory was completed and opened on the 14th September, 1937. The Tatanagar Chemical Company who were taking waste acid discharged from pickling tanks at the Sheet Mill for the manufacture of oxides were taken over by the Steel Company in August, 1937. The installation of the second battery of the New Coke Ovens is well in hand and is expected to be ready for operation at the end of 1938.

Orders for a new Blast Furnace producing 1,000 tons a day have been placed. It is expected to be in operation in April, 1939.

Origin of the Imports of Iron and Steel.—The following statement shows the chief sources of the supply of iron and steel with the percentage share of each country:—

	United Kingdom.		Germany.		Belgium.		France.		U.S.A.		Other Countries.		Total.
	Tons (thous- and).	Share Per cent.	Tons (thous- and).	Share Per cent.	Tons (thous- and).	Share Per cent.	Tons (thous- and).	Share Per cent.	Tons (thous- and).	Share Per cent.	Tons (thous- and).	Share Per cent.	Tons (thous- and).
1913-4	609	59·8	200	19·6	173	17·0	2	0·1	22	2·2	12	1·3	1,018
1921-2	280	45·7	60	9·8	160	26·1	9	1·5	84	13·7	20	3·2	613
1922-3	359	48·1	90	12·1	229	30·7	7	1·0	38	5·1	23	3·0	746
1923-4	429	56·7	61	8·0	217	28·7	5	0·5	18	2·4	26	3·7	756
1924-5	439	50·5	88	10·1	273	31·4	16	1·8	17	2·0	36	4·2	869
1925-6	489	55·3	69	7·8	229	25·9	45	5·1	23	2·6	29	3·3	884
1926-7	406	48·1	79	9·3	257	30·4	33	3·9	29	3·4	41	4·9	845
1927-8	685	57·2	79	6·6	316	26·4	48	4·0	16	1·4	53	4·4	1,197
1928-9	650	55·5	70	6·0	333	28·5	54	4·6	18	1·5	45	3·9	1,170
1929-30	486	49·9	58	6·0	312	32·1	35	3·6	16	1·6	66	6·8	973
1930-1	269	43·8	44	7·2	207	33·7	29	4·7	15	2·4	50	8·2	614
1931-2	164	44·2	26	7·0	118	31·8	16	4·3	5	1·4	42	11·3	371
1932-3	140	43·0	22	6·7	104	31·9	12	3·7	2	0·6	46	14·1	326
1933-4	166	50·5	23	7·0	72	21·9	13	4·0	2	0·6	53	16·0	329
1934-5	182	49·2	32	8·6	74	20·0	12	3·2	3	0·8	67	18·2	370
1935-6	215	47·9	68	15·2	90	20·0	16	3·6	5	1·1	55	12·2	449
1936-7	165	45·5	48	13·2	84	23·1	13	3·6	4	1·1	49	13·5	363
1937-8	168	45·2	50	13·4	54	14·5	14	3·8	30	8·1	56	15·0	372

The next statement shows the principal headings under which competition was encountered in 1937-8.

Description.	From the U.K.	From Belgium	From Germany	From other sources.	Total.
	Tons.	Tons.	Tons.	Tons.	Tons.
Steel bars (other than cast steel)	19,156	12,036	2,002	*	51,229
Beams, channels, pillars, girders and bridgework...	17,800	3,228	3,887	**	26,378
Bolts and nuts	1,915	3,670	3,703	†	10,550
Hoops and strips	19,167	11,805	5,680	—	48,501
Nails, rivets and washers ...	6,632	1,647	2,693	††	15,297
Cast pipes and fittings ...	1,318	—	—	—	1,426
Galvanised sheets and plates	25,691	4,865	—	‡	42,800
Tinned plates	4,875	—	—	—	7,450
Sheets and plates not galvanised or tinned ...	18,791	2,539	—	—	23,832
Wrought tubes, pipes and fittings	18,075	769	19,260	††	41,356
Wire nails	490	1,440	345	†††	6,234
Wire rope	3,839	—	—	—	4,287
Rails, chairs and fishplates...	980	—	3,633	—	7,471
Sleepers and keys of steel or iron for railways ...	769	—	—	—	2,492
Fencing material (including fencing wire)	555	746	1,263	—	4,334

* From Luxemburg 9,682 tons and from France 7,211 tons.

** From France 701 tons.

† From Japan 552 tons.

†† From Sweden 1,390 tons and from Norway 1,572 tons.

‡ From Japan 11,665 tons.

†† From Japan 1,257 tons.

††† From Japan 1,675 tons.

United Kingdom exports are governed by the agreement between the British Iron and Steel Federation and the International Steel Cartel concluded in 1936 and based upon the exports during the year 1934. United Kingdom tonnages imported were slightly increased under almost every heading and notably in steel bars; hoops and strips; nails, rivets and washers; beams, channels and bridgework, tinplates and wire rope. Imports of United Kingdom galvanised sheets, however, declined from 40,000 tons to 25,000 tons. Values, of course, were greatly increased in almost every case with the exception of galvanised sheets. The German share of the tube trade was greater while Belgium shipped a much heavier tonnage of steel bars. Japanese shipments of galvanised sheets were appreciably lower in quantity but rose in value owing to a marked price increase. Japanese consignments of tubes advanced both in quantity and value.

The following brief comments under each heading analyse the competitive position in 1937-8 as compared with the previous year:—

Bars (other than Cast Steel).—Notwithstanding materially increased output from Indian works, aggregate imports rose from 27,515 tons, value Rs.36.5 lakhs to 51,229 tons, value Rs.96.7 lakhs. The United Kingdom share advanced from 14,191 tons (Rs.23.5 lakhs) to 19,156 tons (Rs.40 lakhs), that of Belgium from 5,874 tons (Rs.5 lakhs) to 12,036 tons (Rs.19 lakhs), Luxemburg from 1,567 tons (Rs.1.3 lakhs) to 9,682 tons (Rs.17 lakhs) and France from 2,505 tons (Rs.2 lakhs) to 7,211 tons (Rs.12 lakhs). Arrivals from Germany slightly fell from 2,527 tons to 2,002 tons but rose in value from Rs.2.7 lakhs to Rs.4.3 lakhs.

Beams, Channels, Pillars, Girders and Bridgework.—Total imports rose slightly in quantity from 24,876 tons to 26,378 tons but advanced considerably in value from Rs.30 lakhs to Rs.41 lakhs. The United Kingdom share rose from 14,736 tons (Rs.21 lakhs) to 17,800 tons (Rs.27 lakhs). Imports from Germany rose from 2,876 tons (Rs.2 lakhs) to 3,887 tons (Rs.5.5 lakhs) while those from Belgium were reduced in quantity from 3,965 tons to 3,228 tons but rose in value from Rs.3.6 lakhs to Rs.5.7 lakhs.

Bolts and Nuts.—The total imports grew from 9,404 tons (Rs.23.4 lakhs) to 10,550 tons (Rs.35 lakhs). Imports from the United Kingdom rose from 1,857 tons (Rs.7.8 lakhs) to 1,915 tons (Rs.9.6 lakhs) and from Belgium from 1,774 tons (Rs.3.4 lakhs) to 3,670 tons (Rs.10 lakhs). Imports from Germany fell in quantity from 3,930 tons to 3,703 tons but rose in value from Rs.8.5 lakhs to Rs.10.5 lakhs.

Fencing Materials (including Fencing Wire).—This is one of the few items in the Steel Schedule which did not show a sharp increase. The aggregate imports fell from 7,801 tons (Rs.15 lakhs) to 4,334 tons (Rs.12 lakhs). Imports from the United Kingdom dropped from 834 tons (Rs.3 lakhs) to 555 tons (Rs.2 lakhs), those from Germany from 2,164 tons (Rs.4 lakhs) to 1,263 tons (Rs.3.4 lakhs), Belgium from 1,739 tons (Rs.2.4 lakhs) to 746 tons (Rs.1.4 lakhs) and unspecified countries from 3,064 tons (Rs.5.7 lakhs) to 1,770 tons (Rs.5.4 lakhs).

Hoops and Strips.—Aggregate imports expanded from 41,204 tons (Rs.54 lakhs) to 48,501 tons (Rs.85½ lakhs). The United Kingdom share advanced from 15,169 tons (Rs.23 lakhs) to 19,167 tons (Rs.38 lakhs) and Belgium from 10,668 tons (Rs.11.8 lakhs) to 11,805 tons (Rs.19 lakhs). Here again, German imports fell in quantity from 6,355 tons to 5,680 tons but rose in value from Rs.8.5 lakhs to Rs.10.9 lakhs. Shipments

from unspecified countries rose from 9,012 tons (Rs.10.5 lakhs) to 11,849 tons (Rs.17.5 lakhs).

Nails, Rivets and Washers (other than Wire Nails).—The total imports rose from 12,312 tons (Rs.32 lakhs) to 15,297 tons (Rs.45 lakhs). Arrivals from the U.K. rose from 3,957 tons (Rs.10 lakhs) to 6,632 tons (Rs.18 lakhs), Sweden from 1,105 tons (Rs.6 lakhs) to 1,390 tons (Rs.7.5 lakhs), Norway from 1,645 tons (Rs.4.5 lakhs) to 1,572 tons (Rs.4.6 lakhs) and Belgium from 1,196 tons (Rs.2.5 lakhs) to 1,647 tons (Rs.4.4 lakhs). Arrivals from Germany fell, however, from 3,368 tons (Rs.6.4 lakhs) to 2,693 tons (Rs.6 lakhs).

Cast Pipes and Fittings.—Total imports remained stationary in volume at 1,426 tons, but rose in value from Rs.6.6 lakhs to Rs.7 lakhs, of which the U.K. supplied Rs.6.4 lakhs.

Rails, Chairs and Fishplates.—The aggregate imports fell in quantity from 9,987 tons to 7,471 tons, but rose in value from Rs.10 lakhs to Rs.11 lakhs. The U.K. share fell from 3,605 tons (Rs.6 lakhs) to 980 tons (Rs.2.6 lakhs). Arrivals from Germany, however, rose from 1,559 tons (Rs.1.4 lakhs) to 3,633 tons (Rs.4.9 lakhs).

Screws.—The aggregate trade advanced from 1,897 tons (Rs.8.4 lakhs) to 2,873 tons (Rs.15.8 lakhs). Imports from the U.K. rose from 563 tons (Rs.3 lakhs) to 781 tons (Rs.5 lakhs), Sweden from 439 tons (Rs.2 lakhs) to 638 tons (Rs.3 lakhs), Belgium from 266 tons (Rs.1 lakh) to 505 tons (Rs.2.76 lakhs) and unspecified countries from 629 tons (Rs.2.5 lakhs) to 949 tons (Rs.5 lakhs).

Galvanised Sheets and Plates.—Consequent upon the steady increase in the domestic production of the Tata Company, imports of galvanised sheets continued to decline from 64,599 tons (Rs.1.10 lakhs) to 42,800 tons (Rs.97.4 lakhs). The U.K. share fell from 40,582 tons (Rs.73.2 lakhs) to 25,691 tons (Rs.54.4 lakhs), and that of Belgium from 7,030 tons (Rs.9.6 lakhs) to 4,865 tons (Rs.11.8 lakhs). Owing to a considerable increase in Japanese prices quantitative imports from Japan showed a reduction from 15,818 tons to 11,665 tons, but rose in value from Rs.25.4 lakhs to Rs.30 lakhs.

Tinned Plates.—Owing to the fact that the output of the Indian Tinsplate Company was not sufficient to meet the heavily increased market demand, imports rose from 1,422 tons (Rs.5.6 lakhs) to 7,450 tons (Rs.29 lakhs). Arrivals from the U.K. rose from 1,303 tons (Rs.5.3 lakhs) to 4,875 tons (Rs.20.6 lakhs), those from Italy from 32 tons (Rs.11 thousand) to 285 tons (Rs.1 lakh), and unspecified countries from 87 tons (Rs.20 thousand) to 2,290 tons (Rs.7.3 lakhs).

Sheets and Plates (not galvanised or tinned).—The aggregate trade receded from 26,518 tons to 23,832 tons, but the value rose from Rs.36 lakhs to Rs.46½ lakhs. U.K. shipments advanced from 18,561 tons (Rs.28 lakhs) to 18,791 tons (Rs.35.3 lakhs). Imports from Belgium fell from 5,385 tons (Rs.4.8 lakhs) to 2,539 tons (Rs.4.5 lakhs). Imports from "other countries" fell in quantity from 2,572 tons to 2,502 tons, but rose in value from Rs.3 lakhs to Rs.6.5 lakhs.

Sleepers and Keys of Steel or Iron for Railways.—There was some decline in this trade from 4,573 tons (Rs.6.5 lakhs) to 2,492 tons (Rs.4 lakhs). Imports from the U.K. fell from 2,791 tons (Rs.5 lakhs) to 769 tons (Rs.2 lakhs), whilst those from unspecified countries were reduced in quantity from 1,782 tons to 1,723 tons, but rose in value from Rs.1.4 lakhs to Rs.2 lakhs.

Wrought Tubes, Pipes and Fittings.—The heavy increase in steel prices is shown by a modest increase in the quantities imported from 40,358 tons to 41,356 tons, as compared with the material increase in aggregate values from Rs.79.5 lakhs to Rs.1,07 lakhs. Imports from the U.K. fell in quantity from 18,907 tons to 18,075 tons, but rose in value from Rs.45.5 lakhs to 57.7 lakhs. Imports from Germany rose from 17,006 tons (Rs.23.5 lakhs) to 19,260 tons (Rs.36.5 lakhs). The comparatively small share of Japan rose from 970 tons (Rs.3.2 lakhs) to 1,257 tons (Rs.4.8 lakhs) and that of the U.S.A. from 258 tons (Rs.2 lakhs) to 1,051 tons (Rs.3.8 lakhs).

Wire Nails.—The aggregate imports fell in quantity from 8,025 tons to 6,234 tons, but rose in value from Rs.12.5 lakhs to Rs.15.2 lakhs. Imports from the U.K., although relatively unimportant, rose from 288 tons (Rs.71 thousand) to 490 tons (Rs.1.4 lakhs). Imports from Belgium fell from 4,525 tons (Rs.7 lakhs) to 1,440 tons (Rs.3.5 lakhs) and those from Germany from 691 tons (Rs.1.2 lakhs) to 345 tons (Rs.0.8 lakh). On the other hand, imports from Japan advanced from 1,121 tons (Rs.1.6 lakhs) to 1,675 tons (Rs.4.3 lakhs).

Wire Rope.—The total imports advanced from 3,363 tons (Rs.18 lakhs) to 4,287 tons (Rs.23.7 lakhs). Arrivals from the U.K. advanced from 2,759 tons (Rs.16 lakhs) to 3,839 tons (Rs.22 lakhs), while those from unspecified countries dropped from 604 tons (Rs.2 lakhs) to 448 tons (Rs.1.7 lakhs).

Wire (other than Fencing Wire).—The aggregate trade fell slightly in volume from 8,623 tons to 8,401 tons, but rose sharply in value from Rs.14 lakhs to Rs.22 lakhs. Imports from the U.K. rose from 1,575 tons (Rs.4.2 lakhs) to 2,241 tons (Rs.7 lakhs), and Japan from 2,538 tons (Rs.3.7 lakhs) to 2,563 tons (Rs.6.5 lakhs), while the share of unspecified countries

fell in quantity from 4,510 tons to 3,597 tons, but rose in value from Rs.6.2 lakhs to Rs.8.4 lakhs.

Aluminium.—Imports of aluminium manufactures have been seriously affected by the fall in purchasing power since the depression began in 1930. Between 1929-30 and 1932-3 they dropped from Rs.142 lakhs to Rs.22 lakhs. Since then there has been a slow but steady improvement and arrivals last year rose from 63,246 cwt. to 66,852 cwt. and from Rs.43 lakhs to Rs.53 lakhs in value.

	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
<i>Unwrought</i> —				
Ingots, blocks, bars ...	108	*	61	†
<i>Wrought</i> —				
Circles	51,290	33	49,745	36
Sheets	3,019	2	3,230	2
Other manufactures ...	8,829	8	13,816	15
Total imports ...	63,246	43	66,852	53

* Rs. 7,601.

† Rs. 3,381.

Particulars relating to the origin of the imports in 1937-8 are not yet available, but in 1936-7, of the circles, the U.K. supplied 27, Germany 36, Japan 27, the U.S.A. 4 and Switzerland 4 per cent. Imports from Japan show a steadily rising trend. The minor imports of sheets were drawn from the U.K. (58 per cent.), Japan (28 per cent.) and small values from Germany and the U.S.A. Imports of "other manufactures", comprising mainly wire and utensils, were drawn from the U.K. (32 per cent.), Germany (45 per cent.), Japan (5 per cent.) and Switzerland (5 per cent.).

Brass, Bronze and Similar Alloys.

Mixed or Yellow Metal for Sheathing.—The imports of yellow metal sheets, which are the raw material of the Indian household hollow-ware, have hitherto been a rough guide to the prosperity of the people. In 1929-30 the imports were valued at Rs.1,83 lakhs. They fell to Rs.1,06 lakhs in 1931-2 during the depth of the depression, then recovered to Rs.1,43 lakhs in 1934-5, but have since steadily declined notwithstanding the general increase in purchasing power during 1936 and 1937. The reason is probably to be found in the rapid increase in the production of indigenous sheets by the Indian Copper Corporation, which find a ready sale in the market. Moreover, there

may have been a switch in the demand to copper sheets, the imports of which have advanced by no less than 50,000 cwt. during the past year.

Countries of Consignment.	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	53,822	16	59,609	21
Germany ...	163,929	45	88,403	30
Japan ...	45,380	13	12,549	5
Other Countries ...	—	—	24	—
Total ...	263,131	74	160,585	56

The strengthening of the U.K. position is encouraging. Competition with German prices is so keen that the 10 per cent. preferential margin just enables us to hold the market. The marked decline in arrivals from Japan and the increase in Japanese prices result from the Sino-Japanese hostilities in the Far East.

Copper (Wrought).—The imports of wrought copper during the past two years have been as follows:—

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Rods ...	21	33
Sheets ...	41	71
Tubes ...	2	3
Wire (excluding telegraph and telephone wire)	3	6
Other manufactures ...	6	7

The next table gives the provenance of the imports:—

Countries of Consignment.	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	47,292	21	98,453	46
Germany ...	64,521	25	85,013	37
U.S.A. ...	32,440	11	56,687	24
Japan ...	53,179	16	16,802	7
Other Countries ...	3,926	1	8,314	4
Total ...	201,358	74	265,269	118

It will be observed that the values of both United Kingdom and U.S.A. shipments were more than doubled, that German

competition was not so intense, and that Japanese consignments were materially reduced and the prices raised as in the case of all metals.

German Silver (including Nickel Silver).—The trade remained practically stationary during the year.

	1935-6.	1936-7.	1937-8.
Quantity (cwts.)	27,371	27,309	24,419
Value (Rs. lakhs)	15	14.2	14.5

In 1936-7, the U.K. supplied 20, Japan 35, Germany 30 and Austria 11 per cent. The U.K. share has remained practically constant for some years, Italy has almost disappeared from the market and Japan shows signs of supplanting Austrian and German supplies.

Railway Plant and Rolling Stock.

State-operated Lines.—The only separately classified statistics which appear in the Monthly Trade Returns, on which this Report is based, are as follows:—

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Carriages and parts for railways... ..	7	10
Wagons and parts for railways	5	3

In 1936-7 Rs.17 lakhs worth of locomotives and parts were imported on account of State Railways, Rs.3 lakhs being drawn from the U.K., Rs.10 lakhs from Germany and Rs.3 lakhs from Belgium. Of the carriages and parts, Rs.2.6 lakhs were obtained from the U.K., Rs.2.85 lakhs from Belgium and Rs.1.45 lakhs from Germany. The meagre imports of special types of wagon parts (not manufactured in India) were drawn from the U.K. (Rs.61,000), Belgium (Rs.129,000), Germany (Rs.111,000) and Hungary (Rs.153,000).

Company-worked Lines.—The imports of Railway material entering India as private merchandise on account of the Companies' lines were:—

Rails, Chairs and Fishplates.

Country of Origin.	1936-7.		1937-8.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom	3,605	6	980	2.5
Germany	1,559	1.5	3,633	5
Other Countries	4,823	2.5	2,858	3.5
Total	9,987	10.0	7,471	11.0

Sleepers and Keys of Steel or Iron for Railways.

Country of Origin.	1936-7.		1937-8.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ...	2,791	5	769	2
Other Countries ...	1,782	1	1,723	2
Total ...	4,573	6	2,492	4

Railway Locomotive Engines and Tenders and Parts.

Country of Origin.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom ...	38	33
Germany ...	4	6
Other countries ...	4	5
Total ...	46	44

Railway Carriages and Parts.

Country of Origin.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom ...	33	40
Germany ...	6	9
Belgium ...	5	6
Other Countries ...	5	9
Total ...	49	64

Railway Wagons and Parts.

Country of Origin.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom ...	8	17
Germany ...	5	14
Belgium ...	2	4
Other Countries ...	0.5	1
Total ...	15.5	36

The reduction in the imports of railway plant and rolling stock, which, in 1927-8 were valued at nearly Rs.5 crores, to such meagre proportions is due, firstly, to the curtailment by the Government of India of capital expenditure and particularly of expenditure in sterling on account of the difficult financial position since the depression began. This has affected the imports of locomotives. Secondly, it is due to the rapid extension of manufacture in India. Almost all the wagons are now built in India, the bulk of the carriage stocks and the margin portion of the steel permanent way material. The only items left to be imported are locomotives, locomotive boilers and mechanical parts, and parts of other rolling stock such as wheels and axles, buffers, springs, brake gear, etc. The project for a locomotive works and a plant for producing wheels and axles in India has not materialised, but political pressure is being exercised with this object in view.

Motor Cars.—The following table shows the progress of the trade over a period of years and gives the number of cars imported during each post-War year, with the pre-War and War totals for purposes of comparison:—

	United Kingdom.	U.S.A. (a)	Canada.	France.	Italy.	Other Countries.	Total.
Year 1913-4 (pre-war)	1,669	868	—	111	7	225	2,880
War average (1914-5 to 1918-9)	537	1,681	—	49	28	22	2,317
Year 1919-20	448	9,353	20	3	17	84	9,925
1920-1	2,541	10,120	1,938	192	218	423	15,432
1921-2	790	802	576	158	222	347	2,895
1922-3	449	1,386	1,846	61	131	450	4,323
1923-4	1,005	2,865	3,290	153	370	301	7,984
1924-5	1,682	3,106	3,956	215	235	186	9,380
1925-6	2,399	4,143	4,775	367	860	213	12,757
1926-7	2,546	4,030	4,476	607	1,416	122	13,197
1927-8	3,600	6,031	3,400	538	1,367	186	15,122
1928-9	3,645	10,145	4,366	277	967	167	19,567
1929-30	3,758	9,620	2,318	364	1,150	189	17,399
1930-1	2,885	5,098	3,250	261	917	190	12,601
1931-2	2,178	3,368	676	161	510	327	7,220
1932-3	3,958	1,201	296	84	226	436	6,201
1933-4	5,348	2,227	1,715	62	221	186	9,759
1934-5	6,311	5,564	2,057	26	267	209	14,434
1935-6	6,744	3,851	2,328	13	210	444	13,590
1936-7	6,337	3,870	1,290	42	382	1,018	12,939
1937-8	6,419	4,880	1,612	*	281	2,505	15,697

(a) The country of origin of many of the cars imported from the U.S.A. during the years previous to 1920-21 was Canada.

* Not separately distinguished.

In my last report for 1935-6, I referred to the successful efforts of the U.K. manufacturer which had raised the share of the U.K. from a negligible quantity in the years immediately following the War to that of the principal supplier to the market. U.K. cars still head the list, both as regards numbers and value, but their share of the trade has fallen from approximately 50 per cent. in 1935-6 to 41 per cent. in the year under review. This is due partly to intensified U.S.A. and Canadian competition but mainly to the entry of German cars at prices with which competition is impossible and which can only be the result of subsidisation.

The following table shows the provenance of the imports during the past two years:—

Country of Origin.	1936-7.		1937-8.	
	Number.	Rs. (lakhs).	Number.	Rs. (lakhs).
United Kingdom ...	6,337	1,22	6,419	1,28
U.S.A. ...	3,870	75	4,880	95
Germany ...	813	16	2,097	36
Canada ...	1,290	21	1,612	28
Italy ...	382	5	281	4
Other Countries ...	247	4	408	7
Total ...	12,939	2,43	15,697	2,98

Both the U.S.A. and Canada improved their position at the expense of the U.K., but the real cause of the decline in the U.K. percentage was the influx of German cars of the Opel and Adler types, which compete directly with the British models. This competition first became serious in 1935-6 when 335 German vehicles were imported. In 1936-7 the numbers rose to 813 and in 1937-8 to 2,097. During the early years importers were reported to be able to reduce their prices by 15 per cent. as a result of special barter and exchange arrangements with Indian produce exporters. Now that Germany has abandoned the barter system, the low prices charged, which vary from 15 to as much as 30 per cent. below those of corresponding U.K. and U.S.A. models, must be due to bounties on export. Although the Opel cars are part of the General Motors Organisation and presumably are able to enjoy the benefits of the widespread distributing organisation of that concern, the success of the German models is due entirely to their phenomenally low prices. The leading U.K. suppliers now employ efficient sales organisations and distribution methods throughout India and meet the needs of the market as regards spare parts, repairs and general service. In India, as in the U.K., they are finding it impossible

to cope on equal terms with uneconomic competition of this kind. The $7\frac{1}{2}$ per cent. preference is of negligible value when one considers that the average declared import value of the U.K. car in 1937-8 was Rs.2,000 and that of the German vehicle Rs.1,716. The average declared value of all imported cars was Rs.2,006.

Apart from this quite exceptional competition, the U.K. vehicle may be said to be holding its own. The Indian car-owner now pays greater attention to low running costs, the life of the vehicle and its second-hand selling value, all points in favour of the smaller horse-powered U.K. car. It is only when cheap high-powered cars are needed for rough up-country work on bad or unmetalled roads where they are frequently in the hands of inexperienced drivers that the big American engine has the advantage. A further reduction in the horse-power tax in the U.K. would stimulate the production of greater numbers of higher-powered vehicles for the home market and so enable the U.K. manufacturer to scale down his prices in order to meet U.S.A. and Canadian competition in the market for 20-30 horse-power vehicles of which the up-country demand is mainly composed.

The Intelligence Organisation of the Resident Representative of the Society of Motor Manufacturers and Traders, to the inauguration of which I referred in my last report, has fully justified itself. The service given is greatly appreciated by the local branches and agencies of U.K. makers and the detailed information with regard to every aspect of the market of U.K. motor vehicles in India should be of great value to the Trade at home.

An important step forward is being taken by the Government of India in introducing the Motor Vehicles Bill 1938, which will regularise and codify the law with regard to motor transport. A further considerable programme of road construction will shortly be embarked upon throughout the Provinces now that financial provision is available from the Road Fund. We may, therefore, expect to see a remarkable expansion of motor transport throughout the country during the next ten years of which, it is to be hoped, the U.K. manufacturer will secure an adequate share. As I have repeatedly stated, the Indian market is potentially one of the greatest in the Empire and will amply justify all the attention and care that can be given to it.

The following statement shows the numbers of motor vehicles registered in British India on the 31st March, 1938:—

Number of Motor Vehicles running in British India at the end of March, 1938.

Provinces.	Motor-cars including Taxi-cabs.	Motor Cycles including Scooters and Auto-wheels.	Heavy Motor Vehicles (buses, vans, lorries, etc.).	Total.
Bengal (excluding Calcutta and Howrah town) ...	4,494	275	2,003	6,772
Calcutta, including Howrah town ...	17,327	692	3,343	21,362
Bombay ...	17,963 (a)	1,447	8,442	27,852
Madras City ...	5,446	495	739	6,680
Madras Presidency (excluding Madras City) ...	9,686	876	4,548	15,110
United Provinces† ...	12,458	933	3,326	16,717
Punjab ...	5,835	659	5,415	11,909
Bihar ...	5,314	533	1,097	6,944
Orissa ...	938	83	341	1,362
Central Provinces and Berar	4,177	764	2,073	7,014
Sind ...	2,586	444	784	3,814
Delhi Province ...	2,332	247	662	3,241
North West Frontier Province‡ ...	5,425	1,672	4,198	11,295
Ajmer-Merwara ...	752	97	226	1,075
Assam ...	3,139	168	1,975	5,282
Total ...	97,872	9,385	39,172	146,429

(a) Excludes taxi-cabs which are included under heavy motor vehicles.

† As at 31st December, 1937.

‡ Progressive figures from commencement of registration.

Motor Omnibuses, Vans and Lorries.—It is satisfactory to note that the U.K. percentage in numbers of commercial vehicles imported rose from 13 to 15 per cent. The percentage of values fell from 25 to 22 in consequence of the increasing numbers of the lighter weight and less expensive lorries of the Bedford and Ford types which are being sold. Hitherto, the U.K. exporter has unfortunately, not been so successful in catering for the valuable market for light and comparatively high-powered truck chassis for buses and general transport use. Wherever transport companies are operated on modern lines, with due attention to maintenance and repairs, the United Kingdom heavy truck holds its own, but—apart from a few large cities—the Indian transport owner possesses little capital and usually purchases light trucks of the Chevrolet, Dodge or Ford type on the hire-purchase system, runs them to death and scraps them after a couple of years, thus avoiding the necessity of

any repair and maintenance organisation. The low-priced U.K. trucks of the Bedford and Ford types effectually meet this demand and are being sold in increasing numbers. It is to be hoped that, with the passage of the Motor Vehicles Act and the resulting more stringent control of up-country transport services, the market will expand for the heavier and more substantial types of vehicle, which require adequate care and service. In these types of lorries U.K. vehicles enjoy a high reputation and are found to be eminently suitable: it is satisfactory to note that they are being increasingly used in transport services in some of the Indian States and are giving great satisfaction. They also find a valuable outlet, for army requirements.

Countries of Consignment.	1936-7.		1937-8.	
	Number.	Rs. (lakhs).	Number.	Rs. (lakhs).
United Kingdom ...	1,217	33	2,337	47
U.S.A.	6,012	68	10,035	1,22
Canada	1,719	23	2,197	27
Other Countries ...	212	7	508	11
Total ...	9,160	1,31	15,077	2,07

The expansion of bus services and motor haulage of goods by road which will inevitably follow the rapid extension of roads throughout the country and the more efficient regulation of traffic should create a demand for trucks, both heavy, medium and light weight, such as we have not hitherto seen. The prospects for the sale of trucks in India during the next ten years are probably brighter than anywhere else in the Empire. It is to be hoped that the U.K. manufacturer will make a strenuous effort to produce the type of vehicle required at competitive prices. Concentrated effort and the most strenuous marketing exertions will be required in order to make headway. The market is worth the effort, but the difficulties should not be under-rated. The U.S.A. makers hold the field and will be difficult to supplant, and German competition in diesel lorries is likely to increase. The scale of India's future requirements should offer scope for an increased offtake of all types.

Motor Cycles.—The imports of motor cycles, which have been reduced to almost one-third of the normal volume, owing to the reduced purchasing power of the class of Europeans, Anglo-Indians and Indians who normally purchase these machines, have steadily advanced during the past two years as the following table shows:—

Countries of Consignment.	1936-7.		1937-8.	
	Number.	Rs. (lakhs).	Number.	Rs. (lakhs).
United Kingdom ...	491	2.5	484	2.6
Other Countries ...	430	1.0	787	2.1
Total ...	921	3.5	1,271	4.7

Satisfaction at the expansion of the trade must be tempered by regret that the U.K. share has been so materially reduced. Details of provenance for 1937-8 are not yet available, but it is certain that—with the exception of a few high-grade U.S.A. machines—supplies from other countries are almost entirely of German origin. Imports from Germany during the previous four years were as follows:—

1933-4 ...	55	valued at	Rs. 11,011.
1934-5 ...	56	..	Rs. 14,551.
1935-6 ...	154	..	Rs. 34,960.
1936-7 ...	408	..	Rs. 97,848.

The machines are mostly light-weight machines of 1 and 1½ horse power, which are easy to handle and work out at a declared average price of Rs.240 each (approximately £18). They have created quite a new demand in India and have hitherto had the field to themselves as there are only one or two U.K. makers who are in a position to supply a comparable model. Unless strenuous efforts are made to combat this new competition, it is to be feared that the U.K. will rapidly lose its Indian trade. There is no doubt that the light, cheap and fool-proof German machines meet the growing demand in India and their sale is likely to increase rapidly.

Cycles (other than motor cycles and parts thereof) and accessories.—The expansion in this valuable trade continues and the 1937-8 figures at over Rs.1,18 lakhs are within Rs.10 lakhs of the pre-slump total of 1928-9. The increased sale of pedal cycles reflects the rapid adoption of modern and improved means of transport by the urban population of India. The possession of a cycle is extending to the lower and vastly more populous strata of urban life and is even extending to the country villages wherever there are passable tracks. In a recent visit to several small hamlets in the heart of the agricultural Punjab, I was astonished to see many cycles which were several miles distant from metalled roads. This extension to the agriculturist class opens up a boundless market, which has hitherto been practically untapped. Provided that the purchasing power of the people is maintained, there is every reason to anticipate a

rapidly increasing demand for cycles, parts and accessories. The figures are:—

	1935-6.	1936-7.	1937-8.
	Number.	Number.	Number.
Cycles imported entire or in sections	133,595	165,390	170,664
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Value of parts of cycles and accessories (excluding rubber tyres)	71	65	63

The aggregate imports of cycles, parts and accessories were drawn as follows:—

Countries of Origin.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	83	84	88
Japan	16	16	16
Germany	8	10	10
Other Countries	2	2	4
	1,09	1,12	1,18

It is most encouraging to note that the U.K. share is being maintained at 75 per cent. and that German and Japanese competition is being held. "Other countries", in 1936-7, included Rs.2.2 lakhs from Holland and Rs.12,000 from Belgium, these probably representing German machines exported from Rotterdam and Antwerp respectively. In spite of the fact that Japanese components are imported at phenomenally low prices and are cheaply assembled in India, the reputation of the U.K. machine for style, durability and value for money ensures its sale. During the early months of 1937-8 there was such heavy buying that the market has been overstocked during the past six months and imports are much reduced. Until stocks are cleared, imports are bound to be on a reduced scale and the figures for the current year will probably show a marked recession.

Provisions.—The fall in the aggregate imports under this comprehensive heading from Rs.320 lakhs to Rs.260 lakhs is entirely due to the exclusion from 1st April, 1937, of the imports into Burma. This is proved by the fact that the principal reductions have been in those items, notably condensed and preserved milk, biscuits, canned fish and confectionery, for which the Burma demand is important. Moreover, the amount of the reduction in these cases has closely corresponded with the Burma consumption in the previous year. Apart from this change in statistical presentation, the imports of provisions into British India have shown a further increase, which, in the

case of such quasi-luxury articles, shows an accretion of purchasing power among the wealthier classes in the towns.

Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,79	1,50
Straits Settlements	28	24
Netherlands	29	19
U.S.A.	17	19
Australia	14	13
Other Countries	53	35
Total imports	3,20	2,60

Notwithstanding the actual reductions in U.K. shipments of Rs.29 lakhs (due to the exclusion of Burma) the U.K. percentage rose from 56 to 58. If non-competitive trade (such as that in vegetable product and the imports of Oriental produce from the Straits Settlements and the Far East) be excluded, we find that the U.K. supplies no less than 73 per cent. The keenest foreign competition is that with Holland in condensed milk and cheese, the U.S.A. in canned and bottled fruits and other tinned provisions, Denmark in bacon, hams and butter, Japan in canned fish and the U.S.A. in certain patent foods. The preferential margin of 10 per cent. is of considerable value in the case of competition with European countries and the U.S.A. As the purchasing power of India rises and her wants become more diversified, we may expect this lucrative trade to show considerable expansion and to provide a still more valuable outlet for U.K. packers. The following table shows the imports under each of the principal sub-headings: —

Principal articles.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Bacon and hams	13	12.5
Biscuits and cakes... ..	39.5	27
Butter	8	7
Canned or bottled fruits	10	12
Tinned or canned fish	16	6
Vegetable product	1	5
Other canned or bottled provisions	36.5	39
Cheese (including canned)	8	7.5
Cocoa and chocolate	4	3.5
Confectionery	23	19
Farinaceous foods in bulk	29	25
Milk foods for infants and invalids	15	17
Other farinaceous foods	33	32
Jams and jellies	7	6.5
Milk, condensed and preserved (including milk cream)	54	19
Pickles, chutnies, sauces and condiments	7	6

Liquors.—Ale, Beer and Porter.—The subjoined table gives the imports, both quantities and values, during the past two years:—

Countries of Consignment.	1936-7.		1937-8.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom ...	2,131,237	46	2,005,642	43
Netherlands ...	544,187	12	617,823	13
Germany ...	436,609	11	423,583	11
Japan ...	618,479	7	539,780	6
Other Countries ...	111,567	2	95,555	2
Total ...	3,842,079	78	3,682,383	75

The enhanced taxation, restricted purchasing power of the European and Anglo-Indian communities, reduced demand from British troops and the growing competition from Indian breweries in the Hills resulted in a fall in aggregate imports from Rs.1,11 lakhs in 1928-29 to a low level of Rs.69 lakhs in 1933-4. During recent years there has been some revival and, but for the exclusion of the Burma figures, the total for India Proper would have shown an increase of Rs.5 lakhs. The movement towards prohibition, sponsored by Mr. Gandhi, has resulted in prohibition being enforced in the Salem district of Madras as an experimental measure. Other Congress Provincial Governments are considering similar action in selected districts elsewhere. The loss of excise revenue, however, is such a serious consideration in these times of financial stringency that it seems unlikely that the movement will become widespread, at least for some years to come. The competition of Indian breweries is likely to become more serious as they extend their activities.

In 1936-7, 2,905,253 gallons of beer were imported in bottle, of which the U.K. supplied 1,213,180 gallons, Japan 616,226 gallons, Holland 537,937 gallons and Germany 435,624 gallons. It is encouraging to note that German and Japanese competition is being held. Light Dutch lager beers are, however, increasing in favour. Of the beer imported in bulk, amounting to 830,241 gallons, the U.K. supplied practically the whole, trifling quantities of 7,371 gallons from Czechoslovakia and 5,973 gallons from Holland being imported. The imports of stout and porter, amounting to 100,355 gallons, were almost entirely drawn from the U.K. The average value of imported beer from the U.K. in 1936-7 was Rs.2/1/3 per gallon. This compares with Rs.2/1/10 in the case of Holland, Rs.2/9/3 in the case of Germany and Rs.1/1/10 in the case of Japan. The specific preferential duties are of considerable value to the U.K. shippers.

Spirits.—The following table shows the quantities and values of the principal kinds of spirit imported into India :—

Description.	1936-7.		1937-8.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
Brandy	114,732	18	108,754	17
Gin	88,547	8	88,449	8
Liqueurs	13,984	3	12,864	3
Rum	2,309	*	2,065	†
Whisky	334,044	57	309,633	53
Spirit present in drugs	130,944	38	133,194	37
Spirit, perfumed ...	6,776	7	6,707	7
„ denatured...	337,426	3	379,010	3
Other sorts ...	23,044	8	24,043	8

* Rs. 22,190.

† Rs. 21,001.

The next table gives the countries of origin of all spirits.

Countries of Consignment.	1936-7.		1937-8.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom ...	499,676	93	471,922	88
France	135,500	25	131,855	24
U.S.A.	51,810	14	51,291	15
Germany	11,561	3	13,572	4
Java	331,460	3	379,045	3
Other Countries ...	21,799	3	17,034	3
Total ...	1,051,806	1,41	1,064,719	1,37

Taking into account that Burma, in 1936-7, absorbed nearly Rs.15 lakhs of spirit, there must have been an actual increase of some Rs. 10 lakhs in the offtake of India Proper. The gallonage, however, is still only one-half that of 1929-30, a fact which reflects the effects of high taxation and reduced purchasing power. Brandy is almost entirely drawn from France with about a lakh's worth of re-exported brandy from the U.K. In 1936-7 of a total of 88,547 gallons of gin the U.K. supplied 84,086 gallons and Holland 3,853 gallons. In the same year, the U.K. shipped 333,183, or practically the whole, of the 334,044 gallons of whisky imported. Spirit present in drugs was obtained from the U.K. (43 per cent.), the U.S.A. (35 per cent.), France (13 per cent.), Germany (3 per cent.) and Switzerland (3 per cent.). Perfumed spirit was drawn from the U.K. (60 per cent.), France (21 per cent.) and Germany (17 per cent.). Java

supplies practically the whole of the spirit which is denatured at Indian Customs Houses before clearance.

Wines.—The relatively small imports of wines fell from 158,106 gallons valued at Rs.19½ lakhs in 1936-7 to 153,762 gallons valued at just under Rs.18 lakhs in the year under review. Here again, but for the exclusion of Burma, the market would have shown slight expansion. Of the total imports in 1936-7, France supplied 36 per cent., Spain 12 per cent., Italy 3½ per cent., Holland 3 per cent., Germany 2 per cent. and Portugal 2 per cent. The U.K. contributed 35 per cent., representing re-exports from the six principal producing countries.

Paper and Pasteboard.—The general development of India is clearly shown by the continuous advance in the imports of paper and pasteboard during the past few years culminating in a rise during 1937-8 from 3,202,587 cwts. valued at Rs.2.82 lakhs to 3,634,810 cwts. valued at Rs.4.15 lakhs. The figures have exceeded the pre-depression aggregate of 2,740,400 cwts. (Rs.3.72 lakhs) in 1929-30 and have been reached, notwithstanding the exclusion from this figure of the direct imports into Burma (which in 1936-7 imported 262,489 cwts. costing Rs.21½ lakhs) and an expansion of domestic production from 970,625 cwts. to 1,076,222 cwts.

	1913-4. (pre-war year).	1934-5. Per cent.	1935-6. Per cent.	1936-7. Per cent.	1937-8. Per cent.
United Kingdom ...	56.2	34.6	29.7	30.5	25.0
Germany ...	17.3	9.6	19.1	25.2	20.7
Sweden ...	3.2	13.2	13.8	11.5	13.5
Norway ...	5.1	11.5	12.6	10.8	9.2
Austria ...	8.3	7.8	4.8	3.1	8.9
Japan ...	1.0	3.9	3.9	4.1	4.6
Netherlands ...	2.5	4.4	3.9	3.9	4.3
U.S.A. ...	.8	2.2	1.6	1.1	2.9
Other Countries ...	5.6	12.8	10.6	9.8	10.9
Total ...	100	100	100	100	100

The fall in the U.K. percentage has taken place in spite of substantial actual increases under each type of paper. Austria (whose shipments will now be merged with those of Germany) is recovering her position in the supply of printing paper while Japan continues to make steady progress. German competition seems to have received a check for the time being.

Packing and Wrapping Paper.—The imports show a marked advance from 364,146 cwts. (Rs.48 lakhs) to 510,419 cwts. (Rs.84 lakhs) due to materially increased shipments from every

source of supply. The Scandinavian mills can usually under-
quote the U.K. works; arrivals from Germany are, in the main,
of Swedish or Norwegian origin shipped via Hamburg.

Countries of Consignment.	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	26,706	5	42,866	10
Sweden	165,878	20	254,061	37
Germany	84,772	11.5	83,278	15
Norway	19,018	2.5	35,142	6
Austria	17,297	2	29,258	5
Other Countries ...	50,475	7	65,814	11
Total ...	364,146	48	510,419	84

Printing Paper.—With the great extension of vernacular newspapers, trade circulars and leaflets, the demand for printing paper grows apace.

Countries of Consignment.	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	33,171	6	53,177	11
Germany	430,911	38	391,036	44
Norway	243,711	18	232,351	22
Austria	32,346	3	191,827	22
Sweden	32,736	3	44,317	5
Netherlands ...	24,285	3	31,680	5
Japan	7,557	1	24,576	5
Other Countries ...	186,523	15	252,476	25
Total ...	991,240	87	1,221,440	139

Here again the U.K. is unable to make much progress against the competition of Scandinavia in news-printing papers, but the increase last year is noteworthy and took place in miscellaneous printing papers, which, in 1936-7, were drawn from the U.K. (19 per cent.), Germany (48 per cent.), Norway (7 per cent.) and Austria (6 per cent.). Holland, Finland, U.S.A. and Japan supplied lesser proportions.

Writing Paper and Envelopes.—U.K. makers obtain a greater share under this heading. The leading exporting firms are well-organised with efficient local branches and are maintaining their position against foreign competition. Competition from Indian mills, aided by a protective duty of 1¼ annas per

lb. on writing paper, is growing more acute. The statistics were:—

Countries of Consignment.	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	29,932	14	35,690	17.5
Norway ...	47,560	8	43,043	9
Germany ...	31,234	5	19,552	3.5
Sweden ...	11,600	2	15,508	3
Netherlands ...	9,023	1	13,252	2
Japan ...	2,676	0.5	7,309	1.5
Other Countries ...	18,461	3	44,640	9.5
Total ...	150,486	33.5	178,994	46

The incursion of Japan into this trade is to be noted.

Miscellaneous.

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs (lakhs).	Rs. (lakhs).
Old newspapers in bags and bales	42	39	47
Other kinds of paper ...	20	19	21
Paper manufactures ...	15	18	20
Blotting paper ...	1.6	1.5	1.75
Straw boards ...	13	11	17
Other kinds of pasteboard ...	21	21	33
Manufactures of pasteboard, mill-board and cardboard ...	3	3	5

The steady trade in over-issue newspapers has now surpassed the 1929-30 total of Rs.46 lakhs. In 1936-7 the U.K. supplied 99 per cent. "Other kinds" of paper were drawn from the U.K. (38 per cent.), Germany (17 per cent.), Sweden (10 per cent.), Norway (6 per cent.), and Austria (5 per cent.), lesser proportions being supplied by France, Czechoslovakia, U.S.A., China and Japan. Two-thirds of the blotting paper is derived from the U.K., with lesser values from Germany and the U.S.A. Strawboards are obtained from Japan (59 per cent.) and Holland (36 per cent.) Other kinds of pasteboard were received from Germany (46 per cent.), Sweden (24 per cent.), the U.K. (9 per cent.), and Holland (6 per cent.). Manufactures of pasteboard, etc., were imported from the U.K. (41 per cent.), Germany (22 per cent.), Japan (15 per cent.), and Belgium (11 per cent.).

Chemicals and Chemical Preparations (excluding Chemical Manures and Medicines).—The phenomenal advance in the imports of chemicals continues. The 1937-8 total of Rs.3,33

lakhs is over Rs.60 lakhs in advance of the figure for the previous year, Rs.84 lakhs above the pre-depression total, and no less than $3\frac{1}{2}$ times the value of the average of the last five pre-war years. This elasticity in the demand for chemicals is a sure sign of the progressive growth of the textile, paper, glass, soap and a host of miscellaneous Indian industries in which chemicals constitute a raw material of manufacture. It is also a result of the ceaseless sales, service and research activities of the admirably organised U.K. and German groups, whose representatives are constantly fostering demand and seeking new outlets. The most noteworthy event during the year was the flotation of an Indian manufacturing company controlled by Imperial Chemical Industries, Ltd., to develop on a large scale the alkali deposits in the Punjab, and to erect works near Calcutta for the production of caustic soda, chlorine and other products. The Tata group are also considering alkali manufacture on a large scale, and are planning important developments of the chemical by-products at their steel works at Jamshedpur. While the effect of these additional sources of supply might be expected to limit the future market for the U.K. manufacture, the progressive industrialisation of India will probably be on such a scale as to absorb the output from both sources. The following statement shows the position of the principal countries during the years 1935-6 and 1936-7, the last years for which details of provenance are available:—

Principal Countries of Consignment.	1935-6.	1936-7.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,74	1,47
Germany	44	36
Japan	36	28
U.S.A.	14	13
Italy	11	10
Netherlands	6	7
Belgium	4	5
France	4	4
Switzerland	2	3
Kenya Colony	4	3
Canada	3	3
Sweden	3	2.5
Java	2	2
Total Imports (all sources)	3,12	2,72

The next table gives the percentage share of the principal countries of consignment over a series of years covering both the pre-war and post-war periods:—

	1913-4 (pre-war year). Per cent.	1914-9 (war average). Per cent.	1931 -2. Per cent.	1932 -3. Per cent.	1933 -4. Per cent.	1934 -5. Per cent.	1935 -6. Per cent.	1936 -7. Per cent.	1937 -8. Per cent.
United Kingdom ...	74.7	70.4	54.8	51.6	55.2	55.9	55.9	54.0	53.7
Germany ...	12.4	0.7	18.1	14.9	12.7	13.4	14.3	13.2	14.7
Japan ...	1.5	16.7	2.3	4.9	8.4	10.3	11.5	10.4	6.9
Italy ...	5.2	2.8	5.9	5.6	5.7	4.7	3.5	3.6	6.0
U.S.A. ...	0.3	5.5	4.6	5.4	5.8	5.8	4.5	5.0	5.1
Kenya Colony ...	—	0.3	1.5	1.6	1.7	1.4	1.2	1.2	1.5
Norway ...	0.5	0.5	0.8	0.3	0.3	0.3	0.2	0.3	0.2
Other Countries ...	5.4	3.1	12.0	15.7	10.2	8.2	8.9	12.3	11.9
Total ...	100	100	100	100	100	100	100	100	100

Although U.K. exporters have enjoyed a record year in the Indian market it will be observed that their percentage share has slightly fallen from the level of 1936-7 and is two points below 1935-6. By contrast, Germany has slightly improved her position, and Italy has more than regained the ground lost during the period of the Abyssinian war. Detailed figures of countries of origin for 1937-8 are not yet available for most items. The following position can be given for the two principal U.K. specialities:—

Carbonate of Soda.

Origin.	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	1,066,227	44	1,315,781	53
Other Countries ...	184,443	7	171,851	7
Total ...	1,250,670	51	1,487,632	60

It is satisfactory that the U.K. supplied the whole of the increased supplies amounting to Rs.9 lakhs. In 1936-7 "other countries" included Kenya Colony (Rs.3½ lakhs), Japan (Rs.1.8 lakhs), and the U.S.A. (Rs.1.75 lakhs). Imports from Japan have steadily declined since the peak of 1934-5, U.K. prices having been lowered to meet Japan's competition. In 1936-7 the average declared price of Japanese carbonate was Rs.4.09 per ton and in 1937-8 Rs.3.06 per ton.

Caustic Soda.

Origin.	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	355,269	31	468,560	39
Other Countries ...	68,744	6	49,925	4
Total ...	424,013	37	518,485	43

Here again, the U.K. producers have improved their position at the expense of their competitors. In 1936-7 "Other Countries" were Japan (Rs.2.9 lakhs) and the U.S.A. (Rs.2.5 lakhs) with a small value from Germany.

The following table shows the total imports under the remaining principal headings (for which provenance details are not yet available):—

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Acids	9	10
Ammonia and salts thereof	11	10
Bleaching powder	9	13
Carbide of calcium	7	6
Copper sulphate	3	5.5
Disinfectants	7	8
Glycerine	1	1
Potassium chlorate	6	7
Sodium bicarbonate	6	5.5
Sodium bichromate	3.6	4.6
Borax	2.6	3.6
Sodium silicate	3	2
Sodium hydrosulphate	4	14
Sodium sulphide	2	3
Sulphur	22	26

Dyes obtained from Coal-Tar.—Imports were:—

	1936-7.	1937-8.
<i>Alizarines—</i>		
Dry	0.5	0.3
Moist :—		
Not exceeding 16 per cent.	1.3	0.8
Over 16 per cent. but not exceeding 20 per cent.	12	9
Exceeding 20 per cent.	3	3
Congo red	13.5	11
Coupling dyes of the naphthol group, naphthols, rapid fast colours (rapid salts) and bases	32	52
Other salts	13	18
<i>Vat Dyes—</i>		
Indigo	10.6	12.6
Carbazole blue	2	3
Other sorts :—		
Paste	5	8
Powder	95	1,21
Sulphur black	7	10
Metanil yellow	7	7
Aniline salts	1	1
Others	58	84
Total of dyes obtained from coal tar ...	2,61	3,43

The imports of dyestuffs have advanced *pari passu* with the extension of the cotton and woollen textile industries. Progress is likely to continue and to be accelerated as more dyeing and printing works are established in India. The imports were drawn as follows:—

Principal Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	36.5	37
Germany	1.79	2.51
Switzerland	15.5	20
Japan	11	10
U.S.A.	7.5	8
Other Countries	11.5	17
Total	2.61	3.43

“ Other Countries ” in 1936-7 included France (Rs.3.4 lakhs), the U.S.S.R. (Rs.3 lakhs), Italy (Rs.1.6 lakhs), and Czechoslovakia (Rs.1.39 lakhs). It is disappointing that the U.K. had no share in the Rs.82 lakhs worth of increased trade, but our manufacturers no doubt received some compensation in the rise in prices.

Soap.—As I have stated in previous reports, the effects of the erection of works in India by the leading U.K. producers, coupled with the establishment of scores of small soap factories all over the country, sheltering under a revenue duty of 25 per cent., are clearly shown in the import figures, which have fallen from a total of Rs.1,67 lakhs in 1929-30 to Rs.24 lakhs in the year under review. The leading U.K. group is now producing most of its standard brands of household and laundry soap in India. The result is seen in a drop in the imports under this heading from Rs.1,11 lakhs in 1929-30 to Rs.1½ lakhs in 1937-8. The import statistics are:—

Description.	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
Household and laundry soap ...	10,216	2	9,339	2
Toilet soap ...	32,684	23	27,180	21
Other sorts ...	4,692	1.5	5,019	1.5
Total imports...	47,592	26.5	41,538	24.5
Of which from :—				
United Kingdom	30,676	20	24,875	16.75
Other Countries	16,916	6.5	16,663	7.75
Total ...	47,592	26.5	41,538	24.5

The small remaining import trade in household and laundry soap is still mainly supplied by the U.K. makers, who have 70 per cent., the only competitors being Japan and France. In the case of toilet soap, the imports in 1936-7 were drawn from the U.K. (75 per cent.), the U.S.A. (16 per cent.), Japan (4 per cent.), and Germany (1½ per cent.). Competition from the U.S.A. is very keen in the higher grade, branded toilet soaps which are widely advertised and actively sold. Japanese imports of the cheaper varieties would be much greater but for the minimum specific duty of Rs.20 per cwt.

Paints and Painters' Materials.

Paints and Colours.—Aggregate imports at Rs.75 lakhs show a reduction of Rs.2 lakhs on the 1936-7 year's figures, and of Rs.39 lakhs when compared with the pre-slump total of Rs.1,14 lakhs in 1929-30. The decline last year was attributable to the exclusion of the Burma market, which has recently absorbed Rs.6 lakhs worth. There is, therefore, a gain, in respect of India Proper, of Rs.4 lakhs. The half-dozen modern paint works in India, controlled by prominent U.K. manufacturers, are extending their production and are proving to be serious competitors in Government contracts as well as in the bazaar trade. The import position is as follows:—

Countries of Consignment.	1936-7.		1937-8.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
United Kingdom ...	161,868	48	144,523	47
Germany ...	33,437	7	29,141	8
Japan ...	50,744	9.5	28,352	6.5
U.S.A. ...	10,881	4	14,727	5.5
Other Countries ...	115,495	8	61,772	8
Total ...	372,425	76.5	278,515	75

Japanese competition has been checked as a result of a rise in Japanese prices, coupled with heavy minimum specific duties on red and white lead, zinc white and other moist paints. German competition is mainly in coloured dry, Paris blue and Lithophone dry. The U.S.A. competes in the high-grade paints, mostly coloured dry and coloured moist. The preferential rate of 10 per cent. is of considerable advantage.

Painters' Materials.—These comprise:—

Description.	1936-7.		1937-8.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
Genuine turpentine	3,804	1	6,230	1
Turpentine substitute ...	3,030	*	51,882	6
Varnish ...	24,144	11	23,025	11
Other kinds ...	Not recorded	8	Not recorded	9
Total ...	—	20	—	27

* Rs. 44,763.

In 1936-7, the U.K. supplied 32 per cent. and the U.S.A. 40 per cent. of the genuine turpentine. The United Kingdom provided virtually the whole of the small quantities of turpentine substitute. The important trade in varnish is shared by the U.K. (85 per cent.), Japan (7 per cent.), Germany (2 per cent.) and Holland, Belgium and the U.S.A. are responsible for lesser values.

Drugs and Medicines (excluding Chemicals and Narcotics).—

The principal items enumerated under this comprehensive heading are:—

Description.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Asafoetida ...	*	†
Camphor ...	21	22
Codliver oil ...	1	1
Preparations of opium and morphia ...	2	2
Proprietary and patent medicines ...	68	74
Quinine salts ...	23	26
Saccharine ...	1	1
Total imports of all kinds ...	2,07	2,36

* Rs. 33,374.

† Rs. 69,050.

Asafoetida is entirely derived from Iran. The imports of camphor are almost entirely drawn from Japan, Germany and Italy. There is no U.K. interest. Preparations of opium and morphia are obtained from the U.K. (47 per cent.), Germany (28 per cent.) and the U.S.A. (9 per cent.). Codliver oil was imported from Norway (53 per cent.), the U.K. (14 per cent.) and the U.S.A. (13 per cent.). The trade in proprietary and

patent medicines is highly competitive as the following figures show:—

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	26	29	32
Germany	16	18	18
U.S.A.	12	12	15
Other Countries	10	9	9
Total	64	68	74

The trade in proprietary and patent medicines has shown steady expansion during the past five years and is now Rs.26 lakhs ahead of the 1929-30 figures. Owing to intensified German and U.S.A. competition, the U.K. share has fallen from 50 per cent. in 1929-30 to 44 per cent. as above. After a rapid rise in recent years, German competition is now being held. "Other Countries" mainly include France (Rs.5½ lakhs) with small values from Norway, Holland, Hungary and Japan.

Quinine Salts were formerly mainly supplied by the U.K. but competition from Germany is now severe as the following table shows. Moreover, the indigenous production of the Government cinchona factories is increasing with the result that the import trade remains fairly stationary.

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	8	8	7
Germany	11	8	13
Java	2	3	2
Other Countries	5	4	4
Total	26	23	26

"Other Countries" include Holland (Rs.2 lakhs), Switzerland (Rs.1½ lakhs) and the U.S.A. (Rs.65,000).

Saccharine is drawn from the United Kingdom (54 per cent.), Switzerland (20 per cent.), Germany (10 per cent.) and the U.S.A. (10 per cent.).

Taking the imports of drugs as a whole, we find that the U.K., in 1936-7, contributed 37, Germany 26, the U.S.A. 11, Japan 8, France 4, Switzerland 1½, Italy 1½, Holland 1½ and Java 1 per cent. The most noteworthy event of the year was the introduction in the Indian Legislature of a Bill to regulate the imports into British India of certain drugs and medicines. In these annual reports, for the past twenty years, I have consistently

stressed the need for legislation, on the lines of the U.S.A. Pure Food and Drugs Act, to check the import of deleterious drugs and those below the standard of the British Pharmacopoeia and, secondly, to stop the widespread manufacture and sale in India of such drugs and the counterfeiting of U.K. Trade Marks. I have referred to this matter in more detail in Chapter III, page 93.

Apparel (excluding Hosiery, Boots and Shoes).—The following table shows the imports under each main heading:—

Article.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Apparel (including drapery, uniforms and accoutrements)	49	36
Gold and silver thread	4	4
Hats, caps, bonnets and hatters' ware ...	14	13
Lametta	3	2
Second-hand clothing	9	11
Water-proofed clothing	1	1
Total	80	67

The drop in the total imports is accounted for by the exclusion of Burma, which, in 1936-7, imported no less than Rs.25½ lakhs worth, mainly apparel. In that year, the U.K. supplied 23 per cent. of the apparel, the principal competitors being Japan (70 per cent.) and China (3 per cent.). Gold and silver thread was almost entirely drawn from Germany. Hats, caps, etc., were supplied by the U.K. (23 per cent.), Japan (50 per cent.) Hong Kong (10 per cent.) and Czechoslovakia (8 per cent.). Lametta is now supplied by Germany (80 per cent.) and France (18 per cent.). The U.S.A. continue to lead in the trade in second-hand clothing, contributing 54 per cent. as against 43 per cent. from the U.K. The small arrivals of waterproofed clothing are supplied by Japan (62 per cent.) and the U.K. (35 per cent.).

The provenance of the total imports of all kinds was:—

Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	19	18
Japan	41	28
U.S.A.	6	8
Germany	6	7
France	1	1
Italy	*	†
Other Countries	6	6
Total	79	68

* Rs. 32,121.

† Rs. 57,930.

Hosiery.—Cotton.—The decline in the imports of cotton hosiery continues as a result of reduced arrivals from Japan.

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
In the piece (knitted fabrics)	—	0.5
Stockings and socks	7	11
Underwear	19	12
Other sorts	6.5	5.5
Total	32.5	29

of which from:—

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1	1
Japan	29	25
Other Countries	2.5	3
Total	32.5	29

U.K. manufacturers merely supply high grade hosiery for European consumption and meet competition from the U.S.A. The average value of Rs.2/2/6 per dozen of cotton underwear imported (i.e. just over 3d. per garment) gives the clue to the success of the Japanese, who have displaced the Continent from the bazaar trade and, notwithstanding a minimum specific duty of 12 annas per lb. on cotton undervests, knitted and woven, and cotton socks and stockings, compete keenly with the Indian knitting industry.

Hosiery.—Woollen.—The imports valued at Rs.14 lakhs were sub-divided into woollen knitted apparel (Rs.8.75 lakhs) and other sorts (Rs.5.25 lakhs) and were drawn as follows:—

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	6	5	5.7
Japan	11	9	7.5
Other Countries	0.5	0.5	0.8
Total	17.5	14.5	14

In 1929-30, before the depression, the U.K. supplied 82 per cent. of the woollen hosiery, our principal competitors being Germany and France. The Japanese now secure virtually the

whole of the cheap bazaar trade in spite of a duty of 35 per cent. *ad valorem* with an alternative minimum specific duty of 18 annas per lb.

Hosiery.—Silk and Artificial Silk.

	1935-6.	1936-7.	1937-8.
Socks and stockings made chiefly of silk	Rs. 1,02,767	Rs. 1,07,105	Rs. 1,24,945
Socks and stockings made chiefly of artificial silk	4,23,801	3,06,260	8,12,752

In the case of silk hosiery, the U.S.A. supplies 62 and the U.K. 18 per cent., small values being drawn from Czechoslovakia and Japan. Artificial silk hosiery is contributed by Japan (73 per cent.), the U.K. (11 per cent.), Germany (6 per cent.) with small values from Czechoslovakia and the U.S.A.

Haberdashery and Millinery.—The trade is still only 60 per cent. of its pre-depression value in 1929-30. If the exclusion of Burma is allowed for, last year's imports show an expansion of about Rs.10 lakhs. The following headings are included in the classification:—

Article.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Lace and Embroidery	20	17
Ribbons	2	3
Towels not in the piece	5	1
Other sorts	37	42
Total	64	63

The provenance of the imports was as follows:—

Principal Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	10	9.5
Japan	32	35.5
Germany	8.5	7
Italy	3	6
Switzerland	5	1
Other Countries	5.5	4.
Total	64	63

In 1936-7 the U.K. supplied 8 per cent. of the lace and embroidery, Germany 27, Switzerland 23, Italy 13 (mainly Swiss

goods shipped from Genoa and Venice) and Japan 18. Ribbons were drawn from the U.K. (10 per cent.), Japan (61 per cent.), and Germany (25 per cent.). Japan supplied 87 per cent. of the towels, the share of the U.K. being only 10 per cent. Excellent towels for personal and institution use are now manufactured in Cawnpore but even the Indian mills cannot compete with Japan in the cheapest types for the bazaar trade. The comprehensive heading of "other sorts" was shared by the U.K. (21 per cent.), Japan (60 per cent.) and Germany (7 per cent.).

Boots and Shoes.—There has been a striking decline in the imports of footwear from 6,761,365 pairs valued at Rs.88 lakhs in 1929-30 to 1,183,066 pairs valued at Rs.22 lakhs in the year under review. This is due, firstly, to the high standard duty of 30 per cent. or 6 annas per pair, whichever is greater, which has reduced the imports of cheap rubber-soled shoes from Japan. Secondly, the establishment by Messrs. Bata of Zlin of a large, well-equipped, rapidly expanding factory near Calcutta and the perfecting of a widespread distributing organisation, both wholesale and retail, throughout the country for the sale of its products, has reduced the demand for imported shoes and will continue to do so. The total imports were classified, according to type, as follows:—

Description.	1936-7.		1937-8.	
	Pairs.	Rs. (lakhs).	Pairs.	Rs. (lakhs).
All leather ...	355,444	12	585,792	16
Rubber soled :—				
With canvas uppers ...	1,135,679	7	385,961	4
With uppers of leather or other materials ...	23,292	*	13,760	†
All rubber ...	110,182	**	97,804	††
Of other materials	68,042	1	99,749	2
Total ...	1,692,639	20	1,183,066	22

* Rs. 45,432. ** Rs. 64,983. † Rs. 21,520. †† Rs. 58,822.

In 1936-7 the average declared value of imported rubber-soled shoes with canvas uppers was 16.2 pence per pair, as compared with an average of 10.5 pence per pair in 1934-5. This clearly shows that the Bata Indian factory has now driven Japan from the market in the cheapest bazaar grades leaving only the higher qualities to be imported.

The provenance of the imports was as follows:—

Countries of Consignment.	1936-7.		1937-8.	
	Pairs.	Rs. (lakhs).	Pairs.	Rs. (lakhs).
United Kingdom ...	120,147	5	97,845	4
Czechoslovakia ...	336,417	8	626,445	15
Japan	1,205,604	7	370,994	2
Other Countries ...	30,471	1	87,782	1
Total ...	1,692,639	21	1,183,066	22

Apart from £1,500 worth of rubber-soled shoes with canvas uppers, £500 worth of shoes with uppers of leather or other materials, £500 worth of all-rubber footwear and £1,750 worth of shoes of other materials, the U.K. interest in the market is concentrated in the provision of leather footwear, of which, in 1936-7, she supplied 40 and Czechoslovakia 54 per cent., small values being drawn from Germany, Switzerland and Japan. The imports of leather shoes from the U.K. are only one-fourth of their volume in 1928-9 and are likely to decrease still further in view of Bata competition from Zlin in the higher grades and from their Indian factory in the cheap bazaar lines.

Leather.—The imports of unmanufactured leather were:—

Description.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Hides, tanned or dressed	*	†
Skins, tanned or dressed	12	17
Unwrought	10	6
Leather cloth (including artificial leather) ...	5	7

* Rs. 57,938. † Rs. 29,785.

The imports of tanned or dressed hides were drawn, in 1936-7, from the U.K. and the U.S.A. Dressed or tanned skins were obtained from the U.S.A. (50 per cent.), Germany (29 per cent.) and the U.K. (10 per cent.). Unwrought leather was supplied by the U.K. (42 per cent.), the U.S.A. (36 per cent.) and Germany (17 per cent.). In leather cloth, however, thanks to active selling and organisation, the U.K. secured 68 per cent. of the trade, Japan 15 and the U.S.A. 14. From the point of view of the U.K. manufacturer, the more important trade is that of leather goods.

Description.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Bags and trunks	1	2
Pickers	6	9
Picking bands and straps	6	11
Roller skins	5	8
Saddlery and harness	*	†
Other sorts	4	5

* Rs. 42,987.

† Rs. 30,825.

The U.K., in 1936-7, supplied 47 per cent. of the relatively unimportant trade in bags and trunks, the principal competitors being Japan and Germany. Leather specialities for the cotton and jute mills are largely a U.K. preserve, although French competition is severe in picking bands and straps. In 1936-7, of the pickers, the U.K. supplied 92 and Holland 4 per cent. Picking bands and straps were drawn from the U.K. (41 per cent.), France (38 per cent.) and Belgium (12 per cent.). Practically the whole of the roller skins and of the saddlery and harness is imported from the U.K. Of fancy manufactured leathers (other sorts) the U.K. sent 47, the U.S.A. 24 and Japan 23 per cent. The following table shows the origin of the total imports of leather and leather goods:—

Principal Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	25.5	32.5
U.S.A.	11.5	10.5
Germany	6	6.5
Other Countries	8	16.5
Total	51	66

Belting for Machinery.—Cotton Belting.

Countries of Origin.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	6	8
Other Countries	1	1
Total	7	9

In 1936-7, "Other Countries" included Japan (Rs.33,791), the U.S.A. (Rs.18,665) and Germany (Rs.7,352). Japanese competition grows steadily.

Leather Belting.—In 1929-30 the imports aggregated Rs.40 lakhs. They fell to Rs.23 lakhs in 1933-4 and now stand at Rs.27½ lakhs.

Countries of Origin.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	12	16.5
U.S.A.	4.5	8
Other Countries	2	3
Total	18.5	27.5

The expansion of Rs.9 lakhs, exclusive of Burma, reflects the progress of Indian industrialisation. In 1936-7, "Other Countries" included Japan (Rs.1¼ lakhs) and Holland (Rs.56,000). The market buys largely on price and competition is consequently keen. Belting does not carry a preferential duty, being regarded as an essential supply of industry.

Hair Belting.—Since 1936, hair belting has been separately distinguished as follows:—

Countries of Origin.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	8	7.5
Other Countries	2	2.5
Total	10	10

In 1936-7, "Other Countries" included Germany (Rs.1¼ lakhs) and Japan (Rs.¼ lakh).

Belting of other Materials (including coir).

Countries of Origin.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	5.5	5.5
Japan	3	6
Germany	1.5	—
Other Countries	1	2
Total	10	13.5

In 1936-7, "Other Countries" represented the U.S.A. (Rs.96,000) with trifling value from Hungary and Belgium.

Bobbins.—The remarkable expansion of the Indian cotton industry has resulted in a correspondingly increased demand for

bobbins. The imports at Rs.43 lakhs have now exceeded the 1929-30 total.

Countries of Origin.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	18	14	25.4
Japan	8	4.5	11.3
Germany	3	2.5	3.3
Other Countries	2	1	3
Total	31	22	43

The U.K. percentage has fallen from 88 in 1928-9 to 60 in 1937-8. Notwithstanding the excellence of the U.K. bobbin, which has been specially made, from carefully seasoned timber, for the Indian market for more than half a century, price rather than quality is the main consideration among certain Indian millowners and the Japanese have taken full advantage of this.

Books and Printed Matter.—After a steady rise during the past five years, the total imports of literature of all kinds attained a total of Rs.62 lakhs last year which is only Rs.10 lakhs below the 1929-30 total.

1935-6.	1936-7.	1937-8.
Rs. 53,31,262	Rs. 57,03,257	Rs. 61,77,943

In 1936-7, the U.K. provided 83, the U.S.A. 9 and Germany 2 per cent. with lesser values from Japan, France and Holland. U.K. publishing and scholastic supply firms are strongly represented and are maintaining their position.

Stationery (excluding Paper).—The trade enjoyed further expansion by R.6 lakhs to Rs.81 lakhs which compares with the peak total of Rs.105 lakhs in 1929-30.

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	38	35	36
Germany	18	17	18
Japan	13	15	17
U.S.A.	3	4	5
Other Countries	4	4	5
Total	76	75	81

The U.K. relative share is barely maintained. In the case of pencils, the U.K. percentage is 16, Germany 61 and Japan 12. In all other sorts of stationery the U.K. supplied 51 per cent., Japan 20, Germany 16, the U.S.A. 6 and Sweden 1½ per cent.

Tobacco.—As I stated in my last report, the imports of cigarettes, which formed the backbone of the whole trade have fallen from Rs.2.13 lakhs in 1929-30 to Rs.28 lakhs in 1935-6, but have since recovered slightly to Rs.34 lakhs in 1937-8 (exclusive of Burma, which absorbed Rs.2½ lakhs in 1936-7). The decline started with the political agitation and boycott of 1930 which seriously affected the import trade. The decline in purchasing power accentuated the movement and when, in 1931, the emergency import duties were imposed, the leading U.K. producing groups decided to switch over the manufacture of most of their popular brands from home factories to their Indian establishments. This loss of £1½ millions of U.K. trade has materially affected our position and has also been a source of heavy loss to Indian revenues.

The following are the principal forms in which tobacco was imported during the past three years:—

Description.	1935-6.	1936-7.	1937-8.
	lbs.	lbs.	lbs.
Unmanufactured tobacco ...	1,920,692	3,282,945	6,597,566
Cigars	12,818	13,871	190,673
Cigarettes	831,412	919,099	993,110
Tobacco for pipes and cigarettes...	50,550	57,729	50,666
Other sorts...	43,260	33,166	57,246
Total	2,858,732	4,306,810	7,889,261

When it is stated that the revenue import duties on unmanufactured tobacco are Rs.3/4/- per pound standard and Rs.2/12/- preferential if from a British Colony, on cigars 112½ per cent., on cigarettes 25 per cent. *ad valorem* and in addition either Rs.8/2/- per thousand or Rs.3/4/- per pound, whichever is higher, it is not surprising that the U.K. groups decided to meet the Indian demand from factories within the tariff wall, where indigenous leaf was also available for blending purposes. The provenance of the imports of cigarettes was as follows:—

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	27	30	32
Other Countries	1	1	2
Total	28	31	34

“ Other Countries ” in 1936-7 included the U.S.A. (Rs.83,000), Egypt (Rs.26,000), with Greece, China and Japan responsible for small values. The heavily increased import of cigars is due to the inclusion of Burma cheroots in the import figures.

Rubber Manufactures—Rubber Tyres.

(1) *Pneumatic Motor Covers.*—In my last report I referred to the decision of a leading U.K. firm of tyre manufacturers to lay down a large and efficient works near Calcutta for the manufacture of tyres, both for motor vehicles and also bullock carts, and other rubber goods in steady demand. The works were opened in July, 1936 and are now approaching full output. All climatic and other difficulties have been overcome and it is probable that the imports of motor covers will ultimately be reduced to a small fraction of their present volume, particularly if other overseas suppliers decide to erect similar works in India. The year under review was the first recent year to show a material falling-off in the total trade. After falling from a pre-depression total of Rs.2,25 lakhs to a low level of Rs.1,13 lakhs in 1933-4 imports had steadily improved to Rs.1,32 lakhs in 1936-7 but fell to Rs.1,23 lakhs in 1937-8. Inasmuch as the Burma market accounts for Rs.9 lakhs, the probability is that the market in India Proper has remained stationary.

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs.)
United Kingdom	99	1,05	87
U.S.A.	10	8	15
Germany	7	10	11
France	1	—	—
Italy	—	—	—
Other Countries	9	9	10
Total	1,26	1,32	1,23

During recent years the U.K. percentage has tended to rise, partly owing to the efficient sales and service organisation of the leading U.K. group and partly owing to the tendency of U.S.A. manufacturers to supply the Indian market from the branch factories in the U.K. in order to secure the benefit of the 10 per cent. preference. The switch over of a considerable part of the former U.K. supply to the new Indian factory will undoubtedly have the effect of reducing the U.K. percentage of the import trade—such reduction being apparent for the first time in the 1937-8 figures.

(2) *Pneumatic Motor Cycle Covers.*—In view of the relatively small number of motor cycles in use in India, the trade in tyres is on a small scale.

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
From United Kingdom	37,598	34,775	19,032
„ Other Countries	3,089	2,681	3,321
Total	40,687	37,456	22,353

(3) *Pneumatic Cycle Covers*.—Prior to 1937-8 imports had steadily advanced in line with the remarkable growth of the trade in pedal cycles. The effects of the competition from the Indian factory are, however, clear in the reduction of imports during the past year.

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
From United Kingdom	16	18	4.7
„ Other Countries	7	5	7
Total	23	23	11.7

“ Other countries ”, in 1936-7, included Germany (Rs.2,25,464), Japan (Rs.2,60,510) and France (Rs.25,728). The increased imports last year were probably due to more severe German competition.

(4) *Solid Rubber Tyres for Motor Vehicles*.—The trade registered a slight advance last year owing to increased arrivals from Germany.

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
From United Kingdom	1,47,813	1,45,599	1,37,127
„ Germany	56,582	28,913	53,682
„ U.S.A.	57,825	42,102	30,073
„ Other Countries	23,328	3,214	10,617
Total	2,85,548	2,19,828	2,31,499

(5) *Tubes*.—The statistics for the past three years are:—

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Motor tubes	16	14	12
Motor cycle tubes	0.12	0.12	0.07
Cycle tubes	10	11	7

Other Manufactures of Rubber (except Apparel, and Boots and Shoes).—This comprehensive heading includes mechanical rubbers of all kinds such as vacuum brake fittings, rubber hose, rings, valves, washers and special types for use in industry and transport. Imports at Rs.33 lakhs compare favourably with a pre-depression total of Rs.27 lakhs in 1929-30. Detailed accounts of origin are not yet available, but the total imports were as follows:—

1935-6.	1936-7.	1937-8.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
28	28	33

In 1936-7, the U.K. secured 36, Japan 25, Germany 14 and the U.S.A. 18 per cent. Rubber factories in the Straits Settlements shipped Rs.45,000 worth. Competition from Japan is becoming a serious factor.

Instruments, Apparatus, appliances and Parts thereof.—This comprehensive classification is made up as follows:—

Description.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Electrical apparatus	3,04	3,47
Musical instruments	21	23
Optical instruments	8	9
Cinema projecting apparatus and parts and accessories	9	12
Sound recording apparatus and parts, etc. ...	3	6
Cinematograph films—raw	24	25
Cinematograph films—exposed	25	38
Photographic apparatus	29	32
Scientific instruments	14	18
Surgical instruments	14	14
Wireless apparatus	35	48
Other kinds	33	40
Total imports of all kinds	5,19	6,13

In 1936-7, the last year for which detailed statistics are available, the U.K. contributed exactly 50, the U.S.A. 17, Germany 15, Japan 6 and Holland 2 per cent. Lesser values were drawn from China, Belgium, France, Italy, Czechoslovakia and Austria. Analysing the various sub-headings, we find that:—

Electrical Apparatus.—This valuable trade, which is one of the most important U.K. interests in India, continues to progress *pari passu* with the extension in India of modern power and lighting systems. The total of Rs.3,47 lakhs (excluding Burma) compares very favourably with a peak of Rs.3,61 lakhs in 1929-30. The following table gives the value of the several classes of electrical apparatus imported during the past three years:—

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Electric fans and parts thereof ...	32	35	31
Electric wire and cables	93	94	1,22
Telegraph and telephone instruments	17	19	22
Electric lamps and parts thereof	64	59	58
Batteries	21	26	25
Carbons, electric	2	2	3
Accumulators	7	6	7
Electric lighting accessories and fittings including switches ...	8	6	8
Meters	10	11	12
Electro-medical apparatus, including X-ray apparatus	5	4	6
Switchboards (other than telegraph or telephone)	4	3	5
Unenumerated	35	30	39
Total imports of all kinds	3,08	3,04	3,47

The imports of electric fans and parts thereof fell from Rs.35 lakhs to Rs.31 lakhs. Imports from the U.K. dropped from Rs.24 lakhs to Rs.15.5 lakhs, whereas arrivals from Italy rose from Rs.3 lakhs to Rs.6.4 lakhs and the U.S.A. from Rs.1.5 lakhs to Rs.2.5 lakhs. The share of unspecified countries remained constant at Rs.6.6 lakhs.

The valuable trade in electric wires and cables advanced from Rs.94 lakhs to Rs.1,22 lakhs. The U.K. share rose from Rs.66.7 lakhs to Rs.89 lakhs, that of Germany from Rs.10.2 lakhs to Rs.13 lakhs and Belgium from Rs.4.4 lakhs to Rs.8 lakhs. On the other hand, Japanese imports fell from Rs.8.3 lakhs to Rs.6.7 lakhs and the U.S.A. from Rs.2.5 lakhs to Rs.1 lakh. Arrivals from "Other Countries" rose from Rs.1 lakh to Rs.3 lakhs. The extension of the important hydro-electric and other power stations throughout the country is likely to continue to be reflected in increased imports of electric cable and wiring.

The imports of gas-filled electric bulbs rose from Rs.16.4 lakhs to Rs.20 lakhs. Imports from the U.K. remained stationary at Rs.11.5 lakhs whereas those from Holland advanced from Rs.2 lakhs to Rs.3.5 lakhs, Germany from Rs.0.6 lakh to Rs.1.25 lakhs and unspecified countries from Rs.2.5 lakhs to Rs.3.77 lakhs.

The imports of vacuum electric bulbs rose from Rs.12 lakhs to Rs.16 lakhs due to increased imports from Holland from Rs.2 lakhs to Rs.3 lakhs, Japan from Rs.2.5 lakhs to Rs.4.3 lakhs, Austria from Rs.1 lakh to Rs.1.5 lakhs and unspecified countries from Rs.1.6 lakhs to Rs.2 lakhs. On the other hand, arrivals from the U.K. fell from Rs.5.5 lakhs to Rs.4.8 lakhs.

The small trade in electric bulbs for torches remained stationary at just under Rs.3 lakhs, of which the U.S.A. supplied Rs.1.9 lakhs, Japan Rs.0.71 lakh and unspecified countries including the U.K. Rs.0.29 lakh.

The trade in other sorts of electric lamps rose from Rs.11.4 lakhs to Rs.13.6 lakhs, of which the U.K. supplied Rs.1 lakh, Germany Rs.2.5 lakhs, Hong Kong Rs.2.7 lakhs, China Rs.2.4 lakhs, the U.S.A. Rs.1.4 lakhs and unspecified countries Rs.3.4 lakhs.

The total trade in batteries fell slightly from Rs.26 lakhs to Rs.25 lakhs. The U.S.A. continued to enjoy the bulk of the trade but her imports fell slightly from Rs.18.7 lakhs to Rs.16.9 lakhs. The U.K. share rose from Rs.1 lakh to Rs.1.27 lakhs while that of unspecified countries increased from Rs.6 lakhs to Rs.7 lakhs.

Accumulators valued at Rs.7 lakhs were almost entirely supplied by the U.K. (Rs.6.4 lakhs). Imports of electric lighting accessories and fittings including switches rose from Rs.6.4 lakhs to Rs.7.7 lakhs. The share of the U.K. dropped from

Rs.3.6 lakhs to Rs.3.5 lakhs while that of Germany advanced from Rs.1.5 lakhs to Rs.2.5 lakhs and unspecified countries from Rs.1.28 lakhs to Rs.1.59 lakhs.

The imports of meters rose slightly from Rs.11.4 lakhs to Rs.11.9 lakhs due to increased imports from Germany from Rs.3.4 lakhs to Rs.4 lakhs and from unspecified countries from Rs.1.6 lakhs to Rs.2.6 lakhs. Arrivals from the U.K. receded from Rs.6 lakhs to Rs.5 lakhs.

Imports of electro-medical apparatus (including X-ray apparatus) rose from Rs.3.6 lakhs to Rs.6.5 lakhs but details of countries of origin are not available. Switch boards amounting to Rs.4.7 lakhs were obtained from the U.K. (Rs.4.2 lakhs) and from unspecified countries (Rs.0.55 lakh).

Unenumerated electrical goods and apparatus rose from Rs.30 lakhs to Rs.39 lakhs. The U.K. share grew from Rs.19.4 lakhs to Rs.22 lakhs, that of Germany from Rs.5.4 lakhs to Rs.8.1 lakhs, Japan from Rs.1 lakh to Rs.2.4 lakhs, U.S.A. from Rs.2.3 lakhs to Rs.4.1 lakhs and unspecified countries from Rs.1.6 lakhs to Rs.2.5 lakhs.

The provenance of the total imports was as follows:—

Principal Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,75	1,70	1,87
Germany	37	43	54
U.S.A.	38	36	34
Japan	18	17	21
Belgium	3	5	10
Netherlands	13	6	9
Italy	6	3	8
Other Countries	18	24	24
Total	3.08	3.04	3.47

In 1929-30 the U.K. share was 60 per cent., in 1934-5 it had fallen to 57 and in the year under review it was 54. Notwithstanding the 10 per cent. preferential margin enjoyed by U.K. manufacturers, Germany is steadily improving her position (a considerable share of Belgium's contribution representing German goods exported from Antwerp).

Musical instruments.—The U.K., in 1936-7, supplied 51, Japan 22, Germany 14 and Switzerland 7 per cent. Japanese competition is mainly in gramophones and accessories and miscellaneous instruments. Germany competes in the whole range but mainly in gramophone accessories and in band instruments. Switzerland provides gramophones and accessories. Fully 75 per cent. of the total trade is represented by gramophones, records

and accessories. The share of the U.K. would be much greater but for the fact that its principal group of gramophone manufacturers now produces the bulk of its records and also a considerable part of its machines in its Indian works.

Optical Instruments.—This heading is mainly composed of spectacle lenses, the trade in which is now held by Japan with Germany losing ground. The imports in 1936-7 were derived from the U.K. 11 per cent., Japan 62 and Germany 18.

Cinema Projecting Apparatus, Parts and Accessories.—Detailed figures were separately recorded for the first time in 1936-7, when, of a total of Rs.8.6 lakhs, the U.S.A. furnished 50, Germany 32, the U.K. 7, France 6 and the Netherlands 4 per cent.

Sound Recording Apparatus, Parts and Accessories.—Of the total of Rs.3.3 lakhs imported in 1936-7, the U.S.A. supplied 38, the U.K. 29 and France 21 per cent. Lesser values were drawn from Holland and Germany.

Cinematograph Films—Raw.—The steady development of the Indian film industry is reflected in the corresponding expansion of the imports of raw films. In 1936-7, the last year for which details are available, the imports were:—

Countries of Consignment.	Length in feet.	Rs. (lakhs).
United Kingdom	23,511,734	7
Germany	23,193,648	9
U.S.A.	12,680,524	5
Belgium	6,438,225	2
Total imports (from all sources)	44,305,447	17

The U.S.A. is rapidly increasing its share at the expense of Germany. U.K. makers are also improving their position and are now better able to meet German competition.

Cinematograph Films—Exposed.—The improved spending power of the country is clearly shown in an increase of more than 50 per cent. in the imports to a record total of 22,278,338 feet valued at Rs.38 lakhs. In 1936-7, the imports were derived as follows:—

Countries of Consignment.	Length in feet.	Rs. (lakhs).
United Kingdom	2,150,491	6
U.S.A.	4,839,469	16
Ceylon	1,547,078	2
Total imports (from all sources)	9,407,888	25

The share of the U.K. advances steadily and there is now a strong demand for high-grade, wholesome U.K. films, the numbers of which have increased as a result of improved technique and improved marketing arrangements. I would, once again, repeat my appeal to U.K. producers to take more active steps to cultivate the Indian demand. U.S.A. producers have for years had an elaborate organisation supervised by resident representatives. U.K. firms have relied upon local enterprise to further the display of their films without a single direct representative on the spot. That they have progressed so far as they have is largely due to the enterprise of a Calcutta firm in creating a demand for their productions. U.K. films do not enjoy any fiscal advantage. The imports from Ceylon are mainly second-hand films, which are imported after display in Ceylon.

Photographic Apparatus.—Although the imports rose by three lakhs last year to Rs.32 lakhs, they are still behind the 1935-6 total of Rs.35 lakhs. U.K. apparatus and accessories are well known, thanks to the service organisations of the leading U.K. manufacturers who are active in developing the spread of photography among Indians. The most intense competition is met with from Germany, which has displaced the U.S.A. from the position of second largest supplier to the market. In 1936-7, the U.K. supplied 42, Germany 33, the U.S.A. 18, Japan 2 and Belgium 1 per cent. Japanese competition, although still unimportant, is growing steadily.

Scientific and Philosophical Instruments.—This heading includes a wide variety of instruments and apparatus such as laboratory apparatus, surveying instruments, nautical instruments, drawing and mathematical instruments and measuring and recording instruments. In 1936-7, the U.K. supplied 63, Germany 24, Japan 4 and the U.S.A. 4 per cent. After remaining fairly constant for several years the total trade rose last year from Rs.14 lakhs to Rs.18 lakhs, which compares with an average import of Rs.30 lakhs in the first five post-war years.

Surgical Instruments.—Imports have remained practically stationary during the past five years.

1935-6.	1936-7.	1937-8.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
15	14	14

During 1936-7 the U.K. supplied 48, Germany 27, the U.S.A. 11 and Japan 9 per cent. The U.K. is maintaining its position but competition with Germany is keen in the lower qualities of instruments, which meet the needs of large numbers of up-country Indian surgeons, to whom low price is the main consideration provided that the instruments are just good enough for the purpose.

Radio Apparatus.—The effects of the recent programme of new station construction, which is still being carried out by the "All-India Radio", a department of the Government of India, enjoying substantial capital grants for this purpose, are reflected in the remarkable advance in the imports of both transmitting and receiving apparatus and instruments. The statistics are now sub-divided as follows:—

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Complete wireless receivers	25	28
Wireless valves	2	2
Component parts of wireless receivers (other than valves)	5	6
Other wireless apparatus (mainly transmitters)	3	12
Total	35	48

The provenance of the total imports was as follows:—

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	10	13	16
U.S.A.	12	16	15
Netherlands	4	4	13
Other Countries	2	2	4
Total	28	35	48

Virtually the whole of the transmission apparatus has hitherto been of U.K. origin, but the leading Dutch Company received a valuable contract for short-wave transmitters last year. Wireless valves were drawn from the U.K. (41 per cent.), the U.S.A. (28 per cent.) and other countries, mainly Holland (31 per cent.). Component parts of wireless receivers are drawn from the U.K. (57 per cent.), Japan (32 per cent.), Germany (5 per cent.) and Holland (4 per cent.). The detailed figures for complete wireless receivers are as follows:—

Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	6	7
U.S.A.	14	12
Netherlands	4	6
Other Countries	1	3
Total	25	28

In view of the position held in the home market by U.K. manufacturers of wireless sets, it is disappointing that they merely obtain a quarter share of this great and growing trade in India. I am confident that, when the present chain of wireless transmission stations throughout India is completed, we shall see a considerable expansion in imports of receiving sets and components. It is to be regretted that very few U.K. makers have, so far, prepared for this development by creating an efficient and widespread marketing and service organisation in India. I would refer those of them who may be interested to the paragraphs on Broadcasting and Future Developments in Chapter I, pages 72 to 80. If they will apply to the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1, they will obtain considered advice and information with regard to methods of representation and other essential information with regard to conditions in this great and expanding market.

Earthenware and porcelain.—The classification includes:—

Articles.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Pipes of earthenware	*	†
Sanitary ware	8.5	9.75
Other kinds of earthenware	10.5	10.25
Electrical porcelain	1.5	—
Other kinds of porcelain	26	28
Total imports	46.5	48

* Rs. 2,620.

† Rs. 1,264.

Imports of earthenware pipes are now confined to specialities, most pipes being manufactured in the country. Of the sanitary earthenware, the U.K. in 1936-7 supplied 80, Germany 9 and Japan 7 per cent. The U.K. is holding its position against German ware but imports from Japan are growing apace. Other kinds of earthenware were contributed by the U.K. as to 59 per cent., Japan 23, Germany 5 and Hong Kong 5. As regards electrical porcelain, the simpler types of insulators used by the telegraph and telephone services are all made in India. Imports are confined to insulators for extra high-tension transmission and for special work. Other kinds of porcelain, including cheap table-ware, common crockery, etc., were imported, in 1936-7, from the U.K. (5 per cent.), Japan (89 per cent.) and Germany (2 per cent.). Notwithstanding the 10 per cent. preference and heavy minimum specific duties on imports of foreign domestic earthenware, china and porcelain, U.K. makers cannot compete with the Japanese, who have entirely ousted Continental competition from this trade.

The total imports of earthenware and porcelain in 1936-7 and 1937-8 were derived as follows:—

Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	15	16
Japan	27	27.5
Germany	2	2.5
Other Countries	2	2
Total imports	46	48

Glass and Glassware.—The following statement shows types of imported glass and glassware:—

Description.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Bangles	28	29
Beads and false pearls	12	19
Bottles and phials	24	29
Funnels, globes and glass parts of lamps ...	6	7
Scientific glassware	1	2
Sheet and plate glass	21	25
Tableware (including decanters, tumblers, etc.)	5	6
Other glassware	31	35
Total	1,28	1,52

Although there is now an established Indian industry engaged in the manufacture of glass bangles and beads, the consumer, in times of prosperity, turns to the higher-quality article from overseas. The provenance of the total imports was as follows:—

Countries of Consignment.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	10	11
Japan	62	70
Czechoslovakia	20	26
Germany	16	21
Belgium	12	14
Italy	1	4
Austria	1	2
Other Countries	5	4
Total	1,27	1,52

The U.K. has no interest in the imports of glass bangles or of beads. Japan and Czechoslovakia share the imports, small quantities of beads are also drawn from Germany and Italy.

The important trade in bottles is one in which the U.K. should secure a greater share. Now that the principal U.K. manufacturing group is actively represented throughout the country, an improvement will probably be seen. In 1936-7 the imports of soda-water bottles (totally over Rs.5 lakhs) were supplied by the U.K. (24 per cent.), Japan (42 per cent.) and Germany (31 per cent.). Other kinds of bottles were drawn from the U.K. (6 per cent.), Japan (63 per cent.), Germany (20 per cent.) and Sweden (5 per cent.). The trade in funnels, globes and glass parts of lamps was shared by Germany (46 per cent.), Japan (18 per cent.), Czechoslovakia (16 per cent.) and the U.K. (4 per cent.). The small imports of scientific glassware were drawn from Germany (48 per cent.), the U.K. (24 per cent.) and Japan (21 per cent.). In plate and sheet glass, the U.K. provided 12 per cent., mainly the finer qualities, while Belgium (54 per cent.) and Japan (22 per cent.) shipped large quantities of cheap window glass. Tableware was obtained from Japan (78 per cent.), Germany (9 per cent.) and the U.K. (7 per cent.). Miscellaneous glassware was drawn from Japan (63 per cent.), the U.K. (13 per cent.), Germany (10 per cent.) and Czechoslovakia (5 per cent.).

Building and Engineering Materials (other than Iron, Steel and Wood).—This trade shows little elasticity in view of the extension of the manufacture in India of cement, tiles, firebricks, etc. The principal items in the classification are the following :—

Description.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Asphalt	23	24	30
Bricks (other than firebricks) ...	*	†	‡
Firebricks	2	2	1
Portland cement	19	16	8
Cement (other kinds)	3	3	5
Tiles	14	12	15
Other kinds	12	—	10
Total imports	73	67	69

* Rs. 2,288.

† Rs. 1,016.

‡ Rs. 2,730.

The steady programme of road construction now being financed by the Central Road Fund is stimulating the imports of asphalt, which, in 1936-7, were drawn from the U.S.A. (51 per cent), Mexico (25 per cent.), Egypt (17 per cent.) and the U.K. (5 per cent.). The U.K. share represents Trinidad asphalt treated in the U.K. Imports are likely to expand further as new road construction on a large scale is planned during the next

few years and requirements for maintenance purposes will increase in proportion.

The trifling imports of bricks were entirely drawn from the U.K., which also provided 68 per cent. of the firebricks. The valuable trade in tiles is shared by Japan (48 per cent.), Italy (18 per cent.), the U.K. (17 per cent.) and Belgium (7 per cent.). Imports from Japan are displacing those from Italy.

Cement.—The imports of cement of all kinds were drawn from:—

Countries of Consignment.	1936-7.		1937-8.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ...	38,434	15	25,540	11
Japan ...	8,280	2	4,873	1
Other Countries ...	3,909	2	1,510	1
Total ...	50,623	19	31,923	13

As Burma has hitherto imported from Rs.5 lakhs to Rs.6 lakhs worth of cement yearly, imports into India Proper may be taken to have remained stationary. The establishment of a modern plant in Burma will inevitably reduce imports even into that market. Madras and Southern India remain the best market for imported cement owing to their remoteness from the principal Indian works. This again will shortly be remedied with the recent erection of further plants to serve Southern India. The leading Indian cement works are amalgamated under one control, employ a centralised propaganda, research and sales organisation, and produce at a reasonable price excellent cement fully equal to the British Standard Specification. It seems likely therefore that future imports will be largely confined to special cements for under-water, dock work, etc.

Hardware (excluding Cutlery and Electro-plated ware).—Increased purchasing power is reflected in the further advance from Rs.2,89 lakhs to Rs.3,31 lakhs in the aggregate imports. It should be noted that Burma has hitherto accounted for some Rs.33 lakhs worth so that the improvement, in the case of India Proper, is no less than Rs.75 lakhs, which is still far behind the pre-depression total of Rs.5,07 lakhs. The following table gives the details during the past two years:—

The gains by Germany and "other countries" (mainly Sweden, Czechoslovakia, Belgium and Austria) have been at the expense of Japan and the U.S.A. The 10 per cent. preference enjoyed by the U.K. on all hardware, ironmongery and tools (excluding agricultural implements not otherwise specified, buckets and machine tools) is one of the most effective of the preferences obtained at Ottawa and assists the U.K. to meet Continental (notably Swedish) and U.S.A. competition in the higher grade products. It has not been adequate to stem the rising tide of German competition in the bazaar trade. In times of reduced purchasing power the cheap products of the Continent appeal with special force to buyers whose spending power is limited. German goods, in turn, are steadily being displaced by the still cheaper products of Japan.

The following notes give the statistical position in each section of the trade:—

Agricultural Implements.—The imports have declined to a mere fraction of the 1929-30 total of Rs.14 lakhs and remain stationary. The Agricultural Implements Company of Jams-hedpur (a branch of the Tata Iron & Steel Co., Ltd.), now produce kodolies, mamooties, pickaxes, hammer heads, etc., at cheap prices and are increasingly meeting the requirements of the market. Imports are now confined to the higher-grade hoes, forks, etc., used in the European-managed tea gardens of Assam, the Dooars and Southern India, and their sale fluctuates with the fortunes of the Tea Industry. In 1936-7 the U.K. supplied 61, the U.S.A. 23 and Germany 11 per cent.

Galvanised Buckets.—The imports declined to a trifling quantity of special qualities. Buckets are now manufactured all over India from either imported or Indian-manufactured sheets.

Builders' Hardware, such as Locks, Hinges, Door bolts, etc.—The imports in 1936-7 were drawn from the U.K. (22 per cent.), Germany (55 per cent.), Sweden (16 per cent.), Japan (2 per cent.) and Norway (1 per cent.). The trade tended to contract until the past year due to growing domestic production of the simpler forms such as tower bolts, plain locks, etc., which is increasing under the fortuitous protection of a 30 per cent. import duty against the Continent and Japan.

Domestic Hardware.—The U.K. in 1936-7 accounted for 38, the U.S.A. 20, Germany 11, Japan 11 and Sweden 9 per cent. Imports from the U.K. have advanced during the last two years at the expense of Germany and Japan. Swedish shipments, however, are increasing.

Enamelled Ironware.—The total trade advanced by Rs.1 lakh notwithstanding the exclusion of the Burma market which

is worth Rs.4 to 5 lakhs. The present aggregate is barely two-thirds of the 1929-30 total. In 1936-7 the U.K. supplied a mere 9 per cent. whereas Japan provided 60, Czechoslovakia 13, Sweden 6 and Germany 5 per cent. The heavy minimum specific duties on all foreign imports have caused a marked contraction in arrivals from Japan and Germany. Imports from Sweden continue to expand while those from the U.K. remain stationary. The Wolverhampton product is much too durable, and therefore expensive, for the cheap bazaar trade.

Gas Mantles.—Until the slight fillip last year, the trade had been diminishing for some years, probably due to the substitution of electric current for gas. In 1936-7, Germany shipped 76 and the U.K. 16 per cent. Bombay is the principal market followed by Calcutta, Madras and Karachi, where there are also gas companies.

Implements and Tools.—The increase of Rs.10 lakhs, exclusive of a Burma market worth over Rs.6 lakhs, is most encouraging. In 1936-7 the U.K. supplied just under 50, the U.S.A. 23, Germany 18, Sweden 3 and Japan 2 per cent. The U.K. share tends to decrease slightly in face of more severe competition in high-grade tools from the U.S.A. and Sweden. German competition is also acute. As I have repeatedly stated, a more intensive sales effort is required on the part of U.K. manufacturers and more interest should be taken in the supervision and support of agents. In these times of severe competition, it is not sufficient to make a sale, cash against documents, to an export merchant in London or Birmingham and then expect him to do the rest.

Metal Lamps.—Although there was an advance last year of Rs.13 lakhs, exclusive of a Burma market worth over Rs.3 lakhs, the trade is still only two-thirds of the pre-depression aggregate. The imports in 1936-7 were drawn from Germany (83 per cent.), the U.S.A. (6 per cent.), the U.K. (3 per cent.) and Austria (2 per cent.). Japanese shipments have recently fallen to less than 2 per cent. Germany has completely captured the valuable trade in hurricane lamps enjoyed, before the war by Birmingham shippers, and since then by U.S.A. manufacturers.

Safes and Strong Boxes of Metal.—This trade, which was worth Rs.2 lakhs in 1929-30 has fallen away to a trivial £1,500 worth owing to the substitution of serviceable safes manufactured by the Godrej and Boyce Manufacturing Co. of Bombay and the increasing use of Indian strong boxes made at Multan and other centres. Bankers' strong rooms and the highest grades of safes are still supplied by U.K. makers when required, but there have been few large bank building extensions of recent years.

Hand Pumps.—This item was separately enumerated in the Trade Returns from 1st April, 1936. The imports of Rs.2.75 lakhs during the year 1936-7 were drawn from the U.K. (Rs.1.06 lakhs), the U.S.A. (Rs.1 lakh), Germany (Rs.0.5 lakh) and Japan (Rs.13,000).

Stoves.—The imports at Rs.5 lakhs are only one-half the total for 1929-30. In 1936-7 they were drawn from the U.K. (18 per cent.), Sweden (65 per cent.) and small quantities from Germany, the U.S.A. and Japan. The principal markets are Bombay and Calcutta.

Other Sorts.—This omnibus classification accounts for nearly 50 per cent. of the total imports. In 1936-7 the U.K. contributed 43, Germany 21, Japan 15, the U.S.A. 6, Sweden 2½, and Czechoslovakia 2½ per cent. with lesser values from Belgium, Holland and France. Imports from Japan show a steady rise.

Cutlery.—The classification distinguishes between pruning knives—a U.K. trade which is not subject to a preferential duty—and ordinary cutlery, the imports of which from the U.K. are subject to a preference of 10 per cent. Imports rose last year from Rs.28.5 lakhs to Rs.30.5 lakhs exclusive of Burma, which consumes Rs.2 lakhs. The rise, therefore, in the case of India Proper, amounts to Rs.4 lakhs or nearly 15 per cent. The total imports are still far short of the pre-depression total of Rs. 41 lakhs.

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Pruning knives	1.7	1.6	1.8
Other kinds	27.0	27.0	28.8
Total imports ...	28.7	28.6	30.6

of which from :—

The United Kingdom	9	9	10
Germany	16	16	17
Japan	2.7	2.6	3
Other Countries	1.0	1.0	0.6
Total imports ...	28.7	28.6	30.6

In 1936-7 the U.K. supplied the whole of the pruning knives with the exception of Rs.2,000 worth from Germany. The trade fluctuates with the prosperity of the tea industry.

The large bazaar demand for cheap cutlery has, for many years, been a close preserve of Germany. The U.K. percentage

is just being maintained, thanks to the preferential duty, which enables Sheffield makers to hold their position in the high-grade and to secure a slightly better share of the medium-grade goods. The imports of cheapest types of cutlery from Japan tend to increase.

Polishes.—The steady improvement, which was continuous from 1932-3 to 1936-7 has received a slight check, which is mainly accounted for by the exclusion of the Burma market worth Rs.1.25 lakhs. The trade is within a lakh of the 1929-30 total, which may be considered satisfactory. The classification is made up as follows:—

Article.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs)	Rs. (lakhs).	Rs. (lakhs).
Leather polish	13	14	13.4
Metal polish	4.4	4.3	4
Wood polish	0.6	0.6	0.4
Other sorts	6.6	6.1	5.7
Total	24.6	25.0	23.5

In 1936-7 the U.K. supplied 98 per cent. of the total, the only appreciable competition being from the U.S.A., which provided Rs.19,000 worth of leather polish, Rs.16,000 worth of metal polish, Rs.17,000 worth of wood polish and Rs.66,000 worth of other sorts. Germany supplied Rs.8,500 worth of "other sorts" of polish.

Arms, Ammunition and Military Stores.—The fluctuations of the imports on account of the Government of India reflect the re-arming of the Army in India and have expanded rapidly as follows:—

1935-6.	1936-7.	1937-8.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
19	34	60

There is, however, a considerable import on private account, which is made up as follows:—

Description.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Shotgun cartridges (filled)	8	8.5
Rifle and other cartridges (filled)	2	2.25
Cartridge cases (empty)	0.24	0.26
Explosives	25	39
Firearms and parts thereof	23	48
Gunpowder	0.46	0.74
Other sorts	7.3	29.25
Total	66	1,28

Filled cartridge cases were obtained as follows:—

	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	8.25	8.21
U.S.A. ... ..	.69	.79
Other Countries ... ..	.71	1.80
Total	9.65	10.80

The small imports of empty cartridge cases were drawn from the U.K. The expansion in the valuable trade in explosives results from the activity in the gold mining industry in Mysore and greater demand from the collieries of Bengal. In addition Burma probably took a further Rs.5 lakhs worth for her non-ferrous mines. In 1936-7, the U.K. provided 93 and Germany 6 per cent. (almost entirely blasting fuses). Of the firearms and parts thereof, the U.K. contributed 89, Germany 4, the U.S.A. 2, France 1½ and Belgium 1 per cent. The trade showed remarkable recovery last year and is now more than double the pre-depression total.

Brushes and Brooms.—This heading includes:—

Description.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).
Paint and varnish brushes	2	3
Toilet brushes	6	6
Other brushes	5	6
Brooms	0.5	—
Total imports	13.5	15

Paint and varnish brushes in 1936-7 were drawn from the U.K. (73 per cent.) and Germany (26 per cent.). In the case of toilet brushes, the position is not so satisfactory, the U.K. only supplying 53, the U.S.A. 21, Japan 14 and Germany 9 per cent. The U.K. share has risen since the introduction of preference at the expense of the U.S.A. and Germany. Other brushes for industrial and general use are supplied by the U.K. (52 per cent.), Japan (20 per cent.), Germany (14 per cent.) and the U.S.A. (11 per cent.). The small trade in brooms is shared by the U.K. and the Straits Settlements.

Toys and Requisites for Games and Sports.—The trade is made up as follows:—

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Toys	29	27.5	28
Playing cards	8	7	8
Other sorts	10	9	8
Total	47	43.5	44

The trade had steadily declined for some years and it is satisfactory to note that there has been a decided improvement in the Indian market last year (the figures are exclusive of Rs.4 lakhs on account of Burma). They are still well below the 1929-30 total of Rs.65 lakhs. Indian industry is steadily encroaching on the trade in requisites for games and sports. Moreover, the fall in purchasing power has, naturally, affected this quasi-luxury trade. Detailed figures are not obtainable for 1937-8 but, in the preceding year, imports of toys were derived from Japan (73 per cent.), the U.K. (14 per cent.) and Germany (9 per cent.). Japan has largely displaced Germany and the U.S.A. while U.K. shipments show slight expansion.

Playing cards were imported from Japan (52 per cent.), the U.S.A. (22 per cent.), the U.K. (15 per cent.) and Belgium (9 per cent.). Japan is making rapid strides at the expense of all other competitors. Requisites for games and sports were drawn from the U.K. (77 per cent.), the U.S.A. (6 per cent.), Japan (4 per cent.), Germany (3 per cent.) and Norway (3 per cent.). The U.K. has improved its share of a relatively stationary trade. The growing demand for cheap sports requisites is being increasingly met by the Indian factories at Sialkot and other towns in the Punjab. India last year *exported* over Rs.9½ lakhs worth, including over Rs.3 lakhs worth to the U.K.

Tea Chests (entire or in sections).—The greater activity of the Indian tea industry is proved by the sharp rise in the imports of tea chests:—

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	42	39	48
Estonia	10	8	9
Finland	2	3	5
Other Countries	4	6	10
Total	58	56	72

The imports of metal tea chests (which are only imported into Southern India via Madras) amounted, in 1936-7, to Rs. 5½ lakhs, of which Rs.4½ lakhs worth was drawn from the U.K. Imports of wooden chests were obtained from the U.K. (68 per cent.), Estonia (16 per cent.), Finland (6 per cent.), Germany (4 per cent.) and Japan (3 per cent.).

Umbrellas and Umbrella Fittings.—The imports of complete umbrellas, including parasols and sunshades, were as follows:—

Countries of Consignment.	1936-7.		1937-8.	
	No.	Rs.	No.	Rs.
United Kingdom ...	25,965	65,299	11,766	33,006
Other Countries ...	277,073	97,588	356,523	1,21,120
Total ...	303,038	1,62,887	368,289	1,54,126

The heading " Other Countries " included, in 1936-7, Rs. 82,530 from Japan and Rs.6,425 from Austria. The trade is less than half its volume in 1929-30.

Umbrella Fittings.—The trade has almost regained its 1935-6 position of Rs.27 lakhs, but is still one lakh behind that year's total and only 50 per cent. of the pre-depression average.

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	3	2	2
Germany	7	4	6
Japan	17	11	17
Other Countries	—	—	1
Total	27	17	26

Japan has displaced Germany from the position of leading supplier. Italian and French supplies have practically ceased. The U.K. still supplies a small demand for the better-quality fittings.

Jewellery and Plate of Gold and Silver (excluding Imitation Jewellery, Precious Stones and Pearls unset).

Article.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Jewellery	7	13	3.5
Plate of gold and silver	4	3	2.5
Total	11	16	6

The import is the lowest for four years. Arrivals of jewellery have fluctuated widely of recent years and are well below the pre-depression total of Rs.20 lakhs. In 1936-7 they were drawn from the U.K. (86 per cent.) and France (8 per cent.) together with very small values from the Straits, Japan and Ceylon. The U.K. provided 91 per cent. of the gold and silver plate, Germany 3 and France 1½.

Electro-plated ware.—Reduced purchasing power coupled with high import duties are severely affecting these luxury trades.

1935-6.	1936-7.	1937-8.
Rs. 2,21,225	Rs. 2,26,569	Rs. 2,63,804

The U.K., in 1936-7, supplied 90 and Germany 5 per cent.

Carriages and Carts and Parts thereof.—The total imports were:—

1935-6.	1936-7.	1937-8.
Rs. 9,43,464	Rs. 9,84,783	Rs. 12,93,145

In 1936-7, the U.K. contributed 64 per cent., Japan (largely jinrickshas) 11, Germany 13 and Belgium 6.

Oil Cloth and Floor Cloth.—After several years of stagnation, the total trade advanced by Rs.1½ lakhs.

1935-6.	1936-7.	1937-8.
Rupees.	Rupees.	Rupees.
6,69,157	6,45,555	7,74,210

In 1936-7, the U.K. supplied 51, Belgium 16, the U.S.A. 13, Poland 7, Germany 3 and Japan 3 per cent.

Furniture and Cabinet Ware.—The trade receded slightly and is still below the 1935-6 total. Recent imports total:—

1935-6.	1936-7.	1937-8.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
23.3	21.5	21.3

In 1936-7, the U.K. supplied 51, Japan 10, Belgium 7, Czechoslovakia 5 and U.S.A. 4 per cent. Bedsteads are mainly obtained from the U.K. (Rs.105,000) with some competition from the U.S.A. (Rs.20,000) in camp cots. Of the wooden furniture, other than bedsteads, the U.K. provided 22, Poland 14, Estonia 13, Japan 11 and France 11 per cent. with lesser values from the U.S.A., Czechoslovakia and Germany. Furniture, (other than bedsteads of other materials than wood, amounting to Rs.13 lakhs, was drawn from the U.K. (71 per cent.), Czechoslovakia (8 per cent.), the U.S.A. (6 per cent.) and Japan (6 per cent.). The Rs.3½ lakhs worth of mouldings were shared by Belgium (Rs.1.2 lakhs) and Japan (Rs.1.1 lakhs) with lesser values from Germany and Norway. The U.K. only supplied Rs.5,870 worth.

Manures (excluding Oil Cakes).—The imports of fertilisers of all kinds, after falling from Rs.99 lakhs in 1929-30 to a low level of Rs.36 lakhs in 1931-2, recovered to Rs.80 lakhs in 1936-7 and remained stationary in 1937-8 as regards value, but quantities showed a decline.

Description.	1936-7.		1937-8.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
<i>Nitrogenous—</i>				
Nitrate of soda...	2,470	2	3,208	3
Sulphate of ammonia ...	61,238	58	53,216	56
Others ...	550	*	589	†
<i>Potassic—</i>				
Muriate of Potash	2,064	2	2,928	3
Others ...	690	1	1,604	2
<i>Phosphatic—</i>				
Superphosphate	6,009	4	7,405	6
Others ...	3,182	3	3,779	4
<i>Compounds—</i>				
Ammonium phosphate ...	4,122	6	2,167	3
Fish manures ...	2,616	2	1,783	1
Others ...	712	1	1,746	2
Total ...	83,653	80	78,425	80

* Rs. 47,407.

† Rs. 58,948.

In 1936-7, the U.K. supplied 69 per cent. including 81 per cent. of the sulphate of ammonia and 81 per cent. of the ammonium phosphate. Japan sent 12 per cent., mainly sulphate of ammonia and superphosphate. Belgium supplied 6 per cent., mainly nitrate of soda, sulphate of ammonia and lesser values of muriate of potash and phosphatic manures. The U.S.A. contributed 2 per cent. mainly ammonium phosphate and a small value of sulphate of ammonia. Fish manures were drawn from Arabia and nitrate of soda from Belgium, Norway, Chile and Germany.

The comments made in 1935-6 still hold good. I then wrote that India presents one of the greatest potential markets in the world for artificial fertilisers, the only limiting factors being the poverty and intense conservatism of the ryot. There is no doubt, however, that, as a result of the intensive propaganda campaign of the leading U.K. group following upon years of persuasion by officers of the agricultural departments, the ryot has learnt to appreciate the value of synthetic fertilisers. The Madras Presidency leads the way but is being followed by Bengal and Bombay. As I have repeatedly stated, once the ryot recovers his buying power as a result of improvement in world values of agricultural products, we may expect to see a very large increase in the imports of all fertilisers and particularly of sulphate of ammonia and phosphates. It is to be hoped that the

very fine pioneer work which has been carried on for years by the leading U.K. group of manufacturers will at last bear fruit.

Matches.—This trade is an outstanding example of tariff protection completely destroying an import trade which yielded an average annual importation of 12,725,000 gross boxes valued at Rs.1,77 lakhs (£1,327,000) in the early post-war years. As a result of the heavy protection granted after a Tariff Board enquiry the market is now supplied by the local factories of the Swedish Match Combine.

Imports in 1936-7 were reduced to 54,788 gross valued at Rs.48,472 (say £3,500). These trivial imports of specialities were drawn from Sweden, Germany and Japan with a mere £400 worth from the U.K. During the year under review, however, imports of safety matches suddenly rose to 1,099,503 boxes valued at Rs.20.4 lakhs. This is quite an exceptional occurrence and is due to labour troubles having a temporarily restrictive effect on the output of the Indian factories.

Packing (Engine and Boiler) of all kinds (excluding Asbestos).—The market is a slowly growing one, which shows little elasticity. Imports last year were little changed at Rs.4 lakhs. In 1936-7 the U.K. supplied 93 and the U.S.A. sent 3½ per cent. Recent figures are:—

1935-6.	1936-7.	1937-8.
Rupees.	Rupees.	Rupees.
3,67,066	3,83,215	4,02,677

Toilet Requisites.—This comprehensive heading includes all articles for toilet use not separately classified elsewhere:—

1935-6.	1936-7.	1937-8.
Rs. (lakhs).	Rs. (lakhs)	Rs. (lakhs).
66	67	68

The figure for 1937-8 is exclusive of the Burma market, worth Rs. 8 lakhs, so that the increase in the case of India Proper was no less than Rs.9 lakhs. If Burma imports are added, we arrive at a figure of Rs. 76 lakhs which compares with a pre-depression total of Rs. 73 lakhs. The fact that import of semi-luxury articles such as these should have been maintained throughout the depression years and that they should expand to such a degree at the first sign of improved purchasing power is evidence of the rapidly changing outlook of Young India, of both sexes, towards Western habits and customs and of the increasing use of cosmetics, beauty preparations etc. In 1936-7, the U.K. contributed 41, the U.S.A. 29, Japan 13, Germany 6, France 3 and Austria 1½ per cent. Since the 10 per cent. preferential margin was imposed in 1933, the U.K. has steadily improved its position at the expense of the U.S.A. and the Continent. Japanese imports increase steadily but are, in the main, non-competitive.

The U.K. manufacturer has much to learn from the active selling methods and more generous treatment of agents employed by U.S.A. makers of widely-advertised branded goods.

Articles imported by post (not included elsewhere).—The postal traffic enumerated under this head has fallen off materially due to a reclassification of the Trade Returns. Jewellery, precious stones, gold and silver thread, cigarettes, cinematograph films and watches when imported by post and referred to the Customs Authorities for assessment to duty are now included under their appropriate heads and sub-heads in the import returns. The figures of the traffic for the last three years are:—

1935-6.	1936-7.	1937-8.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
2.42	1.99	2.02

In 1936-7, the U.K. supplied 67, Switzerland 13, Germany 5, France 4, Japan 2 and the U.S.A. 1½ per cent.

The cash-on-delivery system with the United Kingdom, known locally as the Imperial value-payable post system is a great convenience to British residents in India. After falling off considerably during the depression, the returns of value show a tendency to improve. The following are the returns of C.O.D. parcels received from the United Kingdom and Eire in 1935-6 and 1936-7:—

Year.	Number.	Value.
1935-6	36,623	£107,712
1936-7	30,624	£127,500

Of these parcels, 1,168 or 3.81 per cent. of the total number were returned as undeliverable in 1936-7.

RAW MATERIALS AND SEMI-MANUFACTURED ARTICLES.

Coal.—There has been a noteworthy recovery in the imports of coal during the past two years, which has been shared by the U.K. and the Union of South Africa (mainly Natal).

	1929-30.	1934-5.	1935-6.	1936-7.	1937-8.
	Tons.	Tons.	Tons.	Tons.	Tons.
United Kingdom ...	19,000	12,000	10,000	17,000	32,000
Union of South Africa (mainly Natal) ...	197,000	32,000	19,000	37,000	29,000
Japan ...	1,000	2,000	—	3,000	20,000*
Australia ...	2,000	4,000	5,000	2,000	2,000

* This figure represents "Other Countries" for which details are not available and which include Japan and Portuguese East Africa.

The market is practically confined to ports such as Karachi and Bombay, which are most remote from the Indian coalfields. The imports of coal from the U.K. are mainly of Welsh steam coal for bunkering purposes. Their average value is just under Rs.22 per ton (say 33/-).

Coke.—The imports of coke fell to a trifling 1,069 tons valued at Rs.60,000 and were used for special purposes. Burma has hitherto accounted for most of the imports.

	1935-6.	1936-7.	1937-8.
Tons	16,454	17,228	1,069
Rupees	3,72,370	3,86,550	59,509

In 1936-7 Natal supplied 79 and the U.K. 21 per cent. Local supplies of coke are ample for India's ordinary industrial requirements.

Mineral Oils.—Since the separation of Burma from 1st April, 1937, shipments from that country are now included in the import returns with the result that mineral oils are now the most valuable single item of the import trade. India still produces a considerable and increasing output from the oilfields of Assam and the Punjab.

Kerosene Oil.—

Countries of Consignment.	1936-7.		1937-8.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
Burma	—	—	132,880,116	5.33
Sumatra	13,543,974	53	27,773,197	89
U.S.S.R.	40,770,059	118	20,903,178	69
Iran	6,695,625	19	11,461,077	41
U.S.A.	185,021	2	3,190,195	8
Roumania	506,000	2	88,000	*
Other Countries ...	508,285	2	6,356,168	22
Total	62,208,964	1.96	202,651,931	7.62

* Rs. 30,373.

Practically the whole of the imports of kerosene are now obtained in bulk; less than a million gallons of special grades are obtained from the U.S.A., Iran and the Straits Settlements in tins. The setback to the imports of Russian kerosene is noteworthy.

Fuel Oils.—The imports were :—

Countries of Consignment.	1936-7.		1937-8.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
U.S.S.R.	2,306,207	3	—	—
Iran	107,129,371	1,55	95,551,164	1,21
British Borneo	11,665,284	23	12,992,852	26
Dutch Borneo	10,057,999	16	8,829,616	16
Other Countries	8,570,007	13	10,674,490	20
Total	139,728,868	2,10	128,048,122	1,83

The Anglo-Iranian Oil Co., Ltd. supply the bulk of the fuel oils. The oils of Burma are so rich that when the petrol, kerosene, wax, etc., have been extracted, there is no residue for crude fuel purposes.

Petrol.—Imports under the customs heading of " Petroleum, dangerous, flashing below 76° F. including petrol, benzine and benzol " have risen steadily for many years.

1935-6.	1936-7.	1937-8.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
15	35	5,31

The 1937-8 total includes Rs.3,43 lakhs from Burma. In 1936-7, imports were drawn from Iran (86 per cent.), Germany (8 per cent.) and Roumania (4 per cent.). Imports from the U.S.S.R. ceased that year.

Batching Oils.—The depression in the Bengal Jute Mills resulted in a continuous fall in imports to a low watermark of Rs.19 lakhs in 1936-7. Increased activity during the past year, coupled with the inclusion of the Burma figures, raised the figure to Rs.58 lakhs.

Origin.	1936-7.		1937-8.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
Burma	—	—	8,131,274	29
U.S.A.	6,582,986	13	9,914,591	20
Dutch Borneo	1,715,361	6	2,496,340	9
Other Countries	74	—	12	—
Total	8,298,421	19	20,542,217	58

Other Lubricating Oils.—Increased industrial activity plus the inclusion of imports from Burma amounting to Rs.66 lakhs have raised the aggregate imports from Rs.100 lakhs to Rs.1,84 lakhs.

Countries of Origin.	1936-7.		1937-8.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom ...	2,820,705	27	3,094,672	29
U.S.A.	7,913,686	70	9,994,457	85
Burma	—	—	6,054,338	66
Other Countries ...	188,876	3	284,493	4
Total ...	10,923,267	100	19,427,960	1,84

The effect of the Ottawa Preference of 2 annas per gallon has been a steady increase of the trade enjoyed by U.K. manufacturers and blenders, but more headway should have been made against U.S.A. competition. The rapid development of aviation should create an increasing demand for the finest grades of U.K. lubricants.

Salt.—The exclusion of imports into Burma (Rs.15½ lakhs in 1936-7) masks a rise in Indian imports of fully Rs.10 lakhs. The published figures show a fall from 382,177 tons valued at Rs.60 lakhs in 1936-7 to 346,870 tons valued at Rs.56 lakhs in 1937-8.

Principal Countries of Consignment.	1936-7.		1937-8.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
Aden and Dependencies	295,151	45	305,637	48
Germany	77,939	13	40,757	7
Egypt	6,635	1	—	—
Other Countries ...	2,452	1	476	1
Total ...	382,177	60	346,870	56

The heavy import duties on salt have had the effect of driving U.K. salt out of the market whereas the exemption of Aden from these duties has resulted in an expansion of the Aden trade from Rs.37 lakhs in 1933-4 to Rs.48 lakhs last year. The decline in the above figures for Germany results from the exclusion of Burma. Before the war, the U.K. supplied 22½ per cent. of a total import of 607,300 tons, and salt provided a most convenient form of ballast for steamers leaving Liverpool. The extinction of the trade, however, was inevitable in view of the determination of the Government of India to protect Indian salt production.

Sugar.—The imports of sugar of all kinds, which reached their peak in 1929-30 at 1,011,315 tons valued at Rs.15,77 lakhs have, as a result of a protective duty of Rs.9/4/- per cwt., shrunk to 14,389 tons valued at Rs.18½ lakhs in the year under review.

There are now over 150 modern cane factories operating in India and the result is seen in the following table showing the production of sugar in India:—

Season.	Direct from Cane.	Refined from Gur.	Total.
1927-28	67,684	52,055	119,739
1928-29	68,050	31,038	99,088
1929-30	89,768	21,150	110,918
1930-31	119,859	31,791	151,650
1931-32	158,581	69,539	228,120
1932-33	290,177	80,106	370,283
1933-34	453,965	61,094	515,059
1934-35	578,115	39,103	617,218
1935-36	912,100	50,067	962,167
1936-37 (a)	1,072,500	32,300	1,104,800

(a) Estimated.

The imports of sugar (23 Dutch Standard and above) were as follows:—

Countries of Consignment.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	3	1	1
Java	1,40	13	12
Hong Kong	2	3	2
China	1	1	1
Japan	3	*	†
Other Countries	17	—	—
Total	1,66	18	17

* Rs. 13,898.

† Rs. 30,021.

Sugar, below 23 Dutch Standard but not below 16 D.S., was practically eliminated from the import figures. The imports of beet sugar fell to 737 tons valued at Rs.81,018, of which Rs.80,732 was drawn from Holland. Imports of sugar candy amounted to Rs.97,693. The trade in molasses, which aggregated over Rs.40 lakhs in 1930-1, is now extinct as a result of the development of the local industry. The disposal of the enormous quantities of molasses, which are accumulating in the country, presents a serious problem which has not yet been solved.

IMPORTS INTO THE MARITIME STATE OF KATHIAWAR.

The imports into India through the ports of the Maritime States of Kathiawar are not included in the import returns of British India and they are now so considerable that a note of their volume and character is necessary. The following table

shows (a) the growth of the traffic during the past three years, (b) the distribution of imports by countries, and (c) the share of the several States:—

VALUES.

Distribution of Imports by Countries.	Twelve months 1st April to 31st March.		
	1935-6.	1936-7.	1937-8.
	Rs.	Rs.	Rs.
From United Kingdom	1,65,23,978	1,13,08,126	1,11,10,235
„ Burma	—	—	69,58,065
„ Ceylon	2,13,611	1,21,999	2,02,057
„ Straits Settlements	1,19,042	1,20,791	59,604
„ Hong Kong	11,022	36,178	25,600
„ Kenya Colony	10,90,889	7,73,312	734
„ Other British Possessions	5,81,146	1,80,009	3,39,348
Total British Empire	1,85,39,688	1,25,40,415	1,86,95,643
From Germany	48,02,896	35,07,266	42,25,200
„ Japan	42,18,831	19,22,442	13,38,686
„ Netherlands	9,17,030	9,70,078	12,64,555
„ Belgium	18,67,916	12,19,900	8,09,237
„ Java	75,71,021	12,17,969	7,59,410
„ United States of America	10,22,217	7,09,506	7,31,406
„ Iraq	5,80,172	7,47,708	6,15,902
„ Egypt	40,50,946	6,89,116	4,39,567
„ China (<i>exclusive of Hong Kong and Macao</i>)	3,04,917	1,68,493	3,07,268
„ Norway	2,06,581	1,39,458	2,81,619
„ Luxemburg	3,27,339	1,14,887	2,49,739
„ Arabia	2,16,083	1,97,127	2,30,294
„ France	5,05,471	1,95,266	1,57,654
„ Czechoslovakia	1,43,957	69,162	1,37,828
„ Italy	1,63,995	54,483	84,142
„ Switzerland	1,08,253	1,03,720	82,926
„ Poland	1,75,478	70,747	75,657
„ Iran	1,66,863	40,945	12,012
„ Roumania	—	1,49,134	—
„ Portuguese East Africa ...	—	51,315	—
„ Union of Socialist Soviet Republics	51,218	11,324	—
„ Other Foreign Countries...	7,67,545	1,74,695	2,29,683
Total Foreign Countries	2,85,56,316	1,28,05,896	1,25,33,402
Total	4,70,96,004	2,53,46,311	3,12,29,045
Share of Morvi	34,59,288	39,42,832	69,54,578
„ Nowanagar	1,04,84,416	57,11,742	69,13,386
„ Bhavnagar	2,43,17,242	83,86,756	65,79,896
„ Baroda	40,77,415	27,75,451	55,55,756
„ Junagadh	29,89,054	28,74,188	24,10,951
„ Jafarabad	4,07,175	8,858	9,169
„ Porbandar	13,61,414	16,46,484	28,05,309
Total Imports	4,70,96,004	2,53,46,311	3,12,29,045

A summarised table of the imports by commodities is not available but the following statement shows the development of a few of the principal items during the past three years:—

Articles.	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Cotton (raw)	56	14	3
Cotton manufactures	71	43	39
Sugar	77	13	8
Iron or steel	65	33	20
Metals and ores of all kinds (including iron and steel)	95	49	33
Machinery	18	12	21
Chemicals	20	17	23
Hardware	8	7	6
Instruments and apparatus	8	8	11
Oils of all kinds	9	5	13
Paints and painters' materials	4	3	3
Paper and pasteboard	11	9	16
Rubber manufactures	3	4	7
Artificial silk manufactures	5	2	2
Motor cars	7	5	3
Motor trucks	1	1	2

It will be observed that the imports of raw cotton, hitherto the most important single item, have now almost ceased. The principal items are now cotton manufactures, metals, chemicals, machinery, paper and oils.

The following summarised statistics of the imports into British India from Kathiawar States across the Viramgam-Dhandhuka Customs line are interesting as showing the proportion of the trade which finds its way into British India:—

	1935-6.	1936-7.	1937-8.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Total Foreign Goods (duty free or dutiable passed with or without concession)	3,15	1,58	1,34
Total Imports into Kathiawar Ports ...	4,71	2,53	3,12
Balance representing consumption in the States or not otherwise accounted for ...	1,56	95	1,78

APPENDIX I

Value of India's Trade with Principal Countries distinguishing
Principal Articles

TABLE A

Articles.	Pre-war average.	1935-6.	1936-7.	1937-8.
(In thousands of rupees).				
<i>United Kingdom.</i>				
Imports therefrom :—				
Animals, living	5,02	9,38	5,92	6,32
Apparel	59,29	19,10	18,93	17,89
Arms, ammunition, etc. ...	30,60	39,84	53,62	90,19
Artificial silk yarn	—	3,33	1,59	3,77
Artificial silk, other manu- factures	—	11,52	9,45	11,29
Asbestos	—	9,42	9,84	9,51
Belting for machinery ...	36,26	35,14	31,62	37,41
Bobbins	—	18,29	13,90	26,39
Books and printed matter ...	41,05	44,46	47,70	51,27
Boots and shoes	51,33	6,23	5,29	4,34
Building materials	59,89	30,79	24,79	18,49
Carriages and carts	19,11	6,02	6,33	5,57
Chemicals	69,55	1,74,25	1,46,90	1,78,63
China clay	—	11,29	8,77	12,76
Coal and coke	41,33	2,82	3,69	7,33
Cordage and rope	4,39	2,94	4,21	4,71
Cotton :—				
Raw	58,67	25	47	1,52
Twist and yarn	3,35,18	97,45	78,87	77,64
Piecegoods :—				
Grey	20,73,55	1,32,99	91,91	44,20
White	10,87,38	3,89,88	3,44,79	2,82,18
Coloured	11,29,72	3,77,67	2,94,07	3,15,71
Other manufactures	1,40,25	81,25	76,61	65,58
Cutlery	10,53	8,86	9,18	9,64
Cycles and parts	29,40	82,79	84,02	87,95
Drugs and medicines	54,03	74,79	76,79	84,23
Dyeing and tanning sub- stances	6,90	43,17	38,56	39,86
Earthenware and porcelain	30,50	14,86	15,15	16,04
Flax manufactures	28,83	17,35	16,07	21,24
Furniture	10,84	13,55	11,09	7,63
Glass and glassware	22,26	12,86	10,01	11,22
Haberdashery and millinery	61,21	11,00	10,34	9,62
Hardware	1,88,61	1,04,02	98,62	1,13,06
Instruments, apparatus, etc.	1,04,88	2,69,88	2,59,91	2,89,84
Ivory	11,33	44	48	16
Jewellery, etc.	14,51	9,53	14,15	4,16
Jute manufactures (including yarn)	10,09	2,34	1,17	65

Articles.	Pre-war average.	1935-6.	1936-7.	1937-8.
(In thousands of rupees).				
Leather, including hides, tanned, etc. ...	38,59	27,48	25,50	32,47
Liquors :—				
Ale, beer and porter ...	45,64	47,06	45,81	43,02
Spirit ...	69,47	96,64	93,08	88,40
Wines ...	13,62	6,71	7,01	6,74
Machinery and millwork ...	4,97,69	9,25,79	9,26,29	10,90,57
Manures ...	1,68	55,89	55,90	51,43
Metals :—				
Aluminium ...	5,38	14,82	12,80	19,75
Brass ...	6,13	30,25	23,63	30,80
Copper ...	1,67,45	34,31	22,07	47,03
Iron ...	28,88	2,38	2,21	3,01
Iron or steel ...	6,96,13	3,56,46	2,93,02	3,53,85
Lead ...	13,99	4,20	4,56	6,88
Steel ...	42,02	48,36	39,28	60,14
Zinc ...	14,85	5,53	2,94	2,92
Others ...	27,43	18,38	13,85	17,33
Motor vehicles and parts thereof ...	74,50	1,87,45	1,89,33	2,15,76
Oils, mineral... ..	22,31	30,53	31,26	34,17
Oils, vegetable, animal, etc.	17,76	10,76	11,81	11,69
Packing-engine and boiler...	4,98	3,18	3,60	3,85
Paints and painters' materials	56,00	66,05	62,76	61,26
Paper and pasteboard ...	73,44	88,94	85,87	1,03,56
Pitch and tar ...	8,72	1,48	1,47	1,24
Polishes ...	9,48	23,34	23,72	21,89
Precious stones ...	14	3,90	5,65	4,66
Printing materials ...	14,70	20,94	17,30	21,63
Provisions ...	1,34,15	1,78,32	1,78,53	1,49,53
Railway plant, etc. ...	5,54,48	—	—	—
Rubber manufactures, including tyres, etc. ...	16,45	1,46,60	1,54,01	1,17,27
Salt ...	23,44	93	1,16	84
Ships, parts of ...	18,00	4,75	3,63	6,34
Silk manufactures, including yarn ...	19,07	9,16	3,76	2,11
Soap ...	56,52	27,46	20,30	16,75
Stationery ...	41,44	38,20	34,76	35,63
Sugar ...	25,37	21,00	1,14	1,11
Tallow and stearine ...	10,43	3,16	3,16	2,56
Tea-chests ...	41,32	41,97	39,26	48,03
Tobacco ...	51,83	34,38	34,84	36,98
Toilet requisites ...	10,35	26,84	27,88	26,25
Toys and requisites for games	16,75	12,09	11,98	10,79
Umbrellas ...	24,71	3,29	2,79	2,46
Woollen manufactures including yarn ...	1,85,24	87,93	84,28	1,04,61
Other articles ...	1,50,99	3,12,49	2,79,58	3,16,47
Total ...	91,58,01	52,18,92	48,06,59	51,79,78

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TABLE B.

Articles.	Pre-war average.	1935-6.	1936-7.	1937-8.
<i>Japan.</i>				
Imports therefrom :—				
(In thousands of rupees).				
Ale, beer and porter	3	6,13	6,91	6,01
Aluminium	—	11,55	10,09	11,35
Apparel	9,17	29,19	41,40	27,83
Artificial silk	—	2,63,98	3,53,06	4,41,27
Bobbins	—	7,94	4,66	11,30
Boots and shoes	16	13,71	7,12	2,31
Brass, bronze, etc.	7	43,63	22,85	12,27
Brushes and brooms	48	2,10	1,89	2,29
Buttons of all sorts	—	10,01	9,75	10,94
Camphor	11,48	12,99	11,36	10,77
Carriages	11	1,28	1,11	82
Cement	1	2,08	1,80	88
Chemicals	93	35,95	28,37	23,43
Clocks and watches	1,38	8,34	7,94	8,36
Coal and coke	7,02	—	22	8
Copper	27,99	14,06	15,59	7,32
Cotton, raw	9	1	5	21
" hosiery	65,23	46,12	28,91	25,09
" piecegoods	6,10	6,35,26	5,57,96	4,59,38
" yarn... ..	6,16	1,79,21	1,37,42	1,68,24
" other manufactures	2,12	20,34	31,29	23,70
Cycles and parts	—	16,32	16,27	16,52
Drugs and medicines (other than camphor)	1,72	6,19	6,01	5,85
Earthenware and porcelain	4,23	26,15	26,77	27,51
Furniture and cabinetware ...	71	1,08	2,29	2,88
Glass and glassware :—				
Bangles	5	13,53	14,88	13,58
Beads and false pearls ...	7,61	5,18	4,51	6,36
Bottles and phials... ..	1,00	15,78	13,82	19,00
Funnels, globes, etc.	58	1,32	1,13	81
Table ware	1,41	3,76	3,52	4,73
Others	3,35	25,60	24,52	25,34
Haberdashery and millinery	10,88	26,14	31,88	35,60
Hardware	3,59	35,62	34,15	30,26
Instruments	85	31,43	31,27	36,65
Iron and steel	—	43,16	46,59	61,00
Machinery and millwork	63	17,64	18,34	49,17
Matches	28,40	8	11	7
Paints and painters' materials	—	11,38	10,24	7,47
Paper and pasteboard	55	11,68	11,55	19,54
Provisions and oilman's stores	1,57	11,39	15,33	2,62
Rubber manufactures	—	18,98	19,21	17,46
Silk, raw	1,15	42,45	36,29	57,24
" manufactures	1,31,45	1,63,58	1,30,22	1,49,94
Spices, ginger	3,40	1,76	3,26	3,06
Stationery (excluding paper)	2,17	13,21	14,55	17,01
Tea-chests	87	66	1,52	2,38
Toilet requisites	1,31	9,86	10,21	11,73
Toys and requisites for games	3,16	26,16	24,38	25,93
Umbrellas and umbrella fittings	4,91	18,29	11,84	17,94
Wood, timber	32	3,34	2,95	3,91
" manufactures	71	6,35	5,21	6,15
Woollen manufactures	8	78,13	88,65	1,32,91
Other articles	9,16	1,54,23	1,80,04	1,55,01
Total	3,64,35	21,84,31	21,21,26	22,19,48

TABLE C.

Articles.	Pre-war average.	1935-6.	1936-7.	1937-8.
(In thousands of rupees).				
<i>U.S.A.</i>				
Imports therefrom :—				
Aluminium	4,26	18	1,57	12
Apparel	33	5,73	5,66	8,07
Arms	80	4,76	1,13	1,77
Belting for machinery	1,11	9.20	5,69	9,43
Boots and shoes	54	8	4	2
Building materials	88	12,99	15,08	16,76
Carriages	72	53	25	1,31
Chemicals	22	14,19	13,57	17,01
Clocks and watches	3,82	1,55	1,63	2,08
Copper	—	18,95	11,82	25,97
Cotton, raw	27,72	90,83	8,24	2,21,29
Cotton piecegoods	26,44	1,82	45	1,00
Drugs and medicines	4,18	25,84	24,41	28,46
Dyeing substances	—	14,53	7,91	8,20
Furniture	1,44	1,38	1,19	1,91
Glassware	1,17	56	72	77
Hardware	24,72	30,74	25,73	26,16
Instruments	5,86	87,19	91,27	94,10
Iron and steel	48,56	7,58	8,87	47,82
Leather	—	10,31	11,65	10,48
Machinery	24,56	1,17,13	1,25,35	1,35,86
Manures	—	1,46	1,75	1,73
Motor vehicles and parts thereof	8,49	1,60,48	1,72,53	2,61,42
Oils, mineral	2,19,66	96,79	93,08	1,23,91
Paper and pasteboard	1,21	4,88	3,07	12,03
Provisions	3,80	17,95	16,68	19,44
Railway plant	54	—	—	—
Rubber manufactures	16	16,11	13,65	21,62
Spirit	5,34	15,70	14,50	14,90
Stationery	2,05	2,56	4,21	5,42
Sugar	18	—	—	—
Tobacco	5,90	24,64	43,76	41,81
Toilet requisites	2,22	19,60	19,94	20,48
Wood and timber	6,56	5,17	4,98	10,79
Zinc	1	6,25	1,62	6,53
Other articles	15,58	66,50	63,84	92,92
Total	4,49,03	8,94,18	8,15,84	12,91,59

TABLE D.

Articles.	Pre-war average.	1935-6.	1936-7.	1937-8.
<i>Germany.</i>				
Imports therefrom :—				
(In thousands of rupees).				
Apparel	14,87	7,71	6,47	6,44
Bobbins	—	3,37	2,60	3,32
Building materials	6,72	63	80	1,35
Buttons	—	5,35	4,56	4,30
Carriages	2,81	1,11	1,27	3,71
Chemicals	10,62	44,64	35,99	49,00
Clocks and watches	1,36	4,27	4,64	5,65
Cutlery	7,95	16,29	15,92	17,16
Cycles... ..	1,75	8,11	9,70	10,31
Drugs and medicines	6,19	54,06	55,16	75,03
Dyeing substances	87,40	2,01,28	1,80,14	2,53,77
Glassware	23,69	18,49	15,72	20,76
Hardware	57,24	1,08,38	93,71	1,13,19
Instruments	13,57	74,09	82,11	1,02,34
Leather	76	8,06	5,82	6,65
Liquors	19,41	16,06	15,22	15,97
Machinery	30,27	1,64,38	2,02,82	2,57,72
Manures	2,20	2,03	1,40	2,04
Metals :—				
Aluminium	12,16	15,06	15,78	12,91
Brass	1,56	57,01	50,10	40,75
Copper	93,41	41,82	25,37	37,58
Iron	2,86	4	8	3
Iron or steel	86,97	93,00	67,86	98,04
Steel	65,19	5,84	3,65	5,10
Zinc	3,24	6,78	2,26	10,66
Motor vehicles and parts thereof	5,64	13,80	27,10	50,49
Oils	19,57	15,06	23,32	19,78
Paints and painters' materials	5,58	10,38	8,72	11,18
Paper and pasteboard	21,82	57,22	71,01	85,64
Paper-making materials	1,61	2	43	—
Printing materials	1,02	7,16	8,76	9,85
Provisions	5,50	1,88	1,00	1,60
Railway plant	12,19	—	—	—
Rubber manufactures	3,82	16,45	19,49	25,00
Salt	9,46	13,98	13,21	6,58
Stationery	5,04	18,33	17,40	18,24
Toilet requisites	2,93	4,10	4,06	3,62
Textiles :—				
Artificial silk	—	2,49	3,73	4,69
Cotton manufactures (including yarn)	83,71	4,12	5,01	4,58
Haberdashery	22,10	9,94	8,56	6,85
Silk manufactures	16,81	2,38	2,59	3,04
Wool manufactures	90,62	13,31	17,82	20,26
Toys	11,10	2,79	2,89	3,06
Umbrellas	7,66	7,22	4,40	6,27
Other articles	57,18	76,31	74,83	96,04
Total	9,35,56	12,34,80	12,13,48	15,30,55

TABLE E.

Articles.	Pre-war average.	1935-6.	1936-7.	1937-8.
(In thousands of rupees).				
<i>Belgium.</i>				
Imports therefrom :—				
Arms	26	91	63	84
Artificial silk	—	1,29	87	83
Building materials	4,04	1,74	1,84	1,39
Cotton manufactures	42,12	1,85	1,97	2,48
Dyeing and tanning substances	10,82	3,14	83	55
Earthenware and porcelain	3,45	22	9	16
Glass and glassware	16,92	13,67	12,54	13,74
Hardware	5,58	3,32	2,96	2,79
Liquors	1,50	86	48	64
Machinery and millwork	1,76	27,53	31,05	26,19
Manures	75	2,10	4,86	6,88
Metals :—				
Brass	37	83	52	65
Copper	3,54	1,21	1,20	2,80
Iron	15,95	3	2	17
Iron or steel	45,46	76,97	56,36	74,09
Steel	63,54	22,69	27,71	23,85
Motor vehicles and parts thereof	4,15	49	10	—
Paints and painters' materials	2,08	2,66	1,80	2,46
Paper and pasteboard	5,00	3,38	2,97	4,65
Precious stones	1	29,65	74,85	95,34
Provisions	1,41	2,83	2,52	2,65
Railway plant	4,28	—	—	—
Sugar	29	28	8	8
Woollen manufactures	2,11	58	78	56
Other articles	40,61	45,41	53,90	62,91
Total	2,76,00	2,43,64	2,80,93	3,26,70

TABLE F.

Articles.	Pre-war average.	1935-6.	1936-7.	1937-8.
(In thousands of rupees).				
<i>Italy.</i>				
Imports therefrom :—				
Apparel	6,98	1,50	32	58
Arts, works of	45	67	50	45
Building materials	2,57	3,23	2,46	3,44
Buttons	—	1,08	1,18	1,90
Chemicals	4,72	11,03	9,81	19,63
Dyeing and tanning sub- stances	1,49	3,45	1,64	2,26
Fruits and vegetables	8,48	15,76	20,05	24,91
Glassware	4,26	2,54	1,43	3,79
Instruments	1,70	7,31	3,91	9,32
Liquors	78	1,97	86	1,00
Machinery	1,44	12,40	3,13	15,36
Metals :—				
Aluminium	9	16	4	1,62
Brass	1,09	6	5	4
German silver	—	2,37	18	1,49
Quick-silver	—	5,87	1,39	4,41
Others	67	4,81	1,13	6,29
Motor vehicles	66	4,06	5,05	4,70
Paper and pasteboard	79	1,73	56	5,19
Rubber manufactures	13	42	14	32
Stone and marble	2,48	5,59	4,36	7,34
Sugar	23	—	—	—
Textiles :—				
Artificial silk yarn	—	23,89	11,89	18,94
Cotton, raw	11	—	—	—
" twist and yarn	4,98	—	—	6
" manufactures	45,22	3,30	3,75	7,52
Haberdashery and millinery	4,32	5,12	3,09	6,32
Silk manufactures	19,83	7,45	5,66	6,82
Piecegoods of cotton and artificial silk	—	3,68	1,31	1,53
Wool manufactures	4,07	41,93	24,28	58,09
Other articles	27,30	28,75	12,97	43,50
Total	1,44,84	2,00,13	1,21,14	2,56,82

TABLE G.

Articles.	1937-8.
	(In thousands of rupees).
<i>Burma.</i>	
Imports therefrom :—	
Beans	9,03
Candles of all kinds	9,63
Cinematograph films	6,86
Cotton, raw	5,91
Cotton manufactures	10,15
Cutch and gambier	5,49
Gram... ..	6,07
Hides and skins, raw	5,47
Lead	20,61
Matches	20,03
Oils :—	
Kerosene	5,33,34
Lubricating—batching	29,21
Other kinds	66,12
Petroleum, etc.	3,42,58
Potatoes	19,99
Pulse	36,34
Rice (in the husk)	19,59
Rice (not in the husk)	10,97,85
Rubber, raw	15,66
Spices	9,43
Wood and timber	2,31,33
Other articles	95,79
Total	25,96,48

APPENDIX II

THE INDIA AND BURMA (TRADE REGULATION) ORDER, 1937.

AT THE COURT AT BUCKINGHAM PALACE,

The 18th day of March, 1937.

PRESENT:

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

Whereas by section one hundred and sixty of the Government of India Act, 1935 (hereafter in this Order referred to as "the India Act"), and section one hundred and thirty-five of the Government of Burma Act, 1935 (hereafter in this Order referred to as "the Burma Act"), His Majesty is empowered, with a view to preventing undue disturbance of trade between India and Burma in the period immediately following the separation of India and Burma and with a view to safeguarding the economic interests of Burma during that period, to give by Order in Council such directions as he thinks fit for those purposes with respect to the duties which are, while the Order is in force, to be levied on goods imported into or exported from India or Burma, and with respect to ancillary and related matters:

And whereas a draft of this Order has been laid before Parliament in accordance with the provisions of subsection (1) of section three hundred and nine of the India Act and subsection (1) of section one hundred and fifty-seven of the Burma Act, and an Address has been presented to His Majesty by both Houses of Parliament praying that an Order may be made in the terms of this Order:

Now, therefore, His Majesty in the exercise of the said powers and of all other powers enabling him in that behalf, is pleased by and with the advice of his Privy Council to order, and it is hereby ordered as follows:

PART I.

Introductory and General.

1. This Order may be cited as the India and Burma (Trade Regulation) Order, 1937.
2. The Interpretation Act, 1889, applies for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.
3. In this Order—
 - "duty" means a customs duty payable on importation or exportation, or a cess payable on exportation;
 - "import duty" means a duty payable on importation;
 - "separation" means the separation of India and Burma.
4. Any question arising under this Order whether any goods have been produced or manufactured in any country shall be determined by the reference to the same tests as are at the date of separation applicable to the determination of similar questions for customs purposes in India.
5. In the event of any dispute between the Governor-General of India and the Governor of Burma as to the interpretation or application of any of the provisions of this Order (including any dispute as to whether any consent requisite under this Order has been unreasonably withheld) the dispute shall be referred to the Secretary of State and his decision shall be final.

6. Any reference in this Order to any Act shall, except so far as the contrary is expressly provided, be construed as a reference to that Act as for the time being in force in India or Burma, as the case may be.

7. This Order shall come into force on separation and shall remain in force for three years or until twelve months have elapsed from the giving by the Governor-General of India to the Governor of Burma, or by the Governor of Burma to the Governor-General of India, of notice to terminate the operation thereof, whichever is the longer period.

PART II.

Provisions as to British India.

1. Except as otherwise provided in this Order, no duties shall be leviable in British India on goods imported from, or exported to, Burma, in excess of the duties, if any, which are so leviable immediately before separation:

Provided that this paragraph shall not apply—

- (a) to opium, salt, salted fish or spirit; or
- (b) to goods brought into Burma from places outside British India and Burma and, without payment of duty in Burma, brought thence into British India; or
- (c) if Burma ceases to be a party to the International Tea Restriction Scheme as applicable to India, to tea.

2. Except as otherwise provided in this Order all goods imported from, or exported to, a customs port or customs aerodrome in Burma shall in British India be deemed for the purposes of the Sea Customs Act, 1878, to be goods imported from, or exported to, a customs port or customs aerodrome in British India.

3. No prohibitions or restrictions on import or export other than such as are specified in the Schedule to this Order shall have effect in British India with respect to the bringing of goods into British India from Burma or from British India into Burma.

4.—(1) The duties levied in British India immediately before separation on goods imported into British India from places outside Burma and India, or exported from British India into places outside British India and Burma, may only be reduced or abolished with the previous consent of the Governor of Burma:

Provided that—

(a) import duties on goods which at the date of separation are not produced or manufactured in Burma may be reduced or abolished if not less than two months before the reduction or abolition takes effect the Governor-General of India has given to the Governor of Burma notice of the intended reduction or abolition;

(b) if under paragraph four of Part III of this Order the Governor of Burma has given notice to the Governor-General of India of the reduction or abolition in Burma of import duties on any goods which at the date of separation are not produced or manufactured in India, import duties on such goods may be reduced or abolished in British India.

(2) Any consent of the Governor-General of India required under paragraph four of Part III of this Order to the reduction or abolition of any duty in Burma shall not be unreasonably withheld.

5.—(1) For the purposes of section three of the Indian Cotton Cess Act, 1923, and section three of the Indian Lac Cess Act, 1930, cotton, or lac (including refuse lac) produced in Burma shall in British India be deemed to have been produced in India.

(2) If at any time the cess leviable under either of the said Acts on any goods when exported from British India is higher than the cess leviable in Burma on similar goods when exported from Burma, a cess may be levied on those goods when exported from British India into Burma equal to the difference between the said cesses.

(3) If while this Order is in force a new cess is imposed in Burma on the exportation to countries outside India and Burma of any goods produced or manufactured in Burma, then, if any goods so manufactured or produced are without payment of the cess imported into British India, a cess of the same amount shall be levied in British India on the re-exportation of those goods to any country outside India and Burma.

6. If at any time the duty leviable on the importation into British India of any goods is higher than the duty leviable in Burma on such goods on importation into Burma, a duty may be levied in British India on the importation of those goods from Burma not exceeding the difference between the said duties.

7. If and so long as an excise duty is leviable in British India on any goods produced or manufactured therein, a countervailing import duty (not exceeding the excise duty) may be imposed on similar goods produced or manufactured in Burma:

Provided that—

(a) any such countervailing duty on steel ingots or on articles manufactured therefrom, may be imposed at any rate not exceeding the appropriate rate of refund authorised by section seven of the Iron and Steel Duties Act, 1934; and

(b) except in the case of goods mentioned in item forty of Part II of the Seventh Schedule to the India Act, no countervailing duty shall be leviable at a rate higher than that which will afford to goods produced or manufactured in Burma the same advantage as before separation over goods produced or manufactured outside Burma and India.

8. Notwithstanding anything in this Part of this Order, any duties at any rate may be levied in British India on goods imported or exported by land from or to any country outside India or Burma:

Provided that in fixing those duties and in the administration of the land customs, due regard shall be had to the principles underlying this Order, and if the import of any class of goods by land otherwise than on payment of the duties leviable on similar goods imported by sea or air affects seriously, or is likely to affect seriously, the advantages enjoyed by Burma under this Order, such steps, if any, shall be taken for safeguarding the interests of Burma as the local conditions may permit.

9. The provisions of the Sea Customs Act, 1878, and of any rules for the time being in force thereunder relating to, and to goods imported or exported in, coasting vessels shall, notwithstanding separation, continue to apply in relation to, and to goods imported or exported in, vessels plying between ports in India and ports in Burma, as they apply in relation to, and to goods imported or exported in, ships plying between ports in India.

10. The definitions of "home trade ships" and "coasting ships" in sections two and thirty-seven A of the Indian Merchant Shipping Act, 1923, and the provisions of section two hundred and eighteen of that Act (which confers exemptions from the provisions of that Act relating to load lines) shall, notwithstanding separation, have effect in British India as if no distinction existed between India and Burma.

11.—(1) Nothing in this Part of this Order shall be construed as restricting in any way the exercise of any of the powers conferred by section twenty-three of the Sea Customs Act, 1878, or sections three, four and

eleven of the Indian Tariff Act, 1934, but in exercising, or authorising the exercise of, any of those powers the Governor-General shall have due regard to the interests of Burma and to the principles underlying this Order, and, except where it appears to him impracticable or unnecessary so to do, shall previously consult the Governor of Burma.

(2) References in this paragraph to any enactment are references to that enactment as in force on the first day of January, nineteen hundred and thirty-seven.

PART III.

Provisions as to Burma.

1. Except as otherwise provided in this Order, no duties shall be leviable in Burma on goods imported from, or exported to, British India in excess of the duties, if any, which are so leviable immediately before separation:

Provided that this paragraph shall not apply—

(a) to opium, salt, salted fish or spirit; or

(b) to goods brought into British India from places outside British India and Burma and, without payment of duty in British India, brought thence into Burma; or

(c) if Burma ceases to be a party to the International Tea Restriction Scheme as applicable to India, to tea.

2. Except as otherwise provided in this Order, all goods imported from or exported to, a customs port or customs aerodrome in British India shall in Burma be deemed for the purposes of the Sea Customs Act, 1878, to be goods imported from, or exported to, a customs port or customs aerodrome in Burma.

3. No prohibitions or restrictions on import or export other than such as are specified in the Schedule to this Order shall have effect in Burma with respect to the bringing of goods into Burma from British India or from Burma into British India.

4.—(1) The duties levied in Burma immediately before separation on goods imported into Burma from places outside Burma and British India, or exported from Burma into places outside Burma and British India, may only be reduced or abolished with the previous consent of the Governor-General of India:

Provided that—

(a) import duties on goods which at the date of separation are not produced or manufactured in India may be reduced or abolished if not less than two months before the reduction or abolition takes effect the Governor of Burma has given to the Governor-General of India notice of the intended reduction or abolition;

(b) if under paragraph four of Part II of this Order the Governor-General of India has given notice to the Governor of Burma of the reduction or abolition in British India of import duties on any goods which at the date of separation are not produced or manufactured in Burma, import duties on such goods may be reduced or abolished in Burma.

(2) Any consent of the Governor of Burma required under paragraph four of Part II of this Order to the reduction or abolition of any duty in British India shall not be unreasonably withheld.

5.—(1) For the purposes of section three of the Indian Cotton Cess Act, 1923, and section three of the Indian Lac Cess Act, 1930, cotton or lac (including refuse lac) produced in British India shall in Burma be deemed to have been produced in Burma.

(2) If at any time the cess leviable under either of the said Acts on any goods when exported from Burma is higher than the cess leviable in British India on similar goods when exported from British India, a cess may be levied on those goods when exported from Burma into British India equal to the difference between the said cesses.

(3) If while this Order is in force a new cess is imposed in British India on the exportation to countries outside India and Burma of any goods produced or manufactured in British India, then, if any goods so manufactured or produced are without payment of the cess imported into Burma, a cess of the same amount shall be levied in Burma on the re-exportation of those goods to any country outside India and Burma.

6. If at any time the duty leviable on the importation into Burma of any goods is higher than the customs duty leviable in British India on such goods on importation into British India, a duty may be levied in Burma on the importation of those goods from British India not exceeding the difference between the said duties.

7. If and so long as an excise duty is leviable in Burma on any goods produced or manufactured therein, a countervailing import duty (not exceeding the excise duty) may be imposed on similar goods produced or manufactured in British India:

Provided that—

(a) any such countervailing duty on steel ingots, or on articles manufactured therefrom, may be imposed at any rate not exceeding the appropriate rate of refund authorised by section seven of the Iron and Steel Duties Act, 1934; and

(b) except in the case of goods mentioned in item forty of Part II of the Seventh Schedule to the India Act, no countervailing duty shall be leviable at a rate higher than that which will afford to goods produced or manufactured in British India the same advantage as before separation over goods produced or manufactured outside India and Burma.

8. A duty may be imposed in Burma on rice exported to India not exceeding that imposed on rice exported to other countries.

9.—(1) If at any time a limit is imposed on the quantity of Japanese cotton piece goods that may be imported into India, the Governor of Burma shall also by notification impose a limit on the quantity of such goods that may be imported into Burma.

(2) The said limit shall be such as to secure that the quantity of Japanese cotton piece goods imported into Burma from places outside India in each year does not exceed the total quantity of such goods imported into Burma from places outside India during the financial year commencing on the first day of April, nineteen hundred and thirty-four.

(3) Subject as aforesaid, the notification may impose separate limits with respect to particular classes of such goods.

10. Notwithstanding anything in this Part of this Order, any duties at any rate may be levied in Burma on goods imported or exported by land from or to any country outside India and Burma:

Provided that in fixing those duties and in the administration of the land customs, due regard shall be had to the principles underlying this Order, and if the import of any class of goods by land otherwise than on payment of the duties leviable on similar goods imported by sea or air affects seriously, or is likely to affect seriously, the advantages enjoyed by British India under this Order, such steps if any shall be taken for safeguarding the interests of British India as the local conditions may permit.

11. The provisions of the Sea Customs Act, 1878, and of any rules for the time being in force thereunder relating to, and to goods imported or exported in, coasting vessels shall, notwithstanding separation, continue to apply in relation to, and to goods imported or exported in, vessels plying between ports in India and ports in Burma as they apply in relation to, and to goods imported or exported in ships plying between ports in Burma.

12. The definitions of "home trade ships" and "coasting ships" in sections two and thirty-seven A in the Indian Merchant Shipping Act, 1923, and the provisions of section two hundred and eighteen of that Act (which confers exemption from the provisions of that Act relating to load lines) shall have effect as if no distinction existed between India and Burma.

13.—(1) Nothing in this part of this Order shall be construed as restricting in any way the exercise of any of the powers conferred by section twenty-three of the Sea Customs Act, 1878, or sections three, four and eleven of the Indian Tariff Act, 1934, but in exercising, or authorising the exercise of, any of those powers the Governor shall have due regard to the interests of British India and to the principles underlying this Order, and, except where it appears to him impracticable or unnecessary so to do, shall previously consult the Governor-General of India.

(2) References in this paragraph to any enactment are references to that enactment as in force on the first day of January, nineteen hundred and thirty-seven, subject however, to any adaptations made therein under section one hundred and forty-nine of the Burma Act.

14.—(1) If His Majesty's Representative for the exercise of the functions of the Crown in its relations with Indian States certifies with respect to any Indian State that the provisions of Part II of this Order will, with any necessary adaptations and modifications, be applied, so far as is reasonably practicable, in and in relation to that State as they are applied in and in relation to British India, then, unless and until the certificate is revoked by His Majesty's said Representative, the provisions of this Part of this Order shall have effect as if references to British India were references to British India and that State.

(2) A certificate for the purposes of this paragraph may be given before separation by the Governor-General of India.

M. P. A. Hankey.

SCHEDULE.

Permissible Prohibitions and Restrictions.

1. Prohibitions or restrictions imposed for the purposes of public security.
2. Prohibitions or restrictions imposed on moral or humanitarian grounds.
3. Prohibitions or restrictions regarding traffic in arms, ammunition and implements of war and, in exceptional circumstances, prohibitions or restrictions on other military supplies.
4. Prohibitions or restrictions imposed for the protection of public health or for the protection of animals or plants against disease, insects or harmful parasites.
5. Export prohibitions or restrictions imposed for the protection of national treasures of artistic, historic or archaeological value.
6. Prohibitions or restrictions designed to extend to goods produced or manufactured in countries other than India or Burma the regime established within British India or, as the case may be, Burma, in respect of the production of, trade in, and transport and consumption of, native products of the same kind.
7. Prohibitions or restrictions arising out of any obligation which India or Burma may have undertaken by virtue of its adherence to any scheme for restricting the production or export of tea, rubber or any other commodity.

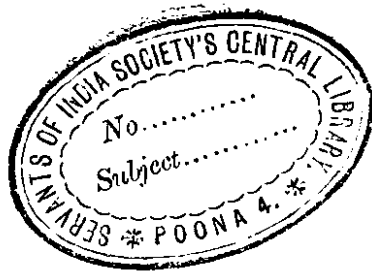
APPENDIX III

Abstract statement of Joint Stock Companies incorporated in British India and in the States of Hyderabad, Baroda, Mysore, Travancore and Cochin in the twelve months, April, 1937 to March, 1938.

Classification of Companies.	Twelve months, April, 1937, to March, 1938.			
	Number of Companies.	Capital.		
		Authorised.	Subscribed.	Paid-up.
I—Banking, Loan and Insurance—		Rs. (1,000).	Rs. (1,000).	Rs. (1,000).
(a) Banking and Loan—				
(i) Banking	30	2,72,13	8,60	2,15
(ii) Loan	5	3,90	20	—
(iii) Investment and Trust	28	1,03,51	2,49	1
(iv) Nidhis and Chit Associations ...	7	3,30	28	—
(b) Insurance—				
(i) Life, Fire and Marine Insurance ...	4	30,40	19	—
(ii) Provident Insurance	27	15,10	58	—
(iii) Others	1	20,00	24	—
II.—Transit and Transport				
(a) Navigation	3	18,00	1,57	—
(b) Railways and Tramways	—	—	—	—
(c) Motor Traction, dealing and manufacturing ...	49	57,48	7,57	11
(d) Docks, Harbours, Shipping, Landing and Warehousing ...	—	—	—	—
(e) Others	4	54,50	6	—
III.—Trading and Manufacturing—				
(a) Mutual Trading Associations	3	5,40	3	—
(b) Printing, Publishing and Stationery ...	76	65,55	10,90	2
(c) Chemicals and Allied Trades	46	5,88,56	2,54	1,23
(d) Iron, Steel and Shipbuilding	11	10,89,77	3,77	—
(e) Engineering	17	57,90	3,24	7
(f) Tanneries and Leather Trade	2	1,30	13	—
(g) Canvas and India Rubber Trades	5	29,20	92	—

Classification of Companies.	Twelve months, April, 1937, to March, 1938.			
	Number of Companies.	Capital.		
		Authorised.	Subscribed.	Paid-up.
		Rs. (1,000).	Rs. (1,000).	Rs. (1,000).
III.—Trading and Manufacturing—(contd.)				
(h) Public Service Companies — gas, water, electric light, power and telephone ...	28	75.20	2.02	—
(i) Clay, Stone, Cement, Lime and other building and constructing material ...	17	6,61.37	90	3
(j) Glass ...	2	6.00	—	—
(k) Ice and aerated water	5	13.50	34	—
(l) Agencies (including Managing Agent Companies) ...	87	1,65.73	35.52	24
(m) Tea box and cabinet manufacturing ...	2	1.30	8	—
(n) Tobacco (cigars, etc.).	9	56.93	62	—
(o) Soap, candles, etc. ...	5	12.30	23	—
(p) Brass and Copperware	—	—	—	—
(q) Aluminiumware ...	1	50.00	70	—
(r) Match ...	4	11.70	33	—
(s) Others ...	248	5,79.55	24.92	29
IV.—Mills and Presses—				
(a) Cotton Mills ...	21	2,54.78	8.20	—
(b) Cotton ginning, pressing, baling, etc. ...	10	63.25	73	—
(c) Jute Mills ...	—	—	—	—
(d) Jute Presses, etc. ...	2	7.50	36	—
(e) Mills for Wool, Silk, Hemp, etc. ...	17	1,05.27	10.48	32
(f) Paper Mills ...	—	—	—	—
(g) Rice Mills ...	2	70	12	—
(h) Flour Mills ...	1	2.00	14	—
(i) Saw and Timber Mills	2	6.20	—	—
(j) Oil Mills ...	6	17.30	1,51	21
(k) Other Mills and Presses	7	54.61	1,09	—
V.—Tea and other Planting Companies—				
(a) Tea ...	7	28.50	29	—
(b) Coffee and Cinchona...	4	98	63	63
(c) Rubber ...	11	99.50	2,73	47
(d) Others ...	8	35.00	1,28	41
VI.—Mining and Quarrying—				
(a) Coal ...	14	72.40	3.05	—
(b) Gold ...	1	10.00	15	—
(c) Iron Ore ...	—	—	—	—

Classification of Companies.	Twelve months, April, 1937, to March, 1938.			
	Number of Companies.	Capital.		
		Authorised.	Subscribed.	Paid-up.
VI.—Mining and Quarrying— (<i>contd.</i>)		Rs. (1,000)	Rs. (1,000)	Rs. (1,000)
(d) Stone and Marble Quarries	1	25,00	9	—
(e) Manganese	—	—	—	—
(f) Mica	1	20	10	—
(g) Petroleum	1	2,00	—	—
(h) Others	12	40,90	2,83	—
VII.—Estate, Land and Building... ..	20	1,09,64	18,44	1
VIII.—Breweries and Distilleries	—	—	—	—
IX.—Sugar (including Jaggery) Manufacture ...	6	1,00,30	2,94	—
X.—Hotels, Theatres and Entertainments	87	1,76,39	8,74	75
XI.—Companies other than those specified above ...	19	49,87	53	—
Total	986	53,11,87	1,73,40	6,95



The following is a list of the reports by H.M. Trade Commissioners, Commercial Diplomatic and Consular Officers on the commercial, industrial and financial conditions in the undermentioned countries, published for the Department of Overseas Trade by His Majesty's Stationery Office during recent years, and in the case of the current year either issued or under contemplation at the time of the publication of this report.

A.—1937*

No.		No.	
681	Algeria 9d. (10d.)	687	Iceland 9d. (10d.)
667	Angola 9d. (10d.)	672	Malaya 1s. 0d. (1s. 1d.)
680	Belgium 2s. 0d. (2s. 2d.)	669	Morocco 1s. 6d. (1s. 8d.)
688	British West Indies 2s. 0d. (2s. 2d.)	689	New Zealand ... 2s. 6d. (2s. 8d.)
671	Bulgaria 1s. 0d. (1s. 1d.)	662	Paraguay 1s. 0d. (1s. 1d.)
677	Chile 1s. 0d. (1s. 1d.)	665	Persian Gulf 4d. (5d.)
678	China 1s. 3d. (1s. 5d.)	679	Roumania... .. 1s. 0d. (1s. 1d.)
686	Cuba 9d. (10d.)	673	Siam 1s. 0d. (1s. 1d.)
668	Czechoslovakia ... 1s. 0d. (1s. 1d.)	674	Sweden 1s. 6d. (1s. 8d.)
666	Ecuador 9d. (10d.)	661	Turkey 9d. (10d.)
676	Egypt 3s. 6d. (3s. 9d.)	663	U.S.A. 3s. 0d. (3s. 3d.)
664	French W. Africa... 1s. 3d. (1s. 5d.)	684	West Africa ... 1s. 3d. (1s. 5d.)
682	Guatemala 6d. (7d.)		

B.—1938

No.		No.	
705	Argentina 3s. 6d. (3s. 9d.)	700	Netherlands ... 1s. 6d. (1s. 8d.)
695	Australia 2s. 6d. (2s. 9d.)	703	Neth. E. Indies ... 2s. 6d. (2s. 8d.)
693	Austria 1s. 0d. (1s. 1d.)	716	Norway 2s. 0d. (2s. 2d.)
707	Belgian Congo ... 1s. 0d. (1s. 1d.)	708	Panama and Costa Rica 1s. 0d. (1s. 1d.)
691	Brazil 3s. 0d. (3s. 3d.)	690	Peru 9d. (10d.)
713	Canada 2s. 6d. (2s. 9d.)	711	Philippine Isles ... 9d. (10d.)
694	Denmark 1s. 6d. (1s. 8d.)	712	Poland 1s. 0d. (1s. 1d.)
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