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DEPARTMENT OF OVERSEAS TRADE.

REPORT

ON THE

CONDITIONS AND PROSPECTS OF
BRITISH TRADE

IN

INDIA

1924-5

BY

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(*H.M. Senior Trade Commissioner in India and Ceylon.*)



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DEPARTMENT OF OVERSEAS TRADE.

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To foster British overseas trade, the Department has developed and controls the following Services of Commercial Intelligence Officers :—

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At the present time there are 13 Trade Commissioners' offices. These are situated, four in Canada (Montreal, Toronto, Vancouver, Winnipeg); two in South Africa (Johannesburg, Cape Town); two in Australia (Melbourne, Sydney); two in India (Calcutta and Bombay—to cover also Burma and Ceylon); and one each in New Zealand (Wellington), British East Africa (Nairobi) and British West Indies (Trinidad).

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

In various parts of the Empire in which at present there are no commissioners, there are correspondents with whom the Department deals direct.

The Department is represented in India by Mr. T. M. Ainscough, C.B.E., H.M. Senior Trade Commissioner; Mr. W. D. Montgomery Clarke, H.M. Trade Commissioner, Fairlie House, Fairlie Place, Calcutta; and Major R. W. Clarke, H.M. Trade Commissioner, Exchange Buildings, Sprott Road, Ballard Estate, Bombay.

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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.*

This service has been re-organised. Particular attention has been given to the commercial side of consular work.

Members of British 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.

A handbook giving fuller details of the overseas organization of the Department can be obtained on application at the Department of Overseas Trade, 35, Old Queen Street, S.W.1.

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 the views of the Department.

COVERING DESPATCH.

To

THE RIGHT HONOURABLE SIR PHILIP CUNLIFFE-LISTER, K.B.E., M.P.,
President of the Board of Trade.

OFFICE OF H.M. SENIOR TRADE COMMISSIONER
 IN INDIA,
 11, CLIVE STREET,
 CALCUTTA,

July 16th, 1925.

Sir,

I have the honour to forward for your information a report on the conditions and prospects of British trade in India during the Indian fiscal year 1924-25.

The period under review has been such a colourless one in the import trade of this great market and the future is still so obscure, that it has not been possible to treat the subject in quite such an exhaustive manner as has been the practice in former years. I have therefore devoted more attention to the general economic situation in India and to the major schemes of works such as irrigation, harbour, hydro-electric and transportation projects.

Once again I have to acknowledge my indebtedness to the Officials of the Commerce Industries and Finance Departments of the Government of India for their unfailing courtesy and assistance during the year. I am particularly indebted to the Chief Controller and the officers of the Indian Stores Department and to the Collectors of Customs for their help and co-operation which has always been so willingly rendered. Special thanks are also due to the Chief Engineers and Officers in charge of important Public Works throughout India for the notes on their projects which, in many cases, have been incorporated in the Report.

I have the honour to be, Sir,

Your most obedient servant,

THOMAS M. AINSCOUGH,

H.M. Senior Trade Commissioner in India

PREFATORY TABLES.

NOTE.—The author desires to express his indebtedness to the Director of Statistics for the particulars given in these tables.

I.—TRADE DISTRIBUTION : PRINCIPAL ARTICLES.

TABLE SHOWING VARIATIONS IN THE SHARES OF THE PRINCIPAL ARTICLES 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. <i>Average.</i>	1914-19. <i>Average.</i>	1922-23.	1923-24.	1924-25.
Cotton Manufactures ..	36	35	30	30	33
Iron and Steel	7	6	8	8	8
Machinery	4	4	10	8	6
Sugar	9	10	6	7	8
Railway Plant	4	5	5	5	2
Hardware	2	2	2	2	3
Mineral Oil	3	3	3	4	4
Silk	3	2	2	2	2
Other articles	32	33	34	34	34

EXPORTS (*in percentages*).

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

	1909-14. <i>Average.</i>	1914-19. <i>Average.</i>	1922-23.	1923-24.	1924-25.
Jute, raw and manufac- tures	19	25	20	18	21
Cotton, raw and manufac- tures	15	16	29	32	27
Food-grains	21	17	13	15	17
Seeds	11	6	9	9	9
Tea	6	8	7	9	9
Hides and skins	7	8	4	4	4
Other articles	21	20	18	18	13

II.—TRADE DISTRIBUTION: PRINCIPAL COUNTRIES.

TABLE SHOWING VARIATIONS IN THE SHARE 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.	1922-23.	1923-24.	1924-25.
United Kingdom	63	56	60	58	54
Other parts of the British Empire	7	9	7	7	8
United States of America	3	7	6	6	6
Japan	2	10	6	6	7
Java	6	8	6	6	6
Germany	6	1	5	5	6
Other Foreign Countries ..	13	9	10	12	13

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.	1922-23.	1923-24.	1924-25.
United Kingdom	25	31	22	25	26
Other parts of the British Empire	16	21	19	14	13
United States of America..	8	12	11	9	9
Japan	8	11	13	14	14
France	7	4	5	5	5
Germany	10	1	7	7	7
Other Foreign countries ..	26	20	23	26	26

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

Area.—	sq. miles.
British India	1,094,300
Native States	711,032
Total	1,805,332

Population, Census of 1921.—	
British India	247,003,293
Native States	71,939,187
Total	318,942,480

Language (Commercial use of English, &c.).—English.

Monetary unit(s).—

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

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

Pre-War	1s. 4d.
Current 30.6.25	1s. 6½d.

Index Numbers.—July, 1914 = 100.

Wholesale prices, Bombay	April, 1925 = 165
Retail prices (food), Bombay	April, 1925 = 151
Cost of Living	May, 1925 = 156

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 though 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., 2.057 lbs., 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 variation 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 in 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.

Name of Unit. *British Imperial Value.*

General.

Tola	180 grains troy.
Seer (Standard or Railway or Indian) ..	2.057 lbs.
Seer (Factory)	1 lb. 13.5 oz
Viss	3.60 lbs.
Maund (Standard or 40 seers Railway or Indian)	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., 2nd Edition, 1924.

Total Imports. 1st April, 1924, to 31st March, 1925.—

	Rs.
Merchandise	2,46,64,88,815
Government Stores	6,73,82,777
Treasure	99,04,69,707
Total	Rs. 3,52,43,41,299

Principal Imports.—Cotton manufactures,
Sugar,
Iron and Steel,
Machinery.

Imports of merchandise from United Kingdom	Rs. 1,33,43,38,014
Imports of merchandise from Japan	17,12,92,739
Imports of merchandise from Germany	15,47,86,217
Imports of merchandise from Java	15,46,09,569
Imports of merchandise from United States of America	14,08,62,771

Total Exports. (Indian merchandise.) 1st April, 1924, to 31st March, 1925, Rs. 3,84,84,68,151.

Principal Exports.—Cotton,
Jute,
Grain,
Pulse,
Tea.

Exports of Indian merchandise to United Kingdom	Rs. 92,52,12,783
" " " Japan	55,14,34,443
" " " United States of America	34,23,83,643
" " " Germany	25,98,50,829

Railway mileage.—31st March, 1924.

Railways owned by the State	27,078
Other Railways	10,961
Total route mileage opened for traffic	38,039

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REPORT

ON THE

CONDITIONS AND PROSPECTS OF BRITISH TRADE IN INDIA.

CHAPTER I.

GENERAL REVIEW OF THE PERIOD.

Economic conditions in India during the fiscal year 1924-25 showed a general improvement on those prevailing in the previous year and the progress towards normal conditions was satisfactory. The monsoon, for the fourth year in succession, was a favourable one and was followed by exceptionally heavy winter rains in the greater part of Northern and Central India. The result is shown in the movement of a greater bulk of commodities both for export and for home consumption, abundant prosperity in the agricultural districts, and a large surplus of agricultural products for export. Shipments of tea during the year constitute a record while the exports of grain and pulse were on a much larger scale. Unfortunately, however, the prosperity of the Indian rayat was not reflected in the demand for imported goods. Although the imports of piece goods advanced by 335 million yards, the high level of prices of practically all imported articles with the outstanding exceptions of gold and silver induced the rayat to purchase record quantities of the precious metals and to neglect the usual items of overseas goods. Imports of commodities, though showing an actual increase, were still relatively small and the balance of trade in merchandise in favour of India was even greater than in the previous year.

The exports of Indian produce and manufactures were valued at nearly Rs. 385 crores, an increase of Rs. 36 crores or 10 per cent. Re-exports of foreign goods advanced by Rs. 44 lakhs or 3 per cent. to a total of Rs. 13½ crores. The value of imports of merchandise rose by Rs. 19 crores or 8 per cent. to Rs. 247 crores. The grand total of imports, exports and re-exports of private merchandise amounted to Rs. 645 crores as compared with Rs. 590 crores in the previous year, showing an increase of Rs. 55 crores or 9 per cent. The balance of trade in merchandise amounted to no less than Rs. 155 crores in favour of India, and although this balance was liquidated by colossal imports of bullion and by large purchases of sterling in India by the Government of India, exchange rose steadily during the first half of the year and has remained fairly stable at $\frac{1}{2}$ T.T. until the present time (July, 1925).

The improvement in India's trade has contributed to a strengthening of the financial position of Government. The year closed with a surplus of more than 3 crores and the Finance Member in

his budget for 1925-26 anticipates a surplus of a further 3 crores which he proposes to allocate to the reduction of Provincial contributions. For the first time since the post-war slump the trade demand for rupees was sufficient to enable the Government of India to keep the Secretary of State in funds without drawing on the sterling reserves or borrowing in London. A relatively small internal loan of slightly over Rs. 13 crores, in the form of additions to two issues already on the market, was adequate for India's requirements. The small amount of Treasury bills outstanding at the beginning of the year was paid off and the ways and means position was generally easy throughout the year. There has been a gradual appreciation of Indian Government Securities, and Government are now (July, 1925) carrying out a conversion scheme whereby (a) holders of 5½ per cent. war bonds, 1925, and 6 per cent. bonds, 1926, will have the option of converting their holding either into the 5 per cent. income tax free loan, 1945-55, or into a new issue of 5 per cent. ten-year bonds, 1935, and (b) holders of 6 per cent. bonds, 1927, and 5½ per cent. war bonds, 1928, will have the option of converting their holdings into the 5 per cent. income-tax free loan, 1945-55. Conversion is being made at par plus a small cash bonus.

It is not anticipated that any fresh loans will be issued on either the London or Indian markets during the present financial year as Government are obtaining their relatively small requirements by means of the sale of Post Office cash certificates, which have become exceedingly popular and give a return of nearly 6 per cent. compound interest besides being free of income tax.

The generally-favourable economic position of India during the past year has been very greatly contributed to by the improvement in the political situation and the subsidence of agitation. Although there is still a keen desire on the part of all political parties that the steps towards self-Government should be greatly accelerated, there is also a growing realisation that this can only be achieved by constitutional methods and constructive co-operation with the Executive towards the desired end. The Swaraj party seem to suffer from internal dissensions and from the fact that Hindu-Moslem feeling is still acute. On the whole, the political horizon appears to be clearer than it has been for some years and, so far as one can foresee, there is little likelihood of any serious outburst of agitation on such a scale as would adversely affect the recovery in trade.

The Outlook in the Import Trade.—Although the general economic condition of India is steadily improving, the import trade remains depressed and the future is still obscure. Stocks of imported goods in the country districts are light, but there has been a considerable accumulation in the hands of dealers and importers at the ports. On the whole, however, these stocks are not on such a scale as would cause any anxiety if the offtake were normal. The fact is that the Indian consumer finding that the prices of piece goods were 150 to 170 per cent. above the pre-war

level and that general prices of all commodities in India was approximately 70 per cent. above 1914, invested the savings resulting from years of agricultural prosperity in bullion and ornaments, the price of gold being actually 8 per cent. *below* the pre-war rate. The Controller of the Currency states that from reports received from various parts of India most people with surplus cash invested it in gold and that almost every family in which marriages were likely to take place during the next year or two purchased their prospective requirements of gold and ornaments. It may be anticipated, therefore, that there will be a reduction in the imports of the precious metals during the present year.

Competent observers have repeatedly emphasised the truism that so long as the Indian rayat is only receiving increased prices of little more than 30 per cent. for his produce, he cannot afford to purchase normal quantities of imported goods at rates varying from 100 to 170 per cent. higher than those ruling before the war. So far as cotton piece goods are concerned, the artificial bolstering up of cloth prices in Lancashire by short-time working has effectually prevented the purchase by India of its accumulated requirements. In my last report I laid stress upon the accumulation of latent purchasing power in India which would be translated into actual buying if only home prices could be reduced and confidence in these prices could be engendered. Lancashire's opportunity came towards the end of 1924 when the price of American cotton fell to below 13*d.* per lb. Cabled enquiries for very large quantities of goods were despatched from the principal Indian markets in the hope that this reduction in the cost of the raw material would bring about a corresponding fall in the price of cloth. The opportunity, however, was not seized, and instead of making a bid for the trade by quoting lower rates, the opportunity was taken by spinners and manufacturers to increase their margins with the result that only a limited business was put through. Whether the British manufacturing interests were justified, in the light of their own position, in adopting this attitude, cannot be discussed here. The fact remains that from the stand-point of regaining the Lancashire position in this market, an opportunity was lost and the door left open for increased competition from Japan and the Continent.

The official forecasts for the south-west monsoon of 1925 are by no means optimistic. The Director-General of Observatories, on June 6th, stated that the monsoon rainfall is likely to be normal or in defect in the Peninsula, normal or in excess in north-east India and in defect in north-west India. The indications point to a definite shortage in north-west India, which includes such important grain producing areas as the West United Provinces, Punjab and Rajputana, the principal markets for Bombay and Karachi. The monsoon broke early, which is not usually a good sign as it generally implies an early cessation, whereas rains are urgently required in September and early October for a really good grain harvest. It is still, however, too soon to write with

any certainty. If the rains are adequate, the stocks already in the country could easily be absorbed in a relatively short time. Now that the rayat has largely satisfied his requirements of gold he might turn his attentions to the purchases of imports but could not, of course, afford to buy the usual pre-war yardage at present prices. If, on the other hand, there is a failure of the monsoon over any large part of India, the present condition of stagnation, with heavy losses and growing stocks, will probably continue for another year.

I have advisedly dealt with the position of the piece goods market in some detail, as textiles represent nearly 50 per cent. of the United Kingdom's trade with India and are a reliable index of the state of the import trade in the bazaars. So far as the engineering trades are concerned, the future largely depends upon the progress of important public works such as railway, irrigation, harbour, dock, canal and hydro-electric schemes, most of which are dealt with in detail in subsequent chapters. The present acute depression in the cotton spinning and weaving industries, the coal industry and most of the miscellaneous engineering works in India is seriously affecting the demand for industrial and power plants, machine tools, etc. The recovery in these groups will probably be a slow one. In the iron and steel trade, British exports are adversely affected by Continental competition, and to a lesser degree by the recent Indian protective tariff on steel. These factors are treated in some detail in Chapter II. For an appreciation of the position in other trades, I would refer to the detailed analysis in Chapter V, which gives the statistical position in each of the import trades in which the United Kingdom has an appreciable interest.

General Position of British Trade in India.—The table below, compiled by the Director of Statistics, clearly shows the percentage shares of the United Kingdom, the British Empire as a whole, and the principal foreign countries in the trade of India (Inclusive of treasure and Government stores) during the fiscal year 1924-25 as compared with the two previous years and the last complete pre-war year :—

PERCENTAGE SHARES OF THE UNITED KINGDOM, BRITISH EMPIRE AND PRINCIPAL FOREIGN COUNTRIES IN THE TRADE OF INDIA 1924-25
AND CERTAIN PREVIOUS YEARS.

	Imports.			Exports, including re-exports.			Total trade.		
	Pre-war average.	1923-24.	1924-25.	Pre-war average.	1923-24.	1924-25.	Pre-war average.	1923-24.	1924-25.
	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.
United Kingdom	63·0	58·0	54·0	25·0	25·0	26·0	40·0	38·0	37·0
British Possessions	7·0	7·0	8·0	16·0	14·0	13·0	12·0	11·0	11·0
Total British Empire ..	70·0	65·0	62·0	41·0	39·0	39·0	52·0	49·0	48·0
Total Foreign Countries	30·0	35·0	38·0	59·0	61·0	61·0	48·0	51·0	52·0
<i>Principal Countries.</i>									
British Empire—									
United Kingdom	62·8	57·8	54·1	25·1	25·0	25·6	40·0	37·6	36·5
Ceylon	0·5	0·6	0·4	3·7	3·6	3·6	2·4	2·5	2·4
Straits Settlements ..	2·1	2·2	2·0	3·4	2·4	2·1	2·9	2·3	2·0
Australia	0·7	0·5	0·3	1·4	1·6	1·8	1·1	1·2	1·2
Hongkong	0·7	0·5	0·5	4·1	1·3	0·9	2·7	1·0	0·7
Other British Possessions..	2·9	2·9	4·9	3·4	5·0	4·7	3·2	4·2	4·9
Total British Empire ..	69·7	64·5	62·2	41·1	38·9	38·7	52·3	48·8	47·7

PERCENTAGE SHARES OF THE UNITED KINGDOM, BRITISH EMPIRE AND PRINCIPAL FOREIGN COUNTRIES IN THE TRADE OF INDIA, 1924-25,
AND CERTAIN PREVIOUS YEARS—*continued.*

	Imports.			Exports, including re-exports.			Total Trade.		
	Pre-war average.	1923-24.	1924-25.	Pre-war average.	1923-24.	1924-25.	Pre-war average.	1923-24.	1924-25.
<i>Foreign Countries.</i>	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.
Germany	6.4	5.2	6.3	9.8	6.9	7.1	8.5	6.3	6.8
United States	3.1	5.7	5.7	7.5	9.4	8.8	5.8	8.0	7.6
Japan	2.5	6.1	6.9	7.5	14.1	14.3	5.5	11.0	11.5
Java	6.4	6.2	6.3	1.3	1.0	0.7	3.3	3.0	2.8
France	1.5	1.0	1.0	6.6	5.5	5.3	4.6	3.8	3.6
China (exclusive of Hong-kong and Macao)	1.1	1.5	1.1	3.9	2.9	2.4	2.8	2.4	1.9
Belgium	1.9	2.4	2.8	5.3	3.8	3.9	3.9	3.3	3.4
Italy	1.0	1.2	1.6	3.2	6.0	5.9	2.3	4.2	4.2
Other Foreign Countries	6.4	6.2	6.1	13.8	11.5	12.9	11.0	9.2	10.5
Total Foreign Countries	30.3	35.5	37.8	58.9	61.1	61.3	47.7	51.2	52.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

It will be observed that the share of the Empire as a whole in the total overseas trade of India has declined still further during the year from 48·8 to 47·7 per cent., while that of the United Kingdom is reduced from 37·6 to 36·5 per cent., which is 5 per cent. below the pre-war figure for 1913-14. *In the import trade, with which this report is primarily concerned, the share of the United Kingdom fell from 57·8 per cent. in 1923-24 to 54·1 per cent. in the year under review and is now no less than 10 per cent. below the pre-war figure for 1913-14.* This decline in our position in the Indian market is not so much due to foreign competition in manufactured goods of the type usually exported by the United Kingdom (although German, Japanese and American competition is distinctly keener, and I propose to deal with it later), as to reduced shipments in British specialities such as cottonpiece goods, textile machinery, railway plant, boilers, etc., which normally form such a large proportion of the total British shipments that any material decrease in the offtake affects the British proportion of the total trade.

The percentage figure of 54 quoted above represents the British share of the total imports of all kinds including raw materials and comestibles such as mineral oils, ores, raw wool, sugar, etc., in which the United Kingdom has no direct interest. Taking the imports of articles wholly or mainly manufactured, we find that the British share in 1913-14 was 75·7 per cent., while in 1923-24 it had fallen to 69·3 per cent., a decline of 6 per cent. It should be noted, however, that even the imports of manufactured goods include items such as Chinese and Japanese silk pongees, matches, certain kinds of Oriental medicines and provisions, very low grade earthenware, glassware, toys, etc., in which British manufacturers do not compete. After eliminating these articles it is found that they still supply 75 per cent. of the imports into India of competitive manufactured goods.

Foreign Competition.—The outstanding features of the year have been intensified German competition in hardware, cutlery and the cheaper products for the bazaar trade, increased shipments of cotton yarn and piece goods from Japan, a continuance of Belgian price cutting in iron and steel, larger purchases of Italian dyed, printed and coloured woven cotton goods, and heavier shipments from the United States of mineral oils, motor vehicles, tinplates and hardware. There are several points which deserve special mention, and I will, therefore, deal with the principal competing countries in turn.

German.—Imports from Germany, which, in 1913-14 amounted to £8,440,000, began to enter the Indian market again in 1920-21. Germany's share of the import trade in 1913-14 was 6·9 per cent. In 1923-4 it had attained 5·2 per cent., and during the past year rose to 6·3 per cent. of the total imports. The principal headings, in order of importance, are dyestuffs, hardware, instruments and appliances, iron and steel, brass and yellow metal, machinery, paper, woollen manufactures, beer and cutlery. German competi-

tion follows very closely the lines in which it was encountered before the war, that is:—mainly in the cheaper articles for the bazaar trade. I have so far not discovered any important new branch of trade in which German goods are being introduced. The success which has so far attended German efforts to reintroduce their wares into India since the war is due to the cheapness of their products and the business is secured on the score of price alone. They are still greatly handicapped by the lack of that bitter experience of the commercial morality of many Indian dealers which was obtained by British and other merchants during the slump in 1920-22. As the restrictions on the entry of German traders into India have been strictly enforced until the past year, they have been obliged to leave their interests in the hands of Indian agents who have acted "in case of need." These individuals were frequently men of very doubtful financial standing, with the result that in the autumn of 1924 the number of repudiated German drafts in the Indian markets was considerable. It is believed that slightly more care is now being exercised in the granting of credits.

A very usual statement in the bazaars is that the Germans are reintroducing extended credit terms and are giving D/A facilities much more readily than their British competitors. I have made a careful study of this question and am definitely of the opinion that German trade is *not* being fostered by the offer of terms of credit of a more favourable nature than those usually granted by British houses. In view of the stringency of credit in Germany itself and the high rates charged for accommodation, it would indeed be surprising if it were possible for German exporters to outbid their British rivals in financial facilities. There is evidence, however, that the German exporter, through his bankers in Germany, is once again utilising the London money market for the discounting of his export bills. These bills, with or without endorsement by the German banks, are discounted by the London banks and finance houses and are sent out to their agents in India for collection. Two of the leading Eastern Exchange banks have re-opened their Hamburg offices and the bulk of the German export trade to India is financed by British or Dutch banks. Price, however, remains the controlling factor in German competition.

Japanese.—After a period of remarkable expansion during the war, imports from Japan reached their highwater-mark in 1920-21 with a total of 26½ crores of rupees. So soon as the Indian dealers were able to revert to their usual suppliers, this abnormal state of affairs came to an end and Japanese trade received a decided set-back. It is now settling down to the post-war position and the competition is confined to certain established lines of trade such as cotton yarn and piece goods, silk manufactures, matches, cheap glassware, earthenware, and hardware, hosiery and umbrella fittings. In 1913-14 the Japanese share of the total imports was only 2.6 per cent. During 1922-23 and 1923-24 it remained fairly

stationary at 6 per cent., but owing to greatly increased shipments of cotton yarn and piece goods, it rose to nearly 7 per cent. in the year under review.

The yen exchange has been considerably depreciated during the past year, which—together with depressed conditions in the home market and the difficulties experienced in the Chinese trade—gave a fillip to the exports to India. Japanese shipments of cotton yarn advanced by no less than Rs. 1,74 lakhs and covered a wide range of counts up to and including 60 s. Exports of unbleached piece goods advanced by Rs. 44 lakhs, bleached goods by over Rs. 9 lakhs and coloured goods by Rs. 59 lakhs. Japan's takings of Indian cotton during 1924-25 attained the record figure of 343,000 tons valued at nearly Rs. 46 crores, so that, in spite of the increased shipments of manufactures to India, the trade is still somewhat one-sided. Japan now ranks second only to the United Kingdom in the import trade.

Belgian.—The share of Belgium in the import trade before the war was 2·3 per cent. In 1923-24 it was 2·4 per cent., and in 1924-25 it had risen slightly to 2·8 per cent. Over 60 per cent. of Belgium's shipments to India consist of iron and steel manufactures, the balance being made up of miscellaneous items such as window-glass, hardware, etc. As Antwerp is one of the principal shipping ports for continental goods, many items appear in the trade returns as being of Belgian origin which are really German and French goods in transit viâ Antwerp. From the standpoint of the British manufacturer, the most serious competition is in iron and steel. The wide discrepancy between British and Belgian prices for steel bars, sheets, and structural sections of all shapes is treated in some detail in Chapter II, on pages 74 *seqq.* Belgian steel sections are now being purchased not only by the bazaar trade but also by the British engineering firms in India, who, until the past year or two bought only British steel guaranteed to be up to the quality of the British standard specification.

Italian.—In the case of Italy, as in that of Japan, the balance of exchange of goods with India is very heavily in favour of the latter country. Whereas in 1924-25 India exported to Italy Rs. 23½ crores worth of merchandise, mainly raw cotton, oilseeds, jute and hides, she imported from Italy only Rs. 3½ crores worth of goods, principally cotton, woollen, silk and artificial silk fabrics, motor cars, tiles and sulphur. Although in the case of countries where there is a heavy balance of trade in favour of India, the account is adjusted by triangular finance using exchange on London, there is a growing tendency all over the world for a country to purchase its imports from those countries which are the most important customers for its own produce. It would not be surprising, therefore, if Italian exports to India tended to expand.

Competition with the United Kingdom is practically confined to textiles in general and to dyed and coloured woven cottons, artificial silk mixtures and woollen piece goods in particular. The rapidity with which Italy has increased her shipments to India is shown in the following table of imports from Italy of the three principal items during the past three years :—

	1922-3.	1923-4.	1924-5.
	Rs.	Rs.	Rs.
Coloured printed or dyed cotton goods	15,67,725	45,25,921	72,33,985
Artificial silk mixtures	4,87,962	25,63,634	43,83,077
Woollen piece goods	1,39,313	7,54,916	21,52,486

Business is being secured on the score of price, as in many cases the quotations for Italian cloths are more than 25 per cent. below those at which similar British fabrics can be sold. Although there may frequently be a slight inferiority in quality or finish, these defects are overlooked by the buyers on account of the favourable prices. In many of the qualities, however, the dye and finish are excellent and fully equal to the best Bradford productions. The trade was introduced in the first instance by Italian merchants established in India. Now that it is growing so rapidly, Italian goods are being handled by most houses and even Manchester shippers are doing a considerable business in Italian cloths.

American.—After advancing steadily both during and immediately after the war, imports from the United States declined from Rs. 35½ crores in 1920-21 to under Rs. 13 crores in 1923-24 and then rallied slightly to Rs. 14 crores in the year under review. The United States now stands fifth in order of importance in India's import trade. Her share before the war was 2·6 per cent., in 1923-24 5·6 per cent. and in 1924-25 5·8 per cent. It would appear, therefore, that she has arrived at the post-war position of equilibrium, and one can form a fairly accurate idea of the nature of her competition. The principal imports from the United States in 1924-25 in order of importance were mineral oils, machinery, motor vehicles, hardware and tools, tinplates, provisions (mainly bottled or tinned), instruments and apparatus (mainly electrical) and toilet requisites. The success of American exporters is greatest in those articles in which standardisation and mass production have brought prices down to the reach of the Indian market, as in the case of motor vehicles, typewriters and certain types of machinery and tools. In the majority of the other trades such as textiles, iron and steel, etc., the high costs of production in the States militate against any very extended sale and British and Continental competitors can usually under-

quote. Generally speaking, the American exporter caters for the higher grade articles in demand by Europeans and wealthy Indians. His share of the bazaar trade is relatively small in the first place because he does not as a rule supply the cheap and low-grade goods in demand, and secondly, because this trade calls for a degree of local knowledge and specialised marketing experience which he does not as yet possess.

American competition is very keen in electrical machinery and in those types of machinery and tools where the large domestic market of the United States has enabled American makers to standardise and so reduce prices. This also applies to certain forms of railway plant such as automatic couplers and headlights. American exporters are paying much greater attention to the Indian trade. They are appointing mercantile agents and are sending specialists to survey the market. I have met several instances where American technical representatives have been very active in studying the needs of large buyers of plant and have spared no effort in meeting their special requirements. They are to some extent handicapped by the paucity of American merchants established in India, but are able to overcome this obstacle by granting such generous agency terms that British distributors are attracted.

The United States Government is actively supporting this campaign aimed at securing a greater share of India's trade. In addition to consular posts at Calcutta, Bombay, Karachi, Madras and Rangoon, three Trade Commissioners are stationed (two in Bombay and one in Calcutta) who report to and are under the control of the Bureau of Foreign and Domestic Commerce, Washington. Every effort is being made by reports and interviews to interest the American manufacturer in the Indian market, and in September, 1924, a special supplement of the Weekly Commerce Reports was issued containing a comprehensive review of the economic position of British India.

The Balance of Trade.—The Controller of the Currency in his lucid report for 1924-25, on which I have freely drawn for the ensuing comments, gives the following statement which compares India's visible balance of international accounts during the year with that of the preceding year and with the average of the three preceding quinquennial periods. The detailed heads 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 exports and imports of merchandise, (2) private exports and imports of treasure, and (3) remittances of funds through Government, leading up to a *plus* or *minus* total for the transactions as a whole.

(In lakhs of rupees).

	Average of 5 years ending 1913-14.	Average of 5 years ending 1918-19.	Average of 5 years ending 1923-24.	1923-24.	1924-25.
Exports of Indian merchandise (private) ..	+2,19,50	+2,15,98	+2,85,68	+3,48,84	+3,84,85
Re-exports of Foreign merchandise (private) ..	+4,62	+8,16	+15,62	+13,07	+13,51
Imports of Foreign merchandise (private)* ..	-1,45,85	-1,47,80	-2,48,81	-2,17,03	-2,43,18
Balance of trade in merchandise (private) ..	+78,27	+76,34	+52,49	+1,44,88	+1,55,18
Gold (private)* ..	-28,86	-7,81	-13,93	-29,19	-73,78
Silver (private)* ..	-7,21	-2,99	-11,79	-18,38	-20,06
Currency notes (private)* ..	—	—	-40	-1,08	-28
Balance of Transactions in treasure (private)* ..	-36,07	-10,80	-26,12	-48,65	-94,12
Total visible balance of trade ..	+42,20	+65,54	+26,37	+96,23	+61,06
Council Bills and telegraphic transfers paid in India, purchases of sterling from Banks and firms in India and payments for sterling taken over in London from local bodies ..	-41,35	-34,96	-15,45	-33,39	-56,35
Sterling transfers on London sold in India ..	+5	+5,50	+9,42	—	—
Transfers of Government securities ..	-87	-38	-5	-35	-38
Interest drafts on India in respect of Government of India securities ..	-45	-30	-31	-44	-41
Balance of remittances of funds ..	-42,62	-30,14	-6,39	-34,18	-57,14
Total visible balance of accounts ..	-42	+35,40	+19,98	+62,05	+3,92

* Excludes transactions which do not enter into the balance of trade.

When one takes into account the sum of Rs. 2,06 lakhs, being the net payment in India of money and postal orders, and Rs. 2,33 lakhs representing telegraphic transfers on India from Iraq, the favourable balance of Rs. 3,92 lakhs shown in the statement is changed into an adverse balance of Rs. 47 lakhs as compared with a favourable balance of Rs. 53,24 lakhs in the preceding year. As the Controller remarks, it is somewhat nomalous that in a year when exchange was consistently strong and the gold value of the rupee increased by 18·9 per cent., the visible balance of accounts should be against India, while in the preceding year there was a very large balance in favour of India. The substantial difference between the two years is ascribed by the Controller to two factors, namely :—

- (a) There was a large balance in favour of India in the year 1923-24 which was left over for subsequent adjustment, and the strength of exchange and the large government remittances between April and September, 1924, indicate that the adjustment was made in the year 1924-25.
- (b) The imports of treasure in 1924-25 were extraordinarily large, and not only were the stocks in the hands of the bullion merchants very heavy at the end of the year, but also private purchasers throughout India seem to have anticipated their demands for subsequent years to a large extent.

A more accurate idea of the present visible balance of India's international account is therefore obtained by taking an average of the last two years, which shows a favourable balance of Rs. 26,38 lakhs.

Record Imports of the Precious Metals.—The most remarkable feature of the statement is the extraordinarily heavy imports of both gold and silver. The net import of gold amounted to 73·78 crores (say £50,000,000 sterling) and was very nearly double the net import in 1922-23, the previous record year. The Controller states that :—

“ this extraordinary increase in the absorption of gold by India was due mainly to the agricultural prosperity following on four good harvests, to the high price of the commodities in which the agriculturist usually spends his surplus, and to the low price of gold. At the beginning of the year, the price of gold in Bombay was about Rs. 26-4 per tola. By the middle of September it had fallen to Rs. 23-14-4 per tola, the pre-war price, and during the last four months of the year it varied within a few annas above and below Rs. 22 per tola, the quotation at the end of March being Rs. 21-13-0 per tola. There was, therefore, a drop of Rs. 4-7-0 per tola, or 16·9 per cent. in the price of gold in the course of the year, and during the latter part of the year the price was about Rs. 2 per tola, or 8·3 per cent. below its pre-war level. In the same period general prices were about 70 per cent. and the price of piece goods about 170 per cent. above the pre-war level. In these circumstances, it was not unnatural that, in a country where the tendency to invest savings in bullion has always been strong, the surplus money in the hands of the people should to a very much larger extent than usual have been put into gold. The natural effect

of the decrease in the price was increased by the uncertainty as to whether gold would continue to be so cheap. Exchange was two pence higher than it had been for many years previous to the war, and there was considerable doubt as to whether it would remain at 1s. 6d. or return to the pre-war figure. Moreover, there was also the possibility of a reaction in the dollar-sterling exchange. As a result there was a general belief that the price of gold could not go much lower and might go higher, and this belief undoubtedly contributed very largely to the demand for the metal. From reports received from various parts of India it appears that most people who had surplus cash invested it in gold and that almost every family, in which marriages were likely to occur during the next year or two, took the opportunity to lay in the necessary store of gold while it was cheap. It is probable, therefore, that India's requirements for gold for the next year or two have to a large extent been anticipated, and, if the price of gold remains at its present level, the normal annual import will probably be considerably smaller than the import during the year under review.

Of the total gross imports shown in the trade returns gold of the value of 23·02 crores came from the United Kingdom, 23·47 crores from Natal and 20·2 crores from the United States of America. The large increase in the imports from Natal was due to the fact that in August, 1923, the South African mines had been released from their obligation to send the whole of their production to the United Kingdom, and could make direct shipments to India throughout the year. As these shipments were not large enough to meet the Indian demand, the United States of America, the only country in the world where gold was obtainable freely in exchange for currency, was drawn upon to a much larger extent than usual.

As with gold, so with silver, the year established a record. The gross and net imports of silver exceeded those of the preceding year by over 2 crores and $1\frac{1}{2}$ crores respectively. The reasons given above for the abnormal imports of gold apply for the most part to silver, though the decrease in the price of the latter metal was less marked. Of the total gross imports of the value of 24·28 crores silver of the value of 5·28 crores came from the United Kingdom and 14·09 crores from the United States of America. The large increase in the direct imports from America is due to an arrangement between two large British shipping companies by which the through rate of freight from New York to India is cheaper than the total of the rates for the separate journeys from New York to London and London to India. There was a net export of the value of about $1\frac{1}{2}$ crores to China."

The Course of Exchange.—Telegraphic Transfers on London fluctuated between $1\frac{1}{4}\frac{21}{2}$ in April, 1924, and $1\frac{1}{6}\frac{0}{2}$ in October, 1924, and the year ended on March 31st with a rate of $1\frac{1}{5}\frac{27}{2}$. Exchange rose fairly steadily throughout the year. During March and April, 1924, the firmness was largely due to increased offerings of export bills, small enquiry for remittance and scarcity of money. In May and June the cash position of the exchange banks was the chief influence on the market. Although the volume of business on either side of the account was small, the exchange banks appear to have been overbought and, as money did not return from upcountry centres with its usual rapidity and stringency prevailed in the financial centres, exchange remained firm and the banks were forced to sell fair amounts of sterling to Government at higher rates than those paid in April. From July onwards the Controller attributes the strength of exchange more to the general expectation of a further rise in the subsequent

busy season than to the overbought position of the banks. Exchange rose steadily to $1/5\frac{1}{2}$ at the end of September although Government purchased large amounts of sterling at each rise in the rate. In October exchange was remarkably strong and it was only large remittances by Government which kept the rate within reasonable limits. The enormous sales to Government by the banks, with the consequent improvement in their cash position, produced an easier feeling during November and December, and until the last week of the year exchange remained fairly steady at about $1/6\frac{1}{16}$. By this time the cash resources of the banks were again becoming depleted by trade demands for the finance of the crops. Rates during the last 2 or 3 days of the year rose to $1/6\frac{5}{16}$, and would probably have gone higher if Government had not purchased a large amount of sterling at that rate. During January to March, 1925, the predominant influence on exchange was the large import of bullion which has already been referred to. The volume of exports remained large but was not more than sufficient to cover the demand for bullion remittance. As a result, exchange remained within a few points of $1/6$.

Government Remittances.—It will be noted that Government remittances were one of the main factors affecting the course of exchange throughout the year. The system of purchasing sterling in India instead of selling Council Bills in London was extended during the year. No less than £33,191,000 of sterling was purchased from the Exchange Banks in India and only £7,579,000 of Council Bills were sold by the India Office in London. Arrangements were made in November to purchase sterling in Madras and Karachi as well as in Calcutta and Bombay. There is no doubt that the upward rise of exchange in the early part of the year was steadied by Government purchases, and that when exchange had passed $1/6$ T.T. the readiness of Government to remit large sums round and about this rate had the effect of keeping exchange comparatively stable.

Money Market Conditions in India during the Year.—In my last report I referred to the stringency of the Indian money market during the export season of 1923-24. At the end of March, 1924, these conditions still continued, but at the beginning of April a somewhat easier condition developed and the bank rate was reduced from 9 to 8 per cent. A further reduction to 7 per cent. was made at the end of May when the Imperial Bank had repaid eight of the twelve crores borrowed from Government against Bills of Exchange deposited in the paper currency reserve. On June 19th, the Bank repaid the remainder of its loan from Government and the rate was lowered to 6 per cent., and on July 3rd to 5 per cent. On July 31st it was further lowered to 4 per cent., market conditions being generally easy with money at call available at $3\frac{1}{2}$ per cent. During August, however, on account of Calcutta requirements for the finance of the jute crop, the

Imperial Bank cash balances had fallen to a little over Rs. 27 lakhs and the rate was raised to 5 per cent. During September, the Government of India announced that they proposed to change the rules under which loans are made to the Imperial Bank from currency so as to make it possible for the bank to borrow 4 crores when the bank rate is at 6 per cent. and 8 crores when the bank rate is at 7 per cent. instead of 4 crores at 6 per cent., 4 crores at 7 per cent. and the remaining 4 crores at 8 per cent. This announcement to some extent removed the apprehensions which were felt, particularly in Bombay, that there would be a recurrence of extreme stringency in the forthcoming winter export season. The Bank's cash balances remained low and the indications were that money would tighten much earlier in the year than is usual. On October 16th the bank rate was raised to 6 per cent., but during November there was a slight rise in the Bank's cash mainly due to the heavy sales of bullion in the mofussil and the return to the financial centres of currency which had been for some months in the hands of the rayats. This release of currency in exchange for bullion continued throughout the remainder of the year and was one of the main factors in preventing conditions in the money market becoming very stringent. Between the middle of October and the first week of December 3 crores of additional currency were issued against British Treasury bills deposited in the paper currency reserve in London. On December 23rd the Bank borrowed 2 crores from the Currency Department, and on January 2nd, 1925, 3 crores of additional currency were issued against British Treasury bills deposited in the paper currency reserve in London. A further 2 crores were borrowed on January 16th and the bank rate was shortly afterwards raised to 7 per cent. From then until the end of the year the bank rate remained at 7 per cent., but the Bank did not find it necessary to borrow from Government more than 8 out of the 12 crores permissible under the India Paper Currency Act.

The maximum, minimum and average bank rates of the Imperial Bank of India for the last three years were as follows—

	1922-3.	1923-4.	1924-5.
Maximum	8	9	9
Minimum	4	4	4
Average	5.91	6.11	6.24

The Clearing House statistics for the year showed a total of Rs. 1,806 crores as compared with Rs. 1,803 crores in 1923-24 and Rs. 2,060 crores in 1922-23. There was an increase of approximately Rs. 100 crores in the case of Calcutta which offset a corresponding decrease in the case of Bombay, probably due to

the depression in the Bombay cotton mill industry which resulted in diminished activity in the Bombay share market.

The Imperial Bank of India.—In my report for the years 1919-20 and 1920-21 issued in November, 1921, pages 228-232, I described in some detail the Imperial Bank of India Act of 1920, the constitution of the new Imperial Bank, and its relations with the Government of India. It will suffice here to state that, on the whole, the operations of the Bank have proceeded as smoothly as might have been expected in such difficult times. Bank dividends are well maintained and, what is more important from the national point of view, the provision of additional financial facilities is proving of benefit to India as a whole. Under the terms of its agreement with Government, the Bank entered into an obligation to open 100 new branches within five years from January, 1921. Up to March 31st, 1925, 80 new branches had been opened and arrangements have been made to complete the programme by the due date.

A further clause in the Bank's agreement with Government stipulates that every facility should be provided for the transfer of funds between its branches at reasonable rates. There has been a steady advance in the amounts of demand drafts purchased from Rs. 58 crores in 1921 to Rs. 134½ crores in 1924. Draft and telegraphic transfers paid also rose from 86 crores in 1921 to Rs. 142 crores in 1924.

Savings bank deposits increased from Rs. 412 lakhs in 1920 to Rs. 10,79 lakhs on March 31st, 1925. The Bank allows 4 per cent. on ordinary savings bank deposits and 4½ per cent. on savings bank deposits of Rs. 10,000 and above, fixed for three months. As the Controller of the Currency states, "considering that during the same period the Government savings bank deposits have increased by Rs. 300 lakhs, and that during the last two years Government have been selling large amounts of Post Office Cash Certificates, the increase in the savings bank deposits of the Imperial Bank is very striking."

The Public Debt.—The following table, abstracted from the Currency Report, shows the total debt of the Government of India, including Indian Treasury bills issued to the paper currency reserve at the end of 1913-14, 1917-18, 1921-22 and the last two years.

	31st March, 1914.	31st March, 1918.	31st March, 1922.	31st March, 1924.	31st March, 1925.*
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Funded debt in India—					
Rupee Loans ..	1,45,69	2,01,83	3,05,15	3,58,81	3,70,38
Treasury Bills in the hands of the public	—	43,57	53,97	2,12	—
Treasury Bills in the Paper Currency Re- serve	—	—	57,89	49,65	49,65
Total funded debt in India	1,45,69	2,45,40	4,17,01	4,10,58	4,20,03
In England at Rs. 15—					
Sterling loans ..	2,65,60	2,59,35	2,77,37	3,66,80	3,95,33
Unpaid balance of India's war con- tribution	—	96,09	30,30	28,90	28,20
Total funded debt in England	2,65,60	3,55,44	3,07,67	3,95,70	4,23,53
Unfunded debt—					
Post Office Savings Banks	23,17	16,59	22,26	24,79	25,65
Post Office cash certi- ficates	8,88	4,34	8,42	13,12
Balances of provident and allied funds ..	10,93	19,08	32,99	39,20	42,55
Total unfunded debt ..	34,10	44,55	59,59	72,41	81,32
Capital value of lia- bilities undergoing redemption by way of terminable Railway annuities at Rs. 15 ..	1,05,90	1,00,23	93,73	90,14	88,25
Total debt	5,51,29	7,45,62	8,78,00	9,68,83	10,13,13

It will be observed that India's total debt has almost doubled since the last pre-war year. This is largely accounted for by her war contribution of £100,000,000 to the Imperial Exchequer, by other expenses connected with the war and by a series of deficit budgets between the years 1918-19 and 1922-23 totalling approximately a further Rs. 100 crores. When one turns to the distribution of the debt it will be seen that India is in a relatively fortunate position inasmuch as nearly two-thirds of the total is productive.

* Figures are approximate as the accounts for 1924-25 have not yet been closed.

The following table shows the distribution of the debt :—

	31st March, 1914.	31st March, 1918.	31st March, 1922.	31st March, 1924.	31st March, 1925.*
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
DISTRIBUTION.					
Productive Debt—					
Railways	4,38,64	4,58,74	5,19,89	5,55,97	5,94,15
Telegraphs	11,31	12,36	15,24	16,64	18,29
Irrigation	2,77	3,40	3,51	3,42	3,43
Total Productive Debt	4,52,72	4,74,50	5,38,64	5,76,03	6,15,87
Unproductive Debt of Central Government Incurred on behalf of Provincial Govern- ments.. ..	26,58	1,94,07	2,61,47	2,95,24	2,90,59
Total	5,51,29	7,45,62	8,78,00	9,68,83	10,13,13

In the railways and irrigation projects, India possesses two very fine investments which should show increasing returns and a growing contribution to the relief of taxation. The telegraph system is also efficient and in normal times is more than self-supporting. The total productive debt increased during the year under review by Rs. 39.84 crores due almost entirely to capital expenditure on railway development. The unproductive debt was reduced by Rs. 4.65 crores, but the real decrease was larger, since to the extent of Rs. 1½ crores the nominal total of the debt was increased by the conversion of 7 per cent. Government of India sterling loan into 3 per cent. stock, a conversion which, while doubling the nominal amount; effects a saving in interest charges.

Sinking Fund.—Although for many years the Government of India has provided for the redemption of debt from revenue in addition to applying its revenue surpluses to this purpose, there has never been any definite sinking fund such as stands to the credit of the Imperial Exchequer. In December, 1924, however, Sir Basil Blackett, the Honourable the Finance Member, announced a comprehensive scheme for the redemption of debt for the next five years which provides that there should be charged against the revenues of India each year for the purpose of making provision for the reduction or avoidance of debt :—

- (a) a sum of Rs. 4 crores, and
- (b) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on March 31st of the preceding year over the total outstanding on March 31st, 1923. The provision made under this arrangement in the budget for 1925-26 is Rs. 78 lakhs.

* Figures are approximate as the accounts for 1924-25 have not yet been closed.

Provincial Loans Fund.—A further measure for improving the administration of public debt was the institution of the Provincial Loans Fund. Local Governments have in the past borrowed large sums from the Government of India. The terms of these loans have hitherto been fixed separately for each loan on consideration of the conditions obtaining at the time at which the loan was granted with the result that there has been a certain lack of uniformity in the treatment of the various Provincial Governments. The new scheme provides that, in future, loans to Provincial Governments will be made from the Provincial Loans Fund, a standard rate of interest being charged for all such loans, except those not required for capital expenditure classed as productive, the rate for which will be one-quarter per cent. above the standard rate. The fund will obtain the necessary resources for making these loans to Provincial Governments partly from receipts on account of the outstanding capital liabilities of Provincial Governments to the Government of India, which have been transferred to the Fund, and also on account of payments of principal and interest on loans granted hereafter from the Fund, and partly by advances to the Fund from the Government of India, the rate of interest on which will be determined on the basis of the cost of new borrowing to the Government of India from time to time.

The Budget, 1925-26.—In previous reports will be found a history of the difficult period in India's finances between 1918-19 and 1922-23, during which deficits amounting to more than 98 crores of rupees had to be provided for. As a result of stringent economies, increased taxation and prudent finance, the tide turned in the year 1923-24 when a small surplus was realised. In 1924-25 there was a surplus of over 3 crores and for the year 1925-26, the Finance Member anticipates a total revenue of Rs. 133.68 crores, a total expenditure of Rs. 130.44 crores, and a surplus of 3.24 crores. This surplus will be applied to the extent of 2½ crores in the reduction of the contributions of Provincial Governments as follows:—Madras 126 lakhs, Bengal 63 lakhs, Punjab 61 lakhs, United Provinces 56 lakhs and Burma 7 lakhs, leaving a balance of 74 lakhs which is being retained as a margin against contingencies and by way of security against any deterioration in the position of Central finances in 1926-27.

From the point of view of the British exporter, perhaps one of the most interesting features of the annual budget is the alterations, if any, which are made in the customs tariff. In Chapter II will be found a note on the effects of the protective duties on steel, which were also dealt with at considerable length in my last report. The only other alterations which are made in the tariff schedule are minor ones including the abolition of the import duty of 2½ per cent. on grain and pulse, the reduction from 15 per cent. to 2½ per cent. *ad valorem* of the duty on reeds, healds and various other accessories to power looms and the modification of the duties at present imposed on petrol in such a way as to fix the duty to be

paid by all petrol alike, whether imported or locally-produced, at 4 annas a gallon in place of the existing duties of 6 annas a gallon on locally-produced petrol and 8½ annas a gallon on imported petrol.

Railway Budget.—The railway budget for 1925-26 is the first one to be presented under the new scheme of separation of railway finance from the general finances of the country. According to a convention agreed to by the Legislative Assembly in September, 1924, central revenues are entitled to receive from the railways a fixed contribution equal to 1 per cent. of the capital at charge in the penultimate year plus one-fifth of the surplus profits in that year. If, after payment of that contribution, the amount available for transfer to railway reserves should exceed three crores of rupees, one-third of the excess over 3 crores should be paid to general revenues.

This is perhaps the most important reform which has been effected in the financial machinery of the Government of India for many years. As the Honourable the Finance Member stated in his budget speech :—

“ Of its ultimate advantages from the point of view of railway administration, from the standpoint of the commercial and general public, and from that of the Government of India and of this House in dealing with the finances of the Central Government, I have no doubt whatever. Before many years are out, this country will, I feel sure, see its benefits in the practical form of more efficient and cheaper transportation with all that is therein involved for the economic development of a country with the immense potentialities which India possesses. Meanwhile, we are happily relieved of the difficulties and doubts which confronted us in dealing with our general budget when it incorporated the gross receipts and the working expenses of the railways and the difference between good and bad trade and a good and bad monsoon meant a difference of several crores of rupees in our budget figures. The taxpayer is now assured of a regular and growing contribution in relief of taxation from his investments in railways and the task of maintaining a continuous financial policy and of distinguishing between a temporary and permanent surplus or deficit in our accounts is immensely facilitated.”

Sir Charles Innes, the Honourable the Commerce Member, in his railway budget estimates for 1925-26, anticipates gross receipts of 101 crores, and a gross expenditure of 91 crores, showing a gain from commercial lines of 10 crores. The net contribution to the Government of India is estimated to be Rs. 524 lakhs or 40 lakhs less than the contribution for the year 1924-25. This reduction is accounted for by the fact that the net receipts in 1924-25 were abnormally increased by 125 lakhs due to the refund to revenue of customs duty. It is expected that the railway reserves will be increased by 328 lakhs of rupees.

The Cotton Excise Duty.—The depression in the Indian cotton mill industry has had the effect of directing public attention to the long-outstanding grievance of the cotton excise. The history of the imposition of the excise and of the acute political controversy which has been waged over it for more than thirty

years is common knowledge. As will be remembered, the Indian Fiscal Commission recommended in 1922 :—

“ That the existing cotton excise duty in view of its past history and associations be unreservedly condemned, and that Government and the Legislature start again with a ‘ clean slate ’ regulating their excise policy solely in the interests of India.”

In February, 1924, the Bombay Millowners’ Association addressed the Government of India urging the necessity, in the interests of the Indian mill industry, for the abolition of the excise duty, their arguments being based upon :—

- (a) The confinement of the excise duty to one industry.
- (b) The ratio of the duty to manufacturing costs.
- (c) The heavy subsidiary taxation borne by the industry.
- (d) The growth of Japanese competition in the Indian piece goods trade.

Considerable emphasis was laid on the growth of Japanese competition and to the anomaly of Japanese shippers being able to purchase raw cotton in India, pay freight to Japan, spin and weave the cotton into cloth, defray freight and transport charges on the cloth back to India, meet an 11 per cent. import duty, and undersell Indian cloth in Indian markets. The Association requested the Government of India firstly to remove the excise without delay, secondly, to abolish or considerably reduce the duties on mill stores, and thirdly, to consider the advisability of increasing the import duty on piece goods produced outside the Empire.

The Association then decided to conduct an extensive propaganda throughout India in favour of the abolition of the excise. The services of a late Secretary of the Bombay Chamber of Commerce were retained in a journalistic capacity. Bulletins and pamphlets were issued to members of the Legislature, Chambers of Commerce and other public bodies and to the Indian press. Inspired articles were inserted in the press and a flood of correspondence appeared in the leading newspapers of India. To crown their efforts, a general meeting of all millowners in India was held in Bombay on September 11th, 1924, under the chairmanship of Sir Jamssetjee Jejeebhoy, at which the following resolution was carried :—

“ That this meeting of representatives of all cotton textile mills in India, and the citizens of Bombay, urges the Governor-General in Council to take early steps to abolish the cotton excise duty.”

In the meantime, a full-dress debate was held in the Indian Legislative Assembly on September 24th, 1924, on the motion of Mr. Sheth Kasturbhai, and the following resolution was adopted :

“ That this Assembly recommends to the Governor-General in Council to take early steps to abolish the cotton excise duty as recommended by a majority of the Indian Members on the Indian Fiscal Commission.”

In the course of a most illuminating debate, Sir Charles Innes, Honourable Member for Commerce, gave the results of Government investigations into the subject and submitted certain statistics which are of such interest that I make no apology for quoting

them practically in extenso. After tracing the rapid growth of the industry the Commerce Member stated:—

“ I have here statistics of the amount of yarn available for consumption in India in the three years ending 1914-15 and again in the year 1923-24, and I beg the House to remember that the year 1923-24 was a bad year for the Bombay millowners at any rate because they lost two months' work owing to a strike. I have calculated the amount of yarn available for consumption in India by deducting exports from production and re-exports from imports. The results are as follows:—on an average of the three years ending 1914-15 the total amount of yarn available for consumption in India was 541 million lbs. Of that amount Indian production supplied 92 per cent.—imports only 8 per cent. In 1923-24 the total amount of yarn available for consumption in India was 613 million lbs., and of that amount Indian production supplied 93 per cent. and imports only 7 per cent.

Now, Sir, however high a tariff wall you may have you will never stop imports altogether. I put it to the House that when you have got your local mill industry supplying 93 per cent. of the yarn used in this country it cannot be pretended that there is any very strong case for protection.

They have asked for protection of the industry. But I wish to carry this matter a little further; it may be that taking the question broad and large there is no case for protection in the case of yarn. But I want to carry it a little further into the different counts. Between counts 1 and 20 Indian mills have matters practically all their own way. In the last few years there is one noticeable feature of the position, and that is that Japan has been sending us a certain amount of yarn of counts between 16's and 20's. This import from Japan began in 1918-19 and in 1923-24 amounted to 12 million lbs. I admit at once that we in the Commerce Department have got to watch that. As I say it is quite of recent growth, this trade in 16's and 20's, and it has now reached 12 million lbs. and we have got to watch it. But the point to notice is that in these counts, 16's and 20's, the Indian mills produced 217 million lbs. and so there again you cannot say that there is any need for protection there. As regards 21's to 30's the position is exactly the same. Indian mills produced in 1922-23 209 million lbs. Imports were only 5 million lbs. It is between 30's and 40's that the Indian production and foreign production begin to compete and, of course, beyond 40's most of the yarn used in India is imported yarn. But the millowners themselves, as Mr. Kasturbhai Lalbhai very properly pointed out, at any rate in their evidence before the Indian Fiscal Commission, did not ask for any protection in yarn. On the contrary, they rather objected to the imposition of any import duty on yarn on the ground that it might handicap the hand-loom industry. It was put to them that they had to meet competition above 30's, but they definitely went on to say that that was a question for the future and that as regards present Indian mills, many of them were not organised to produce counts of yarn above 30's.

Now, Sir, let me pass on to piece goods. I have got some statistics here which I think will interest the House. In the three years ending 1914-15, the Indian mill production in piece-goods averaged 1,173 million yards. In the same period imports averaged 2,855 million yards. In 1923-24, the Indian mill production had risen to 1,700 million yards and the import had dropped to 1,466 million yards. That is to say the Indian mill production had increased by 45 per cent., and imports had decreased by 49 per cent. Again, taking the amount of piece goods available for the Indian market, that is to say, the Indian mill production less exports plus imports less re-exports, on an average of the three years I have mentioned, local production supplied 28 per cent. and imports 72 per cent. In 1923-24, the position was reversed. The local production supplied 52 per cent. and imports supplied 48 per cent. Now, I should like to include in these figures hand-loom production. Here, of course, we get more or less on to

estimates, but it is comparatively easy to make a fairly reliable estimate of hand-loom production if we proceed upon the assumption that one pound of yarn is equivalent to 4 yards of cloth—that is the basis adopted by Mr. Coubrough. Now, we know the total amount of yarn available for consumption in India. If we convert that to cloth at one pound of yarn to four yards of cloth, and deduct from the total the known production of the mills, the balance represents hand-loom production. Now, taking the periods that I have been using, in the three years ending 1914-15, the total amount of cloth available for consumption in India was 4,917 million yards. The hand-loom production was 20 per cent. of that; Indian mills provided 22 per cent., and imports contributed 57 per cent. In 1923-24, the total amount available for consumption in India dropped to 3,711 million yards, and this is a very significant fact to which I shall have to refer. Hand-loom production contributed 20 per cent., Indian mills 41 per cent. and imports 38 per cent.

That is to say, local production—mills plus hand-loomers contributed about 62 per cent. of the total amount of cloth available for consumption in India. Now, I should like to summarise these facts.

As regards yarn, the Indian mills supply 93 per cent. of the yarn consumed in India, Japan is sending a relatively small amount of the coarser counts and these imports require watching; but it is absurd to say that any general measure of protection is required. The imports come mainly from the United Kingdom and are of the finer counts. The millowners themselves pointed this out in their evidence before the Fiscal Commission and, so far from asking for any protection, rather objected to the imposition of a duty on yarn.

As regards cloth, the Indian mill production has increased by 45 per cent. since 1914-15, imports have decreased by 49 per cent., and Indian production now accounts for 62 per cent. of the total consumption.

As between Indian mills and imports, the proportion is now 52 per cent. for the former and 48 per cent. for the latter. But here, again, and this is a point I wish to bring out—the position as regards piece goods is very much the same as in respect of yarn. The imports come mainly from the United Kingdom, and these imports are of the finer qualities of cloth, in which the Indian mills do not ordinarily compete. This fact has been admitted several times; it was admitted by Sir Vithaldas Thackersey in this House and in his evidence before the Fiscal Commission, and it was admitted by the millowners themselves in that evidence. They said in their memorandum presented to the Indian Fiscal Commission:—

“From the preceding paragraphs it will be observed that India's chief competitors, both in the home market and elsewhere, are Japan and the United States of America.”

The fact of the matter is that, as between Lancashire and Indian mills, the field of competition is very small. Each has its own sphere. The spheres overlap to a small extent, but the field in which they compete is small. The main competition—and I think I am correct in saying that it is the competition that the mill industry in India fears most—is competition from Japan. The United States of America have practically dropped out and the only serious competition which we get in piece goods, in the class of goods which the Indian mills ordinarily make, comes from Japan. Now, in 1923-24, the Indian mills supplied for consumption in India, 1535 million yards of cloth. Japan sent 121 million yards. Thus as between Indian mills and Japan, the former supplied 93 per cent. of the consumption in India and Japan less than 7 per cent. That is why I say the position in regard to piece goods is practically the same as in regard to yarn. In those classes of goods which the Indian mills produce, they have practically captured the whole of the Indian market. And it is only in those classes of goods that the mill industry in India has what is known in economic language as a comparative advantage. Therefore, Sir, it is difficult to say that even a ‘prima facie’ case has been made out for protection for the mill industry in India. I have admitted that the matter requires watching in certain aspects, and you may depend upon

it that we shall watch it very very carefully. And I wish to safeguard myself in regard to one point. I reserve judgment as regards "hosiery." Mr. Neogy devoted a lot of time to hosiery, and I should like to tell him that we have that portion of the case under examination at the present moment. There is another point I have got to make. The House must understand that whether they accept Mr. Neogy's motion or whether they do not, I reserve the right in the event of this cotton excise being taken off or even earlier if necessary, to ask the Tariff Board to examine the whole of this case. Because you have got to remember this. The proper thing to do is not merely to take off the cotton excise duty but also to reduce the import duty. That is the only way in which you can bring any benefit to the consumer in India. And, therefore, that is a case which may require examination by the Tariff Board, whether in the event of the cotton excise duty being taken off, the import duty should be reduced, and whether, in any branches of the cotton trade, hosiery, particular counts, and so on, the industry requires protection. I may say that when the millowners gave their evidence before the Fiscal Commission, the only things for which they asked for protection were hosiery, cotton blankets, and calico printing. And they said that, as regards the last two—cotton blankets and calico printing—their request was a contingent one—contingent on the progress of the trade. Now, Sir, let me come to the cotton excise duty. In the public representation made the Bombay millowners say that Lord Hardinge publicly pledged himself to the necessity of the abolition of the cotton duties at the earliest possible date. That, Sir, is not a correct quotation. The matter is so important that I have brought an extract from the speech of Lord Hardinge in order to let the House know exactly what the assurance was. The exact words are :—

"The excise duty should for the present remain at its actual figure and an assurance given that it would be abolished as soon as financial considerations permit."

There is some difference between "at the earliest possible date" and "as soon as financial considerations permit." Now, Sir, the Government of India are always being accused of finding some argument to justify the retention of the duty. The suspicion is always voiced that we are retaining this duty in the interests of Lancashire. I hope I have exploded that latter feeling by the figures I have just given. I have pointed out that there is practically very little competition between Lancashire and India either in the matter of yarn or in the matter of cloth. The fiscal history of the last few years shows how absolutely untrue these charges are. In the first place, the import duty was raised to 7½ per cent. in 1917 and to 11 per cent. in 1921, while the excise duty remained at 3½ per cent. That does not look as if we favour Lancashire, does it? Again, the House knows perfectly well that the period that has elapsed since Lord Hardinge gave that pledge has been almost uniformly a period of deficit budgets. Sir Basil Blackett, speaking in this House in his first budget speech in 1923, pointed out that for five successive years the Indian Budget had been in deficit, and that the accumulated total of these deficits was no less than 100 crores. Now, Sir, that period of deficit budgets in the Government of India coincided with a period of absolutely phenomenal prosperity for the mill industry in India.

Between 1905 and 1914 (this is Mr. J. A. Wadia's statement), both years inclusive, the mill industry paid an average dividend of 10½ per cent. on an average capital of 6½ crores. In 1915 to 1922, both years inclusive, they paid an average dividend of 53 per cent on an average capital of 12½ crores, and they paid away in the 8 years ending 1922 a sum of over 50 crores in dividends.

Thus, Sir, on the one hand, there were large deficits in the Government of India and, on the other hand, you have the mill industry undergoing a period of absolutely phenomenal prosperity. Would it have been reasonable for the Government of India to say in those circumstances: "Now the time has come to fulfil Lord Hardinge's pledge. Our financial circumstances

now admit of our taking off this tax?" If we had ventured to put that ridiculous proposal to the Indian Legislative Assembly, would the Legislative Assembly have considered it for a moment? Of course they would not; and what is more, they did not In 1922 the whole question of cotton excise duty was open for discussion in this House. Not a single non-official Member ever suggested that that cotton duty should be taken off in spite of the fact that it was open to them to do so I claim, Sir, that in not taking off this duty up to this date, we have behind us the full support of the Indian Legislative Assembly."

After demonstrating that the grievance, which he admitted to be a real grievance, had lost some of its force in recent years since the excise ceased to be a countervailing one and remained at 3½ per cent. while the import duty had been raised to 11 per cent., Sir Charles Innes proceeded to deal with the contention that the removal of the excise would cheapen the price of cloth to the consumer. He said:—

"I am aware that the Indian millowners and their friends in this House make statements that if the excise duty is taken off they will be able to reduce the price to the consumer. For instance, at this public meeting, to which Mr. Harchandrai Vishindas referred, Sir Jamsetjee Jejeebhoy stated:—

"Had there been no excise, the Indian millowner would not have been put to the necessity of tacking this item on to his cost sheet and recovering it from the consumer, and in times of depression and high prices he would have been able to cheapen his cost by 3½ per cent. to the benefit of his poor client.' Well, Sir, I have had a lot to do with business men in my life, and I may say that I have received the greatest assistance from the business men in India, both Indian and European. Throughout my time as Commerce Member they have been my guides, philosophers and friends At the same time I must say that when the Indian millowners and Mr. Kasturbhai tell me that if this duty were taken off, the millowners would promptly in a fit of generosity and justice reduce the price to the consumer, I take leave to disbelieve them. Statements of that kind must be received with a very strong pinch of salt. Let me prove that fact. I have devoted a great deal of time to this matter. I fear I have exhausted my time and I am afraid I cannot go into it in great detail, but, Sir, in 1913-14 there were very heavy imports of cloth into India, and when we began the war we had very heavy stocks in this country. The price of cotton was low, the price of cloth was low and it remained low till 1915-16. In 1916-17 the imports began to fall off, the price of cotton began to rise, the price of cloth began to rise faster. As time went on, the millowners got the position more and more under control. The imports fell more and more away. The price of cotton rose fast, the price of cloth rose very much faster still. The high water mark of mill prosperity was reached in 1920-21 and 1921-22. The imports were still small and the price of raw cotton averaged between 388 and 411 per candy, only a little over 30 per cent. above the price of raw cotton in 1913-14. But, Sir, the price of longcloth in 1913-14 was 10 annas and 3 pies a lb., and of chaddars ten annas per yard. In 1921-22 the price of longcloth was Rs. 1-13-4, or nearly three times the price of it in 1913-14 The price of cotton was 30 per cent. above the price in 1913-14, and the price of cloth was three times, and that gives you some measure of the profits made by the mill industry in those years. Now, Sir, I brought out these figures so that the House may be under no misapprehensions about the statement of Mr. Kasturbhai Lalbhai and of the millowners generally that if you take off this cotton excise duty the price of cloth will go down. It will not, because it is not business, and it would not be right that it should. I have no sentiment in this matter at all. The millowners are perfectly entitled to sell their cloth at the market price, and their shareholders would call them to account if they did not. You cannot introduce sentiment into business. That does not alter the fact

that if you take off this cotton excise duty and do not reduce the import-duty, the excise duty will be paid all the same, but it will be paid to the millowners and not to the Government. I will not touch on this point any further. The other question which will have to be considered, is whether or not this House is going to bring about a reduction in the provincial contributions. It will be for the House to decide whether they should utilise the permanently disposable surplus whenever it occurs in reducing these provincial contributions in order that Ministers in the provinces may have money to spend on education, sanitation and the like or whether we should utilise this surplus in removing what I know is a grievance on which this House and India generally feels strongly, namely, the removal of these cotton excise duties. That, Sir, is the issue which will have to be decided when Sir Basil Blackett is able to say that he has this permanently disposable surplus."

There was a slight lull in the agitation until March, 1925, when it was found that the Government of India proposed to allot their small surplus of 3½ crores to the alleviation of Provincial contributions and not to the removal of the excise. During the debates on the budget demands, the Member of the Assembly representing the Ahmedabad Millowners' Association moved and carried an amendment to the Customs Grant "that the provision of Rs. 77,000 for the cotton excise establishment be omitted." This grant was subsequently restored by the Governor-General, but the debate brought out one or two additional points of interest to readers in the United Kingdom. Government speakers emphasised the fact that neither the India Office nor Lancashire interests were obstructing the removal of the excise, which was simply being considered from the point of view of India's finances. The Government of India had agreed to its removal when the state of the country's finances permitted, but, in the meantime, they considered that the claim of the Provinces for a reduction in their annual contributions to the Central Government should receive priority. The position, both of the Indian millowners and also of the Government of India was succinctly summarised by the Commerce Member in the speech in which he wound up the debate. Sir Charles Innes said:—

"Now, I want to ask the House to clear away all prejudices and try to examine this problem in the light in which I shall place it. I think that we may at once start by clearing our minds of the idea that Lancashire in any way stops the taking off of this excise duty We may also clear our minds of any suggestion that the taking off of this excise duty is going to help the consumer. I have ascertained myself that the millowners themselves do not make that claim. Therefore, what is the reason why the millowners are so anxious to have the duty taken off? I will try to put their point of view first, and then I will try to put our own point of view. The millowners' claim is simply and solely this: 'We are passing through a crisis. We are in a state of depression at the present moment and the taking off of the excise duty will help us and help our industry.' That is a perfectly reasonable position for the millowners to take up. What is the reason for this depression? There are various reasons. The first one is this. I gave some figures the other day showing that the price of cloth has been dropping ever since 1922-23. When the market is a falling market, it means that the dealers who buy large stocks of cloth from the millowners lose their money, and the consequence is that they are now buying in small quantities. They only buy

just enough to carry them over their immediate requirements. They are not buying in large quantities and that is because for a long time the market for cloth has been a falling market. The second reason is Japanese competition. I have ascertained that the millowners accept the figures I gave the other day about cloth. They accept that, in so far as India and Japan are in competition, India supplies 93 per cent. of the demand for cloth and Japan supplies 7 per cent. But that 7 per cent. is regulating the market at the present time. It is regulating the prices which the millowners can get for all their production. The Japanese competition is worst in drills, but the fact that they are selling drills, say at Rs. 1-3-0 per lb., also affects the price which millowners can get for, say longcloth. If the millowners charge Rs. 1-6-0 for longcloth the dealers say, 'We can get Japanese drill for Rs. 1-3-0 per lb., why do you charge such a high price for longcloth? That is the second factor in the situation which is depressing the mill industry at the present time. I will not go into reasons why we have this Japanese competition, but that there is the Japanese competition is a fact and it is also a fact that is regulating the prices for the millowners at the present time. Finally, in spite of the fact that the prices have been depressed in this way, I understand, and I said this before, that the present range of prices for cloth in India is still too high for the Indian consumer and that is the third factor which is affecting the mill industry. Again there is more competition among Indian mills themselves. We all know that the mill industry in the last few years has been losing its export market for yarn. There are mills springing up in China, and we are losing more and more every year in respect of our exports of yarn to China. But the mills go on producing their yarn. They have to use it and therefore they have put up more and more looms. Thus there is greater and greater competition among the mills themselves to get rid of the cloth which they are making in increasing quantities. Those are all the factors which I understand are affecting the mill industry at the present time, and I think you will all agree that they are serious factors and that the mill industry is in a depressed state. It is particularly depressed in Bombay. I think I am correct in saying that the depression is worse in Bombay than in Ahmedabad, or Cawnpore, or any other part of India. (A Voice: "Throughout the Bombay Presidency.") The net result is that the cost of production of cloth is still too high and the millowners have got to bring their costs down. I have ascertained that if we take the cotton excise duty off the mill industry would be able to meet Japanese competition to the extent of $\frac{1}{4}$ ths of an anna per pound. It would reduce the cost of their production by that amount. It would help them to that extent. That is, I say, the case of the millowners, and I do not for a moment deny that the case especially in Bombay is a strong one. The mill industry is at present in a depressed state, and speaking as the Commerce Member of the Government of India, I should like to say that if we can help the industry in any other way than the one which is now being discussed by the House, everybody may take it that we shall do our very best to do so. But we are up against this difficulty. I am perfectly satisfied from the figures that I have seen that the reduction of half per cent. in the cotton excise duty will not help the mill industry to any extent worth talking of. If you reduce the cotton excise duty by half per cent., that is by one-seventh, you reduce the cost of producing each pound of cloth by just over a pie and it will not in any way help the mill industry out of the difficulty in which they are at present. Therefore we were driven to this conclusion, that if we are going to do any real good to the mill industry we must go the whole way and take off the whole of that duty. Thus we are back in the difficulty we have been in since September last. We are satisfied that we cannot both reduce the provincial contributions and abolish the cotton excise duty, and that we have to choose between the reduction of provincial contributions and the abolition of this cotton excise duty. We have decided in favour of the contributions, and I think that everybody in this House has endorsed our decision."

The Bombay Millowners' Association and the Excise Duty.—In August last a deputation of the Bombay Millowners' Association headed by their Chairman, Mr. N. N. Wadia, approached the Viceroy on the question of the cotton excise duties. Lord Reading informed the deputation that the Government stood by the letter and spirit of their pledge to abolish the excise duty as soon as financial considerations permit, but he held it to be impossible to grant the request in the middle of the financial year, before the commitments of 1926-27 are known.

The deputation, however, expressed disappointment with this reply, and subsequently authorized Mr. N. N. Wadia to come to Great Britain and consult the Manchester Chamber of Commerce and the textile trade unions.

The millowners claim that Japan, by a system of rebates and by not having given effect to certain Labour Conventions on factory hours and the night employment of women and children, is able to undercut the Indian Mills both in India and in other Eastern markets.

Security Printing in India.—I am indebted to Lieut.-Col. G. H. Willis, C.I.E., the Officer in Charge of the new Government of India Security Press at Nasik, for the following brief summary of the activities of his department during the past year :—

" The project for providing British India with a printing establishment capable of providing all postal and fiscal adhesive stamps, stamped papers, postcards and other postal stationery bearing stamps was greatly advanced during the year.

A site for the buildings was selected at Nasik Road, some 120 miles from Bombay, on the main railway line between that port and Calcutta and the north and north-west of India, and not far removed from the main line to Madras and the south of India. The site which was chosen primarily on account of the suitability of the climate for fine printing, is actually on the railway and a siding is provided. Buildings which are to cost when completed some £115,000, designed by Messrs. Stevens & McNight of Bombay, were contracted for with Messrs. Pallonjee, Eduljee & Co. and Messrs. Richardson & Cruddas, both of Bombay, the latter firm supplying the steelwork. The foundation stone of the Press and Store Main buildings was laid in September and by the end of March excellent progress had been made. Since there are no residences available in the neighbourhood, either for the staff or for the skilled or unskilled labour, the scheme includes all necessary quarters, some of which were practically completed by the end of the financial year. The officer responsible for the project as a whole left India for England as soon as the building work was started to purchase the plant and machinery and also the materials for the first six months of operation of the press.

The plant provided comes under three heads—that for letterpress printing, adhesive stamps, and postcards—that for stamped papers, judicial and otherwise, which are to be printed by offset lithography—and that for colour embossing envelopes both for ordinary postage and for registration. In addition, of course, there are the usual adjuncts required in every press for trimming paper and other miscellaneous processes, together with the full equipment for a photo-engraving department.

For the letterpress section, in addition to the two-revolution press purchased for the experimental press at Delhi in the previous year, and now removed to Nasik Road, one Wharfedale, one two-colour press of Wharfedale type, an art platen and a rapid proving press, all of British make, were purchased. From France, light rotary presses printing from the reel were ordered. These machines deliver single and reply postcards, printed, cut to size, and counted at one operation. The perforating machines for the adhesive stamps numbered three, in addition to one from the experimental press. They are of British make. In all, this section represents an expenditure of some £16,500, of which roughly three-fifths is to be spent in Great Britain and the balance in France.

For the offset lithography, in addition to the two-colour rotary machine purchased for the experimental press, one two colour and one single colour rotary machine, together with a flatbed press were ordered in England; the section costing some £8,000.

For the envelope embossing section, the plant ordered comprised thirteen envelope making machines and three envelope blank cutting presses, all from Germany, and fourteen colour embossing machines of English make. The total cost amounts to some £9,000, of which two-thirds is expended in Germany and the remainder in England.

Of the remainder of the plant, the photo-engraving plant accounts for some £2,500, almost entirely British; the guillotines, wire stitching machines, strip gumming and other smaller machinery, costing in all about £2,000, are mainly of British origin. A composition roller casting plant, a small heating boiler, and a 75 k.w. electric generating set, to act as a spare to the power already available at Nasik Road, a small workshop equipment and a selection of tools account for a further £10,000, all of which, except the roller casting plant which is American, is purchased in Great Britain.

The total expenditure on the equipment purchased in England is therefore some £48,000, of which roughly 13½ per cent. goes to France, 12½ per cent. to Germany, 2½ per cent. to America, and the balance to Great Britain.

Orders for the material, paper, postcard board, inks, gum, etc., were not placed during the year under review as no supplies were required till the end of September, 1925, when it is anticipated that the press will be ready to begin work. Orders for these materials have however since been placed."

Indian Joint Stock Companies in 1924-25. *Flotations.*—

As might be expected during a period of economic depression, there has been a further reduction in the number of registrations of new concerns. During the 12 months, April, 1924, to March, 1915, the number of companies registered was 411, with an authorised capital of Rs. 21 crores as against 430 companies with Rs. 25 crores of authorised capital in the preceding year. In several instances the new flotations represent the conversion of old private partnership businesses into limited liability companies.

The following statement shows the trend of registration in recent 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. 000's <i>omitted</i>		Rs. 000's <i>omitted</i>
1913-14 ..	356	100	66,91,53	100	18,79
1919-20 ..	948	266	2,81,76,12	421	29,72
1920-21 ..	1,039	292	1,48,03,70	221	14,24
1921-22 ..	720	202	79,79,64	119	11,08
1922-23 ..	489	137	29,80,96	44	6,09
1923-24 ..	430	121	24,94,78	37	5,80
1924-25 ..	411	115	20,93,71	31	5,09

It will be observed that there has been a steady decline in the number of flotations since the industrial boom of 1919-20, and a large proportion of the companies then registered have since been liquidated or ceased to exist. During the past year the number of companies registered decreased by 4 per cent. and the authorised capital by 16 per cent. The most noteworthy decreases were under the heads of Public Service companies, mills for wool, silk, hemp, etc., and paper mills. There were, on the other hand, increases in the authorised capital invested in Investment and Trust companies, coal, estate, land and building, and sugar manufacture.

Liquidations.—No less than 502 companies with authorised capital of Rs. 58,83 lakhs, having ceased work, went into liquidation or were finally dissolved during the year under review as compared with 365 companies in the previous year capitalised at Rs. 40½ lakhs. These liquidations were principally in the printing, publishing and stationery; motor trading, banking, coal-mining, and cotton mill groups. Of the liquidations, 181 companies were registered in Bengal, 108 in Bombay, and 76 in Madras.

Securities Index Number.—The Labour Office of the Government of Bombay publish each month in their Gazette an index number showing the general level of prices of 102 shares and securities as compared with a basis of 100 as at July, 1914. The general average has remained fairly constant throughout the year at about 145, at which point it stood at March 31st, 1925. Indian industrial securities of all kinds showed a steady fall from the high-watermark of 1921 until the middle of 1924, when they rallied slightly. It is noteworthy that, in spite of the depression in the cotton mill industry, mill shares are still 97 per cent. above

pre-war levels. Fixed interest securities were at their lowest point in 1920, showed a slow, steady rise until 1923, since when they have remained fairly steady.

The following table shows the construction of the index :—

No.	—	—	July, 1914.	March, 1925.	
			Total Nos.	Total Nos.	Average
1	Government and Corporation Securities ..	7 Index Nos.	700	506	72
2	Banks	6 " "	600	807	135
3	Railway Companies ..	10 " "	1,000	1,058	106
4	Cotton Mills	42 " "	4,200	8,294	197
5	Cotton Ginning and Pressing Companies ..	8 " "	800	1,046	131
6	Cement and Manganese Companies	5 " "	500	631	126
7	Electric Undertakings	2 " "	200	307	154
8	Miscellaneous Companies	22 " "	2,200	2,121	96
9	Industrial Securities ..	95 " "	9,500	14,264	150
10	General Average	102 " "	10,200	14,770	145

Indian Working Class Cost-of-Living Index. Bombay.

This index, which is also compiled by the Labour Office of the Bombay Government, has fluctuated during the year from 50 to 61 per cent. above the rates ruling at July, 1914. It stood at 59 per cent. on March 31st, 1925. The articles included in the index are cereals, pulses, other articles of food, fuel and lighting, clothing and house-rent. The articles have been given the relative importance which each bears to the total all-India aggregate expenditure. No allowance is made for any change in the standard of living since July, 1914. The fluctuations over the past five years are shown in the following table :—

All items: Average percentage increase over July, 1914.

—	1921.	1922.	1923.	1924.	1925.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
January	69	73	56	59	57
February	62	65	55	56	57
March	60	65	54	54	59
April	60	62	56	50	58
May	67	63	53	50	56
June	73	63	52	53	54
July	77	65	53	57	—
August	80	64	54	61	—
September	85	65	54	61	—
October	83	62	52	61	—
November	82	60	53	61	—
December	79	61	57	60	—
Yearly average	73	64	54	57	—

European Cost-of-Living Index. Bombay.—An attempt has been made by the Bombay Labour Office to compile an index number showing the increased cost of living of European residents in Bombay. While only approximate accuracy can be claimed for this, the figures are quoted because they represent the only serious effort so far made to obtain this information. It is important to emphasize that the figures presented are not intended to be a complete budget. They are merely samples of articles and services selected mainly because it was possible to secure information of their price movements. It should also be noted that the index is only applicable to cases where the standard of living remains unaltered. The subjoined table shows the main changes by groups (7 July, 1914 = 100).

Group or item.	Month and Year.			
	October, 1920.	April, 1924.	January, 1925.	April, 1925.
1. Food—				
Bazar	204	181	179	192
Stores	216	181	179	16
All food	207	181	179	185
2. Fuel and lighting	159	122	119	119
3. Clothing	249	181	188	179
4. House-rent	132	163	163	163
5. Miscellaneous—				
Servants	140	184	184	194
Conveyance	157	169	153	146
School-fees, etc.	116	140	128	130
Passages	123	177	164	165
Income-tax	200	200	200	200
Household necessities	168	125	137	145
Others	220	213	211	211
All miscellaneous	144	168	160	159
General Index No.	157	167	163	162

Patents and Designs.—In his report for the calendar year 1924, the Controller of Patents and Designs states that 1,015 applications for patents and 1,626 applications for registration of designs were filed in 1924, as compared with 1,065 and 1,429 applications respectively in 1923. Of the 1,015 patent applications, 764 came from abroad and 251 originated in India, 96 of them bearing Indian names. The inventions extended, as usual, over a wide field, but particular attention was directed in India towards reinforced brickwork, wagon-locking appliances and appliances for use in the permanent way construction of railways.

Printed copies of accepted specifications are distributed to 24 centres in India and to the Patent Offices in London and Washington where these and other publications of the Indian Patent Office may be seen free of charge. Copies of over 10,000 specifications can be obtained at a uniform price of Re. 1s. each on application to the Indian Patent Office, 1 Council House Street, Calcutta. Specifications and other publications of the British Patent Office are also available for inspection in Calcutta, at the Record Office, Bombay, and at the Office of the Director of Industries, Madras.

Civil Aviation.—I am indebted to the Deputy-Secretary to the Government of India in charge of civil aviation for the following summary of the principal developments of the year :—

“ The report of the officer deputed to survey the proposed Calcutta-Rangoon air-route has led to the conclusion that a seaplane service will almost certainly be preferable to an aeroplane service on this route. The success of such a service will depend upon the production of a fast, possibly all-metal, three-engined flying boat, which can be relied upon to perform the journey within the day. Air Vice-Marshal Sir Sefton Brancker, after his visit to Burma, furnished the Government of India with his views as to the best sites for seaplane and aeroplane bases at Calcutta and Rangoon, respectively.

The aerial survey, conducted by Mr. Kemp, Consulting Aeronautical Engineer to the Government of India, of more than 1,000 square miles of the Irrawaddy Delta, has proved entirely successful and the South Tennasserim Forests in Burma are now being surveyed by the Air Survey Company, Ltd., of which Mr. Kemp is the Managing Director.

In connection with the proposed inauguration of an airship service between England and India, and the consequent development of heavier-than-air aerial mail services in India itself, the officer placed on special duty by the Royal Air Force for the purpose has completed the preliminary survey of the principal internal air routes in India, *viz.*, Karachi to Calcutta *via* Allahabad, and Allahabad to Bombay. The site for the terminal base in India of the airship service was selected at Karachi by a party of experts who visited India on deputation by the Air Ministry, and the Standing Finance Committee of the Legislative Assembly have agreed to the land required for the base being acquired by the Government of India (subject to the cost not exceeding Rs. 1½ lakhs) and placed rent free at the disposal of the Home Government. In addition they have approved a grant-in-aid of Rs. 4 lakhs being made by the Government of India to the scheme on the understanding that import duties, at the ordinary rates, will be paid on all materials imported into India for the works. In doing so the Committee stipulated—

- (a) that their decision would not commit them to any further expenditure on the scheme ; (b) that steps would be taken to ensure that, in the event of the service being made over hereafter to a private company, the expenditure incurred by the Government of India would be fully recouped ; and (c) that the Government of India would retain a voice in the management of the service.

In response to requests made by the British, Portuguese, French, American, Argentine, and Dutch Governments, the Government of India made suitable arrangements to facilitate the flights, across India and Burma, of aviators representing each of these countries.”

Wireless Telegraphy.—The most important event of the year has been the flotation in March, 1925, of the Indian Radio Telegraph Company, Limited, with an authorised capital of three

crores of rupees and a strong Board of Directors comprising leading Bombay merchants, both European and Indian. The company was formed primarily for the purpose of erecting stations either for wireless telegraph or telephone or both under a concession granted by the Secretary of State in Council and also a licence under the Indian Telegraph Act, 1885, granted to the company by the Government of India to enable the company to carry on services from such stations, with the United Kingdom in the first instance and subsequently with the Dominions and other parts of the world and also for the purpose of carrying on either a general wireless telegraph or telephone business or both under an exclusive licence granted to the company by the Marconi's Wireless Telegraph Company, Limited, to make, use, exercise and vend within the Empire of India and Burma free from any payment all patents, patent rights and privileges for wireless telegraphy or wireless telephony or both owned or controlled by Marconi's Wireless Telegraph Company, Limited, including the patent rights and privileges for the Empire of India and Burma (so far enjoyed by Marconi's Wireless Telegraph Company, Limited) of the Radio Corporation of America, the Compagnie Generale de Telegraphie sans Fil, Paris, and the Gesellschaft für Drahtlose (Telefunken Company) of Berlin and of all wireless rights and privileges which Marconi's Wireless Telegraph Company, Limited, during the period of the licence in favour of the company may acquire in consideration of the company allotting to Marconi's Wireless Telegraph Company, Limited, or their nominees credited as fully paid-up two deferred shares of Rs. 100 each in the capital of the company in respect of every three ordinary shares of Rs. 100 each in the same capital allotted for cash, provided that the number of deferred shares so to be allotted shall not exceed one hundred thousand shares of Rs. 100 each.

It is intended in the first instance to erect at Kirkee near Poona a wireless station for the purpose of transmitting and receiving commercial high speed communications to and from Great Britain. The station will be equipped with the latest system of high speed wireless communication known as the "Marconi Beam System," and the British Government has agreed to erect in England a reciprocating station of like design. It is anticipated that the station will be completed and the service working within nine months from the date of the final approval by Government of the plans and the acquisition of the site, so that almost immediately after the station is erected it should begin to bring in revenue. The directors consider that the moderate capital outlay involved in the erection of the Beam station, its enormously increased capacity of transmission and its economical cost of working, will permit the service to make from its commencement a reduction on existing cable charges and still yield to the company a satisfactory return on its capital. This return should be substantially augmented from the results of the company's trading branch which will deal with the sale of apparatus to the military authorities

and to other Government departments as well as to Indian States. It will also deal with the supply of broadcasting apparatus to the general public.

The Director-General of Posts and Telegraphs in the course of an interview with the "Statesman" on July 16th, stated that the transmitting station will be at Kirkee near Poona and the receiving station will be at Dhond on the G.I.P. Railway. The land has already been taken up and the buildings should be commenced shortly. It is expected that both stations will be ready by the middle of 1926. The transmitting station at Kirkee will be operated direct from the Central Telegraph Office, Bombay, and arrangements are being made for this purpose. It may take some time before wireless telegraphy over such a long distance as that between India and the United Kingdom will become really reliable and, in this connection, the Director-General added :—

"The experience of the Indian Post Office with respect to wireless communication between Rangoon and Madras, though not quite disappointing, has hardly come up to expectations. The apparatus erected in both places is the best of its kind and under suitable conditions the results are excellent. When atmospheric conditions are good, high speed working can be maintained and practically the whole of the traffic between Southern India and Burma passed by this route.

Conditions, however, are not always suitable by any means, long periods of electrical atmospheric disturbances occurring when the signals are blotted out. The Department is working hard in order to overcome these atmospheric disturbances and we look forward with every confidence to success in the future. The experience of the Rangoon-Madras circuit, however, leads one to suspect that many difficulties may be encountered on a wireless circuit which extends over 5,000 miles of the earth's surface, and it will be a great triumph for the Beam system if it can be got to work regularly over this distance.

India has, however, not abandoned the idea of a high power super station, but up to date no private company has been willing to undertake the experience of working one, as the cost is very high and the earnings problematical. If the Beam system, which uses short waves, proves unworkable, the only alternative will be the erection of a high power station, either by private agency or by the Government. There is no doubt that great results are frequently obtained by wireless, but the trouble is that it is not consistent and not absolutely reliable.

In the matter of communication the public like speed, but they insist upon reliability, and until the wireless stations show that they can give results as uniform as the cables and land lines it will be difficult to induce the public to mark their messages 'via radio.'

Wireless Telephony and Broadcasting.—Broadcasting in India is still in its infancy, and has not yet been carried out on a commercial scale. Radio clubs, licensed to broadcast entertainment programmes and news, have been formed in Calcutta, Bombay, Karachi, Madras and Rangoon, and musical programmes are broadcasted by the agents of the Marconi Company in an experimental way, the concerts being provided by amateurs. In addition, a large number of amateurs and experimentalists have been licensed by Government, but up to the present (June, 1925), no organisation has been formed for the dissemination of meteorological or commercial information. These would form part of any commercial broadcasting programme.

The Government of India has held two or three conferences, to which interested parties were invited, in order to discuss the formulation of a definite policy for broadcasting in India. At the last, held in March, 1924, the members present made certain definite recommendations which were embodied in the form of a memorandum. Copies of this were circulated in May, 1924, to all local Governments and Administrations with a covering letter from the Government of India inviting the submission of their views before September 1st, 1924. These local opinions were duly received, and on March 27th, 1925, the Department of Industries and Labour of the Government of India issued the following press communique embodying the conditions on which they were prepared to grant a licence to private enterprise for the provision of broadcasting services by means of stations to be erected in British India :—

1. The Government of India is prepared to grant a licence to private enterprise under the conditions outlined below for the provision of broadcasting services by means of stations to be erected in British India referred to hereinafter as the Service.

2. A broadcasting service is the transmission by radio-telephony of broadcast matter, *i.e.*, concerts, lectures, educational subjects, weather reports, theatrical entertainments and any other matter (including news and other information) from time to time approved by the Director-General of Post and Telegraphs.

OUTLINE OF CONDITIONS.

3. Government will require a company to be registered under the Indian Companies Act, 1913, with rupee capital of which at least 60 per cent. must be offered for subscription in India and with a majority of directors resident in British India. The company must be prepared to undertake broadcasting services throughout British India by means of stations to be erected within British India at such places as the company and the Government shall agree upon from time to time.

4. A licence will be granted to the company for a period of ten years from the date of commencing a regular broadcasting service from at least one station. During the first five years of this period Government will undertake, subject to the reservation contained in para. 16 below, not to licence any other person or company for the provision of broadcasting services if such licence will interfere with the business of the company; provided that the company carries out the service to the reasonable satisfaction of the Government and extends the service to such an extent as Government may consider reasonably desirable from time to time.

5. So long as the company enjoys the monopoly referred to in para. 4 above, whether during the first five years or subsequently, for providing the service, the Government will pay to the company a share of all fees received by the Government in respect of licences for the erection and working of wireless stations throughout British India (see para. 12).

6. In the event of the company ceasing to enjoy the monopoly contemplated by paras. 4 and 5 above the share of the licence fees may be divided between the company and such other persons (if any) as may be licensed to conduct broadcasting services, in such proportions as the Government deems to be equitable; the size and location of the respective stations and their standard of service, etc., being taken into consideration.

7. The Government will not undertake to contribute any capital nor to guarantee interest on capital. The company will be free to manufacture and sell apparatus for wireless telegraphs of all kinds.

8. No restriction will be imposed upon and no monopoly will be permitted as regards the *manufacture and sale of apparatus for wireless telegraphs* (including broadcast receivers and their component parts).

9. No limitation will be imposed on the profits of the company for the first five years, but the company will be required to provide a service to the reasonable satisfaction of the Director-General. At the expiry of the first five years, Government will reserve the right to reduce the proportion of licence fees payable to the company; provided that the reduced proportion shall be so regulated as to be sufficient to cover the cost of an adequate service, provide a reasonable reserve fund, and pay a dividend of 10 per cent. per annum on the subscribed capital.

10. No restriction will be imposed on the number or size of the stations which the licensee may erect and work, but their locality will be subject to the approval of Government in each case. Government will allot wavelengths after consultation with the company, but subject to certain conditions regarding news, etc., there will be no restrictions on the hours during which matter may be broadcasted.

11. The Government will reserve the right to—

- (a) inspect broadcasting stations; (b) take over, operate or close down a station or impose a complete censorship in times of emergency; (c) require a broadcasting station to maintain a broadcast receiver for the use of Government; (d) impose a complete or partial prohibition or precensorship either generally or specially at any time; (e) issue any especial or general instructions as regards the matter which may or may not be broadcasted or as to the persons who may or may not broadcast; (f) specify the sources from which news and information in the nature of news may be obtained and the times of broadcasting the same, although other broadcast matter will be allowed at any time; (g) terminate the licence at any time in the event of improper or inefficient use of a broadcasting station; (h) require a broadcasting station to broadcast free of cost to Government, weather reports, forecasts, Government notices and communiques, and educational propaganda or other Government matter provided the time taken out of the ordinary programme does not exceed 10 per cent.

The Local Government of the province in which the broadcasting station is located will also be entitled to exercise the rights set out in (b), (c), (d), (e), and (h) above.

12. Broadcast receiver licences will be issued from head post offices in British India on demand without restriction as to the age, sex or nationality of the applicant. Other forms of wireless licences for transmission and reception or reception only will be granted by the Director-General of Posts and Telegraphs subject to certain conditions as at present. The annual fee for each of the above licences will be Rs. 12, of which Rs. 10 will be the share accruing to authorities providing broadcasting services (see paras. 4 and 5).

Some exception is taken by the promoters of the proposed broadcasting company to the provisions of paragraph 8 above. They consider that if this clause is allowed to stand, the broadcasting company will be practically dependent on one source of revenue, viz., the percentage of the licence fees which Government will hand over to the company, which, they aver, will—at least for three or four years—be insufficient to maintain really efficient broadcasting services in the various centres. They therefore suggest that Clause 8 should be amended as follows to bring

it into line with the original agreement made with the British Broadcasting Company in England :—

“Licence to import wireless apparatus or component parts thereof will be granted only to members of the broadcasting company, and all such members must subscribe to a membership agreement with the company under which every member will agree to pay to the company a percentage on the value of all apparatus imported by him or them into India, the fixing of such percentage to be subject to the approval of Government.”

Negotiations are still (June, 1925) proceeding with Government and it is hoped that a compromise will be arrived at to permit of the early flotation of the Indian Broadcasting Company.

Market for Wireless Apparatus.—So far the bulk of the imports of wireless apparatus are of British origin. Naval and military requirements are purchased in England. The Department of Posts and Telegraphs, with which for this purpose the Royal Indian Marine may be included, are making efforts to obtain their apparatus in India, and a certain amount of material has already been purchased from branches and agents of British firms in India. There are at present no locally manufactured sets, though possibly sets may be locally assembled from imported component parts. The foreign competition so far encountered is mainly from the United States, France and Germany.

Apparatus for wireless telegraphs or telephones if imported by any person to whom a licence to establish a wireless telegraph has been granted by the Director-General of Posts and Telegraphs under the Indian Telegraph Act, or a licence to import such apparatus has been granted by the Director-General of Posts and Telegraphs, is exempt from so much of the import duty leviable thereon under the Indian Tariff Act, 1894, as is in excess of $2\frac{1}{2}$ per cent. *ad valorem*. Apparatus which, although capable of being used for radio-telegraph purposes, is not imported under one of the Director-General's licences indicated above is subject to the ordinary tariff for electrical goods.

Trade Prospects in Afghanistan.—In my report for 1922, I referred to the treaty which was signed at Kabul by the representatives of the British and Afghan Governments on November 22nd, 1921, and described the events which led to the appointment of Sir Francis Humphrys, K.B.E., as first British Minister at Kabul. At that time I stated that in view of the fact that Afghanistan is a poor country with few and primitive means of communication, and in view of the political and commercial insecurity, progress would be slow, and British firms would be well-advised to proceed with circumspection and consult the Department of Overseas Trade before committing themselves to any definite forward move.

Events during the past three years have fully borne out this opinion, and the prospects for an early expansion of foreign trade are no more promising than they were in 1922. Although con-

siderable numbers of Italian, French and German subjects were employed by the Afghan Government shortly after the conclusion of the treaties, and various monopolies for transport, mining and other activities were granted to foreign subjects, it was soon found that the general conditions of life for foreigners outside the legations were not such as to render employment in Afghanistan acceptable to any normal European. The conviction by the Afghan Courts in July, 1924, of an Italian engineer for the murder of an Afghan policeman and his belated execution on May 30th, 1925, have resulted in a general feeling of insecurity among foreign employees.

No material progress has been made towards removing any of the serious obstacles to trade. Such roads as exist have deteriorated, while the delays in the transmission of telegrams to India are unreasonable. Attempts to negotiate working concessions are met with obstruction and the negotiations drag on indefinitely without any result. Imports and exports are impeded by unreasonable restrictions and a very high scale of duties. In the Appendix, on page 197, will be found a translation of extracts from the Afghan code of customs duties from which it will be observed that the import duties levied on the usual goods vary from 16 to 200 per cent. The serious decrease in the figures of refunds of duty on State goods and trade goods in transit through India to Afghanistan in the second half of 1924 is largely attributable to the contraction of trade and of credit on account of the feeling of internal instability.

In these circumstances, it is obvious that the greatest caution should be exercised by British manufacturers and merchants before entering into trade relations with Afghan markets. Payment for any goods supplied or services rendered should be obtained if possible in advance. The Afghan consuls in some of the principal Indian ports such as Bombay and Karachi might be a useful medium for business transactions, but it should always be remembered that it is extremely difficult—if not impossible—to enforce payment of debts through the Afghan courts of law. In those cases where British traders contemplate a visit to Kabul or any other Afghan city, the advice of H.M. Senior Trade Commissioner in India, Post Box 683, Calcutta, should first be sought and close touch should be maintained with the British Legation at Kabul.

The Civil Justice Committee.—In the report on 1923-24, pages 46-47, I referred to the activities of the Committee presided over by the Hon. Justice Sir George Rankin, which was appointed by the Government of India to enquire into the general operation and effects of civil suits, etc.

The British mercantile community who have had experience of the appalling state of congestion and the almost interminable delays in the Indian courts during the crisis of 1921-22 will be interested to read the report of the Committee which was issued early this year, one chapter of which is devoted to this

unsatisfactory and difficult question of commercial litigation in India.

The Committee preface their references to the subject by describing the present state of affairs as they found it in 1924 :—

“ The most important commercial litigation in India is confined to the principal seaport towns. In Calcutta, Bombay, Madras, and Rangoon such suits, if of considerable value, are decided on the Original Side of the High Courts. In Karachi they come before the Judicial Commissioner's Court in its district court jurisdiction. Cases of lesser value are decided by the city civil court in Madras and small cause courts in the presidency towns, Rangoon and Karachi.

In the city civil court of Madras and the presidency small cause courts the judges have special opportunities of knowing commercial law and of obtaining experience in its administration ; they have the assistance of a Bar which enjoys similar advantages.

An appreciable and increasing number of commercial suits, however, are filed in other places. At present no special machinery is provided for their trial. They fall to be decided by district judges, subordinate judges and munsifs according to the valuation. Such places are Delhi, Amritsar, Cawnpore and Ahmedabad. There are other places where such suits though not numerous are increasing in number. The officers in charge of these courts have usually, when they are first entrusted with the decision of commercial cases, no special knowledge on the subject. When transactions have been conducted according to the practice of European business firms, the presiding officer is frequently handicapped by unfamiliarity with English Commercial law, English business methods, and even English business phraseology. His want of equipment is an obstacle to speedy and efficient disposal. In addition there is often a scarcity of legal practitioners in these places, who know very much about the subject. As the result of experience, conditions have recently grown slightly better than they were. But when presiding officers have learnt something of this class of work they have in ordinary course to be transferred and the new officers posted in their place have to start again from the beginning. The new-comers now may have the advantage of assistance from a more experienced Bar. Even where special efforts have been made to meet the situation, it cannot be said that conditions are as yet reasonably favourable to the despatch of commercial suits on business-like principles. Commercial suits ‘ drag their slow length along ’ as slowly as or even more slowly than other suits.”

They then describe the intolerable state of congestion in certain High Courts, *e.g.*, Bombay and in certain other courts, *e.g.*, in Delhi, during the post-war slump of 1920-22, and after marshalling the criticisms which had been made of the administration of justice, particularly in the mofussil courts, they state :—

“ We have examined these complaints at length, and, where it has been possible, have obtained records of the suits to which reference is made. It is perhaps of small consolation to know that many of these complaints might have been voiced by litigants in any contested suit in Delhi or elsewhere. The representatives of the British firms had had no previous experience of courts in India and would certainly have been as dissatisfied, if the suits had not been of a commercial nature. It is not in the least just to throw the blame upon the judges. As a matter of fact, the courts in which most difficulty occurred were presided over by particularly capable officers. It is quite unreasonable to expect them to have responded to the emergency. Dishonest pleas cannot be summarily overruled ; they have to be tried. Mistakes in handling were certainly made and made too often. But a very large number of suits was instituted which, added to the other work, overburdened the courts. The suits were of a description, familiarity

with which could not reasonably have been expected either of the presiding officers or the local Bar, and in face of a multiplicity of confused and dishonest pleas the merit of the simplest cases became obscure. Order 37 of the Code which provides for summary judgment in cases upon bills of exchange did not then apply to any mofussil courts except in the Madras Presidency, even if the six months' limitation would have allowed of its application to these cases. Discovery, moreover, is the weakest spot in almost every up-country court.

Further, certain English representatives who had come to India to look after the cases had themselves no great knowledge of what was requisite. They had come to India unprepared with the necessary materials, and were not able personally to instruct their counsel to advantage. They cannot be blamed altogether for this, for they expected that all that was necessary was to place their cases before persons who would be as qualified to handle them as a solicitor engaged in commercial business. Further, they had not anticipated that the defendant would put them to the proof of certain matters, which, it may safely be asserted, would have been admitted as a matter of course in England. Had they known these facts before they left England, they would have furnished themselves with copies of correspondence and with other documentary evidence and would have been prepared to meet the situation. As it was, they found too late that it was necessary to get further proof from England. The defendants for the most part played for delay and were not scrupulous as to their methods. In the terrible condition of the market many of them were fighting with their backs to the wall. Some who had bought exchange in advance on account of their purchases had in the meanwhile gambled in exchange and were no longer covered. 'It must be admitted that in the boom of 1919 and 1920 credit facilities had been given in many cases to Indian firms who were not of sufficient standing to warrant them' (Report of H.M. Senior Trade Commissioner for 1920-21, page 5).

That most English firms—at least after they had time to appreciate the nature and extent of the crisis—were ready to bear a substantial portion of the loss in order to obtain a settlement seems clear enough. The great majority of claims were in fact liquidated in this way. Indeed we were informed that consignees in Calcutta, particularly Marwari consignees, were reasonable and did their best to meet their obligations. Representatives of the exporting firms have informed us that they did not desire to have recourse to the courts against persons who were incapable of paying and that they were at all times willing to settle at a heavy sacrifice. From this we infer that many of the defences and objections put forward to obstruct the course of suits were put forward by defendants who could pay but who utilised delay as a method of bargaining and to extort unreasonable concessions. This presumably accounts also in part for some at least of the quasi-political excuses. We cannot therefore wonder if a strong feeling of indignation at the methods of the Indian Courts forms one element in the damage done to Indian credit by the experiences of 1920-21. There are still people in India who do not understand why commercial suits should have any special expedition; it may be hoped that much further experience will not be necessary in order to convince them. We have reason to believe that the dilatoriness of courts is still employed by purchasers in a falling market to extort concessions to which they have no claim, moral or legal."

The recommendations of the Committee from a British trader's standpoint may be summarised as follows:—

(1) *That in the mofussil courts provision should be made that a sufficient number of officers have the necessary training to enable them to undertake the duties of a commercial judge.*

They state that:—

"apart from such exceptional conditions as obtained recently in Delhi and other places it is a safe forecast that commercial litigation will tend

to increase in many of the smaller towns in India, notably in the Punjab, Bombay, United Provinces and Burma. The oscillations of trade must be provided for. With an increased development we must expect an increase in commercial litigation. Company matters, partnership matters, as well as suits connected with the export and import trade will provide more work for courts as time goes on. What happened in Delhi may happen again. In our opinion each administration should consider carefully as to the places at which it would be advantageous to provide for courts having a special competence in and familiarity with commercial work. It does not seem to be open to doubt that they will be required in Delhi, Amritsar, Cawnpore and Ahmedabad and that they will shortly be required in other places. Arrangements should be made without delay for giving to a reasonable number of officers in the subordinate judiciary a training to fit them to handle commercial work. It is unreasonable to expect an officer whose legal training has been directed in a large measure to enable him to cope with land disputes in the mofussil to decide commercial suits with satisfaction to the business community, unless he is given the means of obtaining an insight into the way in which commercial litigation can be and should be carried on. It has been suggested that the experiment of sending a few selected district or subordinate judges to England should be commended to the notice of the Local Governments as a means of enabling these officers to receive some training in commercial law and practice. This certainly would be admirable, but it would probably be regarded as unduly expensive. We think that much might be done if arrangements could be made to send certain selected officers to become familiar with commercial business in the courts of the Presidency towns. It might well be possible to arrange with firms of commercial solicitors to permit such officers to be attached to their firms to learn at first hand how a commercial suit ought to be prepared and presented, the orders that are usual as regards interlocutory matters, the way in which such cases are presented to the court by an experienced Bar and decided by High Court Judges. This method, if practicable, would certainly be better than a system by which such officers were merely attached to a court. If, however, the administrations concerned can be induced to see that commercial work requires different methods from those suitable to a mofussil land suit and that it is necessary in the interests of the trade of the country to improve the manner in which commercial disputes are heard, these administrations will not, we think, find much difficulty in settling the details of a scheme from which some improvement might be hoped."

(2) *That mofussil Courts should as a rule be armed not only with the power to give summary judgment upon bills of exchange but with like powers in all or most of the cases mentioned in section 128, subsection 2, clause (f) of the Code of Civil Procedure.*

"It seems to us that so long as plaintiffs in important commercial suits are required to resort to courts at centres like Cawnpore or Ahmedabad, it is entirely unreasonable to withhold from the subordinate or district judges who have to try such suits, the power of giving summary judgments in proper cases and of making such orders as to security for the plaintiff's claim as alone can prevent unreasonable obstruction by defendants who have no real defence. We think that the High Courts outside Madras have been apt to be somewhat timorous in this latter. This is not unnatural, considering that Order 37 has hitherto been regarded as providing a highly special and drastic procedure. To the English lawyer familiar with Order 14 of the Rules of the Supreme Court, the provisions for summary judgment are not anywhere suspected as tending to hardship upon defendants. The proper method of working such provisions is not difficult to learn. At least, since the Bills of Exchange Act of 1855, they have been in steady application in the County Courts as regards bills of exchange, and in the High Court as regards liquidated claims. Mofussil courts which require to be made commercial courts in the sense above explained should

as a rule be armed not only with the power to give summary judgment upon bills of exchange but with like powers in all or most of the cases mentioned in section 128, subsection 2, clause (f) of the Code of Civil Procedure. The period of limitation should be extended as we suggest elsewhere. Summary procedure is not an arrangement for giving special expedition to one plaintiff at the expense of another as a matter of favouritism. Its primary object is not to give precedence to a plaintiff in a case in which there is a real defence requiring to be tried but to protect the plaintiff in a proper case from being put to delay and expense where there is no defence or no such defence as to make this reasonable unless terms are imposed. The real difficulty about this form of practice is not that it produces hardship to the defendant but that it very often fails to give adequate protection to the plaintiff.

We would point out that when an application is made for leave to defend and is refused, provision should be made requiring the court to give summary judgment there and then. The defendant in such a case, should be in exactly the same position as regards appeal or revision as if decree had gone against him after trial."

(3) *In the case of Karachi, a very strong recommendation is made that the Presidency Towns Insolvency Act should be applied with as little delay as possible and that the insolvency branch of legal administration should be made the subject of a special effort at radical reform.*

The present abuses in Karachi are forcefully dealt with in the following passages:—

"The inadequacy of the provision of the 1920 Act as regards proof of debts was brought to our notice very forcibly in Karachi. Of late years, in Karachi, insolvencies on the part of commercial firms have occurred in which there have been presented numerous claims—claims for very large amounts requiring for their adjustment considerable legal capacity and knowledge of commercial law and business. The 1920 Act has applied to Karachi since October, 1920. The official receiver, as we were informed, holds enquiries into proofs of debt on the analogy of the proceedings in a suit under the Code. Written statements are filed, the insolvent or his pleader is allowed to take part, also other creditors and their pleaders. No rules have been framed by the Judicial Commissioner's Court under the Act. There are no provisions for proofs being admitted or rejected within a given time. The result appears to be that unless the whole procedure is radically altered, important claims in which English firms, Punjab firms and Karachi firms have different interests have no chance whatever of being settled within ten times the reasonable time.

In the case of Karachi we desire to make a very strong recommendation that the Presidency Towns Insolvency Act should be applied with as little delay as may be possible. In 1922 the number of cases was 75, in all of which the official receiver was engaged. We consider the Act of 1920 to be quite unsuitable to the conditions of a mercantile seaport. Apart altogether from any unnecessary misunderstandings of the procedure under the Act of 1920 we think that the best rules which could be framed by any High Court to carry out the intention of the Legislature would necessarily fall short of providing a workable scheme for the purpose of dealing with a complicated commercial insolvency. It is true, in a sense, that a receiver or trustee in bankruptcy admitting or rejecting a proof is acting in a quasi-judicial manner. But the whole object of insolvency administration is that proofs of debt may be admitted when the receiver is satisfied and that unfounded litigation may thereby be avoided. When it cannot be avoided it should take place directly before the court on a motion to expunge the proof or to admit the proof. In no ordinary circumstances should the insolvent, still less his pleader, be allowed any say in the matter save that the insolvent is obliged to give due information to the receiver or trustee.

We consider that the accommodation provided for the official receiver in Karachi is insufficient. This branch of legal administration in Karachi should be made the subject of a special effort at radical reform. So far as we can see there are estates which after the expiry of a long time do not get appreciably nearer to being liquidated."

The report covers such a wide field that it is difficult to distinguish recommendations affecting the import trade from the mass of suggestions relating to commercial suits of all kinds. A copy of the report is available for inspection at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1. The Home and Legislative Departments of the Government of India are now engaged on the examination of the report with a view to disposing of those sections of it which can be accepted without much reference or controversy. It is anticipated that Bills will be introduced in the Legislature during the coming session to amend the Civil Procedure Code, the Evidence Act, Limitations Act and other enactments which are the subject of recommendations in the report.

The Indian Coal Committee.

TERMS OF REFERENCE.

The Indian Coal Committee was appointed by the Government of India under the Resolution of the Department of Commerce dated September 20th, 1924, which reads as follows:—

"1. As announced in the Legislative Assembly on the 15th March last in view of the resolution adopted by the Assembly recommending on economic ground the imposition of a countervailing duty on South African coal imported into India, the Government of India decided to refer to the Tariff Board for investigation the question whether the Indian coal trade is in need of protection either against coal from South Africa or against imports of foreign coal generally, and if so, whether, having regard to all the interests concerned, protection should be accorded to it.

2. Imports of coal into India are relatively small, and are steadily diminishing in quantity. The average production of coal in India during the last three years has been about 19 million tons per annum. Imports during the same period were (in thousands of tons): 1921-22, 1,489; 1922-23, 882; 1923-24, 592.

The returns for the first four months of the present year, 1924-25, show a further rapid decrease in imports as compared with the first four months of previous years, viz.: (in thousands of tons) April to July, 1922, 404; 1923, 245; 1924, 128.

Total imports in the two years preceding the war were (in thousands of tons): 1912-13, 643; 1913-14, 532.

Total imports have thus now fallen to pre-war level.

3. At the same time, exports of coal from India to other countries have seriously contracted. Export figures for the years before and after the war are (in thousands of tons): 1912-13, 879; 1913-14, 722; 1920-21, 1,143; 1921-22, 113; 1922-23, 98. During the present year, there has been some recovery, exports for the four months ending the 31st July last amounting to 80,000 tons.

4. It is evident from these figures that the competition from which the Indian coal industry is now suffering is not so much in the Indian market as in overseas markets, such as Colombo and Singapore. It is also evident that overseas markets cannot be recovered by the protection of the Indian market. They can only be recovered by improving and grading the quality

of coal for export, and by reducing the cost of production and transport. At the same time, it is possible that the measures which are necessary to recover the overseas market, may be sufficient without further protection to enable Indian coal to meet competition in the home market.

5. The grading and transport of coal are highly technical subjects, with which the Tariff Board is not fully equipped to deal. The Government of India have, therefore, decided to appoint an expert Committee, representative of the interests concerned, to consider this side of the question, with the following terms of reference :—

‘To enquire and report (1) generally what measures can be taken by Government, by the coal trade, by the railways and by the ports, whether singly or in combination, to stimulate the export of suitable coal from Calcutta to Indian and foreign ports; and (2) in particular, whether effective measures can be taken for the pooling and grading of Indian coal for export and for bunkering, and how the cost of such measures should be met.’

6. The Committee will be composed as follows :—

President.

F. Noyce, Esq., C.S.I., C.B.E., I.C.S.

Members.

The Chief Mining Engineer to the Railway Board.*

F. C. Legge, Esq., C.B.E., Director of Wagon Interchange.

S. C. Stuart-Williams, Esq., Chairman, Calcutta Port Trust.

A. A. F. Bray, Esq., Chairman, Indian Mining Association.

W. C. Banerjee, Esq., Vice-Chairman, Indian Mining Federation.

Sir Rajendra Nath Mookerjee, K.C.I.E., K.C.V.O., of Messrs. Martin & Co., Calcutta.

The Honourable Mr. J. W. A. Bell, of Messrs Mackinnon, Mackenzie & Co., Calcutta.

Secretary.

H. P. V. Townend, Esq., I.C.S.

It is hoped that a Committee so composed will be able to devise practical measures, acceptable to all interests concerned, for achieving the objects in view.

7. The Committee will hold its enquiry at Calcutta. It may find it necessary to tour in the coalfields, but for visits to other ports the Government of India think that sub-committees might be appointed. But this question will be left to the decision of the Committee itself. The Committee will assemble in October, and report to the Government of India at the earliest possible date.

8. The recommendations of the Committee will necessarily influence the Tariff Board's investigation of the question whether the Indian coal trade is in need of protection. The Government of India, therefore, after consulting the Tariff Board, have decided to postpone this reference to the Tariff Board until after the Committee has reported."

After visiting the Jharia and Raniganj coalfields and investigating conditions not only in the principal India consuming centres of Calcutta, Bombay, Karachi, Madras and Rangoon, but also in the foreign markets of Colombo and Singapore, the Committee duly presented their report in March, 1925, a copy of which may be consulted at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

* Mr. J. R. Harrison until November 10th, 1924, and thereafter Mr. C. S. Whitworth.

PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS.

The following summary of the principal recommendations and conclusions is abstracted from the Committee's report and will be of interest :

CHAPTER I.

(1) A review of the position of Indian coal in overseas ports shows that the problem can be stated in the two words : " quality " and " price."—(Paragraph 23.)

CHAPTER II.

(2) As regards quality, the best Indian coal can compete in any market in the East, but for such competition to be effective only the best coals should be exported and particular care must be taken not to allow the overseas purchaser to be misled as regards the precise quality of coal which will be delivered.—(Paragraph 27.) (3) Except in Rangoon and Madras, Indian coal can scarcely hope to compete in overseas markets if its pit-head price is higher than Rs. 2 to Rs. 2-8 for Singapore, Rs. 5-5 for Colombo, and Rs. 5 for Bombay and Karachi.—(Paragraph 36.)

CHAPTER III.

(4) Rs. 5 per ton may be taken as the average raising cost for the Jharia field and Rs. 6 per ton for the Raniganj field.—(Paragraph 38.) (5) The prohibition of the employment of female labour would have serious effects on raising costs.—(Paragraph 39.) (6) In present conditions there is no possibility of any reduction in wages.—(Paragraph 40.) (7) The increased use of mechanical appliances for coal cutting would not reduce raising costs unless it were accompanied by an improvement in railway facilities which would permit of an increased output.—(Paragraph 41.) (8) Various minor improvements in working methods are possible in some mines, but these would not materially affect raising costs.—(Paragraph 43.) (9) The two main methods of reducing costs are an increase in output and the avoidance of stacking.—(Paragraph 44.) (10) If stacking could be avoided, at least 8 annas per ton on the total output of coal would be saved.—(Paragraph 44.)

CHAPTER IV.

(11) The railways in India are faced with exceptional difficulties owing to the congested state of the coalfields.—(Paragraph 45.) (12) A regular and adequate wagon supply throughout the year is essential, and, although an improvement has been effected by the wagon-pooling system and increased facilities, much remains to be done in this respect, specially on the Bengal Nagpur Railway.—(Paragraphs 47 and 48.) (13) A detailed examination of the capacity of each depot station should be made. Any depot station should be enlarged if it is found to be too small to allow a full wagon supply being given to collieries on the sections served by it when they are being given to collieries on other sections.—(Paragraph 49.) (14) The Bally bridge should be constructed with the least possible delay, and the advisability of its being used by the Bengal Nagpur Railway should be further examined.—(Paragraphs 50 and 51.) (15) The prevention of delays between Bandel and Naihati by the provision of relief train crews should be considered.—(Paragraph 50.) (16) The ten-hours' system of supplying wagons to collieries should be extended on the East Indian Railway and introduced on the Bengal Nagpur Railway.—(Paragraph 52.) (17) Every effort should be made to supply empty wagons to collieries at regular hours, and to facilitate this the daily wagon allotment should be restricted to empty wagons actually on hand and empty wagons actually in sight.—(Paragraph 53.) (18) The possibility of installing private weighbridges should be fully investigated by an officer placed on special duty for the purpose. Where such weighbridges are introduced the colliery

should be compensated for the cost of working them by a reduction in the present coalfield terminal.—(Paragraph 54.) (19) Adjacent collieries should combine to have a joint representative always present at the railway weighbridge.—(Paragraph 54.) (20) Every effort should be made by the railways to assemble in full train load wagons intended for the same ship and shippers should assist the railways by arranging for coal to be loaded in train loads either by a single colliery or by collieries on pilot sections served by the same depot station.—(Paragraph 55.) (21) A constant and unremitting check should be kept on the time taken at every stage of the movement of wagons from the coalfields to the docks and back and on the turn-round of wagons in the port.—(Paragraph 56.) (22) The control over the movement of trains should be so worked as to enable traffic intended for the docks to be pushed through as rapidly as possible.—(Paragraph 57.) (23) The number of stations at which the examination of trains takes place should be reduced to the absolute minimum.—(Paragraph 59.)

CHAPTER V.

(24) Working expenses on both the East Indian and the Bengal Nagpur Railways have increased by a very much higher percentage than have their ultimate receipts from coal.—(Paragraph 60.) (25) It is impossible to calculate the exact cost of hauling one ton of coal one mile.—(Paragraph 60.) (26) A comparison between the present railway rates charged on export coal in India and South Africa is favourable to Indian coal.—(Paragraph 61.) (27) No statistical case can be made out for reducing the railway charges on coal but such a reduction should be made on general grounds.—(Paragraph 62.) (28) On these grounds the rebate on export coal should be raised from 25 to 37½ per cent.—(Paragraph 62.) (29) There is not sufficient justification for a rebate on bunker coal.—(Paragraph 63.) (30) The procedure for obtaining the rebate on shipment coal should be overhauled with a view to insuring payment with as little delay as possible.—(Paragraph 64.) (31) The grant of a rebate on export coal is preferable to that of a reduced rate.—(Paragraph 65.) (32) There is not sufficient justification for a rebate on coal sent to Bombay by the all-rail route.—(Paragraph 66.) (33) There is no case for a rebate on coal sent up-country from Indian ports.—(Paragraph 67.) (34) The position in regard to the pre payment of railway freight on coal should be reviewed by the railways.—(Paragraph 78.) (35) We have no recommendation to make with regard to seasonal rates.—(Paragraph 69.)

CHAPTER VI.

(36) The system of alternative indent for wagons supplies might be given a trial, but the number of alternative indents permissible should be limited to three or four.—(Paragraph 70.) (37) Six months should be sufficient time for the railways to arrive at a decision whether a siding or an extension should be sanctioned, and when sanction has been given not more than six months should ordinarily elapse before the work is completed.—(Paragraph 71.) (38) Applicants should be permitted to put in their own sidings or to extend existing sidings on the terms which apply to private sidings when the railways are not prepared to undertake the work on account of doubts as to whether it would prove remunerative.—(Paragraph 71.) (39) The specific gravity of Indian coal varies so greatly that a load-line on wagons for coal is misleading. All wagons should be marked with a mineral loading index figure, as suggested by the East Indian Railway, to enable the colliery manager to calculate the height to which each wagon may be loaded.—(Paragraph 72.) (40) The feasibility of providing open wagons, which when loaded flush with the top would not be overloaded, should be explored. Meanwhile the present margins of one ton for over loading and two tons for under loading are suitable and should be retained.—(Paragraph 72.) (41) The railways should make a practice of carefully verifying the tare marked on each wagon.—

(Paragraph 73.) (42) As an experiment, the levy of penalties in certain cases of wagon delays at collieries should be suspended.—(Paragraph 74.) (43) Particular attention should be paid by collieries to the examination of wagons before loading and before despatch with special reference to the fixing of door pins.—(Paragraph 75.) (44) Open and covered wagons should be grouped separately before being sent out in pilot loads, and, if this is done, colliery managers, and loading contractors should take special care to see that the covered wagons are utilised, whenever possible, for up-country traffic.—(Paragraph 75.) (45) There should be more outdoor supervision both by the colliery and by the railway staff.—(Paragraph 76.) (46) Monthly meetings in the coalfields between the railway and colliery representatives should be revived.—(Paragraph 77.) (47) When asked for, more than one railway receipt should be issued where wagons are loaded in rakes and half rakes for one destination.—(Paragraph 77.) (48) There is no objection to the splitting up of rakes and half rakes where coal is loaded by collieries served by the same depot station.—(Paragraph 78.) (49) To prevent pilferage, special attention should be paid to the safe custody of coal in the depots at Howrah and Shalimar.—(Paragraph 79.) (50) Open wagons only should be supplied to collieries which instal mechanical loading appliances.—(Paragraph 80.) (51) The aim should be to provide only open wagons for all dock traffic from the coalfields.—(Paragraph 80.) (52) Preferential wagon supplies should be restricted to loco coal, including coal for inland river navigation companies and for ocean-going steamers from Calcutta under mail contracts with Government, to coal for works of public utility and to certified coal for export, the balance of the wagons available being distributed to collieries on a proportionate basis.—(Paragraph 81.) (53) This system should be brought into force as soon as possible, but at least six months' notice of the proposed change should be given to the coal trade and to consumers.—(Paragraph 81.) (54) Preferential wagon supplies allotted to collieries under recommendation 52 should not be cumulative.—(Paragraph 81.) (55) If preferential wagon supplies are restricted as proposed, the retention of the Coal Transportation Officer will not be necessary.—(Paragraph 81.) (56) When the post of Coal Transportation Officer has been abolished a wholetime railway officer should be appointed to facilitate the movement of export coal.—(Paragraph 81.) (57) When the new railway collieries reach their full development, the wagon position in the Raniganj and Jharia coalfields will be greatly eased.—(Paragraph 81.)

CHAPTER VII.

(58) The turn-round of wagons at the docks could be improved, but delays in shipping coal are mainly due to the irregular arrival of the wagons intended for a particular steamer.—(Paragraph 86.) (59) If the facilities for the movement of coal traffic at the docks are improved to the extent contemplated by the Port Commissioners, they should prove sufficient to deal adequately with any extension of the existing coal traffic which can be regarded as probably in the near future.—(Paragraph 86.) (60) It is essential to continue the careful check at present exercised over the turn-round of wagons in the docks.—(Paragraph 86.) (61) Railway officers from the coalfields should from time to time be placed on special duty at the docks to acquaint themselves with the working of the coal traffic there and similarly corresponding officers on the Port Trust staff should be placed on special duty in the coalfields.—(Paragraph 86.) (62) Where shippers ask that their coal should be loaded by the Beckett's plant in order to avoid breakage, every effort should be made to comply with their request.—(Paragraph 87.) (63) Save in exceptional circumstances, the first part of each cargo of coal should be loaded by the Beckett's plant.—(Paragraph 87.) (64) A total of four million tons of coal can be loaded annually at the port even if only one of the two Beckett's plants is used for coal.—(Paragraph 87.) (65) The question of the most suitable type of mechanical loading appliances for Calcutta should be investigated at an

early date by an expert committee which should report on the best type of mechanical loading plant adapted to all types of open wagons.—(Paragraph 87.) (66) This committee should also investigate the possibility of using shoots for coal loaded by hand into steamers.—(Paragraph 87.) (67) The Port Commissioners should not wait until a berth is actually declared open before informing the railways of the fact, but should give them a few days' notice beforehand.—(Paragraph 88.) (68) There is no necessity to modify the present procedure in regard to dumping at the docks but, should it be considered desirable at any time to impose a limit on the amount of coal dumped, this should not be less than 40 per cent. of the cargo intended for a particular ship.—(Paragraph 88.) (69) The financial conditions of the port are not such as to justify a drastic reduction of the charges on coal.—(Paragraph 89.) (70) No statistical case for reducing the present level of charges can be established, but a reduction should be made on general grounds.—(Paragraph 89.) (71) This reduction should take the form of a reduction of 4 annas in the river dues on certified export coal.—(Paragraph 89.) (72) A change in the present system of the control of labour at the docks does not seem likely to result in any gain either in economy or efficiency.—(Paragraph 90.) (73) Facilities for bunkering steamers at the docks can be provided if there is a general demand for them.—(Paragraph 91.) (74) We consider that the rents for bunker depots are in accordance with the present economic conditions and have no recommendations to make in this connection.—(Paragraph 91.) (75) No alteration is called for in regard to the charges at present levied by the Port Commissioners on coal bunkered either from the docks or from the depots.—(Paragraph 93.) (76) The possibility of extending the pontoons and gangways at the Howrah depot into deeper water with a corresponding extension of the sidings should be considered.—(Paragraph 94.) (77) The responsibility of deciding when dredging at both the Howrah and the Shalimar depots should be done should rest with the Port Commissioners.—(Paragraph 94.)

CHAPTER VIII.

(78) On the present basis of the cost of working steamers, steamer freights for coal cannot be considered excessive.—(Paragraph 97.) (79) There is no evidence that coal freights are being artificially maintained at their present level.—(Paragraph 97.) (80) Calcutta does not attract tramp steamers and therefore for a steady supply of tonnage over a long period freight on coal must be paid at the economic level.—(Paragraph 98.) (81) Coal can be shipped from ports in South Africa, the United Kingdom and Japan at ballast rates in tramp steamers to Karachi, Bombay, Colombo and Singapore.—(Paragraph 98.) (82) Steamer freights from Calcutta are fixed on the basis of the demand for tonnage and of the available supply of tonnage at ports all over the world and cannot be controlled by Government action.—(Paragraph 99.) (83) There is no prospect in the near future of a reduction in the freight for coal from Calcutta.—(Paragraph 100.)

CHAPTER IX.

(84) It would be very difficult for individual exporters of coal to re-establish themselves in overseas markets owing to the bad repute into which Indian coal has fallen, and a Grading Board should, therefore, be immediately established which would grade collieries which produce coal for export and would arrange the issue of a certificate for each consignment of coal exported.—(Paragraphs 101 and 102.) (85) Any system of grading and certificates should be such as to command the confidence of buyers overseas and not to relieve the exporter of any responsibility as to quality.—(Paragraph 103.) (86) It would take too long and it would be too expensive to establish immediately a new organisation for the grading of Indian coal.—(Paragraph 104.) (87) The organisation of the Chief Mining Engineer to the Railway Board should be utilised for the purpose of grading coal.—(Paragraph 104.) (88) The most suitable constitution for the Grading Board would be the Chief Mining Engineer as Chairman, a repre-

sentative of the Indian Mining Association, a representative of the Indian Mining Federation, a nominee of the Bengal Chamber of Commerce, and a nominee of the Bengal National Chamber of Commerce. The last two members would represent the consumers' interests on the Board.—(Paragraph 104. (89) The general outline is given of a scheme for classifying all Indian coals and it is suggested that a grading list should be published by the Grading Board as soon as possible, classifying the different collieries and seams on this system and giving the analysis of their coal.—(Paragraph 105.) (90) The names of collieries should not be included in the grading list without their consent.—(Paragraph 105.) (91) Only those collieries which are included in the grading list would be eligible for the special concessions from the railways and from the Port Commissioners, which we recommend above, and only certified coal from those collieries would be given such concessions.—(Paragraph 105.) (92) It is unnecessary for the coal shipped for railways by the Chief Mining Engineer to the Railway Board to be certified before it is allowed any of the concessions.—(Paragraph 105.) (93) The decision of the Grading Board as to the classification of any colliery or seam in the grading list should be final.—(Paragraph 105.) (94) Any coal should be eligible for inclusion in the grading list.—(Paragraph 105.) (95) The system suggested for inspecting certified coal is described.—(Paragraphs 106 to 108.) (96) The defects in certain consignments of coal, to which references were made by witnesses in overseas ports, are considered not to be due to any defect in the system of inspection by the Chief Mining Engineer's staff.—(Paragraph 107.) (97) Coal dumped at the docks by private shippers should be arranged in a separate stack for each vessel.—(Paragraph 108.) (98) Certificates for coal certified under our proposal should be in the form given.—(Paragraph 109.) (99) The cost of analysis required should be paid by the colliery concerned and the cost of inspection by the levy of a fee of one anna per ton of coal inspected.—(Paragraph 110.) (100) The question of the weightment of export coal should be referred to the expert committee recommended in paragraph 65 above, which should be strengthened for this purpose.—(Paragraph 111.) (101) The assistance of the Chief Mining Engineer and his staff will probably not be available for more than two years and at the end of that time a scheme should be introduced for the inspection of export coal by independent offices employed by the Grading Board.—(Paragraph 112.) (102) Exporters of coal to Bombay should be prepared to submit their coal to analysis when selling to consumers in Bombay who have adopted the system of purchase on calories.—(Paragraph 113.) (103) The advantages and disadvantages of the system of sale on analysis are examined.—(Paragraph 113.) (104) Except where a particular section only of a seam is being worked, the classification of a seam containing sections of uneven quality should be based on the analysis of a sample taken from the whole face of the seam.—(Paragraph 113.) (105) The extension of the system of certification to bunker coal is not practicable.—(Paragraph 114.)

CHAPTER X.

(106) Pooling of coal for export is impossible in India.—(Paragraphs 115 to 118.)

CHAPTER XI.

(107) Propaganda by exporters of Indian coal is necessary at overseas ports.—(Paragraph 120.) (108) In ports where competing coals are sold on these terms, the prices of Indian coal should be quoted in sterling instead of in rupees; payment should be permitted on delivery; and payment of freight should be on the quantity shown in the bill of lading less an allowance of 2 per cent. in lieu of weightment.—(Paragraph 121.) (109) Certain improvements are suggested in the statistics published by the Director-General of Commercial Intelligence.—(Paragraph 122.) (110) Before any large contract for coal is made either by the Imperial or by a Local Government the advice of the Chief Mining Engineer to the Railway Board should be taken.—(Paragraph 123.)

Minute of Dissent.

In a long minute of dissent, Mr. W. C. Banerjee differs from many of the conclusions of his colleagues and presses for a much greater measure of Government assistance than is suggested by them. He concludes by stating that —

“grading or any other measure calculated to improve the quality would not fetch better prices for Indian coal, and in these circumstances it is difficult for my colleagues to escape from the conclusion, based on their own findings, that the Indian coal trade is in need of a much larger measure of direct assistance than what we have been able to suggest. In fact, the coal trade will have ample reason to consider our labours and recommendations as of no value to them unless assistance is extended to the full and effective extent. I, no doubt, recognise our own limitations, but I nevertheless venture to express a hope that if we have merely tinkered at the problem, it rests with the Government to offer an effective solution of it, particularly as amends for the injury caused to the coal trade of India by the unwarranted embargo levied upon her export coal.”

The full proposals of the Government of India with regard to the Committee's recommendations have not yet (June, 1925) been formulated, but at an interview with representatives of the two principal Coal Trade Associations, the Commerce Member on June 24th stated that Government had provisionally decided to create a Grading Board and that a Bill for this purpose was in preparation. He also intimated that, provided the Grading system was agreed to by mining interests, Government would probably accept the recommendations of the Coal Committee for a further increase of 50 per cent. on the present rate of rebate and a waiving of the Calcutta Port Commissioner's charges of 4 annas per ton. It had been decided to refer to the Tariff Board the question as to how far the Indian Coal trade was in need of an increased duty on foreign coal.

The Indian Central Cotton Committee.—One of the most important results of the Indian Cotton Committee of 1917-18 was the establishment in 1921 of the Indian Central Cotton Committee comprising representatives of agricultural departments, chambers of commerce, commercial representatives nominated by local governments, cotton growers, and representatives of Indian States. This committee has its headquarters in Bombay and is presided over by the Agricultural Adviser to the Government of India. It was formed as an advisory body to advise both the Government of India and Local Governments in regard to any particular questions of cotton policy referred to it. Under the recent Cotton Cess Act, the committee has been constituted as a corporate body with funds of its own derived from a small cess upon the whole of the commercial cotton crop, the proceeds being entirely devoted to the promotion of agricultural and technological research in the interests of the industry at large.

The principal aims of the committee are to bring departments of Agriculture into closer touch with the trade and to provide them with the means of obtaining more complete information regarding the qualities of the improved cottons they evolved.

It is also intended to stop such abuses as mixing and damping and thereby raise the good name and the value of Indian cotton.

The progress made during the short existence of the Committee was summarised in a recent speech made by the President, at the opening, by H. E. The Viceroy, of the technological research laboratory in Bombay in December, 1924. In this speech Dr. Clouston pointed to the following three important pieces of legislation which had been carried through :—

(1) The Cotton Cess Act which made provision for the legal constitution of the Committee and provided it with a means of obtaining funds for the furtherance of research.

(2) The Cotton Transport Act which has been designed to eliminate, or reduce, the evil of adulteration in those tracts where the practice has arisen of importing cotton waste, or cotton of inferior quality, for mixing with superior grades with a view to reaping an illicit profit. The Act provides for the protection of prescribed areas by making illegal the importation of outside cotton into such areas except under licence.

(3) The Bill for the Regulation of Gins and Presses provides for the maintenance in every ginning and pressing factory of records of the cotton ginned and pressed; for the submission of a return showing the number of bales pressed; and for the marking and numbering of bales. This Bill is complementary to the Cotton Transport Act and provides a check on the mixing of different cottons which are grown side by side in the same tract.

The Committee also advised the Government of Bombay in the preparation of the Bombay (District) Markets Bill. The object of this Bill is to provide for the establishment of properly regulated cotton markets with a view to enabling the cultivator to secure an adequate price for his cotton.

Research.—Dr. Clouston outlined the work which had been accomplished and the plans for the future in the following terms :—

“ The committee have now adopted a definite research programme and are working in co-operation with Provincial Departments of Agriculture and other institutions, to which they have made grants-in-aid for the investigation of various scientific problems relating to cotton. The lines of research include the improvement of cotton by breeding and selection, the investigation of fungoid diseases and insect pests, and the study of certain bio-chemical problems connected with the cultivation of cotton. In co-operation with the Durbars of eight of the Central Indian States, the Committee are also financing a Central Institute for research on cotton at Indore and have been fortunate in obtaining the services of two very eminent botanists who will control the work there.”

“ On the technological side, we have arranged to supply the Departments of Agriculture with detailed information as to the spinning qualities of the new types of cotton which they produce. With this end in view we have devised a scheme for technological research. When this scheme is complete, we shall have two laboratories—a Spinning Laboratory and a Research Laboratory. The first of these has already been completed and equipped with a complete spinning plant and with an exhaustive range of instruments for testing cotton yarn. As these tests can be carried out on small samples, and at an early stage in plant breeding work we hope to be able to guard agricultural officers against proceeding with a cotton which is of no intrinsic value from the spinner's point of view.”

“ The Research Laboratory, which is in course of erection, will be equipped with the necessary staff and fittings to enable a thorough chemical microscopical and physical examination to be made of each cotton sent for trial. By collecting the results obtained in these two labo-

ratories, we hope to arrive at the position when by an examination of certain of the measurable properties of a sample of raw cotton, we shall be able to state fairly accurately how it is likely to behave when spun. We also hope to be able to place agricultural officers themselves in the position to measure some or all of these characters."

"At an early stage it became obvious that one of the great difficulties connected with cotton improvement in India was the shortage of qualified workers with a knowledge of scientific methods as applied to cotton investigations. The Committee therefore decided to give six research studentships annually to distinguished graduates of Indian Universities to enable them to undertake research work on cotton problems under the direction of experienced investigators. In this way it is hoped to build up a corps of qualified workers, and we believe the improvement of this historic industry will provide a worthy career for the young educated Indian who desires to serve his country."

It will be seen from the above brief summary of the activities of the Committee that most useful work has already been carried out which, it is hoped, will tend to an early improvement in the quality and reputation of Indian cotton. Should British spinners desire to have more detailed information on this subject, I would refer them to the Annual Report of the Indian Central Cotton Committee for the year ended 31st August, 1924, which can be obtained, together with any further particulars desired, from the Indian Trade Commissioner in London, 42, Grosvenor Gardens, London, S.W. 1.

The following table shows the progress of the Indian cotton crop by varieties and length of staple from 1915 to 1925.

Varieties.	Average during the 3 years 1915-18.	Estimated crop during 1924-25.	Increase.
	In thousand bales.	In thousand bales.	Per cent.
<i>Short Staple—</i>			
Domras (excluding Hyderabad Gaorani)	1,631	1,970	
Dholleras	472	606	
Broach (part)	93	97	
Bengals	687	1,042	
Comillas, Burmahs, etc.	79	112	
Coconadas	37	54	
Total Short staple	2,999	3,881	29.4
<i>Long Staple—</i>			
Oomras-Hyderabad Gaorani (Bani)	168	450	
Broach (part)* Surat-Navsari—			
Mostly 1027 A.L.F.	—	122	
Others	190	114	
Kumpta-Dharwar*—			
Gadag No. 1	—	15	
Dharwar No. 1	—	20	
Other Kumpta and Dharwar American	282	308	

* Staple greatly improved as a result of the Cotton Transport Act, and now far more uniform.

Varieties.	Average during the 3 years 1915-18.	Estimated crop during 1924-25.	Increase.
	In thousand bales.	In thousand bales.	Per cent.
Westerns and Northern—			
Sircar No. 14	—	3	
Sircar No. 25	—	6	
Other Westerns and Northern ..	193	345	
Tinnevelleys—			
Including Karunganni-Karunganni	40	60	
Other Tinnevelleys	66	97	
Salems and Cambodia—			
Irrigated Cambodia (staple 1" to 1½")	101	139	
Other Salems and Cambodia ..	78	69	
Punjab and Sind Americans (staple ½" to 1½")	43	359	
Total Long Staple	1,161	2,107	81·5
Grand Total	4,160	5,988	43·9

The Indian Taxation Committee.

By a resolution of the Government of India issued by the Finance Department dated May 26th, 1924, the following gentlemen were appointed to be a Committee to examine the whole question of taxation in India :—

Sir Charles Todhunter, K.C.S.I. (*Chairman*).

Sir Percy Thompson, K.B.E. (*Deputy Chairman of the Board of Inland Revenue of the United Kingdom*).

The Maharajadhiraja of Burdwan.

Dr. R. P. Paranjpye.

The terms of reference were as follows :—

(1) to examine the manner in which the burden of taxation is distributed at present between the different classes of the population,

(2) to consider whether the whole scheme of taxation—central, provincial and local—is equitable and in accordance with economic principles and, if not, in what respects it is defective,

(3) to report on the suitability of alternative sources of taxation,

(4) to advise as to the machinery required for the imposition, assessment and collection of taxes, old and new,

(5) to prepare rough estimates of the financial effects of the proposals, and

(6) to include in the inquiry consideration of the land revenue only as far as is necessary for a comprehensive survey of existing conditions.

In their resolution, the Government of India make it clear that "the motive for the appointment of the Committee is not any need for meeting additional expenditure or any intention to increase the total

amount raised by taxation in India. The necessity for the enquiry arises largely from the effect produced by the war on the general level of prices and of expenditure and consequently on the incidence of taxation in its existing forms. The problems arising therefrom are common to many countries, but in India the changes which have been made since the war in the relations between the central and the provincial Governments and the development of self-Government furnish special reasons for a study of the subject of taxation in general and for the examination of alternative sources from which to raise the money to meet the expenditure which has necessarily to be incurred by the various taxing authorities at the present time. The increasing pressure for a more drastic regulation of the liquor traffic in particular makes the study of alternative sources of taxation imperative, while the modifications in the existing system of taxation which may be expected to result from action taken on the recommendations of the Indian Fiscal Commission and the Tariff Board will disturb the distribution and affect the real burden of taxation borne by the people of India."

After making a most extensive tour of the Provinces, the Committee completed the recording of evidence on June 15th. The final report is expected to be ready for submission to the Government of India by November 1st, 1925.

External Capital Committee.

This is a Committee of Members of the Legislature, presided over by Sir Basil Blackett, K.C.B., Finance Member, which was appointed in September, 1924, to consider the question of the flow of capital into India from external sources. Some idea of their aims may be gathered from the following questionnaire which is being circulated to witnesses:—

Forms of Capital.—

1. What are the different forms in which external capital enters India?

Encouragement.—

2. In which of these cases is the entry either unobjectionable or necessary in the interests of India generally and of Indian industries in particular?
3. Is it necessary to encourage the entry of any particular variety?
4. If so, what steps should be taken in this direction and to what extent is capital likely to be forthcoming as the result of such steps?

Replacement.—

5. How far is it possible to replace external by internal capital?
6. What measures are necessary for the—
 - (1) greater attraction of indigenous capital for industrial purposes, and
 - (2) development of banking organisation and credit facilities in India?

Restriction.—

7. What are the forms of external capital the entry of which is objectionable?
8. What are the objections in each such case?
9. What restrictions can and should be imposed in each such case?
10. What would be the effect of any such restriction on the—
 - (1) industries and development of the country generally,
 - (2) loan policy of Governments and local bodies, and
 - (3) holders of investments?

Differentiation.—

11. Is it necessary to differentiate in any respect, and, if so, how would you differentiate between:—
 - (1) British and foreign capital, and
 - (2) Capital from foreign countries which exercise such discrimination and from those which do not?

Practice elsewhere.—

12. What is the practice in other countries (especially in the British Dominions) in the matter of encouraging or restricting the flow of foreign capital?

The report will probably emphasise the fact that, in the present stage of India's development, the entry of external capital is essential.

Economic Enquiry Committee.

On January 22nd, 1925, the Finance department of the Government of India announced the appointment of a small committee comprising Sir M. Visvesvaraya (Chairman), Rai Bahadur Pandit Hari Kishan Kaul and Mr. A. R. Burnett Hurst :—

“to examine the material at present available for framing an estimate of the economic condition of the various classes of the people of British India, to report on its adequacy and to make recommendations as to the best manner in which it may be supplemented, and as to the lines on which a general economic survey should be carried out with an estimate of the expenditure involved in giving effect to such recommendations.”

The Indian Legislative Assembly have for some time been pressing for the institution of a general economic enquiry in India. The Government of India, however, decided that before any wider enquiry can usefully be inaugurated, it is necessary to collate and examine the existing material in order to ascertain how it can best be supplemented and to determine what lines an economic enquiry into the resources of the country should take. They therefore appointed this small committee which has now completed an extensive tour of India and is preparing its report.

CHAPTER II.

REVIEW OF THE ACTIVITIES OF THE INDIAN TARIFF BOARD DURING THE YEAR WITH SPECIAL REFERENCE TO THE PROTECTION AFFORDED TO INDIAN STEEL.

In my last report I dealt at some length with the growth of the demand for a revision of India's fiscal policy and the acceptance by the Government of India of the policy of discriminating protection. I also traced the steps which led to the appointment of the Indian Tariff Board, and described, in detail, the Steel Industry (Protection) Act, 1924, and its probable effects on British steel exports. I propose now to deal with the further investigation made by the Tariff Board in October/November, 1924, into the application of the Tata Iron and Steel Company, Limited, for an increase in the duties imposed on certain kinds of steel, and then to review quite briefly the inquiries into other industries such as cement, paper, printers' ink and magnesium chloride.

FURTHER ENQUIRY INTO THE STEEL INDUSTRY.

On October 8th, 1924, the Government of India issued a communique to the effect that they had received an application from the agents of the Tata Iron and Steel Company, Limited, requesting that the Governor-General in Council, in exercise of his powers under section 3 (4) of the Indian Tariff Act, 1924, should increase the duty leviable on certain articles under Part VII of the second schedule of that Act on the ground that such articles were being imported into British India at a price likely to render ineffective the protection intended to be afforded by such duty to similar articles manufactured in India. The Government of India then proceeded to state that they had decided to refer this application to the Tariff Board for examination and recommendations.

Scope of the Enquiry.—On October 14th the Indian Tariff Board published a further communique in the following terms:—

“In the Resolution of the Government of India in the Commerce Department No. 260-T. (15) of the 8th October, the Tariff Board have been directed to enquire and report regarding the application of the Tata Iron and Steel Company for the imposition of additional or off-setting duties on certain kinds of steel under the Steel Industry (Protection) Act, 1924. The two points specially referred are:—

- (1) to what extent, if any, and in respect of what articles, or class or description of articles, the duty should be increased; and
 - (2) whether the duty should be increased generally or in respect of such articles when imported from or manufactured in any country or countries specified.
- (2) The kinds of steel likely to be affected by any additional duty that may be imposed are:—

Common bars,
Light rails (under 30 lbs.),
Structural sections such as beams, channels, angles, tees,
Plates $\frac{1}{2}$ inch thick or over.

The scheme of protection recommended by the Board was intended to secure for the Indian manufacturer an average price of Rs. 180 a ton (Rs. 175 in the case of structural sections) for the various classes of steel manufactured. The rates of duty proposed by the Board and accepted by the Government of India and the Legislature were equal to the differences between this price and the price at which the Board expected that imported steel would enter India without duty. These prices were :—

Commons bars and light rails—Rs. 140 a ton.

Structural shapes, *i.e.*, beams, angles, channels, etc.—Rs. 145 a ton.

Plates—Rs. 150 a ton.

The Tata Iron and Steel Company allege that the prices actually realized for steel manufactured at Jamshedpur have been much below Rs. 180 a ton since the Steel Industry (Protection) Act came into force. The main reasons for low prices are said to be :—

(1) The fact that the Board in estimating the future prices of imported steel assumed that the sterling change would be 1s. 4d. to the rupee, whereas a rate so low has never been touched since the Act was passed, and a steady increase raised the exchange to over 1s. 6d. to the rupee early in October.

(2) A substantial reduction in the c.i.f. sterling prices of Continental steel.

(3) The main question which the Board have to determine is the price at which imported steel has been selling in India in competition with steel produced at Jamshedpur during the last six months.

The Board will be glad to receive expressions of opinion from those interested, and will welcome all information regarding the price of steel since the 1st May. It is necessary that the Board's enquiry should be completed rapidly, and they will be unable to consider representations received later than the 24th October. The Board's office during the enquiry will be in the Town Hall, Bombay."

Evidence was heard in Bombay at the end of October and, on November 8th, the Board issued its report, which is a very able summary of the position and should be read by British steelmasters who wish to be thoroughly conversant with the changing conditions in the Indian market. As will be seen at a later stage, the Government of India did not act on the recommendations of the Board, but introduced a bounty. The Board's report is valuable, however, for its lucid account of the position of British as contrasted with Continental steel. A copy may be seen at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1. The following are a few of the more interesting facts in the Report :—

Prices of Imported Steel.—The Board summarises the evidence with regard to the price situation in the following nine paragraphs :—

" (1) The sterling prices of British bars and plates have not varied, much during the past twelve months, and are still at about the same level as they were in the latter part of 1923, or probably a little higher.

(2) The prices of British structural sections (beams, angles, channels, etc.) have fallen appreciably during the last six months and are now about 10 shillings a ton below the prices of the period covered by our previous enquiry.

(3) The prices of all classes of Continental material touched a very low point in February-March, 1924, owing to the collapse of the French and Belgian exchanges, rallied sharply in April when the French Government took steps to stabilize the exchange, and since April have almost uniformly declined until, at the beginning of October, they were practically down to the pre-war level.

(4) There has been no change since 1923 in the freights on steel imported from Europe and the rates are approximately:—

From United Kingdom 22 shillings a ton.

From Antwerp 15 shillings a ton.

(5) The present c.i.f. prices of British material may be taken to be as follows:—

	£	s.	d.
Bars	10	5	0
Beams	9	10	0
Angles	10	0	0
Plates	10	10	0

(6) Of the steel producing countries of the Continent Belgium easily takes the foremost place in the Indian market at present. The current c.i.f. prices of Belgian material are as follows:—

	£	s.	d.
Bars, angles and beams	6	10	0
Plates	7	18	0

(7) The present prices of Belgian material are below the prices adopted by the Board in their estimate of prices in the Report on the Steel Industry by approximately the following amounts:—

	£	s.	d.
Bars	1	15	0
Beams	1	10	0
Plates	1	10	0
Angles	1	4	0

(8) Owing to the fall in Continental c.i.f. prices a very wide gap now exists between them and the British prices, the difference being as follows:—

	£	s.	d.
Bars	3	15	0
Beams	3	0	0
Plates	2	12	0

(9) Owing to the heavy importations of bars and structural sections during the first five months of the current financial year internal prices of Continental material have fallen to a point which involves the importers in substantial loss."

Gulf between British and Continental Prices.—From the point of view of the British steel exporter the state of affairs disclosed by the Board in regard to the widening gulf between British and Continental prices is of intense interest. The Board state that:—

"Before the war the Continental price of steel was often below the British, but the difference never approached its present dimensions. After the war, at the end of 1922, the gap was opening up rapidly, and but for the occupation of the Ruhr, it might have gone further. Otherwise the present position is unprecedented and threatens to have the gravest consequences. Even before the war the relative cheapness of Continental steel had led to a rapid growth of the imports of certain kinds of steel from Continental countries at the expense of British steel, but there remained a considerable body of purchasers in India, e.g., government departments, railways, port trusts and engineering firms—who were content to pay a higher price for British steel, in view of the high reputation its quality had gained for it. It is the needs of this class of customers which up to the current year the Jamshedpur Works have mainly supplied. *But it is obvious that there is a limit to the 'extra' which purchasers will pay for British quality, and the continuance of a difference of £3 or more between British and Continental prices must inevitably lead to extensive substitution of Continental for British material. That the process has already begun is certain.* The evidence supplied on this point by the sales of the Iron and Steel Company will be discussed

in the next chapter, but the statements of the engineering firms deserve to be quoted. Messrs. Barn and Company write :—

"We have never used Continental steel in the past, but recently, as we have been practically driven out of the merchant business, we have had to indent for Continental steel. We consider increased use of Continental steel will continue, if difference between British and Continental steel is maintained."

The evidence of Messrs. Jessop and Company is as follows :—

"We only began to seriously consider the import of Continental steel at the end of 1923, when we placed a few trial orders, of which only a portion were executed, probably on account of disorganisation of the Continental industry through the French occupation of the Ruhr territory. At the end of 1923 deliveries again became possible, and as most of our constituents refused to pay the difference between the cost of British, or Tata, and Continental material, we increased our imports of the latter considerably.

If the present disparity in prices is maintained we think the use of Continental material will be more largely demanded by our constituents, and the proportion of this consumed will increase at the expense of British and Tata Works."

The bulk of the merchant business in British quality steel is in the hands of the engineering firms, and they have taken considerable quantities of Jamshedpur steel for this purpose apart from the demands of their own works. It is to the merchant business that the passages cited above relate.

It is of course impossible to be certain whether a divergence in price of anything like £3 a ton will continue permanently. If it does, the disappearance from the Indian market of certain kinds of British steel must be only a question of time, though the process may be gradual. Unquestionably, however, a new factor has appeared which radically modifies the conditions under which steel made in India can be sold. The basic prices at which we estimated in our Report on the Steel Industry imported steel was likely to enter into competition with Jamshedpur steel were weighted averages, and the weighting necessarily involved assumptions as to the quantities likely to be taken by purchasers prepared to pay the price based on the British price. If owing to the very low price of Continental steel this class of purchasers rapidly dwindles, much greater weight must be given to Continental prices and less to British."

After a most careful examination of the prices realised by the Tata Iron and Steel Company, Limited, the Board considered the question of differential duties. The following two paragraphs clearly express their findings on this subject :—

Differential Duties.—"One method by which the desired result might conceivably be attained would be to impose higher rates of duty on steel imported from those countries in which prices have fallen to a very low level. The only countries that need be considered in this connection are Germany, Belgium and France, and under this plan steel imported from them would pay a special rate of duty in addition to the tariff applicable to all other countries. Such a scheme might, however, conflict with the commercial engagements into which India has entered, and the point requires examination. A common feature in commercial treaties between different countries is what is known as "the most favoured nation" clause by which one country agrees to admit goods imported from another on payment of the lowest customs duties applicable to similar products of other foreign origin. Where treaties containing such a clause exist, they are clearly a bar to any discrimination against the countries with whom the treaties have been made. With Germany no commercial agreement to which India is a party apparently exists. Commercial relations with Belgium are regulated by the *modus vivendi* of 1898, by which each country undertakes not to modify the régime actually applied by it at the time to the subjects and products of the other, without giving three months'

notice. This agreement does not, however, prevent either country from making any such modifications in that régime as may be applied to all other countries. The Commercial Convention of 1903 with France, on the other hand, definitely entitles French products to most-favoured-nation treatment. It appears, therefore, that while India enjoys a free hand as regards Germany, and can recover her freedom as regards Belgium by giving three months' notice, no discrimination against France is possible without denouncing the Commercial Convention of 1903. The bulk of the Continental steel which enters India comes from Germany and Belgium, but France is already a formidable competitor, and is likely to grow in importance as a steel exporting country. It would serve no purpose to raise the price of Belgian and German steel in India if the result was the extensive substitution of French steel at a much lower price. The French Commercial Convention of 1903 is, we think, an absolute bar to any scheme which proposes to discriminate against steel imported from particular countries.

Imperial Preference.—There is, however, another method of achieving the same result. We understand that no commercial treaty is now in force which prevents any part of the Empire giving a preference in Customs duties to the United Kingdom or to any other part of the Empire. It would be quite possible, therefore, without breach of any international agreement, to impose a lower rate of duty on steel imported from the United Kingdom and a higher rate of duty on steel imported from other countries. If, however, the situation is dealt with on these lines, it is impossible to avoid the region of controversy Imperial preference is a very large question on which the government of India and the Legislature have not yet pronounced, and the issues involved are quite as much political as economic. Ordinarily no move in that direction would be made until the case had been fully discussed in all its aspects, and we cannot advise the government of India to use a power which was delegated for a special purpose, to introduce, as it were by a side wind, imperial preference for steel. The motives underlying the action taken are likely to be misunderstood, and the government of India would be accused of attempting to anticipate and prejudice the decision of a political issue. We are clearly of opinion that the question of imperial preference should be decided on its own merits, and that it is inexpedient to complicate the problem referred to us by extraneous considerations."

They sum up by adding that, "except on the basis of imperial preference no scheme by which the duties on British steel would be differentiated from those on Continental steel can be worked out, and it does not appear to us expedient that the tariff on steel should be modified on that basis until the general question has been decided. If eventually the principle of imperial preference is accepted, its application to the steel tariff will require detailed investigation. No satisfactory scheme can be elaborated on the basis of a summary enquiry into prices."

Recommendations of the Board.—The following are the summarised recommendations of the Board:—

Class of material.	Present duty.	Proposed duty.
<i>Unfabricated iron and steel.</i>	Rs.	Rs.
Steel bars	40	75
Iron bars	35	65
Steel structural sections	30	65
Iron structural sections	20	50
Plates	30	55
Black sheet	30	52
Galvanised sheet	45	78
Tinplate	60	104
Rails and fishplates, medium and heavy	14	30
Rails and fishplates, light	40	75

Class of material.	Present duty.	Proposed duty.
<i>Fabricated iron and steel and miscellaneous.</i>		
Fabricated structures	25 per cent. <i>ad valorem.</i>	25 per cent. <i>ad valorem</i> plus Rs. 60.
Coal tubs, etc., and built up pipes..	25 per cent. <i>ad valorem.</i>	25 per cent. <i>ad valorem</i> plus Rs. 47.
Fabricated steel beams, channels, angles, etc... .. .	25 per cent. <i>ad valorem.</i>	25 per cent. <i>ad valorem</i> plus Rs. 54.
Fabricated iron angles, etc. ..	15 per cent. <i>ad valorem.</i>	15 per cent. <i>ad valorem</i> plus Rs. 44.
Fabricated plates	25 per cent. <i>ad valorem.</i>	25 per cent. <i>ad valorem</i> plus Rs. 41.
Fabricated sheets	15 per cent. <i>ad valorem.</i>	15 per cent. <i>ad valorem</i> plus Rs. 40.
Spikes and tie-bars	Rs. 40.	Rs. 75.
Switches and crossings	25 per cent. <i>ad valorem.</i>	25 per cent. <i>ad valorem</i> plus Rs. 35.
Wire nails	Rs. 60	Rs. 90

Grant of a Bounty to the Steel Industry.—After considering the report of the Tariff Board, the Government of India decided that, in view of the fact that the duties proposed would lay a burden on the consumer of approximately two crores of rupees (say £1,500,000) in a year in order to confer upon the industry a benefit of only roughly 50 lakhs of rupees (say £350,000), and in view of the fact that a surplus revenue of 71 lakhs of rupees had been received from the protective duties on steel imposed in June, 1924, up to the end of December, 1924, a bounty would be the most effective form of aid which could be given to the Indian steel industry, and would at the same time not impose any additional burden either on the consumer or on the general tax-payer.

The following resolution was therefore introduced in the Assembly on January 26th, 1925, and was adopted :—

“ That this Assembly recommends to the Governor-General in Council that a bounty should be paid on steel manufactured in India between the 1st October, 1924, and the 30th September, 1925, subject to the following conditions :—

(1) The bounty should be paid only to firms or companies manufacturing, mainly from pig-iron made in India from Indian ores, steel ingots suitable for rolling or forging into any of the kinds of steel articles specified in Part VII of Schedule II to the Indian Tariff Act, 1894.

(2) The bounty should be paid on steel ingots manufactured by such firms or companies, and the bounty should be paid at the rate of Rs. 20 a ton on 70 per cent. of the total weight of the ingots manufactured in each month.

(3) The total amount of the bounty payable under this Resolution in the 12 months ending 30th September, 1925, should not exceed Rs. 50 lakhs.”

In moving the resolution the Hon. Sir Charles Innes (Commerce Member) made the following remarks, which I give in extenso as they explain very clearly the attitude of the government of India. After dealing with the need for a further measure of protection in order to prevent the policy of protecting the steel industry from breaking down, the Commerce Member said :—

“ The next question is the remedy that we have to apply. Now the House knows that the Tariff Board recommended that action should be

notice. This agreement does not, however, prevent either country from making any such modifications in that régime as may be applied to all other countries. The Commercial Convention of 1903 with France, on the other hand, definitely entitles French products to most-favoured-nation treatment. It appears, therefore, that while India enjoys a free hand as regards Germany, and can recover her freedom as regards Belgium by giving three months' notice, no discrimination against France is possible without denouncing the Commercial Convention of 1903. The bulk of the Continental steel which enters India comes from Germany and Belgium, but France is already a formidable competitor, and is likely to grow in importance as a steel exporting country. It would serve no purpose to raise the price of Belgian and German steel in India if the result was the extensive substitution of French steel at a much lower price. The French Commercial Convention of 1903 is, we think, an absolute bar to any scheme which proposes to discriminate against steel imported from particular countries.

Imperial Preference.—There is, however, another method of achieving the same result. We understand that no commercial treaty is now in force which prevents any part of the Empire giving a preference in Customs duties to the United Kingdom or to any other part of the Empire. It would be quite possible, therefore, without breach of any international agreement, to impose a lower rate of duty on steel imported from the United Kingdom and a higher rate of duty on steel imported from other countries. If, however, the situation is dealt with on these lines, it is impossible to avoid the region of controversy. Imperial preference is a very large question on which the government of India and the Legislature have not yet pronounced, and the issues involved are quite as much political as economic. Ordinarily no move in that direction would be made until the case had been fully discussed in all its aspects, and we cannot advise the government of India to use a power which was delegated for a special purpose, to introduce, as it were by a side wind, imperial preference for steel. The motives underlying the action taken are likely to be misunderstood, and the government of India would be accused of attempting to anticipate and prejudice the decision of a political issue. We are clearly of opinion that the question of imperial preference should be decided on its own merits, and that it is inexpedient to complicate the problem referred to us by extraneous considerations."

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“The next question is the remedy that we have to apply. Now the House knows that the Tariff Board recommended that action should be

taken under section 2 of the Steel Industry Protection Act : that is to say that our protective duties should be increased. We could have done that without any reference to this House under the power conferred upon us by the Legislature. But, as soon as we saw the report, it was patent to us that the remedy lay not in action in that direction but in the manner proposed in this resolution, namely, in the grant of bounties. It must be remembered that the Tariff Board were limited by the terms of their reference. They were asked by their terms of reference to report to the Government of India whether a case existed for action under section 2 of the Steel Act and, if so, what action they would recommend. They had not discretion to make alternative proposals to us, but as soon as we informed them that we thought that a bounty was the proper way to meet the situation the Tariff Board told us that they entirely agreed. I do not think that the House will have any doubt upon that point also. In the first place, had we accepted the proposals of the Tariff Board in their recent report, it would have meant that we should have to impose very heavy duties indeed. We should have to increase the duty on an article in such common use as steel bars from Rs. 40 to Rs. 75 a ton, on steel structural sections from Rs. 30 a ton to Rs. 65 a ton, on plates from Rs. 30 to Rs. 55 a ton, and so on. It would have meant that these new duties, had we imposed them, would have been in many cases four or five times as great as the duties which were in force only in April last. It would have meant that we should impose duties which would have represented 50 to 70 per cent. of the value of the articles on which the duties were imposed; and as I have said, many of these articles are articles which are in common use in India. That was our first objection to the Tariff Board's proposal. Our second objection was that we should have imposed, had we accepted these proposals, a burden on the consumer out of all proportion to the benefit which we were going to confer upon the industry. The House will remember that on page 158 (I think it is) of the Tariff Board's first report they gave an estimate of the output of the Iron and Steel Company during the current year. Now if you exclude from those figures the figures relating to rails on which a bounty is already given, you will find, on the assumption that prices would have risen to an exact equivalent of the increase in the duties, that, had we accepted the Tariff Board's proposals, the maximum benefit we could have conferred upon the industry would have been 50 lakhs of rupees. Now the Tariff Board gave us another statement in this report showing us the total estimated consumption in India of each kind of steel article. Proceeding on the same assumption, namely, that had we increased the duties as proposed by the Tariff Board and had prices risen to the full extent of the increase the burden on the consumer, calculated in the same way as the Tariff Board calculated the burden in their first report, would have amounted to about Rs. 2 crores. That was our second objection to this proposal. It would have meant laying a burden on the consumer of something like 2 crores of rupees in a year in order to confer upon the industry a benefit of a something like 50 lakhs of rupees. Our third objection is that the Tariff Board's proposal would not have been as beneficial or as favourable to the industry as this proposal which we are making now. I have already referred to the accumulated stock of irons and steel in the country, and I have already mentioned that until those accumulations of stock had been cleared off, prices would not have risen to the full extent of the increase of duty. That means to say that the steel industry would not have got the full benefit which the Tariff Board had in mind at any rate for some months. The conclusion we arrived, at therefore, was that our proposal, while it is cheaper to the country, while it places a less burden upon the consumer, is much more beneficial to the industry. I am aware that some people might say to me that I objected to a bounty in June last. That is perfectly true. I did object to a bounty in June last. But I objected for very good reasons which no longer exist. I objected to a bounty in June last because I could not see where the money to pay that bounty was to come from. It is in that very material particular

that the situation has now changed. The surplus revenue, as I have just told the House in answer to a question, from these protective duties imposed in June last up to the end of December, 1924, amounted to 71 lakhs of rupees. That is to say we have got 71 lakhs of rupees more from these protective duties than we should have got had we levied the duties at their old level. From those 71 lakhs of rupees of course we have certain commitments to meet. We have the bounties on wagons, we have the bounties on rails. We estimate that by about the 31st March those commitments will amount to something like Rs. 37 lakhs. But the House will see that there is a balance, and it is from that balance that we propose to pay the bounty proposed in this Resolution.

Now, Sir, let me come to the actual terms of my Resolution. The first point is, that we propose that the bounty should be paid between the 1st October, 1924, and the 30th September, 1925. I should like to give some explanation of these two dates. The Tata Iron and Steel company made an application to us in August last that the contingency which section 2 of the Steel Industry Protection Act had intended to provide for had already arisen; that is to say they applied for the imposition of off-setting duties under that section. But the figures with which they supported this application were the figures for June, 1924, that is, of prices of the very month in which the Steel Act was passed. We thought that the Act must be given further time to declare its effect, and therefore we returned the applications to them. We asked them to send it in with later figures and to substantiate it in fuller detail. They sent in a revised application on the 20th September, 1924, and in the beginning of October, 1924, we referred it to the Tariff Board for report. The Tariff Board found that the application was justified; and that being so, we think that it is only fair that this bounty should take effect from the 1st October, 1924. As regards the other date, 30th September, 1925, we have selected that date for the following reason. In the first place, the House must remember that we have taken this action under an emergency clause of the Act. Section 2 of the Steel Act is a section deliberately put in to meet an emergency. These off-setting duties are duties which we can take off any time we think it necessary whenever prices begin to rise again. For that reason we do not think that we should be justified in asking this House to commit itself too far ahead. We might be committing ourselves to a heavy payment to the industry which experience might show to be unnecessary. Prices might rise. Their working cost might come down. Again, if our policy proves to be effective, we may not get the compensating surplus revenue from which we are to pay these bounties. That is the reason why we ought not to commit ourselves too far ahead. On the other hand, in the ordinary course this House will meet again in September. In July and August we shall have an opportunity of re-examining the whole position, and if we think it necessary, we should be in a position to come before the House again.

The first condition is intended to confine the bounty to mixed classes of steel which the Steel Act of 1924 was intended to protect. As regards the second condition, it will be noticed that we desire to pay this bounty upon production rather than sales. We have satisfied ourselves that we can pay the bounty quite easily upon production. The Resolution is so drafted that practically the bounty will be confined to the only company manufacturing steel in India. It is not, as my Honourable Colleague said a day or two ago, the Tata Company, but it is the Tata Iron and Steel Company. They are the only firm in India which are making steel on any large scale in India now. Ever since that firm has been manufacturing steel at Jamshedpur it has supplied our Metallurgical Inspector at Jamshedpur with a statement of ingots produced from each cast of each furnace. We have had those statements on record from the very beginning, and there will be no difficulty in our working a system of bounties on production. Moreover, a system of bounties on production will, we think, be more favourable to the industry than a system of bounties on sales.

Had we a system of bounties on sales, the industry would have had to wait until it sold its products before drawing bounties, and it might have been tempted to agree to forced sales in order to get the bounties. The advantage of a bounty on production is that automatically as it produces steel the industry will get the bounty. The next point to notice is that we are paying bounty on 70 per cent. of the total weight of the ingots. The reason for that is that our records show that the ratio of the weight of saleable steel to the total weight of the ingots is 70 per cent., that is to say, about 30 per cent. of every ingot goes back into the furnaces as scrap and comes out again. We do not want to go on paying on that portion of the ingot which is continually going back into the furnaces and that is why, we propose that it should be paid on 70 per cent. of the total ingot weight. The final figure that I have got to explain is the proposal that the bounties should be at the rate of Rs. 20 a ton. I have just explained that we calculate by the method employed by the Tariff Board in its first report that if we had imposed an off-setting duty and if prices had gone up to the full extent of the increased duty, then on the estimated production of 1924-25 the maximum the industry could have got would be Rs. 50 lakhs. The total weight of finished steel produced by the industry according to that estimate during the current year is likely to be 250,000 tons. Therefore, Rs. 20 a ton is calculated to give them that Rs. 50 lakhs. We do not wish by giving a bounty to do anything less for the industry than we should have done had we accepted the Tariff Board's proposal. Indeed, as I think I have shown to the House, we are doing for the industry even more than the Tariff Board proposed. I am quite free to admit that our proposals are generous. I am quite free to admit, as I have just said, that they are even more generous than the Tariff Board recommended. We think, Sir, that this is a time for generosity. It is a matter of common knowledge—the fact has been stated quite freely in the public press—that the industry at the present moment is passing through a particularly difficult stage of its existence. In fact, it has been stated in the public press that the directors have thought it necessary to appeal to their shareholders to agree to a reconstruction of the company. Now, it is entirely whether or not they will accept those proposals. At the same time, I think that everyone in this House would agree that some reconstruction is necessary; that is certainly the opinion of the Government. I think, Sir, that the Government can claim that they have dealt with this industry with generosity. I think, Sir, that, if this House will accept my Resolution, they will also be able to claim that they have dealt with this industry with generosity. It is an industry of real national importance, and I hope that if we pass this Resolution, the shareholders, that is to say, the proprietors of the concern, will also take the view that, even at a sacrifice, measures should be taken by reconstruction, which would place an important national industry in a position in which it will have a fair chance of winning its way through to assured prosperity."

Present Position of the Tata Iron and Steel Company, Limited.—The directors of the company, in their annual report for the year ended March 31st, 1925, state that the tonnage of pig iron produced during the year was 552,000 tons, as compared with 442,000 tons in 1923-24; of steel ingots 370,000 tons as against 235,000 tons last year; and of finished steel 248,000 tons as against 163,000 tons.

The company's net profits for the year were Rs. 64,71,000, which, with Rs. 3,86,000 brought forward, give an available balance of Rs. 68,57,000. Of this, no less than Rs. 61,00,000 has been appropriated for depreciation on the fixed capital expenditure of the company, leaving a balance of Rs. 7,57,000.

The payment of the arrears of dividend on the First Preference shares for the year ended March 31st, 1924, absorbs Rs. 5,50,000 leaving a balance of Rs. 3,07,000 to be carried forward.

The directors state that "the year has been the worst experienced by the industry since the war. Prices have fallen universally; the rise of the rupee as compared with sterling, francs and marks has made them still lower in this country; and we have had to face competition at lower and lower prices from the Continent of Europe and especially from Germany and Belgium. On the other hand, the industry has been granted protection and all departments of the large and modern plant are now working. The actual profits earned by the works for the year were in round figures Rs. 123½ lakhs as compared with Rs. 77½ lakhs last year. The charges against this are Rs. 58½ lakhs as explained in the balance-sheet, leaving a net profit to the company for the year of Rs. 64½ lakhs.

As to the future, as production increases works costs will come down. We are booked well ahead with orders. The prices of coal have fallen and will fall still further, and the development and electrification of our own collieries will give us cheaper coal. A rise in exchange would mean a further lowering of price, but against a rise in exchange we are protected by the declared policy of the Indian Government. During the coming year we have still to receive from government Rs. 21 lakhs on account of the special bounty and government has promised that a further enquiry into the position will be made before the Assembly meets in September.

Finance.—During the year, as the new units of greater extensions came into operation, the company's need for working capital greatly increased, particularly as the unsecured short period loans from the public and the banks were gradually withdrawn from the company. In June, 1924, the company entered into an arrangement with Mr. F. E. Dinshaw for a permanent cash credit up to a maximum of Rs. 1 crore. The maximum amount that the company can draw under this arrangement is one crore, provided it has sufficient security to offer. The amount so drawn on the 31st March, 1925, as shown in the balance-sheet, was Rs. 67,29,030-6a.-8p.

In January last, as shareholders are aware, the board of directors' appealed to them for the further finance required for the working capital of the company on the terms and conditions mentioned in the circular, dated the 5th January, 1925. There was practically no response to this appeal.

Re-organization.—Circulars were also issued to the shareholders proposing the re-organization of the capital of the company for the reasons stated in the circular, dated the 5th January, 1925. The meetings of the three different classes of shareholders, namely, Second Preference, Ordinary and Deferred, were held on the 26th, 27th and 28th January respectively, but were adjourned to the 15th, 16th and 17th April respectively for want of a quorum. At the adjourned meetings also the requisite quorum was not present. As the shareholders have not accepted the re-organization scheme the directors most reluctantly abandon it."

In the Appendix, page 200, will be found extracts from the interesting speech of Mr. R. D. Tata, as chairman of the annual general meeting of shareholders on June 4th, 1925. This gives such a clear exposition of the affairs of the company that I commend it to the attention of British steel manufacturers and exporters. It will be observed that the bounties on rails and ingot steel paid to the company by government during the past year exceed Rs. 65 lakhs; and were greater than the whole of the net profit made. This is in addition to the benefit of the tariff on other steel. It will also be noted that satisfactory progress has been made in funding the short-term loans, which were formerly such a dangerous

feature of the company's finances. Nearly all the money borrowed from American manufacturers has been repaid and the ordinary current debts have been reduced until they approximate to the amounts due to the company. The improvement in the position of the company has been such that the price of the 7 per cent. debentures in the London market has risen from '75 to 85.

ENQUIRY INTO THE MAGNESIUM CHLORIDE INDUSTRY.

This was an investigation into the claim of the Pioneer Magnesia Works at Kharaghoda in the Bombay Presidency for protection on the grounds that, since the end of the war, they have been unable to compete in price with the magnesium chloride imported from Stassfurt, in Germany. After an exhaustive enquiry the Board came to the conclusion that a duty of Rs. 2/4 per cwt. would be required in the first instance to give the Indian product a fair chance of capturing the market. This duty would be a little over 70 per cent. on the c.i.f. price. On the other hand, it was shown that, with an output of 3,000 tons a year, and provided the cost of production is reduced to the extent anticipated, a price of Rs. 4/8 per cwt. would give the Indian manufacturer a fair return. Allowing for the sale of one-third of the output in Ahmedabad, the price required in Bombay would be Rs. 4/4. This figure exceeds by 8 annas per cwt. the cost, delivered at the mill, of the imported product.

The Board decided that the claim to protection was not justified and sum-up in the following terms :—

"Our final conclusion is that the claim to protection has not been made good. The applicants have failed in their attempt to show that eventually the industry will be able to dispense with extraneous assistance, and one of the conditions laid down by the Fiscal Commission has not been satisfied. But even if the prospects of the industry were more promising than they appear to be, the case would still present grave difficulty. It might well happen that the normal price of imported magnesium chloride proved to be substantially below Rs. $\frac{1}{2}$ a cwt., and in that case all calculations would be falsified. Until the price of the imported product has approached stability, no reasonable assurance as to the prospects of the industry is attainable.

"If the view put forward in the last paragraph is accepted and the claim to protection is negatived, it is likely that the manufacture of magnesium chloride in India will cease. But it does not appear that any important interest would be injured. The capital which would become unproductive is no more than Rs. 1½ lakhs, and the promoters of the company have already received the value of their investment back twice over out of the profits of the prosperous years. Nor can it be pleaded that the continuance of the industry is necessary on national grounds. If, for any reason, supplies from Germany were cut off, there would be no difficulty in re-starting the industry at short notice. This was abundantly proved in 1915-16, and there is no part of the necessary plant which could not readily be improvised from materials obtainable in India. In these circumstances there are no valid grounds for asking the country to incur a sacrifice when there is no assurance of any compensating advantage in the future."

The Government of India accepted the opinion of the Tariff Board, and in a communique issued in May, 1925, stated that they could not see their way to grant protection to the magnesium chloride industry.

ENQUIRY INTO THE PRINTER'S INK INDUSTRY.

This enquiry, which was referred to the Tariff Board by the Government of India in April, 1924, arose from an application presented by the Hooghly Ink Company, Limited, Calcutta, who are the only firm in India at present manufacturing printer's ink on a large scale. The Hooghly Ink Company, Limited, claimed that, while imported printer's ink is subject to a duty of only 2½ per cent. *ad valorem*, the Indian manufacturer has to pay 15 per cent. *ad valorem* on the raw materials he imports from abroad. For this reason they contended that the manufacture of printer's ink in India is handicapped to the extent of 12½ per cent., and they asked that either they may be exempted from the payment of the duty on imported materials or, if that concession is inadmissible, that the duty on imported ink may be raised to 15 per cent. The evidence showed that no considerable natural advantages for the manufacture of printer's ink in India could justly be claimed. As the Tariff Board state:—

“The industry is suited to Indian conditions in this respect that the machines are simple and easy to handle, so that little expenditure need be incurred on skilled labour. In 1923 an output of nearly 350,000 lbs. was secured with a staff of thirty-five coolies and five factory clerks. In the trade returns the value, but not the quantities, of the imports are given, so that only an estimate of the total consumption is possible, but it seems likely that the imports are in the neighbourhood of half a million pounds a year. On that basis the whole requirements of India could be met by a factory employing from a hundred to a hundred and twenty men. Mr. Richardson informed us that in a British factory of the same size the wages bill would be higher than in India, and even allowing for the higher cost of supervision, the labour charges per lb. of ink would be only 2 annas in India against 3½ annas in England. This relative cheapness of labour seems to be the only advantage which the industry can claim, apart from the advantage necessarily possessed by a factory in close touch with its market, as compared with a factory 6,000 miles away. On the other hand, in respect of materials the Indian manufacturer labours under distinct disadvantages. About three-fifths in value he has to import from abroad, as against two-fifths purchased in India, and in both cases the prices he has to pay are a great deal higher than those paid by his competitor in Europe. This is necessarily the case with imported materials, but it applies equally to those of local manufacture. The most important of the materials purchased in India are linseed oil and mineral oil, and in both cases the price in India is apparently regulated by the cost of importation. Linseed oil, Mr. Richardson informed us, costs about £45 a ton in India as against £37 a ton in London, and mineral oil £15 as against £12, the disadvantage being about 25 per cent. The expenditure incurred on materials is more than twice what is spent on wages and salaries, and it is the former factor therefore which chiefly affects the cost of production.”

For the reasons given above, the Board were not satisfied that the industry possesses natural advantages in the sense demanded by the Indian Fiscal Commission as they held that the relative cheapness of labour is more than counterbalanced by the higher cost of materials. Moreover, the Indian consumption of printer's ink is still small and the market therefore limited. They stated that it seemed to be a case in which the industry should be left to fight its own battle and holds its own against competition if it can.

The Board, however, agreed that the contention of the company that, so far from being benefited by the existing tariff, the heavy import duties on the raw materials were actually injurious to them, appeared to be reasonable. They therefore concentrated on this point and elicited the following facts :—

The customs duties paid on the materials used in 1923 amounted to Rs. 9,607, and amounted to Rs. 62 per ton of ink manufactured, which is 3.6 per cent. of the cost of production and 3.2 per cent. of the average price realised. In 1923 the cost of the ink manufactured was Rs. 1,706 a ton, and the average price realised was Rs. 1,917, the difference being Rs. 211. Had there been no customs tariff at all, the cost of manufacture would have been lower by Rs. 80 if no allowance is made for miscellaneous stores. The abolition of the $2\frac{1}{2}$ per cent. duty on imported ink would reduce the average price realised by about Rs. 47. The difference between the cost of manufacture and the average price realised would then be Rs. 244. The net result of the existing customs duties is to leave the manufacturer worse off by about Rs. 33 per ton of printer's ink produced than he would be under a system of absolute free trade. In this calculation no allowance is made for the duty on tins and miscellaneous stores.

The Board were unable to agree on administrative grounds to the primary request made by the Hooghly Ink Company that they might be exempted from the payment of customs duties on imported materials. They state that :—

“ When the proportion of a material required for a particular manufacture can be laid down in advance, inspection by the Customs authorities can be reduced to a minimum. In the absence of this safeguard much closer supervision of the process of manufacture becomes necessary. But it is doubtful whether inspection, however frequent, would really prove effective. The Customs inspecting officer would have no expert knowledge of the industry, and if the Company's books showed that a certain quantity of a particular pigment had been used in producing a given quantity of ink, he would have no grounds for challenging the statement. The difficulty might be got over if the imported materials were stored in a bonded warehouse on the factory premises and issued only by a customs officer. But even then fraud would be quite possible, unless the officer was constantly present during working hours. The employment of a whole time officer, who would probably be drawing Rs. 200 a month or more, would be a very expensive arrangement, and would swallow up a large portion of the rebate. For these reasons we are unable to recommend either complete exemption from customs duties or a rebate of all duties paid.”

Dealing with the second proposal of the company that the duty on imported ink should be raised to 15 per cent., the Board considered that such an increase would raise the average selling price by about Rs. 235 a ton, which would be inadmissible. On the other hand, if the duty were raised from $2\frac{1}{2}$ to 5 per cent., the average price realised might be expected to increase by Rs. 47 per ton, and the difference between this sum and Rs. 33 per ton (already mentioned as being the handicap to the industry owing to the present scale of duties) would suffice to cover the duties on machinery and miscellaneous stores and also any increase in the customs duties paid which might result from a larger production of coloured inks. On an output of 150 tons the manufacturer would benefit to the extent of Rs. 7,000 annually.

Recommendation.

The Board therefore recommended that the customs duty on imported printer's ink be raised from $2\frac{1}{2}$ to 5 per cent. *ad valorem*, and, in concluding their report, they add :—

" This is by far the simplest and most direct method of dealing with the case, and it places all firms who may engage in the manufacture on an equal footing. If the higher duty had meant a substantial increase in the cost of printing, there might have been room for hesitation, but it has already been shown that the effect is negligible. The 5 per cent. duty will not amount to more than one-seventh of one per cent. of the cost of printing, and the additional burden imposed on the consumer by the increase of duty will not exceed Rs. 20,000 a year."

ENQUIRY INTO THE CEMENT INDUSTRY.

In view of the somewhat complicated conditions prevailing in the Indian cement industry as disclosed by the Tariff Board's report, which would require more detailed treatment than can be given here, and in view of the fact that the Government of India do not propose to take any action on the Board's report, I do not consider that any useful purpose would be served by entering into a detailed account of the enquiry. I would refer readers to the published report on the subject which can now be purchased or can be seen at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

The Government of India review the position in the following resolution of the Department of Commerce, No. 16r (4) of August 1st, 1925.

The main fact brought out by the Report is that the present demand for cement in India approximates to 390,000 tons per annum, or if Burma be excluded, to 355,000 tons per annum, whereas Indian factories can already produce 550,000 tons per annum, and this figure may rise in the near future to 600,000 tons per annum. The industry therefore is suffering from over-production, with the result that the price of cement in India is governed not by the price at which it can be imported, but by internal competition among Indian manufacturers. The finding of the Tariff Board is that, as long as these conditions subsist, there is no action that Government can usefully take to assist the industry, and the Governor-General in Council accepts this finding.

The Tariff Board, however, consider that present conditions in the industry must necessarily be of a temporary character, and that the time cannot be long delayed when as the result either of the operation of economic forces or of concerted action by the Indian manufacturers, the price of cement in India will again be governed by the price at which it can be imported. They have examined, therefore, the question whether there is any action which Government can properly take to assist the industry when conditions have become stable. There is a difference of opinion among the members of the Board whether anything can be done to assist the Indian manufacturer to capture the Burma market. If Burma be excluded from consideration, the salient facts are that in 1924 Indian production amounted to 264,000 tons and imports to 89,000 tons, and the problem before the Indian cement industry is how it can capture for itself that portion of the Indian market which is still held by cement imported almost entirely from the United Kingdom. British cement finds its market mainly in the ports and in South India. It commands a premium over Indian cement by reason of its established reputation (in which respect this Report should be of assistance to the Indian industry), and Indian

cement is further handicapped by the long lead of most of the factories either from the coalfields or to the Ports. In order to remove these disabilities, the Tariff Board recommend that legislation should be introduced to authorize the Government to pay bounties on cement consigned from an Indian factory to the ports of Calcutta, Bombay, Madras and Karachi, or to railway stations within a specified radius of these ports. But they add a rider that the Act should not come into force until the Governor-General in Council is satisfied that the price of Indian cement in the Ports is in such relation to the price of imported cement that the payment of bounties will not lead to a reduction in the price of Indian cement, and that the Act should lapse if this result is not attained within one year from the date on which the Act became law.

The Governor-General in Council acknowledges the care and thoroughness with which the case has been investigated by the Tariff Board, but he considers that there are objections of principle to conditional legislation, and he thinks it premature to discuss what action might properly be taken if an entire change were to come over the conditions of the industry. As things are at present, he is satisfied that there is no justification for the intervention of Government, and as at present advised, he proposes to take no action on the Report."

ENQUIRY INTO THE PAPER AND PAPER PULP INDUSTRIES.

The report of the Indian Tariff Board regarding the grant of protection to the Paper and Paper Pulp Industries has only recently been issued (August, 1925) but can now be purchased or consulted at the Department of Overseas Trade, 35, Old Queen Street, London, S.W. 1.

The Board's Conclusions.—The following are the conclusions arrived at by the Board after careful survey of the evidence :—

(1) The existing paper mills which use 'sabai' grass do not satisfy the conditions laid down by the Fiscal Commission, and their needs are therefore irrelevant in considering the claim to protection. There is, however, one locality in the north of India where the conditions are unusually favourable for the manufacture of paper from 'sabai' grass for sale in the markets of Upper India, and a moderate amount of protection at the outset might facilitate the establishment of the industry there. Subject to this exception the claim to protection depends entirely on the possibility of manufacturing paper from bamboo.

(2) It has been proved that paper of excellent quality can be made from bamboo, and there is good ground for hoping that a Paper industry using bamboo could ultimately dispense with protection. But the manufacture of paper from bamboo is still at the experimental stage in the sense that there is much work to be done before the possible reduction in manufacturing costs can be ascertained, and before it can be determined whether the sulphite process or the soda process is likely to be the cheaper.

(3) The world's supplies of coniferous woods are steadily diminishing, while the demand for such woods, whether as timber or for pulping, is increasing. As a paper making material wood must become more and more expensive, and an increase in the price of paper seems inevitable. But it is impossible to forecast the date when the price of imported paper will go up substantially, and it may not take place for several years to come.

(4) It is very desirable that the work already done on bamboo should not be wasted, and that further exploratory work should be encouraged. The principal points are—

(a) The manufacture of paper from bamboo by the sulphite process should be continued on a scale sufficient to ascertain its possibilities. (b) The manufacture of paper or pulp from bamboo by the soda process with fractional digestion should be fully tested on a commercial scale.

(5) The matters on which further information is wanted are :—

(a) The cost at which bamboo can be delivered at the mill. (b) The

extent to which the coal consumption can be reduced by using only the best coal. (c) The extent to which the cost of chemicals per ton of pulp and paper can be reduced either in the sulphite process or in the soda process with fractional digestion.

(6) The investigation of the points enumerated in clauses (4) and (5) cannot be carried out unless a limited amount of fresh capital can be raised by the firms already in the field. It is in this direction that State assistance can most usefully be given. But it is not desirable that measures should be taken which would encourage indiscriminate investment in new projects for paper manufacture. A premature development might result in heavy loss to investors, or an onerous burden on the taxpayer and the consumer of paper for a number of years to come.

(7) It is not advisable that Government should commit itself finally to protection for the paper industry at present. Whatever assistance it may be decided to give should be for a limited period only, and it should be made clear that Government will not consider itself bound to continue assistance in any form after the period expires.

(8) The manufacture of pulp and paper from bamboo might in time become a very important industry in India, and the prospects are good enough to justify the grant of State assistance to the firms who are endeavouring to promote its development. But the measures taken should be such as are likely to involve the least cost to the taxpayer, and impose the smallest burden on the consumer of paper, in so far as that may be compatible with securing the objects in view."

Recommendations.—The recommendations submitted to the Government of India may be summarised as follows:—

(1) In order that possibilities of the manufacture of paper in India from bamboo may be fully explored, the Government of India should provide the capital required—about Rs. 10 lakhs—in order to enable the India Paper Pulp Company to increase the output of its mill at Naihati from 2,500 to 5,000 tons a year. This might be done either by an advance of capital secured by mortgage on the fixed assets of the Company, or by the guarantee, in respect both of principal and interest, of a public issue of debentures. We prefer the latter alternative, because it would permit the immediate participation of Indian capital in the enterprise.

(2) We recommend that the payment of interest should be waived during the first two years, if the capital is advanced by the Government of India, or in the alternative, if the capital is guaranteed, that the interest due to the debenture holders should actually be paid by the Government of India, irrespective of the ability of the company to meet these charges.

(3) The India Paper Pulp Company use the sulphite process for the manufacture of paper. There is an alternative process which has not yet been applied to bamboo on a commercial scale, viz., the soda process, and it is desirable that its possibilities also should be fully investigated. The Carnatic Paper Mills, Limited, apparently intend to make paper from bamboo by the soda process, but at present their equipment is incomplete, and they are not in a position to commence manufacture. At the stage which this project has reached, it is not possible for us to make a definite recommendation, but it is desirable that this scheme should be examined by the technical advisers of the Government of India, and that, if the company are able to show reasonable prospects of success, they should be assisted to raise the additional capital required in the same manner as the India Paper Pulp Company.

(4) We think that the total capital in respect of which the Government of India will incur liabilities may reasonably be restricted to Rs. 20 lakhs in all.

(5) We recommend that in place of the existing 15 per cent. *ad valorem* duties on printing paper and writing paper a specific duty of 1 anna a pound should be imposed on all writing paper, and on all printing paper other than "newsprint" containing 65 per cent. or more of mechanical pulp.

No change is proposed in the duties on other kinds of paper.

CHAPTER III.

AN ACCOUNT OF THE DEVELOPMENT OF PURCHASES OF GOVERNMENT STORES IN INDIA BY THE INDIAN STORES DEPARTMENT AND OTHER DEPARTMENTS OF THE GOVERNMENT OF INDIA TOGETHER WITH SPECIAL REFERENCE TO THE BEARING OF THIS TENDENCY ON THE POSITION OF BRITISH MANUFACTURERS.

In my last three reports I have traced with some care the gradual steps taken by the Government of India to give effect to their avowed policy of developing the purchase of stores as far as possible in India, of granting a preference to articles manufactured or partly-manufactured in the country, and of utilising the activities of the recently-created Indian Stores Department as a lever to stimulate the local manufacture of such articles.

If readers will refer to Chapter II, pages 60 to 74, of my report for 1923-24, they will find a full account of the activities of the Indian Stores Department in 1922, a note on the revised Stores Rules which were promulgated in May, 1924, and some comments on the method of purchasing railway and army requirements. I propose now to deal with the development of the Indian Stores Department in 1923-24, to consider the purchases of railway material during that year, and generally to bring the record up to date so that British manufacturers may realize the far-reaching changes which are taking place, and which call for increased efforts and greater vigilance on their part if they wish to maintain that predominant share in the supply of government stores which has always been theirs in the past.

THE INDIAN STORES DEPARTMENT IN 1923-24.

Note.—I am indebted to Mr. J. S. Pitkeathly, C.I.E., C.B.E., C.V.O., Chief Controller of Stores, for most of the information which follows, and for valuable assistance which has always been most willingly rendered. His able reports on the administration of the Stores Department may be seen at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1, and should be read by all firms interested in the supply of stores to Government.

The Chief Controller reviews the progress made during the year 1922-3 in the following terms:—

“The Indian Stores Department entered the second financial year of its existence in April, 1923. The previous fifteen months of its infancy was mainly a period of preparation, though it was able to carry out an appreciable volume of actual purchase and inspection work by the absorption ‘en bloc’ of the self-contained organisations which had been constituted some years previously under the control of other departments for the purchase of textile goods and for the testing and inspection of engineering materials and various other descriptions of stores. The value of the purchases effected, which consisted wholly of textile materials and goods, amounted during this period to Rs. 224 lakhs, of which approximately Rs. 164½ lakhs were expended during the financial year 1922-23, 92 per cent. of this latter sum representing the value of materials produced in India. The inspection work, which was of a scientific and rigid character

comprised during the year 1922-23 the inspection of stores and materials to the value of Rs. 142½ lakhs approximately and the carrying out of over 4,000 laboratory tests and analyses by the staff of the Superintendent of Local Manufactures and Government Test House at Alipore, Calcutta, besides the inspection of over 100,000 tons of materials at the Metallurgical Inspectorate at Jamshedpur. The preparatory work dealt with consisted in the main of the formulation and submission to the Government of India of a scheme of organisation; of an investigation, so far as the skeleton staff and the means at the disposal of the department permitted, of the existing and potential resources of India in the matter of stores and materials, and of the institution of a procedure to regulate the business of the Department. Further progress in its development was retarded in consequence initially of the unsatisfactory condition of the finances of India, and later in view of the decision of the Government of India to bring this phase of their activities within the scope of the investigations of the Retrenchment Committee presided over by Lord Inchcape. The recommendations made by that Committee were decidedly unfavourable to any immediate expansion of the scope of the Department. Indeed, they threatened its very existence, for the conditions postulated by the Commission rendered it problematical whether, in the then not improbable event of their non-fulfilment, any useful purpose would be served by the continuance of the Department as a separate purchasing organisation. The Inchcape Report was published at the close of the financial year 1922-23, and thus the prospects of the Department at the commencement of the year under report (1923-24) were far from encouraging. Fortunately, the Government of India did not accept the view expressed by the Retrenchment Committee, and they decided to proceed with the formation and development of the Department as the financial and other relevant circumstances permitted.

2. The continuance of the financial stringency precluded the provision of the funds necessary to permit of any large measure of development during the year, but sufficient funds were available to enable the Department to make a commencement with the purchase of engineering stores; to organise the administrative staff for the direction and control of the Inspection Branch of the Department; to effect a reform of the existing testing and inspection arrangements in Bengal by the constitution of separate agencies for the carrying out of inspection work on the one hand and of testing and analytical work in the laboratories of the Government Test House at Alipore on the other, and to establish a separate agency at headquarters for the acquisition and dissemination of information in respect of sources of supply, markets, prices, etc. These measures resulted in an appreciable expansion of the Department's activities, particularly in the Inspection Branch. The work of the Metallurgical Inspectorate shows an increase of about 60 per cent.; that done by the Controller of Inspection, Calcutta Circle, exceeded by 40 per cent. the volume carried out by the Superintendent of Local Manufactures in the preceding year, while there was a growth of about 16 per cent. in the testing and analytical work of the Test House. The extent of the purchase work, judged by the aggregate value of the stores purchased which amounted to Rs. 167 lakhs, does not, indeed, show any appreciable advance over the transactions of the preceding twelve months, notwithstanding the accretion of about half a crore of rupees worth of engineering plant and materials and miscellaneous stores. This, however, does not indicate that the Indian textiles market—the only class of stores purchased by the Department during the previous year—was not resorted to the fullest possible extent. The decrease is attributable partly to keener competition among suppliers and partly to a diminution of the requirements of the army in India owing to the accumulation of stocks in the past and to the reduction of the effective strength of the army.

3. A disappointing feature was the reluctance manifested by the central departments, with two notable exceptions, the Army Department and the

Public Works Department at Delhi, to utilise to a larger extent than hitherto the agency of the Indian Stores Department in connection with their purchases. On the other hand, the attitude displayed towards the Department by some of the provincial governments, which it will be remembered were not included in the Government of India's scheme of store-purchase, was decidedly encouraging. Two of the larger of these governments have already entrusted an appreciable volume of purchase and inspection work to the Department, and there is every ground for hope that this arrangement will be perpetuated and extended to other authorities outside the scheme.

4. Substantial progress was made in the direction of ascertaining indigenous sources of supply in respect of various classes of materials, and much useful work was done by the scrutiny of indents on the Director-General, India Store Department, and by other means in placing indenting departments in touch with Indian manufacturers and importers. On the whole, a definite advance was made towards the goal which the government of India have set before themselves in their stores purchase policy.

The resolution carried in the Legislative Assembly in February, 1924, recommending the adoption of a system of purchase on the basis of rupee tender must, if acted upon by the Government of India, have a profound effect on the scope and character of the Stores Department. The question is one of far-reaching importance, not only in respect of its probable repercussion in the industrial and commercial life of the country but also in its effect in the sphere of administrative finance and efficiency. It needs therefore the most careful and exhaustive consideration. The Government of India have, however, made a notable advance in the direction desired by authorising purchase in India, from the branches and agencies of foreign manufacturers established in the country, of engineering plant and machinery and component parts thereof, whether stocks are held in the country or not, and this measure has enabled the Department to purchase at economical prices in India a considerable quantity of engineering plant and machinery which otherwise would have been indented for from England."

Organisation.—The original scheme of development for the Department during the year 1923-24 was estimated to cost approximately Rs. 12 lakhs. during that year. Owing to the urgent need for retrenchment, however, the Government of India were only able to allot a sum of approximately Rs. 2 lakhs for new developments. This amount merely sufficed to permit of the carrying out of the following measures :—

(a) the constitution of the controlling staff of the Inspection Branch at headquarters ;

(b) the establishment of a branch at headquarters for the purchase of engineering and miscellaneous stores ;

(c) the establishment of the Intelligence Branch at headquarters for the scrutiny of indents by departments on the Director-General of Stores, India Store Department, London, and for the acquisition and dissemination of information regarding sources of supply, etc. ;

(d) the separation of inspection work from the office of the Superintendent of Local Manufactures and Government Test House and the constitution of a circle of inspection at Calcutta for the discharge of this work ; and

(e) small increases of the staff of the existing organisations.

Towards the end of the year, certain savings which had accrued were appropriated to the establishment of the nucleus of an Inspection Agency at Karachi, in order to deal with the large quantities of material landed at that port for the Lloyd (Sukkur) Barrage and Canals Scheme, the Sutlej Valley irrigation project and other government works in North-west India.

Functions of the Department.—The Chief Controller of Stores outlines the principal functions of the Indian Stores Department in the following terms:—

“The question as to the extent to which the other central departments of government and the minor local governments should utilise the services of the Stores Department for the purchase and inspection of stores required by these authorities was the subject of consideration by the Government of India, and the year drew to its close without any decision having been reached. This is no place for a polemical discussion on this subject; but it may be confidently stated that the central departments of the Government could, with advantage, have utilised the agency of the Stores Department for the purchase of a substantially larger proportion of their requirements than was actually entrusted to the Department. The Department is staffed by officers who had previously acquired experience in this field and who possess wider opportunities than officers of other departments for acquainting themselves with actual market conditions, and also by officers who possess a wide technical knowledge and experience of many of the classes of stores in ordinary demand. The value of this combination has proved itself in the practical test to which it was put in connection with the purchase of stores, a large proportion of which was of a highly complicated and specialised type, for the military engineering services, the Public Works Department, Delhi, and the Governments of Bombay and the Punjab, and indications are not lacking that the Stores Department was of considerable practical assistance to these authorities. The work done by the Stores Department was not confined merely to the calling for tenders, the placing of orders and the inspection of materials, etc., purchased; but entailed in many instances the technical scrutiny of schemes with the object of ascertaining the most efficient type of plant machinery and material required for the particular purpose as well as the preparation of drawings and specifications of the class of stores needed. The results, which have actually been achieved in the spheres in which the Department has operated give ground for belief that it would have been to the advantage of the central departments of the Government to have made greater use of the facilities which the Indian Stores Department is in a position to afford. This question is, however, still under the consideration of the Government of India, and it may be possible in the next report to record a more definite advance in the direction of the centralisation of purchases in the hands of the Stores Department. The arrangement under which the Army Department (which has since the constitution of the Stores Department utilised it for the purchase of the bulk of the requirements of the army in respect of textile goods), entrusted the purchase of stores required by the military engineering services to the Department was initially limited to a period of one year, but the question of its continuance as a permanent measure is now under consideration. The work done for the Public Works Department, Delhi, was entirely in connection with the project for the construction of the Imperial Capital. That carried out for the Government of Bombay was principally in connection with the Lloyd barrage project, though the Department was employed to effect purchases for certain other departments of the local government. The work undertaken for the Government of the Punjab was mainly connected with the Sutlej valley project. An appreciable quantity of work was, however, also done for other Departments in the Province, notably the Industries Department.

A matter of considerable interest and importance to the Department was raised by the resolution which was carried in the Legislative Assembly towards the close of the year recommending that the existing system of stores purchase should be replaced by a system of purchase by rupee tenders for delivery in India. The adoption of a rupee tender system in India will necessarily entail a considerable alteration of the scope and functions of the Department; besides necessitating a modification of the character of

its organisation. The question is one which affects the industrial and commercial interests of the country very deeply; but in order to ensure that the benefits which may be expected to accrue by the reform are not counteracted by deficiencies in the executive machinery, it is essential that the organisations in India, upon whom the responsibility for purchase would devolve, should be properly organised and equipped and that efficient arrangements should be made for the inspection throughout the various processes of manufacture of articles which it would be necessary to import from other countries. For many years to come India must of necessity rely on foreign countries for the supply of a large proportion of the requirements of the State, more especially in respect of engineering plant and machinery, which are just the classes of stores which need careful inspection at all stages of manufacture in order to ensure that the State is receiving the best value for its outlay. The whole matter bristles with difficulties, as was explained by certain members of the Government during the debate in the Assembly; and, although it may not be impossible to devise an arrangement which, while advancing the commercial and industrial welfare of the country, will not impair the efficiency of the administration and not add to the burden of the general taxpayer, yet the matter is one which needs to be subjected to a very close and exhaustive examination. The whole question is engaging the serious attention of the Government of India, who will no doubt make a pronouncement of the policy which they propose to adopt at the earliest possible moment. In anticipation, however, of the approval of the Secretary of State for India of an amendment of the rules for the supply of articles for the public service, they authorised in many instances the purchase from branches and agencies in India of foreign manufacturing firms of stores of non-Indian manufacture, irrespective of the ordinary condition imposed by the stores rules that imported stores may be purchased in India only if they are in the country at the time of the order. This authorisation enabled the Stores Department to purchase during the year a substantial quantity of plant and machinery which would ordinarily have been obtained through the agency of the London Stores Department, and it has thus served to some extent to meet the public demand that India should undertake her own purchase work."

Activities of the Department.—The establishment of the Engineering Purchase Branch in June, 1923, resulted in purchases, during ten months, of no less than Rs. 50 lakhs in value (₹400,000). These purchases consisted of a wide range of stores ranging from simple articles, such as wire nails, bolts and nuts, to complex and highly specialised types of plant and machinery, such as complete electrical power plants, locomotives, rail coaches and trailers, bogies and bogie tank wagons, concrete mixers, pile driving plants, etc. Wherever possible, consistently with sound business principles, articles of India manufacture were obtained, but, owing to the backward state of the engineering industry in India, most of the plant and machinery purchased was necessarily of foreign manufacture; hence the percentage of expenditure on indigenous products in this branch was comparatively small.

In the Textiles Branch, the aggregate value of the purchases made during the year was considerably less than in the preceding year—Rs. 117 lakhs as compared with Rs. 165 lakhs. This decrease is stated to be due to the lower prices as a result of keener competition among suppliers, and to reduced demands from the army owing to accumulated stocks and a diminution of its effective strength. Of the total purchases of textiles 89 per cent. represented the value of goods manufactured in the country.

The Chief Controller states that "the direct competitive tender system continued to be followed in effecting purchases, and the experience of the past year has amply corroborated the soundness of the conclusion previously formed, that it is the most suitable system for a public department operating on a large scale, as the Stores Department does. An innovation which was introduced during the course of the year was to publish a statement weekly in the Indian Trade Journal giving particulars of the orders placed. This practice has been criticised in some quarters as unfair to the trade; but it is a practice which is followed by various public bodies at home and possesses, from the point of view of the general tax payer, certain obvious advantages."

The following is a list of the more important purchases effected during the year:—

TEXTILES BRANCH.

	Rs.
Drill (grey, bleached and dyed)	24,34,387
Blankets and rugs	23,14,279
Socks, worsted	10,23,846
Pugri cloth	8,85,328
Gunny bags	6,28,647
Great coat cloth	5,74,890
Patties	4,97,902
Durries	3,86,509
Gunny cloth	3,50,574
Dak bags	3,07,779
Bleached long cloth	2,59,332
Sheets.. .. .	2,11,430
Vests, woollen	1,57,704
Ropes and cordages	1,43,000
Tents and components	1,22,831
Serge drab mixture	1,21,000
Paulins	89,425
Towels	76,686
Caps, comforters	73,594
Cardigan jackets	66,140
Flannelette	61,995
Felt	50,663

ENGINEERING BRANCH.

Permanent Way Materials—

Locomotive and Rolling Stock	3,66,833
Sleepers	2,19,375
Miscellaneous plant	3,37,642
Steel structures	1,67,622
Cement	45,000
Plant and Materials for Electrical Installations ..	10,32,060
Cast Iron piping	77,236
Creosote	8,27,748

The facilities for inspection and tests were considerably extended and improved during the year and the laboratories of the Test House and the Metallurgical Inspectorate were kept very busy. Additional specifications, many of which were of a complicated character, were prepared and old specifications, e.g., those of paints, were revised and completely re-written.

The Chief Controller concludes his general review in the following terms:—

“The other activities of the Department—and these are not the least important—are connected with the collection of information as to sources of supply, market conditions, prices, etc., with the scrutiny of indents placed on the Director-General, India Store Department, London, by other departments with a view to obviating demands on the United Kingdom and other countries for stores which are obtainable in India in consonance with the rules for the supply of articles for the public service; with the investigation of the possibilities of the manufacture of articles not hitherto attempted in the country and the improvement of existing standards; and with the registration of firms as ‘approved contractors’ to the Department. A considerable amount of information was collected during the year in regard to markets, etc., and for facility of reference has been compiled in the form of a directory. Advantage was taken of every means possible to acquire information as to the prices ruling in the Indian markets in respect of various classes of articles which are in ordinary demand by departments of government, and a considerable volume of interesting and valuable information has been obtained in respect of the prices current in the markets of the United Kingdom through the medium of the contracts placed by the Director-General, India Store Department, a copy of each of which is forwarded immediately to the Stores Department, and by means of telegraphic and other enquiries, whenever necessary, of the Director-General. The collection of this information has enabled the Department itself to place much business in the country which might otherwise have gone abroad, and has also enabled it to make a more effective scrutiny of the indents placed on the London Stores Department by other departments than was possible during the earlier period of its existence, the result of which was to add still further to the volume and extent of the purchases made in India by Government. Enquiries were made either as to the possibility of manufacture in India, or as to the improvement of the standard of the existing manufactures, in respect of many and varied classes of stores, such as acids of various descriptions; axle boxes; balances (spring); bearing plates; belting (link leather); bitumastic solution; bitulac A.B.C. solution; bolts (barrel, door, tower); brushes (paint, sash tool, shaving, varnish, wire); combs; cloth (American white); cloth (broad, blue); couplings (screw and universal); dahs; enamelware; fasteners (belt and web equipment); flax (canvas); felt (tarred); forks; gauges (enamelled iron); gold leaf; hoes; hoop iron fasteners; knives (clasp and farriers); ladles (melting); lamp glasses (segmental of different colours and for hand signal lamps); lenses for lamps; naphthalene; nitrate of silver; nuts (hexagon, $\frac{1}{2}$ in.); paints of various descriptions; pencils (carpenters); polish (metal); posts (wrought iron); rubber sheet for valves and joints; serge (navy blue, 54 in.); spoons; varnish of various sorts; washers (iron); wedges (wrought iron); wickings (kerosene oil) and wire webbing. In several cases the results proved satisfactory, and indentors were asked to give the Indian manufacturers an opportunity of tendering for their requirements in future. The names of 125 firms in India were placed on the list of approved contractors during the year after such steps, such as the inspection of the premises or works of the firms, as were considered necessary, had been taken to ensure the enrolment only of firms of proved standing and capacity.

The preceding paragraphs indicate that the activities of the Department were many and varied and that there was a marked development of its operations during the year. The objects kept consistently in view were to conduct the work of the Department in accordance with sound business principles and to place in, or help to divert to, the markets of India as much of the business of Government as the application of these principles and the provisions of the stores purchase rules rendered possible. The results obtained indicate that a measure of success was secured in the attainment of these objects.”

THE RUPEE TENDER.

In the Legislative Assembly, Delhi, on February 14th, 1924, the following resolution was carried, though it was not accepted by the Government of India :—

“ This Assembly recommends to the Governor-General in Council that the present system of stores purchase for Government requirements is not in the best interests of India, and should be done away with at the earliest moment.”

“ That in its place should be instituted a system of Rupee Tender for delivery in India with publication of results in each case.”

“ That this new system should be administered under the supervision of the Government of India by a cadre of qualified officers and that arrangements should be made in India for the requisite test and inspection of the goods purchased.”

As will be seen from the reference to this subject by the Chief Controller in his report, the Government of India have not yet made a definite announcement of policy with regard to this resolution, but the question is one which is engaging their most serious attention, and at each Session of the Legislature numerous questions are asked, which showed that the matter is one which will be keenly followed up by Indian politicians. In this instance, the representatives of the European Chambers of Commerce in India are making common cause with the Indian members of the Assembly, and it is not likely that the subject will be allowed to drop.

Should a system of rupee tender be inaugurated in India, and most competent observers agree that such a development is only a question of a few years, the British manufacturer is likely to meet much more intensive foreign competition when tendering for Government contracts. This can only satisfactorily be countered by most efficient and technical representation on the spot. British interests should so expand their organization in India that they may be in a position, when the time comes, to meet the government of India requirements in India as completely and efficiently as they have hitherto met them in London.

PURCHASES OF RAILWAY MATERIAL.

As I stated in my last report, each of the Indian Railways, whether operated by the State or by a company, maintains a Stores Controller at its headquarters in India, who purchases all stores bought locally and forwards indents for articles which must be imported. In the case of the State-operated railways, these indents are despatched to the India Stores Department, London, and in the case of company-worked lines the indents are made on the head office of the company in London, which effects the purchases in consultation with the consulting engineers.

Of recent years it has become the practice of the Railway Board in India to call for tenders for any large number of locomotives or wagons required for use on State-worked lines simultaneously in London and in India, and the order is placed either by the Director-General of Stores, London, or by the Railway

Board in Delhi or Simla, according to whether the foreign or the local tender is accepted.

The East Indian Railway came under direct State management on the termination of its lease on December 31st, 1924, and the Great Indian Peninsular Railway on June 30th, 1925. The purchasing agency in England for both these lines is now the India Stores Department, the staff of which has been strengthened to deal with this accretion of work.

Value of Railway Materials Purchased in 1923-24.—

The report on Indian Railways for 1923-24 deals exhaustively with the subject of stores purchases. The total value of materials purchased by Indian railways in 1923-24, excluding coal, coke, stone, bricks, lime, ballast, etc., showed a decrease of Rs.3·80 crores as compared with the figures for 1922-23. There was a reduction of Rs. 2·9 crores in the value of imported stores purchased and of Rs. 90 lakhs in the value of indigenous stores. The following table gives details of the purchases under the various classes of stores :—

	Value of Imported Material.			Value of indigenous materials.	Total purchases, 1923-24.	Total purchases, 1922-23.
	Purchased direct.	Purchased through Agents in India.	Total imported materials.			
	Rs. crores.	Rs. crores.	Rs. crores.	Rs. crores.	Rs. crores.	Rs. crores.
Rolling stock ..	9·96	0·40	10·36	0·50	10·86	10·47
Tools and stores	1·30	2·30	3·60	3·46	7·06	10·13
Permanent way	1·50	0·28	1·78	4·10	5·88	7·54
Electric plant ..	0·64	0·24	0·88	0·01	0·89	0·86
Building and station materials and fencing ..	0·28	0·16	0·44	0·14	0·58	0·58
Bridge work ..	0·69	0·08	0·77	0·05	0·82	0·53
Workshop machinery ..	0·67	0·11	0·78	—	0·78	0·52
Engineer's plant	0·13	0·05	0·18	0·01	0·19	0·23
Total ..	15·17	3·62	18·79	8·27	27·06	30·86

The next table, also abstracted from the Report on Indian Railways, gives the value, in thousands of rupees, of stores purchased by each of the principal railways during the year 1923-24 :—

Railway.	Value of stores imported direct.	Value of imported stores purchased in India.	Value of stores of Indian manufacture or of indigenous origin.
	Rs. (1000).	Rs. (1000).	Rs. (1000)
Bengal-Nagpur	1,33,04	62,44	19,55
Bombay, Baroda and Central India	1,69,66	55,29	1,43,25
Eastern Bengal	47,79	31,47	39,19
East Indian	3,43,43	88,62	1,23,05
Great Indian Peninsula	2,88,65	25,43	69,49
Madras & Southern Mahratta	83,75	14,96	51,51
North Western	1,82,26	38,48	2,36,34
Oudh & Rohilkhand	54,67	15,53	57,59
South Indian	1,10,58	11,79	18,32
Assam-Bengal	26,38	4,32	9,98
Bengal & North Western	14,67	6,65	19,70
Burma	60,49	6,62	34,66
Rohilkund & Kumaon	62	2,11	3,87
Total Expenditure	15,15,99	3,63,71	8,26,50

The heaviest purchases are of rolling stock and permanent way materials. I cannot do better than quote the remarks of the Railway Board in this connection :—

Locomotives.—“ In a communiqué issued in October, 1921, the Government of India estimated that they would require 160 locomotives and locomotive boilers for 1923-24 and 400 annually thereafter. Since that date, owing to the action taken on the reports of the Acworth and Inchcape Committees and to independent steps taken by the Railway Board, the position has entirely changed. The adequacy of the existing stock on the railways for handling the traffic offering or likely to be offered has been reviewed in detail; measures have been adopted to obtain a better user from it; facilities are being provided for the quicker execution of repairs, thus increasing the number of engines in commission at any one time; and in addition the electrification of suburban and other sections of various railway systems which are now proceeding or are in contemplation will set free a large number of locomotives for use elsewhere and at the same time reduce the annual requirements for replacements. More work should be expected from each locomotive than was the case in the past owing to recent improvements. For instance, the average size and power of locomotives have been gradually improved by the introduction of improved types and superheating; improvements such as train control, better design of marshalling yards and doubling of sections all conduce to getting more work out of the locomotive stock. As a result of these improvements there ought to be a progressively better outturn of work from each locomotive every year. The quicker execution of repairs again increases the number of engines in commission, or, to put it in another way, reduces the percentage required for spares. The cumulative effect of all these measures must be that a longer time will elapse before additions to the existing stock of locomotives are justified by the increase in traffic; and renewals will be to a considerable extent suspended, since the locomotives no longer fit to run will be scrapped without replacement, until

the excess is absorbed. In these circumstances, and unless there is a growth of traffic far more rapid than any present indications suggest, there is no likelihood that the figure of 400 locomotives estimated in October, 1921, as the annual requirements after 1924 of State-worked railways will be approached.

In view of this uncertainty as to the extent of the demand for new locomotives in the future the possibility of establishing a factory in India for locomotive manufacture on an economic basis appears to be remote. The question of giving protection to the Peninsular Locomotive Company, which had made a certain amount of progress in erecting works at Tatanagar for locomotive building, was referred to the Tariff Board during the year in connection with their enquiry into the question of giving protection to the steel industry. For reasons such as those given above the Tariff Board did not recommend protection to this industry which in their view would involve a heavy burden on the country without any certainty that the industry could be definitely established.

The prices paid during the past five years for locomotives have varied considerably with the downward tendency in recent years. The following statement, showing price f.o.b. per ton of net weight of the locomotives, illustrates this :—

January, 1919	£ 87·93
March, 1919	117·25
March, 1920	136·63
October, 1921	92·01
May, 1922	73·34
August, 1922	66·01
February, 1923	60·35
July, 1924	61·86

Wagons.—“ Out of a total expenditure of Rs. 203 lakhs on goods stock Rs. 14½ lakhs represents the purchases of stock of Indian manufacture. The Railway Board placed no orders in India for the supply of wagons during 1923-24 owing to the prices quoted in tenders received from firms in India being high as compared with quotations from firms overseas. The following figures will illustrate this :—

Type.	Number tendered for.	Tender Prices.	
		Lowest Indian.	Accepted overseas.
		Rs.	Rs.
A. 1	1,030	5,085	3,494
A. 2	615	5,285	3,610
C. 2	310	4,890	3,435
M.A. 1	585	3,444	2,352

The expenditure of Rs. 14½ lakhs represents payments made on account of wagons built in India on orders previously placed, the total number of such wagons being 1,238.”

Permanent Way Materials.—“ The bulk of the total expenditure of 588 lakhs on permanent-way materials (Rs. 4·10 crores) was expended in India. Of the expenditure on rails Rs. 98 lakhs represents purchases of indigenous materials and Rs. 89 lakhs purchases of imported materials. The manufacture of rails in India is at present confined to the Tata Iron and Steel Company, but the output of this firm during the year under review

was considerably short of the total requirements of Indian railways, and orders for the balance had to be placed abroad after the firm had been given orders covering the whole of their estimated output. The demand of Indian railways during the year amounted to about 120,000 tons, as against 80,000 tons ordered and 70,000 tons actually produced by the Tata Iron and Steel Company. Consequently orders for about 50,000 tons had to be placed abroad. The whole of the demands (35,000 tons) for State-worked railways were met from the supplies from the Tata Iron and Steel Company. The Railway Board's seven year contract with the Tata Iron and Steel Company provided for the supply of heavy section rails for State-worked railways at 130 rupees per ton, but this was raised during the year to 156 rupees so as to make the rate approximate more nearly to the rate for imported rails. This results in a payment of Rs. 9,10,000 over and above the contract price in respect to the supply to State-worked railways. The price of steel fluctuated considerably during the year, there being a difference of as much as Rs. 20 per ton on different dates.

Practically all the sleepers purchased were of Indian material, the payments on this account being Rs. 240 lakhs. Under the present arrangements the purchase of sleepers within particular areas is arranged for by the railway administration working in that area. Owing to the increasing difficulty of obtaining a sufficient supply of suitable hard-wood sleepers and to the rise in the price of sleepers, it became necessary to examine the whole question of sleeper supply and the methods of purchase with special reference to the possibility of utilising new varieties of indigenous timber.

The Railway Board accordingly appointed a committee consisting of a senior railway officer and a senior forest officer in October, 1923, (to make a comprehensive enquiry into the sources of supply of timber sleepers in India and Burma and the possibility of developing such sources. At the same time they were asked to report on the best methods of arranging for the purchase of such sleepers and of any means by which their cost might be reduced. The question of the advisability of using steel, iron and ferro-concrete sleepers was also considered by them."

Standardization of Rolling Stock.—The question of standardization of rolling stock, especially of locomotives, has been engaging the attention of the Railway Board for some years, the policy adopted being one of "progressive standardization as a continuous process." As regards locomotives, the Railway Board state that "the intention is that after a general specification and diagram for each type and classes of a type have been prepared in India, working drawings should be prepared in England in consultation with the consulting engineers and manufacturers and, after a final scrutiny by the Locomotive Standards Committee, should be adopted as standard designs. Each administration requiring engines will, however, only be permitted to indent for not more than two or three of a type or class of a type so that such engines can be thoroughly tried for at least two years. The experience of all administrations will then be carefully analysed by the Committee and any modifications agreed upon introduced in the standard design before bulk orders are placed. No deviations will be permitted when ordering any locomotives without the previous approval of the Locomotive Standards Committee and the Railway Board.

It is hoped that British locomotive builders are watching the situation very carefully and are acting in close touch with the consulting engineers in London. *It is essential that British makers*

should secure the first trial orders of the new types, so that they may acquire the new patterns, blocks and dies, which will materially assist them in securing the bulk orders which are bound to follow later.

As regards coaching and wagon stock, the Railway Board state that standard designs were drawn up by a Committee appointed in 1919 for coaching underframes and wagon stock, and it is intended shortly to appoint a separate technical committee to revise details of existing standard designs and, if considered necessary, to introduce new types. The procedure to be adopted will be substantially the same as in the case of locomotive standards already referred to. In the case of wagon stock, the policy of common user on the 5ft. 6in. gauge and the interchange of stock of metre gauge lines make the importance of the use of standard types and details obvious.

Automatic Buffer Couplers.—The Railway Board are seriously considering the introduction of an automatic buffer coupler on Indian railways. A railway officer was deputed to the United States to study conditions on American railroads. A special technical committee was then appointed to consider his report, but before coming to a final decision on the subject, the Railway Board have asked all railway administrations to experiment with transition devices in order to evolve a satisfactory transition gear during the period of change-over. It is estimated that it will be possible to convert 178 engines, 290 coaching vehicles and 4,000 wagons monthly. It will, therefore, be necessary to provide converted vehicles with some device which will enable them to run with other vehicles until all vehicles have been converted. The total cost of the scheme for such rolling stock as can be fitted with the automatic coupler is estimated at approximately 4.65 crores of rupees (say £3,000,000), but it is quite likely that this figure may be found to be an under-estimate.

Owing to the fact that this system of coupling has been in force on American railroads for many years, American steel founders have acquired considerable experience in the manufacture of the steel castings required. The work is comparatively simple, however, and there is no reason whatever why British steel founders should not be able to undertake the whole contract provided that they are prepared to lay down special shops and plant for the purpose. The enormous value of the contract and the need to obtain a footing in the initial stages should prove incentives to the firms who can undertake this type of work. American and Continental competitors are very active and have been in close touch with the Railway Board for some time.

Searchlights for Locomotives.—Since the disaster to the Punjab Mail in 1922, locomotive headlights have been introduced on several of the important expresses. The Railway Board have now requested that, within the next three years, locomotive headlights should be fitted to all important engines on single-line track. This development will probably affect at least 6,000

locomotives. Tests are being carried out with the Pyle-National, the Sunbeam, and the G.E.C. searchlights, all of American manufacture, and those headlights already fitted are of American origin. It is most unfortunate that British makers have not specialised in this type of fitting. One or two firms have been in negotiation with the Railway Board, but it seems doubtful whether they will be able to produce a suitable article and have it tested before the American lights are installed.

The Position of British Suppliers of Railway Plant.—It is only during the past few years that foreign competition has been met with to any extent in the contracts for rolling stock and other requirements of Indian railways. This competition may be said to date from the despatch addressed by the Government of India to the High Commissioner for India in London, dated December 22nd, 1921, in which the following passage occurs:—

“The Government of India have arrived at the conclusion that all temporary expedients designed to meet an abnormal and transitory state of affairs should now be abandoned, and that the Stores Department, in placing contracts for stores and materials required for Government Departments in India, should revert to the ordinary business principle of accepting the lowest satisfactory tender. The Government of India have no desire at all to fetter the discretion of the High Commissioner in deciding between tenders on the principle laid down, and, in making such a decision, he will, of course, take fully into account such considerations as quality, reliability, ease of inspection, time of delivery and the like. In regard to locomotives, wagons and similar railway material, the High Commissioner in placing orders will, of course, bear in mind the importance of strict adherence to British standard specifications and Indian standard drawings. Deviations from the standard drawings, especially in respect of renewable parts, may cause great inconvenience in India. The Government of India consider, however, that no preference should be given to British firms merely because they are British, except in the case referred to at the end of paragraph 3 of this letter,* and they are of opinion that departure from the principle of accepting the lowest satisfactory tender can be justified only in cases when the placing of an order with a foreign firm, though temporarily securing a cheaper article, might have the result of depriving the High Commissioner in future of a source of supply on which he might have to rely for completing further orders.”

As a result of this despatch, the special temporary practice, which had been in vogue since the war, of allowing some preference to British manufacturers, was discontinued, and each tender was considered on its merits, irrespective of origin. Owing to the discrepancy between British and Continental prices due to depreciated exchanges, lower rates of wages and longer hours worked etc., French, German, Belgian and Czechoslovak firms have been successful in securing an increasing share of the trade in tyres, wheels and axles, steelwork, wagons, and even locomotives in a few instances. Their share is still much below that of the British firms, being about 27 per cent. of the total purchases, but

* *Note.*—The paragraph referred to reads as follows:—“The Government of India accept the principle that the lowest ‘satisfactory’ tender should be accepted, and cordially agree that where a British and a foreign tender are equally satisfactory and equally cheap, preference should be given to the former.”

it has shown a disconcerting tendency to grow during the past three years. These remarks, of course, apply to the purchases made by the India Stores Department, London, on behalf of the State-operated lines, to which have recently been added the important systems of the East Indian and the Great Indian Peninsular Railways. The importance of these two lines will be realised from the fact that their total mileage on March 31st, 1924, was 9,339. The total mileage of lines operated by the State, the purchases for which are made by the India Store Department, represents approximately 22,510 miles of a total track mileage of Class I railways in all India on March 31st, 1924, of 47,286. The company-worked lines still buy largely through the medium of their London offices and consulting engineers and are not bound by the despatch quoted above. Nevertheless, there has been a distinct tendency on the part of several of them to take advantage of the lower prices quoted by Continental firms and a considerable amount of work has been lost to the United Kingdom in consequence. In the fifteen months ended on March 26th, 1925, the High Commissioner for India placed £923,000 worth of railway contracts with British firms out of a total of £1,249,000. The corresponding figures for the Indian railway companies working railways belonging to Government were £5,430,000 with British firms out of a total purchase value of £6,362,000. Taking the aggregate purchases amounting to £7,611,000, we find that £6,353,000 or 83 per cent. were placed with British suppliers. In addition to the Continental competition already described, the tendency referred to earlier in the present chapter of adopting such appliances as automatic buffer couplers and locomotive headlights, which have been mainly developed in the U.S.A., and are no part of normal British railway practice, places British manufacturers in an unfavourable position when tendering for these specialities. I foresee greatly intensified foreign competition in Indian railway contracts in the future.

I have dealt at some length in this and in previous reports with the policy of the Government of India of purchasing more and more stores in India and less and less material in London. So far this policy has not affected railway purchases of imported articles to any considerable extent. Most of the items purchased, such as rolling stock, bridgework, permanent way materials, special tools, etc., are of such a complex nature and require such efficient inspection at each stage of manufacture that it is much more convenient and satisfactory to purchase in London than in India. Moreover, it is most desirable that the Indian railways should be in close touch with the most modern railway practice and improvements in material, and this object can only be satisfactorily attained in London through the medium of consulting engineers. It is likely, therefore, that for some time the bulk of the purchases of imported railway material will continue to be made in London. At the same time, if as would appear to be likely, the Rupee tender in India is insisted upon in the case of Government

purchases in the course of the next few years, the centre of purchase will be definitely shifted from London to Delhi/Simla, and the position of British suppliers of railway plant will be seriously threatened unless, in the meantime, steps have been taken to build up a technical and highly-efficient organization in India, which is competent to draw up tenders and advise the railways on all technical points connected with the plant supplied.

Most of the principal suppliers of rolling stock, etc., have hitherto contented themselves with maintaining touch with the India Stores Department, London, and the London head offices and consulting engineers of the company-operated lines. They have, quite naturally, not considered it necessary to keep in touch with the Railway Board and indenting officers in India, as the orders have been forthcoming in London, and they hesitated before incurring the additional expense of an organization in India. The time, however, has come when an organization in India is essential, if our position is to be safeguarded when the changes outlined above have materialized. Foreign competitors, both Continental and American, are already in the field, and unless British firms follow suit, they will be seriously handicapped in the future. A few of the locomotive and wagon builders are already represented in India, and several makers of permanent way materials and machine tools have an active organization on the spot. It is to be hoped that the remaining British firms of suppliers and railway contractors will lose no time in reaching a decision on this point. I feel sure that if they would, as a preliminary measure, send out a director or other senior officer to survey the position and consult with the members of the Railway Board and the leading railway officials throughout the country, they would quickly realise the dangers of the present position.

PURCHASES OF ARMY REQUIREMENTS.

The Master-General of Supply at Army Headquarters, Delhi/Simla, is in general charge of purchases of military stores. The methods of purchase adopted vary according to the nature of the commodity and are as follows :—

(a) **Food Grains** are purchased wholesale in the principal growing centres through the agency of a commercial firm of standing, and tenders for the agency are invited through the medium of various European and Indian Chambers of Commerce in India.

(b) **Wheat Products** are obtained by milling Government wheat at mills taken under Government control.

(c) **Coal and Coke** are obtained through the Chief Mining Engineer, Railway Board, who places his orders with the collieries.

(d) **Petrol, Mineral Oil, Lubricants and Paints.**—Tenders are invited from the producers and manufacturers and their accredited agents, who are the only wholesale source of supply.

(e) **Miscellaneous stores including Ordnance stores.**—A list of approved firms, whose credentials and resources have been ascertained, is maintained, and tenders are invited from these firms.

The bulk of the imported stores are purchased by the Director of Contracts at Army Headquarters, Delhi/Simla (Col. Dunlop),

who handles most of the foodstuffs, petrol, lubricants, paints and miscellaneous items such as basins, soap, horseshoes, etc. Wherever possible, the Stores are purchased in India from accredited agents, and I am informed by Col. Dunlop that he is buying less and less from the United Kingdom, where his agent is the Director-General of the India Store Department, London. His purchases during the past year amounted roughly to $4\frac{1}{2}$ crores of Rupees (£3,000,000), 50 per cent. of which represented foodstuffs and grain, a further 25 per cent. oils and paints, and the balance made up of miscellaneous stores. Army textiles are all bought by the India Stores Department, while engineering stores, which do not fall within the province of the Director of Government factories, are also, as a rule, handed over to the India Stores Department. The inspection and analysis of foodstuffs is carried out at the laboratory at Kasauli, while the services of the Government Test House at Alipore, near Calcutta, are utilised for the test of other materials. The Director states that he is anxious to purchase more of his requirements, even of imported stores, from agents in the country, as he finds, particularly in the case of foodstuffs, that he thereby secures supplies in fresher condition. British firms seem to be securing their fair share of the contracts, but it is noteworthy that the orders for oatmeal have recently been obtained by the Quaker Oat Company of America. Paints are almost all of Indian manufacture, while the purchases of lubricants are usually made from the American Companies. British manufacturers who produce articles in demand would do well to instruct their agents and representatives to maintain close touch with Col. Dunlop and his officers.

The Deputy Director-General of the Indian Medical Service in charge of stores also purchases in India large quantities of drugs, medicines, dressings and surgical instruments and apparatus. Where such stores are not available in India, they are purchased by indent on the India Stores Department, London. Medical stores depots are maintained at Calcutta, Bombay, Madras, Lahore and Rangoon.

STORES PURCHASED BY THE DEPARTMENT OF POSTS AND TELEGRAPHS.

Imported stores are usually purchased by the Director-General of Posts and Telegraphs through the agency of the India Stores Department, London. Reference is made in Chapter I, page 41, to the steps which are being taken to manufacture postage stamps and stamped security papers at the new press at Nasik in the Bombay Presidency. Close touch is maintained with the Controller of Printing, Stationery and Stamps, Calcutta, who largely handles such items as printed forms and miscellaneous papers. Telegraph stores are probably the most important item of imported stores. In his report on the working of the Department for 1923-24, the Director-General states that a tentative

order for 100 tons of hard drawn copper wire was placed in December, 1923, with the Indian Cable Company of Jamshedpur (a concern managed by a British company) and that satisfactory deliveries were made during 1924.

The Calcutta Pottery Works have increased their output of insulators, and "it is hoped that in the near future this firm will be able to meet the entire requirements of the Department for insulators, the annual consumption being about 5 lakhs."

The services of the Indian Stores Department in Delhi/Simla are now being utilised to an increasing extent, and such items as oils, electric light and fan fittings, and various other stores, are now purchased through this agency.

THE ARMY CANTEEN BOARD (INDIA).

This review of Government purchases in India would not be complete without some reference to the Army Canteen Board (India), the constitution of which is that of a Limited Company, "not for profit and limited by guarantee," and registered under the Indian Companies Act, 1913. The working capital of the Company consists of a Government guarantee of Rs. 30 lakhs. The Chairman of the Corporation is the Quartermaster-General in India, and the control is vested in a Board of Management which at present comprises :—

Major-General C. N. Macmullen, of Army Headquarters (Chairman).

H. Mansel-Pleydell, Esq., O.B.E. (Controller).

A. F. L. Brayne, Esq., C.I.E. (Financial Adviser to Army Headquarters).

Col. C. H. K. Chauncy, C.B.E., of Army Headquarters.

Mr. H. Mansel-Pleydell controls the actual management and is assisted by a chief accountant and secretary, who was previously in the employ of the Army Canteen Board in England.

The declared objects of the Board are :—

(1) to satisfy the modern necessity for a regular organisation with official backing for the conduct of regimental institutes and field canteens working on co-operative lines, not for profit, supplying only good quality foodstuffs for the supplementary rationing of the army and their extra luxuries and necessities at the lowest possible prices.

(2) to provide the army with an organization readily mobilizable for Frontier operations and in time of war generally.

(3) to guarantee an efficient and self-supporting substitute for Government or private commercial canteens which would otherwise have to be hastily improvised by Government on the occasion of field service operations, such improvisation involving the risk of loss which a permanent canteen organization can guard against, and

(4) to undertake the supply of hospital comforts. The Board was incorporated in February, 1922, and the first three years have been spent in expanding the organization to cover the Northern and Western Commands. It is hoped, however, to extend its activities until it covers all the Indian and Burma Commands, and every British army canteen in India. At December 31st, 1924, the Board was conducting 70 regimental institutes, 4 army mansions, 2 cinemas, 14 bakeries, 14 aerated water factories, and 17 central stores and warehouses for local distribution, with an import depot at Karachi.

At present, the total purchases of all kinds of stores amount to Rs. 8 lakhs per month and of these Rs. 2 lakhs per month represent imported

goods, principally foodstuffs and beer. All purchases are centralized at headquarters and the Controller is prepared to negotiate direct with home suppliers. Practically all the imported foodstuffs, confectionery, beer, wines and spirits, polishes, soap, brushes, etc., etc., are purchased direct from the makers or shippers, who draw on the Board at 60 d/s. Miscellaneous and sundry items such as crockery, silverplated ware, articles of apparel, etc., are bought through a London merchant shipping house on favourable terms.

In the Annual Report for 1924, the Controller states that " the attitude of the majority of British manufacturers and shippers who have responded sympathetically to the Board's application for tenders thereby enabling goods to be imported at favourable prices, has been of great assistance."

It will be noted that purchases of imported goods already amount to £150,000 per annum, and this figure will be very considerably augmented as the activities of the Board expand throughout India. British makers, who may be interested, should place themselves in communication with—The Controller, Army Canteen Board (India), Simla, and supply the fullest details of their products with prices, terms of sale, etc., etc. Copies of the memorandum and articles of Association, the last annual report, descriptive booklets, price lists, etc., may be seen on application to the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

CHAPTER IV.

AN ACCOUNT OF THE PROGRESS MADE DURING THE PAST YEAR IN CERTAIN OF THE MORE IMPORTANT IRRIGATION, HARBOUR, HYDRO-ELECTRIC AND OTHER PROJECTS IN INDIA.

I. IRRIGATION.

Punjab.—I am indebted to the Secretary to the Government of the Punjab in the Irrigation Department (Mr. W. P. Sangster, C.S.I., C.I.E.) for the following progress report on the Sutlej Valley Works and for the accounts of the Haveli and Thal projects.

Sutlej Valley Project. Progress Report to June, 1925.

Gandasinghwala System.—All preliminary work on the headworks was completed by the end of last hot weather, and when the river fell in November construction work was started in earnest. Up to date the work has been about one-third completed, and unless something untoward happens, the headworks will be in a position to feed the canals on both banks in 1927, at an estimated cost of Rs. 1,14,34,000.

Left Bank Canals.

(a) *Bikaner Canal.*—Progress on this canal has been satisfactory. About 90 per cent. of the excavation has been done. Between 900,000 and 1,000,000 square feet are being lined with concrete per month. All bridges have been designed and are in course of construction. The main feeder is being excavated and distributaries are being designed.

(b) *Eastern Canal.*—Main line excavation has been completed and branches about $\frac{1}{2}$ excavated. Masonry works are being started and distributaries are being aligned.

Right Bank.

Dipalpur Canal.—Main line and branches about $\frac{1}{2}$ excavated and masonry works started. Distributaries are being designed.

Suleimanke System.—Exceptionally good progress was obtained on the headworks. At the end of the cold weather the river was successfully diverted through the left undersluices. The work will be completed in every respect during next cold weather, and the canals, taking off from both banks, will be in operation in 1926.

One of the features of last working season was the large quantity of cement concrete laid. The maximum daily output was over 25,000 cub. feet.

The estimated cost of this work is Rs. 1,44,25,000.

Left Bank Canals.

Eastern Sadiqia and Fordwah Canal.—Progress on these have been satisfactory and is nearing completion.

Right Bank.

Pakpattan Canal.—Progress on this canal has been satisfactory and it will be ready to take water in March, 1926. Distributaries are under construction.

Islam System—Progress on the headworks has been better than anticipated and approximately two-thirds of the work has been completed. Estimated cost is Rs. 1,24,88,000.

Left Bank Canals.—Main line excavation has been started and branches and distributaries are being aligned.

Right Bank Canal.—Mailsi Main Line and Branches are about half dug. Masonry works are about to start. Alignment of distributaries is nearly completed.

Panjnad.—Government of India has been asked by the Punjab Government to permit of final surveys being started this year, with the object of commencing construction in 1926-27.

The total estimated cost of the Sutlej Valley project is Rs. 19,73,40,539, out of which Rs. 6,00,00,000 has been spent up to March 31st, 1925.

The total amount of earthwork done during the year was 406,600,000 cub. feet.

There are 14 dragline excavators at work varying in size from a $\frac{3}{4}$ -yard bucket with a 30-foot boom to two with 8-yards bucket and 105-foot boom.

The Nalagarh quarries have supplied 6,464,000 cub. feet of stone and ballast during the year and met all demands.

Haveli Project.—The primary object of this project is to give a more assured supply to the Sidhnai Canal and to the Chenab inundation canals of Multan district. A large irrigated area on these canals fails to mature owing to scarcity of water at critical periods towards the end of the season. Incidentally a new area of about 200,000 acres will be irrigated.

The project consists of a weir at Haveli just below the confluence of the Chenab and Jhelum rivers, with canals taking off on both banks of the river. The right bank canal will irrigate some new areas in the head reach and then take up the irrigation of the Karam inundation canal. The left bank canal will irrigate some new areas in the Rechna Doab below Jhang and then after crossing the Ravi river will take up the irrigation of the Sidhnai canal and its subsidiary canals, and also of the Multan inundation canals. The total cost of the project has not yet been worked out in detail, but, roughly, it will be about 3 crores, and the total area irrigated will be about 365,000 acres.

Thal Canal Project.—This enormous project, which has not yet been sanctioned by Government, aims at commanding a gross area of 4,600,000 acres and a culturable area of 2,900,000 acres at a total capital cost of over 13 crores of rupees. The nett revenue return in the form of a percentage of capital cost at the 20th year is estimated to be 8.68 per cent.

A note on the project may be seen at the Department of Overseas Trade, but is too long and detailed for insertion here.

Sind. Lloyd (Sukkur) Barrage and Canals Scheme.—The following report showing the progress made during 1924-25 on the Lloyd Barrage and Construction Scheme has been cour-

teously provided by the Secretary to the Government of Bombay in the Public Works Department with the sanction of the Governor in Council.

The whole scheme is divided for the purpose of this report into four sections: (1) Right Bank canals; (2) Left Bank canals; (3) Eastern Nara works; (4) The Barrage.

The Right Bank canals are in charge of the Superintending Engineers, North-Western and Western Circles. They comprise (1) the N.W. Perennial Canal and its branches, (2) the S.E. Perennial Canal and its branches, and (3) the Central Rice Canal.

The Left Bank canals consist of the Rohri Canal, its branches and two feeders—the Khairpur East and West—and are in charge of the Superintending Engineer, Rohri Canal Circle.

The Eastern Nara Works consist of the Eastern Nara, Jamrao, Mithrao, Thar and Hiral Canals, and are in charge of the Superintending Engineer, Eastern Nara Circle.

The Barrage with the river training works and the headworks of the main canals is in charge of the Superintending Engineer, Lloyd Barrage Circle.

Right Bank Canals.—In the North-Western Circle work was concentrated on fixing the alignments of the Right Bank Canals. The alignment of the N.W. Perennial canal from mile 16 to tail at the off-take of the Shahdaddkot and Khirtar Branches, and the alignment of the Begari Branch up to this point were finally settled; work was carried out on branches and distributaries and consisted of levelling, taking cross sections, ranging, dog belling boundary lines, laying out curves and lining out centre lines. The work of levelling and taking cross sections of the Central Rice Canal and branches and of the South-Eastern Perennial Canal was either in progress or completed.

Four dragline excavators were assembled at Bagarji, arrangements for the erection of which were made during the first half of the year, and of these two have crossed the Sukkur canal and the other two are to follow shortly. Water supply, light railway materials, and workshop appliances were received and about 8 miles of light railway and one mile of pipe line were laid in connection with the excavation of the central rice and north-western canals. Two tube wells for water supply were bored to a depth of 114 feet; one has been completed and the other is nearing completion.

The temporary buildings required for the establishment of the dragline excavators, and the preliminary arrangements for canal excavation of the north-western perennial canal have been completed, and the actual work of excavation on this canal will now be taken in hand.

Four new lines seven miles apart from each other were fixed and wells along them selected for taking subsoil water observations in addition to the existing lines laid out over the whole Right Bank Barrage tract of 1920.

Flood observations during the rains were taken of "Nais" by fixing gauges and taking discharges at suitable places and proposals to provide adequately for disposal of floods are being investigated.

The discharges and gauge readings of the Begari and its branches have been collected and calculations are being worked out to see whether with a proper distribution of water the existing discharge of the canal will not be sufficient to supply the area commanded by the proposed rice branch, and thereby save the cost of construction of this branch ex the central rice canal.

Cultivation figures of rice and other crops were collected for the purpose of the final design of the main canal and branches.

The portion of the land required for the main canals between Sukkur and Ruk was acquired and taken possession of. The buildings at Bagarji, Garhi Yasin and Naraindas Village were completed and those at Shahdadkot and Sujawal were taken in hand.

In the Western Circle the most important work done during the year was the collection of accurate information required for the final design of the canals, distributaries and minors.

With the exception of some portions of the central rice canal, the alignments of all canals were investigated, theodolited, marked on the ground and permanently located by centre line marks, etc. Similarly the alignments of several distributaries were approved and the investigation of those remaining is in hand.

With a view to formulate proposals for dealing with the floods the Gaj, Shal, Angai and Naung Nais were inspected and calculations are being made to find the capacity of the Manchar with varying rainfall, and discharges of canals flowing into the Manchar from the Indus; gauge readings and records of rainfall for the last 12 years were collected and zeros of all gauges checked and a rain gauge fixed in the Kohistan hills. Calculations to determine the width and depth of the channel required to drain the Manchar are in hand for varying levels of the river and the Manchar Lake.

Acquisition proceedings were in progress for land required for main canals and the preparation of land plans for distributaries were in hand.

A number of buildings consisting of inspection bungalows, sub-divisional officers' rest houses and sub-divisional offices were either completed or are nearing completion while the construction of the remaining buildings is progressing satisfactorily.

Bench marks on the wells selected for observations were connected with G.T.S. bench marks and observations in connection with subsoil water levels taken.

Left Bank Canals.—The following shows the progress made in connection with the designing of canals: (a) Collection of information from soil survey registers and Land Record Office for the final designing of the main canal and branches. (b) Plotting of longitudinal sections of main canal, Nasir and Hyderabad branches. (c) Examining the alignments of distributaries, drawing longitudinal sections of all distributaries from contour plans and fixing full supply level and determination of lift and flow areas. (d) Collection of the exact area of all survey numbers and of the numbers cultivated with rice during the past 10 years. (e) Tabulating areas of distributory and minor commands. (f) Plotting of contour survey and preparation of index plans showing bench marks, completion of field books and all other records.

Work was also carried out on the preliminary and detailed surveys of the main canals and branches and on distributaries and minors in Divisions Nos. 1, 2, 3 and 5 of the Rohri Canal Circle.

In the Rohri Canal No. 1 Division the first "320" class Bucyrus dragline excavator has been erected and has so far excavated about $\frac{1}{4}$ mile of the canal in $\frac{2}{5}$ th breadth. The second machine of the same class moved out of the erection pit on 31st March, 1925. Of the three "20" class Bucyrus machines two have been erected and are complete except for the huts, and the third in the Rohri Canal No. V Division, is ready to work from the 1st of April. Of the two "300" Ruston draglines the first machine was within 1,000 feet of the canal line at the end of the period under review and will soon commence excavation. The second machine is just behind and following it up. A light railway was laid in a length of $4\frac{1}{2}$ miles at Mehrabpur. A small length was also laid at Rohri.

Five tube wells, three at Rohri and two at Mehrabpur were sunk for the supply of water to dragline excavators. Similarly one tube well was sunk at the site of the inspection bungalow at the latter place.

Bed stones are being fixed along the centre line of the main canal, branches and distributaries and the work of constructing bench marks near wells for subsoil water level observations was completed.

Good progress was made with the construction of inspection bungalows sub-divisional officers' rest houses and sub-divisional offices in Rohri Canal Nos. IV and V Divisions, while in the remaining divisions tenders were invited and the works have been started.

Detailed statements of land to be acquired, were prepared and forwarded to the Revenue Officer and the acquisition proceedings are being notified.

Eastern Nara Works.—In the Eastern Nara Circle the plotting of survey and levelling undertaken during the previous year in the Mithrao Remodelling Division was completed and the contour survey of the tract commanded by the Eastern Nara system completed in March, 1924, was plotted and the contours developed. The survey of the Nara from Jamrao head to Thar weir was plotted and cross and longitudinal sections worked out. Similarly the cross sections of the Eastern Nara from head to Jamrao weir were completed and plotted while longitudinal and cross sections of the Jamrao and its branches distributaries and minors in a length of 600 miles were plotted.

In order to compare the present state of the channel with that in the last cold weather the cross sections of the Nara were taken at every 2,500 feet from the 12th mile to the 50th mile. Similarly the longitudinal and cross sections of the Mithrao Canal were taken and plotted and the collection of figures showing the cultivated and uncultivated areas was completed.

General alignments of Khipro, Samarjo, Nabisar and Naokot branches and their distributaries and minors were prepared and the alignment of the Khipro Canal and Samarjo Branch in a length of 90 miles was completed and the centre lines were nicked out. The double levelling of the whole 90 mile length with cross sections and surveys of roads and karias crossing the lines was completed. Bench Marks stones at every 10,000 feet and distance pegs at every 2,500 feet are being fixed. The surveying, levelling nicking out of the Nabisar Branch and its distributaries were completed in a total length of 95 miles. Similarly the surveying, levelling and nicking out of the Naokot branch in a length of 48 miles was completed and the collection of figures of cultivated and uncultivated areas on the Nabisar and Naokot Branches and of their distributaries was in progress. The surveys of the Thar Canal and the Chhorwah were completed up to the 13th and 10th miles respectively to determine on which sides it would be advisable to widen the canal.

Similarly the surveys of distributaries ex the Khipro and Samarjo Branches in a length of 75 miles, and double levelling of about 35 miles and surveying of distributaries ex Thar Canal in a length of 40 miles were completed.

The "Sangs" taking off directly from the Nara were surveyed in a length of 140 miles, double levelled and cross sections taken at every 1,000 feet. Similarly the Flood Diversion Bund was surveyed and double levelled throughout its present length of 30 miles and levelled up to a point beyond which the sand hills are continuous down to the Jamrao Head in a total length of 60 miles. Cross sections of the bund were taken at every 500 feet with east and west lines between 10 and 30 miles surveyed and levelled in a total length of 60 miles. Surveys and levelling of the flood diversion bunds from Makhi to Farash were also in progress, and about 30 miles of the alignment fixed. Similarly a major portion of the survey of the Hiral Drainage Channel was completed.

The bungalows for the Executive Engineers at Mirpurkhas were nearly complete, while good progress was made with a number of other buildings, and also with the work of containing banks along the Nara from the Jamrao Head to the Makhi Weir. The work on inspection paths along the Nara was completed in a length of 35 miles. Good progress was made with the erection of the two 30-B Dragline Excavators, which will be ready for excavation shortly. Gauges were fixed along the Nara and wells for the observations of subsoiled water levels were selected at suitable intervals.

and connected with the nearest G.T.S. Bench Marks. Plans and sections of the "Sangs," the flood diversion bund and the east-west lines were plotted and estimates for the whole of the containing banks and for the necessary working of the Nara in the upper reaches were prepared. Land plans were prepared for land required in the British Territory and negotiations initiated with the Khairpur Darbar for land acquired in the State. Investigations were carried out to ascertain the discharge figures, gauge readings and other flood records in connection with the protection of the Nara against river floods.

Lloyd Barrage.—The construction of 18 officers' bungalows and 265 establishment and menial quarters in the Barrage township progressed very well. The first and second batch of 12 bungalows and 200 establishment and menial quarters were completed with the necessary roads.

The land required for works on both banks of the river was acquired and railways were laid and extended into the Kohistan quarry on the Left Bank. Satisfactory progress was made with the work connected with the Barrage railways on the left bank.

A considerable quantity of plant has arrived and has either been erected or is in course of erection. Compressors have been installed at two important quarries, and at one of these pneumatic drills are working under the pressure obtained from a portable compressor pending the removal of over burden to make room for a great number of drills so as to make the running of the bigger compressor economical. On both banks of the river tanks have been erected for supplying fuel and water to locomotives and works. A crusher has been put up on each bank to crush stone into metal. Mortar mills have been erected and are in use on the Right Bank. The power house to supply electric energy to works and township buildings is in course of construction and the first power unit will be erected shortly. A small workshop on the right bank was completed and machine tools and other plant fitted up and brought into use. The three quarries which have been opened for the supply of lime-burning stone and for rubble stone and metal and pitching stone on the right bank continue to supply stone, and a new quarry opened in Kohistan on the left bank has started work. All quarries are served by broad gauge railways. Up to the middle of the year almost 1,400,000 cub. feet of stone of various kinds was quarried on the Sukkur side and supplied for the barrage township. Similarly about 500,000 cub. feet of pitching stone was quarried on the Rohri side and supplied for the Left Guide Bank.

The plant on works was maintained and kept supplied with stores, etc., during the period under review.

Plant to be purchased during 1925-26.—The following special tools and plant are proposed to be purchased in the year 1925-26 :—

Railways 5' 6" Rolling Stock.

150 Wagons open.

3 Locomotives.

2 Locos.

Brake vans and other miscellaneous rolling stock.

Hand crane 10 ton.

Permanent Way.

62 lbs. track signals, etc.

Railway 2' Gauge.

Miscellaneous parts.

Fleet.

2 Dredgers.

5 pontoons 80' × 20'.

4 pontoons 80' × 66'.

30 pontoons 60' × 20' for pile drivers.

30 Barges 80' × 16'.

15 Barges 40' × 8' for pumps.

Cranes.

2 25 ton electric derrick cranes.

2 12 ton steam loco cranes.

2 12 ton electric "Goliath" cranes.

4 10 ton electric derrick cranes.

Pumping Plant.

40 Sets of 8" centrifugal pumps with electric motors, suction and delivery pipes, etc., complete.

Pile Drivers.

- 33 Sets with steel frames for driving 40 feet piles and steam double acting hammers.

Air Compressors.

- 2 300 cub. ft. air compressors with oil engines or electric motors and air receivers complete.
400 Lengths, spare hoses with connections.

Crushers and Mixers.

- 2 Crushers.
6 Motors of starters.
3 Concrete mixers.
2 Elevators.

Diving Gear.

- 8 Sets of complete diving gear with air pump, etc.
3 Sets spares for above.
20 Lamps submarine.

Water Supply.

- Works supply distribution mains.
1 Domestic supply distribution system with fittings, etc.
2 Works supply - distribution mains.
Engines and pumps.
Distribution system.

Mortar Mills.

- 2 Sets of 5 pans each 9' diameter complete with gearing, etc., and 40 h.p. motors for driving.

Disintegrators.

- 2 Carters' disintegrators sizes 4½ complete.
2 40 h.p. oil engines.

Electric Power plant.

- 3 500 h.p. Diesel engines.
3 500 h.p. alternators.
Transmission lines township lighting, etc.

Steel Piling.

- 6,400 tons steel sheet piling.

Moulds for Concrete Blocks.

- 400 Steel moulds 10' × 5' × 3'.

Miscellaneous Plant.

- Lifting tackle, ropes, chains, jacks, winches, hand pumps, engines, sundry pumps, bollards, buoys, mooring drills, taps, stock dies, forges, furnaces, girders, grind stones, weighing machines, tanks, trollies, lorries, vices, etc.

Stone Dressing Plant.

- 2 Double bladed diamond circular saws with motors.
2 Double Simplex saws.
8 Frames for rip saws.
9 Planing machines.
2 Gantry cranes.
Spare blades.
Grinder line shafting pulleys, etc.

Quarry Plant.

- 20 Pneumatic drills complete.
Steel for drills.
2 Bits sharpening machines and furnaces.
3 Large drilling machines.
2 Cranes 20 tons.
4 Cranes 15 tons.
Channeling machines.
50 miles Saw wire.

Blockyard Plant.

- 2 Complete layouts of track for Goliath cranes, hoppers for sand, lime and cement travelling gantry and mixers, tramway elevators and hoists including laying and erection.
Machinery for making bricks.
Machinery for making surkhi.
Pumping or boring apparatus or materials for light railway.
Dragline excavators.
Subsidiary plant.
Petrol rollers.

Estimates for lighting installation of the first batch of bungalows and quarters were prepared, and orders for the first engine and alternator of 175 k.w. with switch gear cooling arrangements, etc., for the power house were placed by the Chief Controller of Stores. Specifications for the main plant consisting of one more 175 k.w. and 4-500 k.w. generating sets with switch gear were received from that officer.

The Nira Valley Development Project (Bombay Presidency).—The Officiating Consulting Engineer to the Government of India informs me that the irrigation works in the Nira Valley consist of two canals, one on each bank of the river, the water required for which is obtained from the great reservoir formed by the Lloyd Dam at Bhatghar on one of the upper reaches of the river. The left bank canal is already in full operation; the right bank canal, a new work, is approaching completion, while the Lloyd dam is rapidly attaining its full height. These works do not, however, exhaust the possibilities of irrigation in the valley. On both the canals there are extensive areas which would readily take water, if available, and, with the object of bringing these areas within the scope of the system, an estimate amounting to Rs. 6,85,97,828 for the complete Nira Valley Development Project was submitted for the sanction of the Secretary of State in September, 1924, including works in respect of which estimates amounting to Rs. 5,50,17,695 had previously been sanctioned.

The additional works proposed are estimated to cost Rs. 1,35,80,133 and comprise the works required to complete the remodelling of the left bank canal and a new storage reservoir at Vir. They will bring under irrigation an additional area of 35,500 acres in a very precarious tract. The Secretary of State accorded his sanction to the complete project in November, 1924.

(2). HARBOUR WORKS.

Calcutta Port Extensions. Progress of the Scheme.—

The following note was recently compiled by Mr. W. C. Ash, A.M.Inst.C.E., deputy Chief Engineer (Construction) for the "Dock and Harbour Authority." I am indebted to Mr. Ash for a copy of his authoritative article and to the proprietors of the Journal for permission to reproduce it. The article clearly shows that steady progress is being made in the execution of the work, which has proceeded so far without any special difficulty or danger arising. The particulars given record the progress made to the month of April, 1925.

The first stage of the extension of the port consisted of the provision of five riverside berths at Garden Reach, the last of which was brought into use in the year 1923. These riverside jetties are capable of accommodating the largest type of vessel trading to the port and particularly in the case of those ships which, by reason of their beam or length, cannot be taken into the Kidderpore Docks by the old 60 feet lock entrance, are proving a most useful addition to the facilities of the port. The longest of the five berths (No. 2) is capable of berthing a steamer 615 feet in length, while all of them can accommodate at all states of the tide large ships with a draft considerably in excess of that of the deepest vessels now visiting the port. As the export trade has been relatively much brisker than the import trade, the berths have been in greater demand for export purposes than was originally contemplated, though their full equipment of electric cranes fits them for either class of traffic. The five berths for which the estimates amounted to Rs. 265 lakhs (£1,780,000) have actually cost Rs. 261 lakhs.

The second stage consists of the first section of construction of the new King George's Dock, comprising one lock entrance, 90 feet by 700 feet, two graving docks 80 feet in width and 590 feet and 575 feet in length,

separated by a movable caisson, and a wet dock of an area—for the first section only—of 43 acres with 5 berths. Work was begun in 1920, and has so far consisted mainly of wall and floor construction in monoliths at the entrances, and of quay wall construction and shed foundations, together with excavation, in the wet dock area.

The following is a brief statement of the progress recorded on the scheme up to the end of March, 1925 :—

Seventy-eight per cent. of the work of construction and sinkage of monoliths in the walls and floors of the entrances has been done.

Ninety-four monoliths have yet to be pitched, and 108,000 cub. yds. of brick work and concrete to be executed.

Forty-two per cent. of the monolith work in the river approach piers to the lock and dry docks has been completed.

Fifty-three per cent. of the monolith work in the quay walls has been done. 95,000 cub. yds. of brick work and concrete have yet to be executed.

Thirty-eight per cent. of the excavation in the wet dock area has been done, 2 million cub. yds. remain to be done by the dragline excavators and by dredging.

It is expected that the work of sinking the monoliths comprised in the walls and floor of the entrance will have been completed by about the end of the current year (1925). It has been deemed advisable to form the floors of the entrances as well as the walls in monolith construction. The original intention was to sink a line of monoliths along the centre of the floor of each entrance and to form the remainder of the floor by concrete and brick-work, built *in situ* in timbered trenches; but in the light of the experience gained during construction, it has been decided to modify this scheme and to sink additional monoliths. The quantity of work to be executed *in situ* has thus been considerably reduced, and will consist of cement concrete work only.

Contracts have recently been let for the provision of the five caissons for the entrances to two British firms. Erection of the sliding caissons is to commence this year.

Since work on the King George's dock was taken in hand, the port commissioners have reconsidered the depth of water to be provided over the sill of the lock-entrance. This has been reduced from 39 feet to 31 feet at lowest high water level, the new level having been decided upon with close regard to the level of the river bars and the possibility of future dredging operations in the Hooghly.

Considerable attention has been given to the question of the method to be adopted for impounding water in the docks, the level of which will, for 50 per cent. of the tides in the year, be above high water level. The ultimate intention is to instal a joint pumping installation, with the necessary feeder channel, for supplying water both to the King George's dock and to the existing Kidderpore dock system, which is situated about a mile away, upstream. The latter docks now draw their water from a canal, in which settlement takes place, and which is fed from an arm of the Hooghly known as Tolly's Nullah. This canal is a barrier in the way of the extension of the residential suburb of Alipore, and it is desirable, for a number of other reasons besides, that it be taken out of use and filled up. There are several circumstances, however (amongst which may be reckoned some uncertainty as regards the lay-out of a section of the dock estate) which, it is realised, are likely to militate against the early completion of the new scheme for water supply, and it was therefore considered desirable to have an *ad interim* means of supplying water to King George's dock, independent of the Kidderpore dock. The plan adopted was to make the pumps, required for emptying the two graving docks, available also for impounding water in the wet docks, and with this idea in view it has been decided to instal these pumps on the island between the lock and the graving docks.

The contract for the pumps and that for the penstocks to be installed in the culverts of the entrances, has been placed with two British firms.

The wet dock area was excavated down to a certain level by coolie labour, but the work is now being continued by means of dragline excavators. This type of excavator was selected on account of the desirability of keeping the machines themselves and also the rolling-stock required for the removal of the spoil, at a high level, especially during the monsoon period. Two of these machines, made by a British firm, are at work. They are fitted with 60 feet jibs, capable of being lengthened to 80 feet, using $2\frac{1}{2}$ cub. yd. brackets with the former, and $1\frac{1}{2}$ cub. yd. with the latter lengths of jib, and they are digging to a depth of 26 feet. The spoil is transported by ballast train and is being used for the reclamation of the area to be occupied by the new marshalling yard. This yard is being designed for dealing with a turn-over of 4,000 trucks per day and will entirely replace the present marshalling arrangements of the port.

Three import and one export transit sheds are being provided at King George's dock, as part of the first section of construction. The contract, amounting to Rs. $34\frac{1}{2}$ lakhs (₹256,000), for the steel work of these sheds has been placed with a Calcutta firm, Indian-made steel of Tata's manufacture being used almost throughout. The import sheds will be three-storied and the export shed two-storied; the top floors of the import sheds are intended for use as warehouses.

Another berth in the wet dock, making 5 altogether, will be used for heavy-lift cargo only, and this will be equipped with a 30-ton crane. The equipment of the two graving docks will include a 25-ton crane. The transit sheds will be equipped with 2-ton quay cranes and with 2-ton lifts at the back platforms.

The hauling-gear of the sliding caissons, and the capstans and penstocks at the entrances will be operated hydraulically, but all other equipment will be operated electrically. For the supply of electrical energy the port commissioners have recently entered into a contract with the Calcutta Electric Supply Corporation, who are building and equipping a 12,000 k.w. generating station in the vicinity of King George's dock. In case of accident in connection with this source of supply, current would be available from the present source of supply, namely, the Calcutta Electric Supply Corporation's station at Cossipore, nine miles away, whence it is conveyed at a voltage of 30,000, transformed by the Calcutta Electric Supply Corporation to 6,000 volts, and by the Port Commissioners to working voltage.

It is hoped that work will be sufficiently advanced by the year 1927 to permit of the entry of ships into King George's dock. The estimate for the section of work under construction amounts to Rs. 764 lakhs (₹5,100,000), of which over 350 lakhs have been spent, and there is every hope of completing within this cost.

The work is being executed departmentally by the port commissioners under the supervision of 22 British and 13 Indian Engineers; Mr. Wilfred C. Ash, A.M.Inst.C.E., Deputy Chief Engineer (Construction), is in direct charge of the work under the administrative supervision of Mr. S. C. Stuart-Williams, Chairman, and Mr. J. McGlashan, M.Inst., Chief Engineer, Calcutta Port Trust.

Bombay Port Trust Capital Works.—The Secretary to the Bombay Port Trust informs me that a policy of strict retrenchment was followed in all departments during the year. Staff and maintenance charges were cut down to a bare minimum and the total expenditure for the year under all headings amounted to Rs. 273 lakhs, a saving of Rs. 20.64 lakhs on the original estimates. A special retrenchment investigation was undertaken during the year, as a result of which considerable further savings in expenditure are expected.

So far as capital works are concerned, the aggregate expenditure on capital account during the year was Rs. $51\frac{1}{2}$ lakhs, the

principal works carried out being construction of the new coal bunker at Mazagon, which is now nearing completion, layout and development of the old Cotton Green at Colaba for residential building purposes, tarring of roads and paving of footpaths and passages on the Ballard Estate and provision of additional liquid fuel pipe facilities in the Alexandra Dock. Work was commenced on a three-storied transit shed at No. 9 berth, Alexandra Dock, and considerable progress was made with the re-paving of the dock wharves.

Karachi Port Improvement Scheme.—In my last report, I outlined the scheme of extensions known as the west wharf scheme, which the Karachi port commissioners have taken in hand in order to provide for the present rapid growth of the port and the greatly accelerated expansion which will take place when the Sutlej and Sukkur irrigation projects are completed. Provision is being made for an additional 13 berths on the west side of the harbour at a total cost of approximately £2,000,000 sterling.

The construction of three berths, each 550 feet long to accommodate vessels up to 34 feet draught is now in progress, and when these are completed the remaining ten berths will be taken in hand. These wharves will handle both imports and exports and will be equipped with hydraulic cranes able to deliver goods into either wagons or transit sheds. When this work is completed, the commissioners hope to proceed with the reconstruction of the present berths on the east side of the harbour, the extension of the oil pier and the construction of a new boat basin.

From a public statement recently made by one of the port commissioners, one learns that although the port trust is proceeding with the work as rapidly as possible, the rate of progress has suffered owing to the great difficulties experienced in sinking the monoliths through the hard material found at the lower depths. It is anticipated, however, that on the arrival of the large electric well-sinking pumps and of two extra Goliath cranes for grabbing, which are on order, the rate of sinking will be accelerated.

It is stated that, at the present rate of progress, No. 1 berth should be completed by the end of August, 1925, and, with the anticipated better progress due to new plant, berth No. 2 should be completed by October, 1926, and berth No. 3 by October, 1927. No. 1 berth cannot be opened to ships until a portion of No. 2 is completed as the material in front of the quay must be dredged for some distance ahead of the berth to allow ships to manoeuvre in coming alongside. To summarize the position—No. 1 berth should be opened by February, 1926; No. 2 berth by April, 1927, and No. 3 berth by April, 1928.

The amount budgetted to be spent on the work during 1925-26 is Rs. 25,61,000, while the total amount spent on the project up to March 31st, 1925, is Rs. 78,05,860.

Harbour Developments in the Madras Presidency.—Mr. R. C. Bristow, Harbour Engineer to the Madras Government,

has very kindly supplied the following note on the harbour schemes at Cochin and Tuticorin.

The Government of Madras have decided, after prolonged investigations, to construct two new deep water ports in the Presidency; one on the Malabar coast at Cochin, the other at Tuticorin in the south-east corner of India. At present Madras is the only port in the Presidency capable of taking ordinary ocean-going vessels. The whole of the trade of the Presidency other than that at Madras has to be transhipped in lighters at various distances from the shore. In this way some 400,000 tons of merchandise are handled yearly both at Cochin and Tuticorin. The following particulars are given for the two ports separately.

Cochin.—For 50 years at least the Cochin Chamber of Commerce have consistently attempted to have the port improved and made into a first-class harbour. In 1920 the case for the harbour became so strong that the Government appointed a full time officer to deal with the matter, and Mr. R. C. Bristow, M.Inst.C.E., M.I.Mech.E., was transferred from the permanent staff of the Admiralty on the advice of the Consulting engineers, Messrs. Sir John Wolfe Barry and Partners. Stages in the progress of the works since then have been:—

(1) The setting up by Government of a fully representative committee in 1920 in order that an agreement might be reached on the method of development and a report made as to its probable cost. This committee succeeded in arriving at a unanimous decision and recommended the conversion of the port into a first-class harbour equipped with wharves, jetties, power station, railway facilities, etc., at an estimated cost of Rs. 203½ lakhs.

(2) Before proceeding with the scheme, however, the Government decided to dredge a small channel across the bar at Cochin in order to determine at what rate silting would occur, and whether it was likely that the amount of maintenance dredging required would be within the financial resources of the port. It was decided also that the protection of the fore-shores on each side of the harbour mouth by means of groynes or revetment should be executed.

(3) These works were completed by May, 1923, and the whole of the particulars were submitted to a committee of expert engineers in London for an opinion as to the feasibility of the scheme. In 1924, this committee of engineers reported that there was a reasonable probability of dredging and maintaining a deep water channel into the harbour of Cochin in the manner suggested. As a result of this report the Government of Madras have decided to proceed with the scheme and have ordered a large new suction dredger with a 42-inch pipe line for the execution of the work.

(4) The next stage consists in the dredging of a channel at least 600 feet wide by 35 feet deep into the harbour and the enlargement of the available berthing area inside. The whole of the spoil dredged inside the harbour is to be used for the purpose of making a reclamation 100 acres in extent, this reclamation in subsequent years being likely to be enlarged to an area of about 900 acres. It is not proposed in this next stage of the work to provide wharves and jetties, the idea being to limit the expenditure in the first case to that necessary for providing deep water anchorage inside the harbour. The area so provided, however, will be sufficient for the berthing of at least 12 large vessels in close proximity to the shore. It is anticipated that ships will be able to use the harbour in the year 1929.

Tuticorin.—The problem at Tuticorin is different from that at Cochin. It is not anticipated that there will be any considerable silting to deal with there, but the whole of the harbour has to be excavated out of a very composite material in which coral predominates, and the cost of dredging these materials makes it unusually important to secure a maximum of

wharf space with a minimum of excavation. For this reason the scheme includes a land-locked canal between the deep water and the turning basin excavated out of a coral reef to the east of Hare Island, a spit of land lying about $3\frac{1}{2}$ miles from the mainland and connected to it by sandy marshlands. Suitable dredging plant has been obtained and the work started. When complete the harbour will afford anchorage for eight ordinary merchant vessels lying alongside dolphins close to the shore. It is proposed to extend the existing railway between Tuticorin and Hare Island and to provide a large area of reclamation for the erection of sheds and business premises. It is expected that the work will be completed in 1930.

At both Cochin and Tuticorin the question of fuel and water is an important one. At Cochin the water-supply is limited, but both oil fuel and coal are procurable. There is also a dry dock which has been recently constructed for the dredgers and which will take vessels up to 240 feet long by 42 feet wide and 13 feet draught. The extension of this dock to take merchant ships of ordinary size, or the construction of a new dock for the same purpose, will shortly be considered. The improvement of the water-supply is at present under consideration.

At Tuticorin the water-supply is equally limited, but a scheme has been formulated for making it adequate. It is probable that progress on the harbour works will accelerate the provision of the water-supply. At present coal can be obtained but not oil. Both the local authorities and Government, however, are willing to give land on reasonable terms to any firms who wish to erect oil tanks, which land will be in the immediate vicinity of a berth to be allotted for fuelling ships.

It may be noted finally that the design for the work at each port as made by Mr. R. C. Bristow, the Harbour Engineer-in-Chief to Government, is based upon previous reports and recommendations made by the firm of Messrs. Sir John Wolfe Barry and Partners, modified as necessary by subsequent research and experiment; and that in order to deal effectively with the situation a Port Trust with statutory powers has been set up at Tuticorin, while a similar bill for Cochin is before the Madras Legislative Council this year.

The Vizagapatam Harbour.—Reference has been made in previous reports to the scheme for the construction of a harbour at Vizagapatam, in the north of the Madras Presidency, on the Bay of Bengal. In a recent note, Col. Cartwright-Reid, C.B., the Engineer-in-Chief, states that in January, 1923, the Government of India decided against the proposals for financing suggested by the railway company, and proposed to carry the work out by Government of India funds through the medium of the railway company on similar lines to the construction of new railway projects. In the meantime, the Government of India had voted certain funds for the acquisition of land which would be required for the construction of the harbour, and scheduled an area of ten square miles and commenced the acquisition of land in March, 1921.

The acquisition of property has been proceeding since that time and about half the area has been acquired at a cost of Rs. 25 lakhs. When the Government of India decided to proceed themselves with the scheme, they reviewed the proposal for the construction of a railway line through the centre of India to join up Vizianagram with Raipur. The construction of this line had been commenced some years before, and only 70 miles of it has been finished as far as Parvatipuram.

It was considered essential that the construction of this railway line, which would enable the produce of the Central Provinces to be conveyed to Vizagapatam should proceed *pari passu* with the construction of the Vizagapatam harbour. Detailed estimates of the harbour project were then prepared amounting to Rs. 2½ crores, and revised estimates for the railway line from Parvatipuram to Raipur were prepared and the scheme for the construction of both the harbour and the railway line now await the approval of the Secretary of State for India.

Deep Water Berths.—The harbour scheme contemplates as the first section estimated at Rs. 2½ crores, the construction of three deep water berths with 30 feet, at low water, with transit sheds, railway sidings and electric cranes, an oil depot, with berth for oil steamer and the reclamation of some 350 acres of the back-water, which will form the site for commercial premises, godowns, workshops, etc., in close proximity to the harbour.

It is expected that the reconstruction of the harbour will take five years from the date the money is voted, and it will be three or four years before the claimed area is available to be leased, but a number of applications from commercial firms, who are interested in the development of Vizagapatam, have already been made for sites for offices and godowns, and the oil companies contemplate moving their depots from Cocanada as soon as the creek at Vizagapatam is dredged to enable an oil tanker to be berthed inside.

When the construction of the Raipur-Vizianagram line is made, the central part of India will be about 160 miles nearer than either Bombay or Calcutta, and it is expected that large exports of manganese ore, cotton, wheat, etc., will be made from Vizagapatam.

Col. Cartwright-Reid stated (May 14th, 1925) that during the past year land to the value of approximately Rs. 10 lakhs has been acquired. One small contract was entered into for the construction of bunds in connection with the reclamation. Contracts have also been let to Calcutta firms for five 100-ton barges and a grab dredger at a cost of Rs. 1½ lakhs.

The sanction of the Secretary of State to the harbour project and the Raipur-Parvatipuram line was received by the Government of India in March. Construction work is being undertaken on the railway line at once, but detailed sanction for the harbour works has not yet been issued by the Government of India. On receipt of it, the Engineer-in-Chief will probably proceed to England in order to purchase the dredging and other plant required for the project.

3. HYDRO-ELECTRIC SCHEMES.

The Punjab Hydro-Electric Scheme (known as the Mandi Project).—I am indebted to Lieut.-Col. B. C. Battye, D.S.O., R.E., the officer who has been in charge of this project since its inception, for the information which follows, most of which is

drawn from an instructive pamphlet on the subject recently issued by the Punjab Government.

In the summer of 1919, the Punjab Government decided to investigate the possibilities of developing hydro-electric power on a bend of the river Sutlej near Bhakra. A detailed report was completed in July, 1921, but work was not commenced as further advice was desired regarding certain technical features peculiar to the site. After obtaining this advice in April, 1922, the Electricity Board was advised to postpone the Sutlej Scheme till a later date and to begin its programme of development on a high head site, of which a number were known to exist on the river Beas.

In June, 1922, the site of the present project on the Uhl river was discovered. As this was greatly superior to every other site so far explored, and as it was also capable of meeting all the requirements of the present generation and thereby unifying the supply of the whole eastern half of the province, the Electricity Board in September, 1922, recommended that all local schemes should be abandoned and that activity should be concentrated on the Uhl river site in Mandi State.

The site was surveyed during the winter of 1922-23, a detailed project was completed by December, 1923, and this was subjected during 1924 to careful scrutiny by three local committees dealing respectively with the hydraulic, railway and revenue features of the undertaking. These committees all reported favourably, and the whole scheme was then submitted to two firms of leading consulting engineers in London. After further careful examination on the financial side, the Punjab Government decided to proceed with the undertaking without delay. Estimates were introduced in the Punjab Legislative Council in March, 1925, and the necessary grant of funds for the first year was passed. With the exception of one or two minor details, all the preliminary work has been carried through, and the Engineer-in-Charge hopes to commence work in the autumn of 1925.

Description of the Project.—The project makes use of the snow-fed waters of the river Uhl, a tributary of the Beas, which joins the latter in Mandi State about 5 miles east of the town of that name.

Water will be diverted through $2\frac{1}{2}$ miles of 9 feet diameter tunnel located in solid granite, and then dropped through a fall of 1,800 feet to the first power station where 36,000 kilowatts can be generated—which, after constructing a comparatively small dam on an excellent site, which is so good that it might have been provided by nature for the purpose, can be increased to 70,600 kilowatts. (One kilowatt is equal to about $1\frac{1}{4}$ horsepower.)

When this quantity has been used up the water can again be taken through 3 miles of open duct and dropped through a second and lower fall of 1,200 feet generating another 48,000 kilowatts, thereby giving us a total of 118,600 kilowatts, which is more than sufficient to meet the needs of the present generation

in an area extending from Delhi in the south to Sialkot and Lyallpur in the north. There is also a third fall of 750 feet which could be developed later if required, but this has not yet been surveyed.

There is sufficient market for power at present in existence to justify the first stage of the project and enough promises have already been received to meet the annual expenses for the first five years. It is, therefore, Government's intention to proceed at once with the construction of the first stage of the scheme, but to limit the transmission of power to the following towns, and to postpone any further extensions of the project, until the first stage is on its feet :—

(1) Gurdaspur ; (2) Dhariwal ; (3) Batala ; (4) Amritsar ; (5) Lahore ; (6) Sheikhpura ; (7) Chuharkana ; (8) Sangla Hill ; (9) Chak Jhumra ; (10) Lallpur ; (11) Kasur ; (12) Ferozepore ; (13) Beas ; (14) Jullundur ; (15) Ludhiana ; (16) Baghbanpura ; (17) Shahdara ; (18) Chheharta ; (19) Tarn Taran ; (20) Jandiala ; (21) Mandi, (22) Kapurthala and (23) Phagwara (the last three in Indian States).

The construction of the project necessitates the provision of permanent railway communication to the power station. A metre-gauge tramway will, therefore, be constructed from the existing rail head at Mukerian, which will pass through Haripur, Nagrota, Palampur and Baijnath, thus serving the Kangra valley, which has for many years been in need of improved communications. The project for this tramway has been examined by two experienced railway engineers, who basing their estimates on a detailed traffic survey prepared by the North-Western Railway for the same purpose 10 years ago, and also on subsequent experience under recent expensive post-war operating conditions, consider that it will be capable of paying a return on about 66 per cent. of its capital cost. It has, therefore, been decided to use the tramway for the conveyance of goods and passengers after the completion of the hydro-electric scheme and debit the latter with 33 per cent. of its capital cost. It will thus be seen that the hydro-electric scheme not only gives us power, but also enables us to provide badly needed railway communication, which without its assistance could not be done, to the important shrines of Kangra, Jowala-Mukhi and Baijnath, which are visited annually by over a hundred thousand pilgrims, besides opening up a thickly populated and at the same time one of the most beautiful and healthy districts of the Punjab.

The first stage of the project also provides for local distribution and street lighting in every town included in stage 1 of the project, except those in which licensees already exist. By these means the consumer will have the satisfaction of knowing that power is being delivered at the door of his house at actual cost price.

This stage of the project also includes a fund for assisting mill-owners to instal electrical equipment in mills on the hire-purchase system at cost price, thereby encouraging the rapid replacement of steam by electric power as soon as the scheme has been completed.

The total capital required to construct the first stage of the scheme, including the whole cost of the Kangra valley tramway, local distribution and the mill conversion fund, amounts to Rs. 557 lakhs. Of this Rs. 461 lakhs represents the cost of the hydro-electric scheme inclusive of the 38 lakhs contribution towards the cost of the Kangra valley tramway, Rs. 25 lakhs represents the cost of local distribution and mill conversion fund, and Rs. 71 lakhs that of the tramway exclusive of the contribution of 38 lakhs.

It is estimated that the scheme will take about $3\frac{1}{2}$ to 4 years to construct so that if started next autumn it should be completed by the summer of 1929. Power will then be available in some 20 towns in the Punjab extending from Gurdaspur to Lyallpur and Ferozepore at an average all round price of Rs. 157 per kilowatt year, equivalent to approximately 9 pies a unit.

In the second stage of development it is proposed to extend the transmission system so as to supply Simla, Ambala and Patiala in the east and also Gujranwala, Sialkot, and possibly Montgomery and Fazilka in the west. To meet these extra demands, it will be necessary to build a dam and make use of the extra water thereby rendered available. This stage can then continue to be developed if necessary till 70,600 kilowatts are required.

In the third stage of the scheme it is proposed to extend the transmission system so as to supply Saharanpur, Meerut, Delhi and also the districts of Karnal, Panipat, and possibly Rohtak as well: developing the lower fall of 1,200 feet when necessary. The whole scheme when thus extended will be able to deliver power to over 47 towns extending from Delhi and Rohtak in the south to Sialkot and Lyallpur in the north, at an average cost of Rs. 95 per kilowatt year, which is equivalent to 5 pies a unit.

Plant and Machinery Required.—Although work on the undertaking will probably be commenced this autumn, it is not likely that large quantities of machinery and plant will be required for some little time. British manufacturers of the types of plant which will be required would, however, be well-advised to place themselves in touch with Lieut.-Col. B. C. Batty, D.S.O., R.E., Chief Engineer, Hydro-Electric Circle, Punjab Government, Benmore, Simla, and supply him with the fullest details of their productions.

Railway Electrification in India. *Bombay.*—On February 3rd, 1925, H.E. The Governor of Bombay set in motion the first electric train from Victoria Terminus to Kurla via the harbour branch and opened the first portion of the G.I.P. Railway scheme for the electrification of the suburban services around Bombay. This marks the inauguration of an entirely new method of railway traction so far as India is concerned.

In 1904 the problem of increasing the capacity of the G.I.P. suburban lines received consideration, but the schemes now in progress did not take definite shape until 1913, when a well-known

firm of consulting engineers of London reported on the advisability of electrifying sections of the G.I.P. Railway. Unfortunately, the war intervened and it was not possible to proceed with the scheme until the close of hostilities when fresh estimates of traffic prospects, capital cost and savings in operating costs were prepared. The projects for the electrification of the harbour branch and Mahim Chord and the electrification of the Bombay-Thana section were accepted by the Secretary of State in August, 1922, while approval of the scheme from Thana to Kalyan was received in June, 1923.

The work has been carried out by British engineers and the plant and equipment was almost entirely supplied by well-known British firms.

The B.B. and C.I. Railway Company are also engaged on an extensive scheme of suburban line electrification in Bombay. Important contracts have recently been let to British firms and the work will be pushed forward as rapidly as possible. Both these important projects are part of the comprehensive scheme for the development of Bombay which is being undertaken by the Government of Bombay, the City Improvement Trust and the Bombay Port Trust.

Calcutta.—In Calcutta the question of the electrification of the suburban sections of the Eastern Bengal and East Indian Railways is also receiving careful consideration. A report was prepared in 1924 by a British firm of consulting engineers which included the electrification of the sections of the Eastern Bengal railway from Kanchrapara and Diamond Harbour to the Sealdah terminus and also the East Indian railway suburban lines from Bandel to Howrah and from Bandel via the Jubilee Bridge to Naihati. Since this report was submitted, Mr. F. C. Legge, C.B.E. and Major Stallard, R.E., have been placed on special duty to consider the whole question with reference to the problem of access to the city from the two termini of Sealdah and Howrah and the construction by the East Indian railway of the proposed bridge over the Hooghly at Bally. It is understood that the sections now proposed for electrification are as follows:—

Eastern Bengal Railway.—Overhead extension from Sealdah to the City, Kanchrapara to Sealdah, Mograhat to Sealdah, Budge-Budge to Ballygunge.

East Indian Railway.—Bandel via the Bally bridge to the junction with the Eastern Bengal Railway main line, Bandel to Naihati and Bally to Howrah.

There is little doubt that railway electrification in India will be greatly extended in the future. British manufacturers have secured a strong position by the excellence of the material and plant supplied on the first contracts.

The Grand Trunk Canal (Bengal).—In August, 1919, a scheme for a shorter route for inland steam vessels between Calcutta and eastern Bengal and Assam was submitted by the

Government of Bengal to the Government of India, the total cost inclusive of indirect charges being estimated at Rs. 2,88,30,500. This project provided for a steamer canal leading from the Hooghly at Baranagar to the Kultigong at Kulti, $22\frac{1}{4}$ miles in length and locked at both ends. Beyond Kulti, the open rivers up to the Pussur south of Khulna were to be used; this portion has been called the trunk route. Terminal harbours near Manicktola were also to be excavated and road and rail connections were to be given to them.

These works were designed for the purpose of developing the Bengal waterways by reducing the distance from Calcutta to the east, and by the avoidance of the outer steamer route by the Sunderbans, which is an exposed route. The ruling factor, however, is the progressive and rapid deterioration of the rivers in the Western Sunderbans between Channel Creek and the Matla river.

The Government of India, on the recommendation of the Inspector-General of Irrigation, before submitting the project to the Secretary of State for sanction, increased the contingent item from 5 to 15 per cent. to cover unforeseen expenditure in view of the fact that, at that time, it was difficult to secure the services of an efficient staff, prices were uncertain, and the character of the work was formidable. This addition brought the total cost to Rs. 3,09,00,000. On May 19th, 1920, this estimate received the sanction of the Secretary of State and work was actually commenced in that year.

As doubt had been cast on the accuracy of the estimates as they then stood, and as the canal had been realigned in two places in order to reduce the cost, work was suspended pending the preparation of a complete revised estimate. This estimate was presented in due course and amounts to Rs. 2,79,23,122, of which Rs. 66 96,029 has already been spent. In the meantime work on the canal remained suspended until the recent deterioration of the rivers in the Western Sunderbans became so serious that the present route is now threatened. This route is rapidly silting up and, in the case of the Doa Agra river is only kept open by the effects of steamer wash. While it may be possible to dredge this river four or five times more, the available area for depositing the spoil will then be exhausted. An accident to a vessel in this portion of the route would completely block navigation by the Sunderbans route until the obstruction could be removed. All the rivers to the east of the Subtarmukhi up to the Matla, a distance of 40 miles, show signs of decay, and the position is undoubtedly most serious.

In January, 1925, a conference was held at Government House, Calcutta, representative of all the interests concerned, at which H.E. The Governor pointed out that Government were satisfied that the present steamer route was doomed and they were even convinced that they had delayed dangerously long in undertaking the alternative scheme. The conference was incon-

clusive owing to the opposition of certain Indian interests, but there is little doubt that the Government of Bengal will be obliged to proceed with the scheme before existing communications with eastern Bengal are seriously affected. A Government communique issued in March, 1925, states, in regard to the rapid deterioration of the existing route, that "the position is one which cannot be dealt with by dredging except at a very large cost, and as no alternative offers itself in these parts, the construction of the Grand Trunk Canal has become a matter of urgency if inland steam navigation is to be maintained with Calcutta."

British manufacturers of dredging plant, cranes, excavating machines and tolls, etc., would be well-advised to instruct their representatives to keep in close touch with the Public Works Department of the Government of Bengal, Calcutta.

The Howrah Bridge.—Very little progress has been made during the past year towards any decision as to the construction of the new bridge. On February 23rd, 1925, a conference of members of the Bengal Legislative Council and Government Officials was held at Government House, Calcutta, at which general opposition was expressed to a bridge of the cantilever type owing to the great cost. In the meantime the claims of various alternative types of structure are being discussed without any result. In a letter recently addressed by the Bengal Chamber of Commerce to the local government, the Chamber observe :—

"It seems that opinion against the adoption of the cantilever type has sensibly hardened. Indeed the committee believe they are justified in saying that the consensus of opinion, as expressed at the representative conference which was held at Government House on February 23rd was that the cost of a cantilever bridge is beyond the financial resources of the Presidency. If, as appears to them to be the case, this view is also shared by the public generally it becomes a question whether any useful purpose will be served by further consideration of the cantilever scheme."

"It is admitted by all that a new bridge must be built, and it would appear to be not impossible to secure the more or less unanimous assent of all sections of the community to a less costly project."

In the meantime repairs are being made to the present floating bridge which is hoped will prolong its life for a further six years. It is to be hoped, however, that no time will be wasted in arriving at a decision with regard to the new bridge so that full advantage may be taken of the present advantageous prices of steel and engineering materials, and of the possibility of financing the structure through the medium of the Trade Facilities Act.

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 APRIL 1st, 1924, TO MARCH 31st, 1925.

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 private account only. Since all Indian statistics are now given in rupees and not in sterling, and in view of the immense 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 so convenient a unit as the £ sterling.

MANUFACTURED AND MAINLY MANUFACTURED GOODS.

Cotton Textiles. Yarns.—The main feature of the past year has been an increase of 10 million lbs. in the imports of grey yarns. Of this increase, over 8 million lbs. consisted of counts from 31's to 40's and may be taken as being almost entirely Japanese 40's. The falling away in 1923-24 was precisely the same quantity, so that the imports of these counts are now restored to the position of 1922-23. Grey two-folds advanced by 600,000 lbs. Bleached and mercerised yarns show a considerable increase, whereas coloured spinnings show a slight setback due to diminished imports of counts of 40's and above.

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

Counts.		1923-24.	1924-25.
		lbs.	lbs.
Nos.	1's to 10's	106,974	99,424
	11's to 20's	6,479,303	6,709,893
	21's to 30's	1,123,898	845,093
	31's to 40's	12,943,318	21,382,672
	Above 40's	7,167,800	7,217,041
	Twofolds	3,434,453	5,022,966
Total imports		31,255,746	41,277,089

The next table sets forth similar details of the imports of bleached, coloured and mercerised yarns:—

Description.		1923-24.	1924-25.
		lbs.	lbs.
	Bleached yarns	2,650,084	3,426,590
	Coloured—		
	1's to 20's	270,857	360,585
	21's to 30's	342,397	566,188
	31's to 40's	6,863,551	6,304,658
	Above 40's	570,930	441,604
	Twofolds	597,803	810,440
	Mercerised yarns	2,019,203	2,663,562
	Unspecified descriptions	4,244	56,616
Grand total of all kinds of Twist and Yarn		44,574,815	55,907,332

The advance in the total imports of over 11 million lbs. is accounted for by increased Japanese shipments of nearly 12 million lbs., and a corresponding reduction in the case of the United Kingdom of exactly 11 million lbs. Imports from Holland and Switzerland are slightly higher, while those from Italy are reduced. Japan now secures the bulk of the imports of 40's and is competing keenly in the Madras market in the finer counts, including 60's. The Japanese spinners have been greatly assisted by the fall in the yen exchange. They were able to buy raw cotton in India early in 1924 on a basis of Rs. 130/150 for yen 100. They have since been making large shipments of both yarn and cloth on a basis of Rs. 115/120 per yen 100, thus securing an advantage of 10 to 20 per cent.

The following table gives the details :—

Country of Origin.	1923-24.		1924-25.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom	21,789,923	4,61	20,759,078	4,55
Netherlands	382,840	8	560,769	12
Italy	391,300	8	214,948	4
Switzerland	981,784	21	1,097,185	23
China	207,610	4	400,386	4
Japan	20,430,025	2,86	32,324,773	4,59
Other countries	391,333	6	550,193	9
Total	44,574,815	7,94	55,907,332	9,66

The production of the Indian mills as compared with the imports is clearly shown in the following statement :—

Years.	Imports in lbs. (1,000).	Indian Mills Production in lbs. (1,000).
Annual average for the five years 1909-10 to 1913-14.	41,794	646,757
1922-23	59,274	705,894
1923-24	44,574	617,328
1924-25	55,907	719,390

The subjoined table compares by counts the quantities of imported cotton twist and yarn with the quantities produced in Indian mills :—

TABLE SHOWING BY COUNTS THE QUANTITIES OF IMPORTED COTTON TWIST AND YARN WITH THE QUANTITIES PRODUCED IN THE INDIAN MILLS.

	1921-22.		1922-23.		1923-24.		1924-25.	
	Imports.	Production.	Imports.	Production.	Imports.	Production.	Imports.	Production.
	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).
Cotton Twist and Yarn—								
Nos. 1 to 20	7,591	443,471	13,070	478,595	6,857	403,440	6,809	469,810
21 to 25	432	148,473	801	155,086	473	124,398	} 845	223,812
26 to 30	3,757	50,613	4,708	53,873	993	57,349		
31 to 40	22,842	15,024	26,657	15,931	19,807	19,666	21,383	19,368
Above No. 40	5,020	2,067	6,222	2,195	7,739	3,261	7,217	5,822
Grey and coloured, two folds (doubles)	4,244	—	4,553	—	4,038	—	5,833	—
Unspecified descriptions and waste	3,447	355	3,263	214	4,673	514	13,820	578
Total	47,333	660,003	59,274	705,894	44,580	608,628	55,907	719,390

The advance in the total imports of over 11 million lbs. is accounted for by increased Japanese shipments of nearly 12 million lbs., and a corresponding reduction in the case of the United Kingdom of exactly 11 million lbs. Imports from Holland and Switzerland are slightly higher, while those from Italy are reduced. Japan now secures the bulk of the imports of 40's and is competing keenly in the Madras market in the finer counts, including 60's. The Japanese spinners have been greatly assisted by the fall in the yen exchange. They were able to buy raw cotton in India early in 1924 on a basis of Rs. 130/150 for yen 100. They have since been making large shipments of both yarn and cloth on a basis of Rs. 115/120 per yen 100, thus securing an advantage of 10 to 20 per cent.

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Japan	20,430,025	2,86	32,324,773	4,59
Other countries	391,333	6	550,193	9
Total	44,574,815	7,94	55,907,332	9,66

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1923-24	44,574	617,328
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The subjoined table compares by counts the quantities of imported cotton twist and yarn with the quantities produced in Indian mills :—

TABLE SHOWING BY COUNTS THE QUANTITIES OF IMPORTED COTTON TWIST AND YARN WITH THE QUANTITIES PRODUCED IN THE INDIAN MILLS.

	1921-22.		1922-23.		1923-24.		1924-25.	
	Imports.	Production.	Imports.	Production.	Imports.	Production.	Imports.	Production.
	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).
Cotton Twist and Yarn—								
Nos. 1 to 20	7,591	443,471	13,070	478,595	6,857	403,440	6,809	469,810
21 to 25	432	148,473	801	155,086	473	124,398	} 845	223,812
26 to 30	3,757	50,613	4,708	53,873	993	57,349		
31 to 40	22,842	15,024	26,657	15,931	19,807	19,666	21,383	19,368
Above No. 40	5,020	2,067	6,222	2,195	7,739	3,261	7,217	5,822
Grey and coloured, two folds (doubles)	4,244	—	4,553	—	4,038	—	5,833	—
Unspecified descriptions and waste	3,447	355	3,263	214	4,673	514	13,820	578
Total	47,333	660,003	59,274	705,894	44,580	608,628	55,907	719,390

It will be noted with some surprise that in spite of most depressed conditions in the Indian spinning industry, the output of yarn increased by 102 million pounds to over 719 million pounds. Exports were reduced from 38½ million lbs. to 36½ million lbs., and the balance of 682½ million lbs. remained for consumption in the country. Figures are not available which would show the stocks of yarn in all India. The Bombay Millowners' Association estimate that the total of uncleared stocks of yarn in Bombay Island fell from 62,000 bales at January 31st, 1924, to 36,000 bales at December, 1924. During the early months of 1925, however, stocks rapidly increased and on May 31st, 1925 are given by the Millowners' Association as being 56,000 bales valued at Rs. 1,68 lakhs.

In Appendix I, page 204, will be found a table giving the total weight of each count of yarn spun in India during the past three years, which shows that last year the greatest weight was spun in the following counts in order of importance—20's, 21's, 24's, 22's, 11's, 12's, and 30's. The total increase of 102 million lbs. is accounted for by an advance of 8 million lbs. in 1's to 10's, 50 million lbs. in 11's to 20's, 42 million lbs. in 21's to 30's and 2½ million lbs. in counts above 40's. There was a slight decrease of 300,000 lbs. in 31's to 40's.

Although the spinning of counts above 40's increases steadily, the total output is still only 5,822,227 lbs. More than 40 per cent. of India's yarn production consists of counts from 20's to 24's inclusive. In Appendix II, page 205, will be found a table compiled by the Bombay Millowners' Association, giving the number of mills, spindles, looms, operatives and cwts. of raw cotton consumed in all India. In Appendix III, page 206, is given a comparative statement of cotton consumption, yarn and cloth production for a series of years. These tables bring out a number of interesting points:—

Firstly, it will be noticed that between the years 1900 and 1924 the number of spindles increased from 4,066,000 to 8,313,000, that is to say, they practically doubled in number during the quarter century. Looms, however, have increased from 40,124 in 1900 to 151,485 in 1924, or nearly four times. The effect of this is clearly evident in production. Whereas the production of yarn from 1900 to 1924 only advanced from 4,575,000 cwt. to 5,434,000 cwt., that of cloth rose from 356 million yards (101 million lbs. weight) to 1,700 million yards (404 million pounds weight).

The tendency towards finer spinning is shown by the fact that 6,596,862 spindles in 1913 consumed more cotton than 8,313,273 spindles in 1924. From Appendix IV, page 207, it will also be noted that although the total weight of yarn has increased considerably, the weight per spindle shows a distinct tendency to fall.

In their annual report in the year 1924, the Committee of the Bombay Millowners' Association state that, as regards yarns,

The year was very unsatisfactory. The opening prices in January, 1924, for 6's, 10's and 40's were $14\frac{1}{2}$, $16\frac{1}{2}$ and $23\frac{1}{2}$ annas respectively. These rates fell steadily with the exception of a slight spurt in March and April, until at the end of the year they were quoted about 2 annas less per lb. for 6's and 10's. As regards 40's, chiefly owing to the competition of European and Japanese yarns which could be sold much cheaper owing to their depreciated exchanges, the price went down by no less than 5 annas per lb. The demand was very slack and the margin at times was so low as to make it impossible for the mills to turn out yarns at any profit.

Piece Goods.—The following table shows the quantitative imports of the three main classes of piece goods for the last pre-war year and during the past four years:—

Year.	Grey (unbleached).	White (bleached).	Coloured, Printed or Dyed.
	Million Yards.	Million Yards.	Million Yards.
1913-14	1,534.2	793.3	831.8
1921-22	635.6	306.2	138.3
1922-23	931.0	402.5	243.8
1923-24	704.0	415.3	347.5
1924-25	845.5	548.9	407.0

The following statement shows the *value* of the three main classes in the last pre-war year and during the past four years. (Conversions are made at 1s. 4d. per rupee.)

Year.	Grey (unbleached).	White (bleached).	Coloured, Printed or Dyed.
	£	£	£
1913-14	16,966,515	9,523,204	11,907,683
1921-22	15,100,782	8,445,515	5,062,592
1922-23	20,296,350	10,007,776	8,400,221
1923-24	15,376,473	10,296,306	11,789,829
1924-25	18,992,655	13,487,904	13,343,973

Notwithstanding increased imports under each heading during the past year the total yardage imported is still only 57 per cent. of that imported in 1913-14, and 69 per cent. of the average of the last 5 pre-war years. The declared values per yard over the same series of years give the clue to the present position.

Cotton Piece Goods.	1913-14.	1921-22.	1922-23.	1923-24.	1924-25.
	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.
Grey (un-bleached) ..	0 2 8	0 5 8	0 5 3	0 5 3	0 5 5
White (bleached)	0 2 11	0 6 7	0 6 0	0 6 0	0 5 11
Coloured, printed or dyed ..	0 3 5	0 8 9	0 8 3	0 8 2	0 7 10

Sufficient stress has already been laid in previous reports on the fact that the falling-off in the imports of cotton piece goods is roughly in inverse ratio to the increase in price. With the price index of American yarn standing at 228, of Egyptian yarn at 252 and of cloth at 203 (Tattersall's Cotton Circular, April 17, 1925), it is difficult to see how any marked improvement can take place in India's offtake of cloth.

Varieties of Piece Goods Imported.—The following tables give (*in millions of yards*) the quantities of the principal types of cloths imported both before the war and during the past two years.

	1913-14 (pre-war year).	1923-24.	1924-25.
Grey (unbleached).			
Dhutis, saris and scarves	806·1	432·6	489·9
Jaconets, madapollams, mulls, etc. ..	150·4	73·0	89·4
Longcloth and shirtings	545·4	119·0	206·7
Sheetings	·2	60·7	39·4
Drills and Jeans	21·3	16·8	17·3
Other sorts	10·8	1·9	2·8
Total	1,534·2	704·0	845·5
White (bleached).			
Dhutis, saris and scarves	104·3	45·7	68·9
Jaconets, madapollams, mulls, etc. ..	307·9	172·9	194·9
Longcloth and shirtings	115·3	67·2	122·7
Nainsooks	204·7	88·4	105·4
Drills and Jeans	5·7	3·4	6·3
Checks, spots and stripes	16·1	8·5	11·0
Twills	8·3	7·3	13·3
Other sorts	31·0	21·9	26·4
Total	793·3	415·3	548·9

	1913-14 (pre-war year).	1923-24.	1924-25.
Coloured, printed or dyed.			
Dhutis, saris and scarves	115.2	32.9	46.0
Cambrics, etc.	113.6	44.1	44.5
Shirtings	152.6	51.6	69.3
Prints and chintz	209.7	61.5	59.5
Drills and Jeans	30.0	17.2	25.4
Checks, spots and stripes	19.7	8.5	15.5
Twills	31.4	16.8	22.2
Other sorts	159.6	114.9	124.6
Total	831.8	347.5	407.0

Sources of Imports.

(1) *Grey Goods.*

Countries of Consignment.	1923-24.		1924-25.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom	599,707,357	19.15	727,421,125	24.06
China	6,324,271	23	4,925,534	18
Japan	96,936,225	3.64	109,839,116	4.08
United States	525,020	3	2,450,008	13
Total Imports (all sources)	703,956,012	23.06	845,510,502	28.49

It is satisfactory to note that Lancashire secured the greater portion of the increase of nearly 142 million yards and increased her percentage of yardage from 85 to 86 and her percentage of value from 83 to 84. The Japanese percentage decreased from nearly 14 to 13 in yardage and from nearly 16 to a little over 14 in value.

(2) *Bleached Goods.*

Countries of Consignment.	1923-14.		1924-15.	
	Yards.	(Rs. lakhs).	Yards.	Rs. (lakhs).
United Kingdom	402,862,428	14.62	532,914,653	19.24
Netherlands	4,492,845	23	5,367,954	29
Switzerland	4,726,651	43	4,905,552	41
Japan	2,307,209	10	4,483,707	19
Total Imports (all sources)	415,356,711	15.44	548,875,582	20.23

Although Japanese shipments increased considerably, they are still only a fraction of the total, and the United Kingdom controls 95 per cent. of the trade in bleached goods. Even in the case of Dutch and Swiss competition, the grey cloth in many cases was woven in Lancashire and sent over to the Continent to be bleached.

(3) *Coloured, Printed and Dyed Goods.*

The total imports under the various classifications were as follows:—

Description.	1923-24.	1924-25.
	Yards.	Yards.
Printed goods	182,469,338	189,009,811
Dyed goods	110,072,990	142,195,365
Woven coloured goods	54,951,017	75,766,204

The following table shows the provenance of the imports:—

Countries of Consignment.	1923-24.		1924-25.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom	303,696,463	15,12	338,402,754	16,45
Germany	846,246	8	1,514,611	16
Netherlands	6,421,906	44	6,207,790	40
Belgium	823,761	10	897,749	11
Switzerland	2,644,935	28	2,467,133	25
Italy	5,567,288	45	9,647,978	72
Straits Settlements	2,591,448	21	3,831,312	26
Japan	23,422,240	89	40,979,076	1,47
Total Imports (all sources)	347,493,345	17,68	406,971,380	20,02

The share of the United Kingdom fell from 85 to 82 per cent. while that of Japan rose from 5 to 7 per cent., and Italy from 2½ to 3½ per cent. The steady advance in imports from Germany is noteworthy. Continental competition in dyed and printed goods and embroidered fabrics is becoming severe. I commented at length on Italian competition in my last report. Italy is widening the range of her productions and is securing the trade on the score of lower price.

(4) *Fents of all Descriptions.*

Countries of Consignment.	1923-24.		1924-25.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom	12,538,244	50	15,248,779	52
United States	6,451,284	15	6,381,558	15
Total Imports (all sources)	19,019,952	65	21,882,486	67

American competition in the fent trade has increased of late years, but British shippers more than held their own in 1924-25.

Shares of Principal Competitors.—The percentage shares of the five principal competitors in the total quantities of piece goods imported were as follows:—

Countries of Consignment.	1913-14.	1922-23.	1923-24.	1924-25.
United Kingdom	97.1	91.2	88.8	88.5
Japan	0.3	6.8	8.3	8.5
Holland	0.8	0.8	0.7	0.6
Italy	0.7	0.1	0.4	0.5
Switzerland	0.2	0.2	0.5	0.4
Other countries	0.9	0.9	1.3	1.5
Total	100.0	100.0	100.0	100.0

It should be noted that while a percentage of yardage is the fairest indication of the position in the case of the United Kingdom and Japan, it tends to minimise the competition from the Continent, which is mostly in better grade fancy goods of relatively high value.

Indian Mill Competition.—The subjoined detailed statement gives the quantity (in pounds and their equivalent in yards) and a description of the woven goods produced in Indian mills during the past two years. It will be remarked that the total yardage rose from 1,701 million to 1,970 million. The increase of 269 million yards was principally made up of increases in the following articles:—

- Coloured piece goods, an increase of 84 million yards.
- Shirting and Longcloth, an increase of 82 million yards.
- Dhooties, an increase of 59 million yards.
- Drills and Jeans, an increase of 22 million yards.

Eighty-seven million yards of Khaddar were woven during the year. The total weight of cloth of all kinds rose from 401 to 458 million lbs.

Description.	Twelve months, April to March.	
	1923-24.	1924-25.
Grey and Bleached Piece Goods—		
Chadars	lbs. 20,236,823	21,645,841
	yds. 58,002,928	61,613,927
Dhutis	lbs. 85,658,495	96,507,081
	yds. 399,214,392	458,404,088
Drills and Jeans	lbs. 13,931,287	18,520,699
	yds. 54,973,538	77,191,047
Cambric and Lawns	lbs. 776,541	1,144,509
	yds. 3,648,582	5,395,238
Printers	lbs. 7,854,527	7,759,658
	yds. 34,830,964	32,776,886

Description.	Twelve Months April to March.	
	1923-24.	1924-25.
Grey and Bleached Piece Goods— <i>contd.</i>		
Shirtings and Longcloth	lbs. 100,314,738	118,058,747
	yds. 443,847,952	525,524,427
T-cloth, domestics, and sheetings ..	lbs. 15,608,050	17,462,522
	yds. 68,074,639	77,741,758
Tent-cloth	lbs. 2,794,585	4,156,226
	yds. 6,573,269	9,893,789
Khadu, Dungri or Khaddar*	lbs. —	29,434,466
	yds. —	87,152,562
Other sorts	lbs. 39,874,932	10,575,504
	yds. 128,487,909	46,674,718
Total	lbs. 287,049,978	325,265,253
	yds. 1,197,654,173	1,382,368,440
Coloured Piece Goods	lbs. 108,330,343	125,580,102
	yds. 503,920,182	588,078,412
Grey and Coloured Goods, other than piece goods	lbs. 2,575,352	2,953,886
	doz. 514,307	611,439
Hosiery	lbs. 547,831	672,850
	doz. 244,539	276,726
Miscellaneous	lbs. 2,237,111	3,949,303
Cotton Goods Mixed with Silk or Wool	lbs. 207,229	272,006
Grand Total	lbs. 401,660,958	458,693,400
	yds. 1,701,574,355	1,970,446,852
	doz. 758,846	888,165

It appears at first sight extraordinary that, in a year of general depression, the output of Indian mills should have risen by 15 per cent. The result is seen in the great accumulation of stock of cloth in Bombay which at May 31st, 1925, is given by the Millowners' Association as being 161,000 bales valued at Rs. 6½ crores. Owing to the perennial difficulty of securing an adequate supply of labour and other causes, the millowners in Bombay find it difficult to adopt any system of short-time working, with the result that stocks accumulate and the market is unduly depressed for a much longer period than it otherwise would be. The depression has recently been so acute that two or three mills have closed down. The Committee of the Bombay Millowners' Association review the year 1924 in their annual report in the following terms:—

"Although the year 1923 was far from prosperous as far as the cotton textile trade was concerned, it was anticipated that the year 1924 would, if anything, be still more adverse. This unfortunately proved true, and during the year we witnessed a further curtailment of the narrow margin of profit of the preceding year. The industry during the year passed through an exceedingly trying time. In the beginning of the year there was a prolonged strike over the question of bonus and all mills in the city remained closed for about eight weeks—the longest period on record for a strike in the City of Bombay."

"The trade depression noticeable in the previous year continued in

(*) Separately specified with effect from April, 1924.

the year under report and there was a steady decline in the price of cloth more or less in sympathy with the decline in the price of cotton. The depression was unrelieved by any of those periodic spurts which characterised the preceding year. Standard longcloth opened in January at Rs. 1.9.0, but owing to the depletion of stocks caused by the the strike, this price remained steady till the beginning of June when there was a drop of one anna in the rate. The new level of Rs. 1.8.0 was maintained for about five months, but the price fell to Rs. 1.7.0 at the end of October and again to Rs. 1.6.0 in the middle of December and remained at that figure till the end of the year."

"The demand for cloth was never very active, as purchasers fought shy of making large commitments owing to the continued fall in prices. At the same time, as the mills showed their readiness to meet the buyers by accepting easier rates when the cotton market was in their favour, they were able to effect sales from time to time and stocks consequently never rose to an alarming level. It should, however, be pointed out that, throughout the year, the increasing imports of Japanese piece goods into India had very adverse effect on the home trade. In certain instances the Japanese goods were placed on the market at prices lower than the cost of production of similar goods manufactured in India."

Since the above report was written, the depression in the industry has become even more acute. During the first six months of 1925 stocks have steadily accumulated. The imports from Japan in the first quarter of the year were very heavy and the Bombay industry is appealing to the Government of India for the abolition of the excise duty and for protection against Japan. The proposed abolition of the excise duty, with which the question of Japanese competition is closely allied, is dealt with at length in Chapter I, pages 35-43.

Conditions in the Large Import Markets.

Calcutta.—A leading authority in the piece goods trade states—

"Since the beginning of 1925 consumption has not kept pace with arrivals with the result that stocks have accumulated, both in importers' godowns and with dealers in the bazaar. This position combined with the decline of Manchester costs and with the general tightness of money in India resulted in a steady cutting-down of prices."

"Present prospects (May, 1925) are not encouraging. Buyers have lost consistently for the last one and a half years and are faced with further losses on their present stock. Not only are their resources reduced but the slow movement of stocks keeps most of their capital locked up. They have had naturally to curtail credits to their constituents and this has reacted to a certain extent on clearances. So far this year Bengal and Assam are responsible for the bulk of the clearances from the Calcutta market. The demand from Delhi and Cawnpore has been most disappointing."

"The following is a rough comparison of the level of bazaar prices based on a few standard qualities :—

Pre-war 1913-14.	Highest prices reached during the interval.	Present (May, 1925).
100	400/450	250

The future of the piece goods trade between Lancashire and India depends on the reduction of the costs of production to a level accessible to the consumer and in line with the cost of Indian, Japanese and Continental goods."

Bombay.—A well-informed Bombay authority has very kindly furnished the following comprehensive survey of conditions and prospects at that port :—

“ During 1924 there was some considerable improvement in the piece goods trade of Bombay, the year started with Port Trust stocks, almost the lowest on record, and with upcountry markets also bare of stocks, an improving offtake stimulated fresh enquiry and nearly all styles were moderately well bought.

Exchange continued favourable to importers and prospects generally seemed fairly hopeful.

A most promising monsoon was unfortunately marred by most serious floods in Malabar and later in the United Provinces, and to some extent the piece goods trade of these markets has been affected. With the heavier arrivals of piece goods our bazaar did not however receive the support expected, and by the end of the year stocks showed a very considerable increase.

The looked-for improvement during the hot weather months of 1925 has not materialised, and with weakening Home prices and absence of bulk demand our bazaar to-day is nervous and unsettled in most sections dealers being anxious sellers.

The demand for some time past has been mainly of a hand to mouth character, very little bulk offtake being noticeable. It is apparent that until there is a return to cheaper prices no important revival can be looked for. Another most serious item is the continued money stringency preventing as it does the granting of necessary credits.

The enormous imports of bullion totalling about Rs. 94 crores for the year ending 31st March, 1925, have also added to the difficulties of the bazaar by attracting credits for the financing of bullion, some of which credits would in more encouraging times at any rate have been available for the piece goods trade.

The Port Trust Stock figures are detailed below and will give some idea of the increase during the last 12 months.

The figures show Stocks as at 30th April :—

—	1925.	1924.	1923.	1922.	1921.	1920.
Piece Goods bales	14,888	4,367	11,519	18,137	29,716	23,023
cases	25,542	11,133	10,894	27,712	46,973	8,360
Cotton, Twist & Yarns pkgs.	6,821	3,906	9,627	17,077	8,289	3,298

American cotton values show weakness in view of the steadily improving crop prospects, and we consider the peak of inflation is past. On all sides it is, we think, more and more recognised that the cost of production in every department must be reduced for Lancashire to maintain her trade. For the immediate present buyers will await the establishment of the southwest monsoon before entering into serious commitments ahead, and it is to be hoped that measure can be taken to ease the money stringency. A stock such as that shown at the end of April, 1925, would not in the ordinary way be considered excessive, and given freer money conditions together with the expected reduction in Lancashire prices there is no reason to be despondent regarding future prospects.

In grey goods and cotton twist and yarns the competition of Japan is however most serious, and in prints and also in certain classes of fancies and woven goods some development is noticeable in the trade with Italy.

Karachi.—The following report, dated June 25th, is sent to me by an experienced Karachi correspondent:—

“After a considerable decline in prices our market is now steady, but very little new business is being done. Several dealers have failed and many others are in difficulties. The decline in prices is partly responsible for this trouble, but there can be no doubt that the slump in sugar has done most of the damage. This slump has resulted in severe losses, and it is unfortunate that many of the piece goods dealers, forgetting the bitter lessons of the past and in spite of their slight acquaintance with the intricacies of this dangerous business, cannot resist the temptation of speculating in sugar.

Prospects would appear to be better. By the time the next buying season commences (say for November-December-January shipment) the weak dealers will have been eliminated, and although I do not expect a very large trade, a steady business should be done. *This is based on the assumption that we shall have a good monsoon and that stability in Lancashire prices will be attained.*

Stocks amount to about 35,000 to 40,000 packages. This is a normal stock for normal times, but owing to the unsatisfactory conditions prevailing it may be described as too heavy. Forward purchases are not very large. I estimate them at between 10,000 to 15,000 packages to arrive. Stocks up country are not heavy, and there can be no doubt that dealers there would buy fairly large quantities if and when general conditions improve and prices show signs of advancing a little.”

Madras.—An authority writes:—

“It is difficult to summarise the position in the yarn and piece goods markets in 1924-25. Generally speaking, business has been disappointing, which may be attributed to high prices. There can be no expansion of retail buying until prices are considerably reduced. Japanese competition in grey goods and in the lower counts of yarn has been particularly severe. This may be a temporary phase owing to the fall in the value of the yen due to the earthquake in Japan in September, 1923. Japan could buy raw cotton in India early in 1924 on a basis of Rs. 130/150 for yen 100. She has since been placing yarn and piece goods in India on a basis of Rs. 115/120 per yen 100. These figures indicate that the slump in the yen gave Japan an advantage of 10-20 per cent. If the yen now improves, the position may easily be reversed. The result of this competition seems to be that in certain qualities large stocks have accumulated and considerable losses are being incurred. In qualities in which Manchester has not to meet Japanese or Indian mills competition, a steady business on a limited scale has been done right along. Manchester, however, has kept a firm hold on prices and the margins of profit at this end have been meagre.”

“Floods in the south of the Madras Presidency last July destroyed a fair amount of potential buying power but not enough to influence the general situation. The last north-east monsoon, on which the larger part of the Presidency depends, did not give sufficient rainfall, with the result that crops were not too good. On the other hand, the Presidency had a bumper crop of groundnuts and the cotton crop is fair. Good prices have been and are being obtained for these products, and the purchasing power of the people has probably, on the whole, not been impaired.”

Delhi.—A correspondent with an intimate knowledge of the Delhi market advises that the year 1924 opened with fairly bright prospects in all sections of the import trade of Delhi, but these prospects were not fulfilled.

“About the middle of July, 1924, there were communal riots in Delhi, which not only hampered the cold weather sales but also adversely affected the hot weather purchases from Manchester. While the market was closed owing to riots home prices of cotton goods suddenly soared, with the

result that when the market was able to buy Lancashire prices were prohibitive, and although some business was done, it is thought that it was not what it should have been."

"Scarcely had the market recovered from the effects of the riots when floods took place and outstation buyers were unable to reach Delhi. The market has not since recovered its normal strength. Plague in the beginning of 1925 in the surrounding districts has considerably hampered the hot weather sales."

"The news which was published that Manchester was determined to reduce materially the prices of cotton goods only induced consumers to hold off. The net result has been that while consuming centres are bare of stocks, there is a considerable surplus of cotton goods, both imported and local, left in the hands of dealers which will tie their hands for some time."

"Future prospects are, therefore, not very bright."

Amritsar.—A well-informed correspondent writes as follows (June 11th, 1925):—

"The market for all forms of piece goods can only be described as very dull. Stocks are not really very heavy, but there seems to be no demand and, in the meantime, no fresh orders are being booked. The crops are now nearly harvested, money should be more plentiful, and I sincerely hope that in a few weeks the outlook may be brighter. It will not take much to make both importers and dealers optimistic once more, although I think they really are losing on their present stocks.

This is the principal market for shawl cloth, which is almost entirely obtained from the Continent. About three thousand packages are imported annually. Importers are losing slightly on this year's goods as local prices fell in sympathy with the price of wool, but fresh supplies cannot be obtained at the lower rates in time for this season, so that I expect existing stocks will be cleared without difficulty."

Cawnpore.—I am informed that a fair volume of orders was placed early in 1924 for winter goods, which reached here in the autumn of that year. Dealers cannot have made money as they fixed exchange ahead at low rates. They probably did not lose much as goods arriving later were bought at higher prices. The present position is that stocks are moving slowly and that few orders have been placed for July/September shipment, with prices falling and no sales.

General Forecast (June, 1925).—From the above reports, all of which have been received from reliable authorities, it will be noted that the present position is one of suspended animation in all markets and that the future is most obscure. Although the up-country consuming districts are generally bare of stock, the stocks in the hands of importers and dealers in the major ports are considerable and were bought at prices above those ruling in Manchester to-day. Fortunately, the arrivals during the next few months are expected to be light, and Manchester prices would appear to have touched bottom, so it is possible that the losses on these goods will not be so heavy as was anticipated. The anxiety of holders of goods is shown by the resolution, which was unanimously carried by the Marwari Chamber of Commerce, Calcutta, on May 24th, 1925, to the effect that:—

"In view of the present position of the market, the Marwari Chamber of Commerce unanimously resolves that booking of foreign piece goods be stopped for a period of four months."

The Chamber appealed to all European and Indian importers to refrain from entering into any fresh forward contracts for the period specified. The Calcutta Import Trade Association stated in reply that their members,

“ while recognising that the matter calls for sympathy under present bazaar conditions, are of the opinion that complete stoppage of forward buying is inadvisable, but the decision to buy or to abstain from buying must rest with the buyers themselves.”

It is believed that the conditions affecting North-West India are distinctly unfavourable, and it is likely that there may be some shortage in this important area, which includes the west of the United Provinces, the Punjab, Rajputana and the N.W. Frontier Province—one of the most important grain-producing areas in India.

The monsoon, therefore, is still a very doubtful factor. It should be borne in mind, however, that the last four monsoons have been favourable, and a reserve of wealth has been built up which will help to tide the cultivator over any failure of crops which may occur this year. Unfortunately, from the point of view of Lancashire, the agricultural prosperity of the past four years has been utilised to effect enormous purchases of gold and silver bullion and ornaments and has not been laid out in piece goods. Lancashire has not reaped any advantage from these four good years and is consequently not in a strong position to face any further adversity.

The political situation would appear to be more settled than at any time during the past five years. Exchange is steady at about 1/6 T.T. and is not likely to fall for some time. Importers thus secure an advantage of $12\frac{1}{2}$ per cent. over a $\frac{1}{4}$ rate. There is an accumulation of purchasing power in the country as a result of the past four abundant harvests, no less than 203 crores of gold, silver and notes having been imported into India during the last three years. A considerable portion of this reserve of buying power would, without doubt, be translated into purchases of piece goods if only the monsoon is favourable, and there is confidence in prices. The heavy stocks of cloth in the hands of the Bombay Mills, which, at May 31st, 1925, were valued at nearly $6\frac{1}{2}$ crores, will be a depressing factor, but these goods are almost all of the coarser type and it is quite conceivable that a revival in Lancashire goods might take place *pari passu* with a dull market for local mill cloths.

As I have already stated, the whole future of the market is dominated by the monsoon. If the rains are abundant, the stocks already in the country could easily be absorbed in a relatively short time, and there might well be active forward buying provided that Home prices do not advance much over present levels. If, on the other hand, there is a failure of the monsoon over any large part of India, the present condition of stagnation with heavy losses and growing stocks will probably continue for another year.

Raw Cotton. *The Indian Cotton Crop.*—The following statement (taken from the Indian Trade Journal) compares the figures for the last two years (figures are in thousands of bales of 400 lbs. each),

APPROXIMATE CROPS.

	Year ending 31st August.	
	1924.	1923.
Exports to United Kingdom	288	223
" Continent	1,447	501
" Far East	1,654	2,135
" other countries	61	614
Total	3,450	3,473
Home Consumption*—		
Mills	1,879	2,109
Extra Factory or Local	750	750
Total	2,629	2,859
Grand Total	6,079	6,332
Less Imports	100	62
Approximate Crop	5,979	6,270
Estimated in forecast	5,140	5,073
Excess (neglecting " carry over ")	+ 839	+ 1,197
	or 16.3	or 23.6
	per cent.	per cent.

In their annual report, the Bombay Millowners' Association, in referring to the present season's cotton crop, state that the total area in all territories reported on is computed at 26,415,000 acres, which marks a net increase of 2,838,000 acres or 12 per cent. on 23,577,000 acres (revised figures) at the same time last year. The total estimated outturn is 5,988,000 bales of 400 lbs. each as against 5,140,000 bales (revised figures) for last year, representing an increase of 848,000 bales or 15 per cent.

The following table showing the exports of Indian cotton in 1924-5 with countries of destination will probably be of interest to Lancashire readers:—

Countries of Destination.	1923-24.	1924-25.
	Tons.	Tons.
United Kingdom	51,855	28,888
Germany	43,627	30,147
Netherlands	7,433	6,754
Belgium	45,774	35,950
France	31,154	23,929
Spain	15,626	17,125
Italy	98,399	86,578
Austria	7,498	1,387
Ceylon	1,139	763
Indo-China	4,753	4,822
China	48,199	50,722
Japan	307,577	343,455
United States	7,689	5,870
Other Countries	1,213	2,462
Total Tons	671,936	638,852
Total Bales (400 lbs.)	3,763,858	3,553,434

* Conventional Estimates

It will be observed that, after Japan, Italy is the most important overseas market for Indian cotton, and her takings show a rapid increase of late years due to the recent boom in the Italian cotton industry. The following were the exports to Italy in 1913-14 and during the last five years :—

	Tons.
1913-14	42,428
1920-21	38,016
1921-22	27,570
1922-23	43,094
1923-24	98,399
1924-25	86,578

According to an article recently published in the April record of the Manchester Chamber of Commerce, Italy now depends on the United States of America for 60 per cent. of her raw cotton and on India for the remaining 40 per cent. The Italians are using more and more Indian cotton, and the judicious mixing of Indian with American varieties probably contributes very materially to the lower prices of the Italian finished cloths.

The United Kingdom has never been a large consumer of Indian cotton since the American Civil War in the "Sixties." Her takings of the long-stapled American types produced in the Punjab canal colonies and elsewhere advanced to nearly 52,000 tons in 1923-24, but have since receded, partly on account of the reduction in the price of American cotton and partly owing to some deterioration in the quality of last year's Indian crop.

Imports of Raw Cotton into India.—The following are the figures :—

Countries of Consignment.	1923-24.		1924-25.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom	48	1	1,325	23
Persia	1,839	18	1,484	19
Egypt	743	20	193	5
Kenya Colony	9,634	207	16,241	360
Tanganyika	17	*	174	4
United States of America	—	—	427	8
Total Imports (all sources), ..	12,718	2,51	20,183	4,25

* 32,549 rupees.

The imports from the United Kingdom represent American cotton shipped from Liverpool, while those from Kenya Colony are, in the main, cottons of the Egyptian type grown in Uganda and are largely re-exported to Europe.

Cotton Sewing Thread.—This important trade shows steady expansion. The total weight imported advanced by 125,000 lbs., and the value by Rs. 2 lakhs. It is interesting to note that the United Kingdom is fully maintaining its position with 91 per cent. of the trade. The principal competition encountered is

from Austria, Belgium and Holland in the cheaper sewing cottons Imports from Japan show a steady decline and in 1923-24 were only of a value of Rs. 60,000. The figures were :—

Countries of Consignment.	1923-24.		1924-25.	
	Lbs.	Rs. (lakhs).	Lbs.	Rs. (lakhs).
United Kingdom	1,228,966	66	1,398,837	68
Other countries	305,468	6	260,991	6
Total	1,534,434	72	1,659,828	74

Artificial Silk.—The trade in artificial silk yarn and in piece goods of cotton and artificial silk is increasing at a phenomenal rate. The details of the origin of the imports for the past year are, unfortunately, not yet available, but steps have been taken by this office to have them included regularly in future in the Monthly Trade Returns. The total imports were as follows :—

Description.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Artificial Silk Yarn	13	*25	42
Piece goods of cotton and artificial silk	20	104	177
Other sorts	*	†	9
Total Imports	33	129	228

In 1923-4 artificial silk yarn was obtained from the United Kingdom (60 per cent.), Italy (20 per cent.), Holland (5 per cent.), Switzerland (5 per cent.), and lesser values from Belgium, France and Germany. Piece goods of cotton and artificial silk were drawn in 1923-24 from the United Kingdom (55 per cent.), Italy (24 per cent.), Switzerland (11 per cent.), Belgium (4 per cent.), Germany (3 per cent.). Trivial values were obtained from Czecho-Slovakia, France and the United States of America. During the past year much more severe competition has been met from Italy. British makers would do well to make a study of Italian cloths, which are of good finish and lustre and are sold at very low rates. Messrs. Courtaulds, Limited, have recently erected a factory for the production of artificial silk yarn near Bombay. Bombay is the principal market, but imports into Calcutta show promising expansion.

Flax Manufacturers.—The main types imported were as follows :—

Description.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
Twist and Yarn	—	—
Canvas	11	14
Piece Goods	4	3
Sewing Thread	2	2
Other sorts, including bags and sacks	11	10
Total Imports	28	29

* Separately recorded from April, 1924.

† Less than 1 lakh.

The United Kingdom furnishes 98 per cent. of the whole trade.

Jute Manufacturers.—Although the jute mills on the Hooghly continue to obtain the bulk of the world's trade in hessians, gunnies, etc., and are weaving finer cloths each year, there is still a fair import of the finer varieties of jute canvas, twine, etc. The figures are as follows :—

Countries of Consignment.	1923-24. 1924-25.	
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	6	9
Ceylon	12	13
Other countries	3	5
Total	21	27

The imports from Ceylon consist entirely of gunny bags—probably second-hand cornsacks and wool packs re-exported from Australia and transhipped at Colombo. Fifty per cent. of the imports from the United Kingdom are of unclassified varieties, and the balance is mainly canvas and twine. Madras is the principal port of entry, followed by Bombay and Calcutta.

Silk Manufactures.—This important trade, which is now approaching 4 crores in value, continues to expand. The imports of the various types were as follows :—

Description.	1923-24. 1924-25.	
	Rs. (lakhs).	Rs. (lakhs).
Silk yarns, noils and warps	71	102
Goods of silk mixed with other materials	33	29
Silk piece goods	230	233
Sewing thread	1	1
Other kinds	6	6
Total Imports	341	371

Of the yarns, noils, warps, etc., Italy contributed 32 per cent., Japan 38 per cent. and China 12 per cent. Silk mixtures were obtained from Germany (30 per cent.), France (19 per cent.), Italy (15 per cent.) and the United Kingdom (13 per cent.). Silk piece goods were practically shared by Japan and China. Shipments from the United Kingdom only amounting to a paltry Rs. 4 lakhs (say £26,000). The United Kingdom, however, supplies 60 per cent. of the small import of sewing silk, the principal competitors being Italy and Japan. The silk import trade is concentrated in Bombay, Rangoon and Calcutta also take small quantities.

Woollen Manufactures.—The various types imported were as follows:—

Description.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
Yarns and Knitting Wool	23	30
Blankets	5	7
Braids	0.6	0.4
Carpets and Rugs	11	16
Hosiery	11	13
Piece goods	178	261
Shawls	11	25
Other sorts	4	4
Total Imports	243.6	356.4

Bombay is the leading port of entry for woollens, which are distributed throughout the Punjab, United Provinces and North-Western India. Karachi is the entrepôt for the Punjab, Afghanistan, Baluchistan, Kashmir and the N.W. Frontier Province. Large quantities also enter Rangoon in transit to Yunnan and the Shan States. The Calcutta market is also growing in importance.

Woollen Piece Goods.—The wonderful expansion in this trade has continued until the imports last year were valued at nearly £2,000,000 sterling. The subjoined table gives their origin:—

Principal countries of consignment.	1923-24.		1924-25.	
	Yards.	Rs. (lakhs.).	Yards.	Rs. (lakhs.).
United Kingdom	3,948,462	109	6,015,400	157
Germany	827,678	20	1,036,329	24
Netherlands	106,469	4	165,416	6
Belgium	629,431	12	511,216	12
France	744,942	15	1,327,919	26
Italy	620,976	8	1,678,126	22
Japan	532,292	7	1,047,837	12
Other countries	143,235	3	88,772	2
Total Imports	7,553,505	1.78	11,871,015	2.81

The average value per yard in 1923-24 was Rs. 2.35, whereas in 1924-25 it was only Rs. 2.20. This is due to increased imports of German, French and Italian cloths at low prices. As I stated last year, the total quantities imported are still considerably less than the pre-war average, which was 22,420,000 yards, valued at 207 lakhs of rupees. The fact that while quantities are reduced to nearly one-half, values are actually 25 per cent. higher, clearly shows the extent to which woollen cloth prices have risen.

Although the values of British woollens show an advance of 50 per cent., the United Kingdom share of the trade fell slightly from 61 to 60 per cent. German, Italian and French competition is very keen. Italy, in particular, is developing her exports to

India to an extraordinary extent. The imports from Belgium and Holland are largely German and French goods shipped from Antwerp and Rotterdam.

Woollen Shawls.—The shawl trade is increasing by leaps and bounds, although it is still only a fourth of the pre-war average of 1,668,000 shawls valued at Rs. 41½ lakhs. The figures during the last two years were as follows:—

Countries of Consignment.	1923-24.		1924-25.	
	Number.	Rs. (lakhs).	Number.	Rs. (lakhs).
United Kingdom	49,632	2	168,467	8
Germany	134,054	8	175,506	13
Other countries	28,079	2	75,884	3
	211,765	12	419,857	24

As regards quantities, the United Kingdom share almost equals that of Germany, but the great discrepancy in values shows that the British shawls are mostly of the lower qualities. The average value per shawl imported last year was Rs. 5·8 (7s. 9d. at 1s. 4d. exchange).

Carpets and Rugs.—The trade is growing but is still far behind the pre-war average.

Principal countries of consignment.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs.)
United Kingdom	6	10
Italy	2	4
Persia	1	1
Other countries	1	1
Total Imports	10	16

The imports of Italian printed tapestry carpets continue to expand, but British manufacturers still supply the good quality carpets for the European and the best Indian demand and also most of the sealskin rugs. The competition of the Indian factories at Agra, Mirzapore, Amritsar and Kashmir is increasing and the designs and quality of country-made carpets are improving.

Machinery and Millwork.—The steady reduction in the imports of machinery continues and the total figures are more than 4 crores of rupees less than the previous year and less than half of the value imported during the boom year of 1921-22. The acute depression in the cotton spinning and manufacturing industry accounts for a reduction of no less than 3 crores in the imports of cotton textile machinery. There were reduced imports under most headings consequent upon the depressed state of engineering industries in India during the year. Even so, the

imports of machinery still rank second only to cotton textiles in order of importance. The following table shows the origin of the imports during the past two years:—

Countries of Consignment.	1923-24.	1924-25.
	Rs. (lakhs.)	Rs. (lakhs.)
United Kingdom	16,24	12,39
Germany	44	15
Belgium	9	7
United States	1,96	1,40
Other countries	40	37
Total	19,13	14,74

The following table shows the relative importance of the three principal suppliers both before the war and during the past two years:—

Countries of Consignment.	1913-14.	1923-24.	1924-25.
	Per cent.	Per cent.	Per cent.
United Kingdom	90.0	84.8	84.1
United States	3.0	10.2	9.5
Germany	5.5	2.2	3.4
Other Countries	1.5	2.8	3.0
	100.0	100.0	100.0

When one considers the fact that the total decline in machinery imports is largely accounted for by the reduction in the imports of textile machinery, which is largely a British monopoly, it is most satisfactory to observe that the United Kingdom's share was only reduced by less than 1 per cent. and is still within 6 per cent. of her pre-war share. This shows that British exporters have improved their position in the more competitive branches of the trade. The reduction in the American share by half per cent. is largely accounted for by smaller shipments of electrical machinery. German competition is being felt in rice and flour milling plant and in miscellaneous machines for industrial purposes; but although the German share advanced by over 1 per cent. during the year, it still falls short of the pre-war percentage by over 2 per cent.

The following brief analysis of the principal types of machinery imported will be of interest:—

Textile Machinery.

	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Cotton spinnery machinery	6,51	3,97	1,51
„ weaving machinery	1,40	1,11	69
„ bleaching and dyeing machinery	14	8	8
„ printing machinery	*	*	*
Other sorts	44	44	39
Total	8,49	5,60	2,67

* Less than 1 lakh.

This trade is almost entirely in the hands of Lancashire textile machinists. America and Germany supply certain specialities, such as patent winders, etc., but their share of the total trade is negligible.

Woollen Manufacturing Machinery.—There has been a steady reduction in the imports under this heading from 28 lakhs in 1922-23 to 11 lakhs in 1923-24 and 6 lakhs in 1924-25. This is due to the fact that the few established woollen mills in India brought their plants up to date in the years immediately following the close of the war and there have been no new mills floated during the past year or two.

Jute Manufacturing Machinery.—The imports during the past four years have shown a steady decline owing to the fact that the mills were restored to their normal standard of equipment in the years after the war and the state of the industry has not been such as to warrant the laying-down of additional plants. The Calcutta mills continued to work four days per week during the period. The total imports were :—

	1922-23.	1923-24.	1924-25.
Rs. (lakhs)	179	137	93

This trade is almost entirely in British hands, the United States supplying a few specialities of a total value of only 3½ lakhs in 1923-24. It is interesting that one prominent firm of British makers, who erected works in India, have recently closed them down and placed a caretaker in charge, while the Indian works of another firm have been principally engaged in producing articles for other industries.

Electrical Machinery.—The total imports were as follows :—

Countries of Consignment.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs.)	Rs. (lakhs.)	Rs. (lakhs.)
United Kingdom	2,00	1,64	1,77
Germany	6	4	4
United States	38	41	15
Other countries	16	13	6
Total	2,60	2,22	2,02

It is most satisfactory that British manufacturers have increased their share of the trade at the expense of their American and Swedish competitors. This is very largely due to the splendid service given by the Indian branches and agencies of the leading home concerns, most of which employ highly qualified engineers and salesmen, who are continually touring the country and keeping in close touch with every project. Competition among them is very keen and there is a great deal of price-cutting, but the result is that foreign competition is not allowed to become really serious.

The falling-away in the total trade is largely due to reduced imports of motors, generators, transformers and turbo-generating sets. The imports of unclassified types, however, rose by nearly 29 lakhs. The figures were as follows :—

	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
Control and Switchgear	36	36
Generators, Alternators and Dynamos .. .	39	32
Motors	72	40
Transformers	15	13
Turbo-generating sets	11	4
Other sorts	49	77
	2,22	2,02

The development of railway electrification in India, which is dealt with in greater detail in Chapter IV, on page 123, will provide an increasing market for this type of plant. British makers have supplied the machinery, cables and apparatus for the first section of line to be electrified in India, viz. :—the G.I.P. local service in Bombay, and they are in close touch with the other railway companies with regard to their electrification projects.

Boilers.—The imports were as follows :—

Country of Consignment.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs)
United Kingdom	1,18	94	69.6
United States	*	1	.7
Other countries	6	3	1.9
	1,24	98	72.2

Although the total trade is again diminished owing to the depression in industry, and compares very unfavourably with the high watermark of 255 lakhs (roughly £1,700,000) reached in 1921-22 as a result of the industrial boom of 1919-20, it would appear as if the lowest point has been reached, and an improvement in the trade may be anticipated with any revival of industrial activity. British makers of the water-tube, Lancashire and Cornish types are admirably represented and the statistics conclusively show that they have at present little to fear from foreign competition.

Prime Movers (other than electrical).—The total imports were classified as follows :—

	1923-24.	1924-25.
	Rupees.	Rupees.
<i>Locomotives—excluding those for railways—</i>		
Oil Engines	1,79,150	1,42,867
Oil Engines (parts of)	30,679	29,003
Steam Engines	13,09,741	10,77,789
Steam Engines (parts of)	3,79,186	5,80,797
Others	1,63,494	93,330

* Less than one lakh.

	1923-24	1924-25
	Rupees.	Rupees.
<i>Other than Locomotives—</i>		
Gas Engines	9,39,267	4,28,087
Gas Engines (parts of)	1,77,625	1,12,021
Oil Engines	86,26,641	93,41,236
Oil Engines (parts of)	10,57,429	14,76,153
Steam Engines	42,75,878	36,47,857
Steam Engines (parts of)	27,21,496	14,87,960
Others	3,09,447	2,30,060
Total	2,01,70,033	1,86,47,160

Details of the origin of the imports in 1924-25 are not yet available, but in the previous year the United Kingdom controlled fully 90 per cent. of the total trade. Slight competition was met with from the U.S., Italy and Sweden in oil engines, but in steam and gas engines British makers were "hors concours." This strong position—apart from the inherent excellence of the British productions—is largely attributable to the excellent representation of the United Kingdom manufacturers. Practically all the leading makers employ highly trained engineers in India, either acting as direct representatives or attached to firms of mercantile agents.

The slight decline in the total trade during the year was inevitable during such a period of dull trade. It is noteworthy that during the past three years oil engines appear to have been gaining in popularity at the expense of steam.

Agricultural Machinery.—There has been a considerable advance during the year, but the trade is still most disappointing when one considers the immense scope of the country.

	1922-23.	1923-24.	1924-25.
	Rupees.	Rupees.	Rupees.
Agricultural Tractors and parts	3,32,793	2,90,933	3,96,305
Ploughs and parts	Not separately recorded	1,34,339	83,521
Other Kinds	1,90,696	1,42,663	3,49,906
Total	5,23,489	5,67,935	8,29,732

Nearly two-thirds of the tractors are obtained from the United States, while American competition in ploughs is also keen. In unclassified descriptions the United Kingdom has a considerable lead. When one considers the efforts which have been expended by British makers during the past twenty years to stimulate this trade, the results are most disappointing. Although firms such as the International Harvester Company of America have also made the most strenuous efforts and have covered the whole territory with salesmen and experts, they cannot be said to have achieved much greater success. As I have repeatedly stated, the principal reasons for this state of affairs are the small holdings prevalent throughout India and the lack of capital and enterprise

on the part of the cultivator. The only future would seem to lie with the Zemindars, who frequently cultivate large estates, the canal colonies of land reclaimed by irrigation, and the European planters.

Mining Machinery.

Countries of Consignment.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	20	70	82
United States	20	37	40
Other Countries	Less than 1 lakh.	1	3
Total	40	1,08	1,25

American competition in coal-cutting machinery is very keen, but during the last two years one or two British makes have become established and are increasing their hold at the expense of the American types. Other types of mining machinery are principally for the use of the Kolar goldfields, the Burma-Corporation's large lead and zinc mines at Namtu in Burma, the tin and wolfram mines in Burma and the extensive oilfields in Burma, the Punjab and Assam. Burma, as might be expected, is the largest importer. The United States still supplies a very large share of the drilling tackle and plant used in the oilfields, but the efforts which are being made by British firms in this field are meeting with success and the prejudice against the use of British machines is being largely overcome.

Metal Working Machinery (including Machine Tools).—A further decline is to be recorded under this comprehensive heading.

	1922-23.	1923-24.	1924-25.
Rupees	58,08,174	51,94,292	36,76,134

Machine tools account for approximately 70 per cent. of the total. In 1923-24 the United Kingdom supplied 77 per cent., the United States 15 per cent. and Germany nearly 4 per cent. Germany is steadily increasing her share, although this competition is not yet serious. American machine tools are popular among Indian industrialists, but the leading British makers are strongly represented and are holding their own.

Oil Crushing and Refining Machinery.—Statistics relating to the sources of origin are not yet available for 1924-25, but the figures of the total imports were as follows:—

	1922-23.	1923-24.	1924-25.
Rupees	10,85,539	38,43,351	30,65,315

In 1923-24 the United Kingdom supplied 22 lakhs, United States of America 14 lakhs and Germany nearly 2 lakhs. The German share is increasing.

Paper Mill Machinery.—The decline in this trade which was recorded last year has been checked, although the depression in the Indian paper-making industry still continues. The total imports were :—

	1922-23.	1923-24.	1924-25.
Rupees	13,99,613	6,16,253	7,21,170

In 1923-24 the United Kingdom supplied 82 per cent., Belgium 7½ per cent., and Germany 4½ per cent. The Indian paper mills are passing through a period of great depression and find it difficult to compete with the imports of cheap continental and British papers. They have applied to the Indian Tariff Board for a measure of protection, but the report of the Board is not yet available.

Refrigerating Machinery.—Under this heading also detailed statistics for the past year are not yet available. The total trade amounted to :—

	1922-23.	1923-24.	1924-25.
Rupees	8,15,699	9,02,388	7,19,864

In 1923-24 the United Kingdom sent 4·7 lakhs and the United States of America 4 lakhs worth. As I stated in my last report, there is a relatively small cold-storage depot in Bombay and a certain amount of cold-storage space in the refrigerating works at Calcutta, but, apart from this, there is no large commercial cold-storage undertaking in India. Although at least one comprehensive scheme is contemplated the difficulty of raising the large amount of capital involved has delayed its flotation. It is to be hoped, however, that this long overdue development will materialise as soon as possible.

Rice and Flour Machinery.—The total imports showed a marked advance during the past year.

Countries of Consignment.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	23	9	14
Germany	16	6	6
United States	3	5	5
Other Countries	1	1	3
Total	43	21	28

German competition in the imports of rice mill plant into Burma has been resumed since the war and is meeting with some success, particularly in the case of small mills for native owners where price is the main consideration. The United Kingdom supplies most of the flour milling machinery, but, owing to the less prosperous state of the industry, the demand has not been so great during the past two years.

Saw Mill and Woodworking Machinery.

Countries of Consignment.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	7	8	11
Other countries	3	2	3
Total	10	10	14

Woodworking machinery is mainly imported by the railway carriage and waggon shops, and is almost entirely of British origin. American competition is encountered in saw-milling plants, but the efforts of the resident experts employed by the two leading British firms appear to be bearing fruit.

Sewing and Knitting Machines.—This valuable trade expands steadily with the extension of the leading company's selling organisation throughout India and has not been affected by the trade depression. The total imports including parts and accessories were:—

	1922-23.	1923-24.	1924-25.
Rupees	51,45,533	54,10,978	68,68,987

As is well known, the market is almost entirely supplied by the Clydebank factory of the Singer Sewing Machine Company, who maintain a remarkably efficient system of agencies throughout the length and breadth of the country under the active supervision of their own trained staff. Certain specialities are drawn from the company's American works, but the total imports of complete machines from the United States, in 1923-24, amounted to only Rs. 42,000. German competition is increasing although it is still on a small scale, the imports in 1923-24 amounting to a little short of six lakhs as compared with 47½ lakhs from the United Kingdom. The Punjab continues to be the most important market.

Sugar Machinery.

Countries of Consignment.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	11	12	16
Belgium	5	Less than 1 lakh.	Less than 1 lakh.
Other countries	1	1	1
Total	17	13	17

Under the heading "other countries" in 1923-24 were included trifling quantities from the United States of America, Belgium and Germany, amounting in all to only half a lakh. The Empire Engineering Works, Cawnpore, continues to produce a certain amount of sugar machinery but Glasgow makers supply the bulk of India's requirements of new plant.

Tea Machinery.—The great activity in the tea industry is reflected once again in increased importations of machinery and plant. The figures for the past three years are as follows :—

	1922-23	1923-24	1924-25
Rupees	25,79,218	39,14,645	46,45,959

This is an exclusively British trade.

Typewriters.—There has been a slight falling-off in the imports of typewriters during the year. The total imports were :—

Year.	Number of Machines.	Value (Rupees).
1922-23	5,103	9,91,929
1923-24	7,930	14,95,599
1924-25	7,445	13,16,661

This trade is almost an American monopoly largely on account of the widespread organisation and service system of the leading American company. In 1923-24 only 384 British machines valued at Rs. 71,604 were imported. The machines are cheap and good, but there has been no effort yet to give service on the spot.

Other Sorts of Machinery.—Under this comprehensive heading are grouped all types of machinery and industrial plant which are not separately classified in the Customs Returns. The total value under this heading is enormous.

	1922-23	1923-24	1924-25
Rupees	4,03,52,365	2,92,73,934	2,24,56,306

In 1923-24, which is the last year for which countries of origin are given, this miscellaneous trade was divided as follows :—United Kingdom, 72 per cent., United States of America, 16 per cent., Germany, 5 per cent., with lesser values from Denmark, Belgium, Japan and Sweden.

Iron and Steel.—The quantity of iron and steel imported during the year increased from 756,000 tons to 869,000 tons, and the value by Rs. 100 lakhs or 6 per cent. to Rs. 18,93 lakhs. The principal increases were in galvanized sheets (86 lakhs), wrought tubes, pipes and fittings (30 lakhs) and plain sheets (10 lakhs). Important decreases are to be recorded in beams, channels, pillars, girders and bridgework (13 lakhs) and in tinned plates (35 lakhs).

The year has been marked by a very heavy fall in the prices of Continental, mainly Belgian, sections of all kinds, and although British quotations have followed suit to some extent, the disparity in price has become more and more marked. As a result of the settlement of difficulties in the Ruhr and the consequent fall in Continental rates, a heavy increase in the imports of Continental steel into India took place during the second half of 1923-24; and although normal stocks must have been replenished by March, 1924, the stream of imports continued, largely due to large speculative orders having been placed in the hope that the steel would

arrive in India before the new protective duties came into force in June, 1924. As the Tariff Board state, "most of the steel so ordered could not in any case have reached India in time and, owing to transport difficulties in Belgium, considerable quantities of steel were held up much longer than usual. The result was that, after the new duties came into force, the stream of steel from Antwerp continued to pour into India with unabated vigour."

The result is that the Indian market is flooded with stocks of low-priced steel, which will require many months to work off. In the meantime, prices in India will tend to be lower than the current prices of the imported material.

The whole steel position and the effects of the great disparity between British and Continental rates is dealt with very fully in Chapter II. I propose here to confine my remarks to the statistical position of the trade during the past year.

The chief sources of supply of iron and steel, with the percentage share of each principal country in the import trade, are shown on page 157.

It will be convenient to show the principal headings under which competition was encountered during the last year—1924-25.

Description.	From the U.K.	From U.S.A.	From Belgium.	From Germany.	Total Imports.
	Tons.	Tons.	Tons.	Tons.	Tons.
Iron bars & channels	3,154	*	4,930	62	9,206
Iron or steel beams, girders, pillars, & bridge-work ..	32,591	199	38,543	1,586	80,879
Nuts and bolts ..	2,421	601	1,841	2,385	8,033
Hoops and strips ..	21,420	1,566	8,836	2,879	35,451
Nails, rivets and washers (other than wire nails) ..	6,314	9	1,945	2,041	15,269
Cast pipes and fittings ..	9,632	89	*	*	12,591
Galv. sheets and plates ..	205,308	1,867	*	*	209,148
Tinned Plates ..	25,892	10,534	*	*	36,529
Plates, not galvanised or tinned ..	52,567	166	37,645	24,023	118,068
Wrought tubes, pipes and fittings ..	15,427	969	4,813	8,455	33,810
Wire nails ..	439	6	7,378	7,301	16,238
Wire rope ..	2,517	93	*	*	2,829
Steel bars (other than cast steel) ..	14,582	4	127,538	23,902	183,467

* Not separately distinguished.

It will be observed that American competition is not serious except in the case of tinned plates. In addition to the competitors

CHIEF SOURCES OF SUPPLY OF IRON AND STEEL.

	From the U.K.		From Germany.		From Belgium.		From the U.S.A.		From other Countries.		Total.
	Tons (1,000).	Share per cent.	Tons (1,000).	Share per cent.	Tons (1,000).	Share per cent.	Tons (1,000).	Share per cent.	Tons (1,000).	Share per cent.	Tons (1,000).
1913-14	609	59.8	200	19.6	173	17.0	22	2.2	14	1.4	1,018
1919-20	269	63.0	1	.2	13	3.1	135	31.6	9	2.1	427
1920-21	498	70.0	15	2.1	69	9.7	113	15.9	17	2.3	712
1921-22	280	45.7	60	9.8	160	26.1	84	13.7	29	4.7	613
1922-23	359	48.1	90	12.1	229	30.7	38	5.1	30	4.0	746
1923-24	429	56.7	61	8.0	217	28.7	18	2.4	31	4.2	756
1924-25	439	50.5	88	10.1	273	31.4	17	2.0	52	6.0	869

noted above, Sweden and Norway supplied considerable quantities of nails, rivets and washers, and Luxemburg shipped nearly 12,000 tons of steel bars. The brightest spot in the whole iron and steel trade from the point of view of the United Kingdom is the steady advance in the shipments of corrugated sheets. It should be remembered, however, that in 1925-26 the Tata Iron and Steel Company, Limited, estimate that they will produce 15,000 tons of galvanised sheets and 18,000 tons in the following year. These, however, are relatively small figures when contrasted with the 209,148 tons imported last year.

The following brief comments under each heading analyse the position in 1924-25 as compared with the trade during the previous year:—

IRON AND STEEL.

Iron Bars and Channels.—The total trade fell from 23 to 16 lakhs. The Belgian share was reduced from 13 to 6 lakhs, while British shipments increased slightly from 6·7 to 7½ lakhs.

Iron or Steel Beams, Pillars, Girders and Bridge Work.—The total trade fell slightly from 137 to 123 lakhs. Imports from the United Kingdom shrank from 80 to 68 lakhs, those from Belgium from 50 to 44 lakhs, those from Germany remained steady at 2 lakhs, while arrivals from other countries advanced from 5 to 9 lakhs.

Bolts and Nuts.—There was a slight increase in the total trade from 27 to 29 lakhs. The British share fell from 15 to 11 lakhs and the Belgian from 7 to 4½ lakhs. On the other hand, German shipments increased from 1½ to 8 lakhs.

Hoops and Strips.—The total imports fell from 70 to 68 lakhs. The British share was reduced from 56 to 45 lakhs and the American from 5 to 3½ lakhs. That of Belgium, on the other hand, rose from 7½ to 14 lakhs.

Nails, Rivets and Washers (other than Wire Nails).—There was very little change in the total trade, which rose slightly from 52 to 54 lakhs. The British share remained fairly constant at 20 lakhs, that of Sweden rose from 7 to 11 lakhs, which was balanced in the case of Norway by a fall from 11 to 6 lakhs.

Cast Pipes and Fittings.—The total imports during the period fell from 34 to 31 lakhs. The British share was reduced from 30 to 26 lakhs.

Galvanised Sheets and Plates.—The steady increase in the imports of galvanised sheets which has been such a marked feature of the past few years is once again to be recorded. The total imports rose from 165,000 tons, valued at 517 lakhs, to 209,000 tons, valued at 603 lakhs. Of this enormous total which exceeds £4,000,000 sterling, the British share amounted to no less than 98 per cent. and accounted for 205,308 tons valued at 591 lakhs. The United States of America supplied a mere 7½ lakhs worth, while all other countries only shipped 4½ lakhs worth.

Tinned Plates.—The total trade fell slightly from 44,000 tons, valued at 179 lakhs, to 36,500 tons, valued at 144 lakhs. The British share was reduced from 37,496 tons, valued at 152 lakhs to 25,892 tons, valued at 101 lakhs. American shipments, on the other hand, rose from 6,500 to 10,500 tons, and the value from 27 to 43 lakhs.

Sheets and Plates (not Galvanised or Tinned).—The total trade rose from 181 to 190 lakhs, largely due to increased arrivals from Belgium and Germany. The British share fell from 112 to 91 lakhs, the Belgian rose from 39 to 58 lakhs, and the German from 26 to 36 lakhs.

Wrought Tubes, Pipes and Fittings.—There has been a satisfactory expansion in this trade from 84 to 114 lakhs, but it is regrettable that the

British share fell from 60 to 58 lakhs. On the other hand, Germany increased her proportion from 6 to 25 lakhs, Belgium from 3½ to 13 lakhs, and Holland (presumably transshipments from Germany) from 3½ to 10½ lakhs.

Wire Nails.—The total imports rose from 31 to 35 lakhs. This trade is almost entirely shared by Germany and Belgium, each country supplying a value of 16 lakhs. British shipments only amounted to a trifle over 1 lakh.

Wire Rope.—The total trade fell from 29 to 21 lakhs, and with it the share of the United Kingdom from 28½ to 20 lakhs. This trade is almost entirely in British hands, the only other competitors being the United States, with slightly less than a lakh and other countries with Rs. 60,000.

Steel Bars (other than Cast Steel).—This valuable trade shows a slight reduction from 239 to 232 lakhs. The Belgian share remained fairly steady at 155 lakhs. The British share fell from 26 to 24 lakhs, and that of Germany from 38 to 29 lakhs. On the other hand, Luxemburg increased her shipments from 9 to 14½ lakhs.

Aluminium.—There has been a satisfactory advance in this trade, principally in the form of circles for the Indian hollow-ware manufacturing industry. The imports of "other manufactures," which include and mainly consist of utensils, also rose by 10 per cent. The imports were:—

	1923-24.		1924-25.	
	cwt.	Rs. (lakhs).	cwt.	Rs. (lakhs).
<i>Unwrought</i> —				
Ingots, blocks, bars ..	7,425	6	5,099	4
<i>Wrought</i> —				
Circles	65,788	67	74,854	80
Sheets	3,902	4	2,890	3
Other manufactures ..	7,038	9	7,744	10
Total imports	84,153	86	90,587	97

Particulars relating to countries of origin are not available for 1924-25. In the previous year, however, 55 per cent. of the unwrought aluminium came from Switzerland, 37 per cent. from the United Kingdom and small amounts from Belgium and France. The large imports of circles in that year were drawn from Germany (33 per cent.), the United Kingdom (17 per cent.), United States of America (27 per cent.), Switzerland (12 per cent.), and lesser values from Belgium, France and Italy. Sheets were supplied by Germany (39 per cent.), the United Kingdom (25 per cent.), Belgium (13 per cent.), Switzerland (9 per cent.), and lesser values from the United States of America and France. Miscellaneous manufactures of aluminium were received from Germany (35 per cent.), Belgium (25 per cent.), the United Kingdom (17 per cent.), Switzerland (15 per cent.), and negligible amounts from Japan, the United States of America and Holland.

Brass, Bronze and Similar Alloys.—Apart from an import of 14 lakhs worth of unwrought metal the principal item under this heading is mixed or yellow metal for sheathing, which shows most promising expansion during the past three years.

The latest import returns are as follows :—

Countries of Consignment.	1923-24.		1924-25.	
	cwt.	Rs. (lakhs).	cwt.	Rs. (lakhs).
United Kingdom	221,339	1,30	224,117	1,22
Germany	108,357	61	185,631	99
Italy	2,306	2	150	Less than 1
Japan	160	Less than 1	541	—
Other Countries	1,338	1	2,344	2
Total	333,500	1,94	412,783	2,23

The reduction in the average value of the imports is noteworthy. German competition is becoming very keen in all markets, but mostly in Bombay, which is the principal port of entry.

Since April, 1924, figures are available of the other items under the main classification. The total imports of these in 1924-25 were as follows :—Rods, Rs. 2,28,968 ; Sheets, Rs. 10,75,016 ; Tubes, Rs. 1,53,631 ; Wire, Rs. 5,31,892 ; Other Sorts, Rs. 59,41,278.

Copper—Unwrought.—The imports of unwrought copper were as follows :—

Countries of Consignment.	1923-24.		1924-25.	
	cwt.	Rs. (lakhs).	cwt.	Rs. (lakhs).
United Kingdom	34,986	19	21,256	11
Australia	15,483	11	7,766	5
Other countries	682	—	12,370	6
Total	51,151	30	41,392	22

Bengal is the principal market for unwrought copper.

Wrought.—Germany has regained her position as the leading supplier of wrought copper and during the past two years has ousted the United Kingdom and the United States of America from the position acquired by them during the war.

The following table shows the provenance of the imports :—

Countries of Consignment.	1923-24.		1924-25.	
	cwt.	Rs. (lakhs).	cwt.	Rs. (lakhs).
United Kingdom	85,655	59	30,544	21
Germany	80,586	52	158,044	92
United States	26,744	16	28,444	16
Other countries	2,752	2	11,314	7
Total	195,737	1,29	228,346	1,36

The imports in 1924-25 were made up as follows :—

	cwt.
Braziers	1,616
Sheets	210,095
Rods	2,893
Tubes	3,570
Wire (excluding wire for telegraph or telephone)	3,653
Other manufactures	6,519

German Silver (including Nickel Silver).—The total imports were :—

	1922-23.	1923-24.	1924-25.
Rupees	13,30,642	12,47,987	14,47,920

In 1923-24 Germany supplied 35 per cent., Italy 33 per cent., the United Kingdom 19 per cent., and Austria 8 per cent. Bombay continues to be the main port of entry.

Railway Plant and Rolling Stock.—There has been a material reduction in the imports under this heading, both on account of Government stores for the State-worked railways and also on account of the lines operated by companies. This all-round reduction is due to the need for economy and also to the fact that the requirements of the lines as regards locomotives, carriages and wagons have not been so great as was anticipated some years ago.

The imports were as follows :—

	1923-24.			1924-25.		
	Private.	Govt.	Total.	Private.	Govt.	Total.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Carriages and wagons and parts thereof ..	6,09	1,22	7,31	3,68	67	4,35
Locomotives engines and tenders	2,76	85	3,61	88	52	1,40
Bridge work	50	(a)	50	24	(a)	24
Rails, chairs and fish-plates of steel or iron	1,05	5	1,10	36	Less than 1	36
Sleepers and keys of steel or iron	46	5	51	44	—	44
Sleepers of wood	38	(a)	38	2	(a)	2
Other kinds	48	11	59	45	10	55
Total imports	11,72	2,28	14,00	6,07	1,29	7,36

(a) Not separately distinguished : if any, included with other kinds.

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Details are not available with regard to the origin of railway material imported on Government account through the Indian Stores Department, London. It is known that Continental competition, particularly from Germany and Czechoslovakia in wheels and axles and also in locomotives, has been very keen. Even taking this into account, it is safe to assume that over 85 per cent. was obtained from British sources. The subjoined table shows the provenance of the imports on private account for the company-worked lines :—

Countries of Consignment.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	11,03	5,41
Belgium	21	18
Canada	4	—
United States	18	17
Australia and New Zealand	18	—
Other countries	8	31
Total Imports	11,72	6,07

The percentage share of the United Kingdom (89 per cent.) is much lower than it has been in former years, owing to increased competition from the Continent and the United States. The imports from the United States are due, in the main, to the activities of the Baldwin Locomotive Company's representative in India and consist of a few locomotives and accessories. American makers also practically monopolise the business in locomotive headlights, which are now being fitted to each engine. Further American competition may be expected if the Railway Board decide to adopt the automatic coupler, in the manufacture of which American steel founders have so far had the greatest experience. The competition from the Continent is even more serious, however, as it consists, not in a few specialities, but in all types of rolling stock and steelwork, and is based upon lower prices. The subject is so important that I have devoted a special section of Chapter III, pages 101-103, to it and to the tendency towards the transfer of the purchase of Government requirements from London to India, which would be a weakening factor in the British position. I would recommend all British suppliers of railway plant to make a close study of that chapter, as it explains the new position, which is not generally appreciated in the United Kingdom.

The following tables gives, in thousands of rupees, details of the sources of the imports of railway* plant and rolling stock extending over a period of years :—

* Railway plant and rolling-stock includes carriages and wagons, locomotive engines and tenders, and materials for construction, viz., bridge-work, rails, chairs, fishplates and sleepers and keys of steel or iron and sleepers of wood, etc.

	Pre-war average.	War average.	1922-23.	1923-24.
<i>Private—</i>	Rs. (1,000)	Rs. (1,000)	Rs. (1,000)	Rs. (1,000)
United Kingdom	5,54,48	3,28,08	10,40,32	11,03,39
Australia	36,74	3,18	8,45	18,03
Germany	12,19	5,22	9,47	4,86
U.S.A.	54	7,59	12,99	17,56
Other Countries	7,26	4,14	34,58	28,62
Total	6,11,21	3,48,21	11,05,81	11,72,46
<i>Government—</i>				
United Kingdom	2,68,70	1,20,36	2,43,74	2,21,23
U.S.A.	1,74	2,46	3,07	4
Australia	7,78	1,50	—	—
Other countries	1,37	66	23,42	6,73
Total	2,79,59	1,24,98	2,70,23	2,28,00
Grand Total	8,90,80	4,73,19	13,76,04	14,00,46

Motor Vehicles. Motor Cars.—The total number of cars imported was as follows:—

Year	From U.K.	From U.S.A.	From Canada.	From France	From Italy.	Total. (all sources)
1913-14 (pre-war)	1,669	868	—	111	7	2,880
1922-23	449	1,386	1,846	61	131	4,323
1923-24	1,005	2,865	3,290	153	370	7,984
1924-25	1,682	3,106	3,956	160	235	9,380

As the Chairman of the Motor Trade Association (Eastern India Section) stated on a recent occasion:—

“The results of last year have proved that the industry is at last settling down to more stable conditions in the way of trade, finance and service. During the boom period of 1920, firms who were ordinarily in no way connected with the motor trade, desired to take advantage of the high rate of exchange ruling, and imported large numbers of cars which, in many cases, were quite unsuited to meet the popular demand in India. At the time of the break in the exchange these cars were left on the hands of the importers, and as time went on, they were disposed of whenever opportunity offered at ridiculous rates. These proceedings unsettled the market very badly and the legitimate motor traders have felt this false state of trading up to the middle of the year under review. The trade as a whole is now settling down and we are able to go ahead with what is required to meet future demands.”

It will be noted with considerable satisfaction that British manufacturers; as a result of lower prices due to mass production and a reorganisation of the system of export business, are securing a much greater share of the trade and are competing not only in the high-powered and expensive types, for which they have always found a market in India, but also in the lighter and cheaper makes of car. The average value per car imported was Rs. 3,620 British, Rs. 2,365 American, and Rs. 1,655 Canadian. As I have frequently stated, there are several British types of cars which bear comparison, both in first cost and particularly in

running expenses, with their American and Canadian competitors and there is no reason why they should not hold their own, especially in the ports and other towns where the roads are good. British manufacturers are now paying much greater attention to giving service and in some cases maintain their own branches and service stations in the leading ports with excellent results. Moreover, the elimination of many of the weaker agency firms during the crisis has left the trade in the hands of fewer but sounder, concerns. The finance of the trade presents greater difficulties as very few agency houses are in a position to lay out large sums of capital in the purchase outright of cars and spare parts, and it would appear that manufacturers will be obliged to grant more extended terms of credit than has hitherto been the custom.

The motor trade in India still labours under many disabilities, of which the principal are a 30 per cent. import duty, heavy municipal taxation on cars, high cost of petrol, lack of good roads in the mofussil and limitations of the loads allowed on bridges. It is to be hoped that, in future, it will receive more sympathetic treatment from Imperial, provincial, and local authorities to assist it in providing that network of motor transport services which is becoming such a feature in other countries.

The following statement shows the number of the different kinds of motor vehicles registered in the various provinces of British India up to March 31st, 1925 :—

NUMBER OF MOTOR VEHICLES REGISTERED IN BRITISH INDIA UP TO 31ST MARCH, 1925.

	Motor Cars including Taxi-cabs.	Motor Cycles including Scooters and Auto-wheels.	Heavy Motor Vehicles, Lorries, Buses, etc.	Total.
	No.	No.	No.	No.
Bengal (including Calcutta)	14,547	2,933	1,226	18,706
Bombay City	9,451	1,315	880	11,646
Bombay Presidency (excluding Bombay City and Sind)	3,292	1,436	144	4,872
Madras City	6,187	1,957	360	8,504
Madras Presidency (excluding Madras City) ..	2,783	1,396	1,037	5,216
United Provinces	4,752	1,849	853	7,454
Punjab	5,552	2,558	226	8,336
Burma	6,557	2,262	716	9,535
Bihar and Orissa	2,983	745	445	4,173
Central Provinces	2,208	669	227	3,124
Sind	1,191	694	157	2,042
Delhi	332	70	129	531
North-west Frontier Province	1,243	858	364	2,465
Ajmer-Merwara	111	57	15	183
Assam*	926	248	167	1,341

* Figures relate to the year ending 31st December, 1924.

Motor Cycles.—The numbers of motor cycles imported have advanced considerably but the comparatively slight increase in the total value indicates reduced prices. The total imports were :—

Countries of Consignment.	1923-24.		1924-25.	
	No.	Rs.	No.	Rs.
United Kingdom	831	5,98,864	1,201	7,91,222
United States	228	2,58,683	180	1,40,456
Other Countries	123	67,580	81	41,630
Total	1,182	9,25,127	1,462	9,73,308

It is most gratifying to note that the efforts of British manufacturers to reduce prices and thus secure a large turnover have certainly been successful in the case of the Indian market, which presents great opportunities for further expansion.

Motor Omnibuses, Vans and Lorries.—The total trade shows a considerable advance, but it is to be regretted that the British makers have not increased their shipments in the same proportion as their competitors.

The provenance of the imports was as follows :—

Countries of Consignment.	1923-24.		1924-25.	
	Number.	Rupees.	Number.	Rupees.
United Kingdom	61	6,03,824	100	5,46,222
United States	352	9,67,587	782	15,94,117
Other Countries	631	9,30,000	1,274	17,24,589
Total imports ..	1,044	25,01,411	2,156	38,64,928

Other countries in 1923-24 comprised Canada (599 vehicles valued at Rs. 8,43,648) and negligible amounts from Italy and France. Mention should also be made of the large imports of lorries for Army account which would appear under Government stores. The imports of miscellaneous vehicles on Government account in 1924-25 were valued at over 50 lakhs of rupees. It is safe to assume that the greater proportion of these consisted of motor lorries for Army transport, which were almost exclusively of British origin. So far as the private trade is concerned, the great difficulty is that the initial cost of the British lorry is so high that it is only used by public bodies or private firms to whom quality and durability is the main consideration. The American and Canadian lorry attracts the average firm by reason of its low price. The disparity is illustrated by the average values of the

vehicles imported, which were—British (Rs. 5,462), American (Rs. 2,038), Other countries, largely Ford trucks built in Canada, (Rs. 1,353).

Cycles (other than Motor Cycles and Parts thereof) and Accessories.—This trade has expanded steadily during the past few years and is far in advance of pre-war imports, which in 1913-14 were valued at Rs. 35 lakhs.

Description.	1922-23.	1923-24.	1924-25.
	Number.	Number.	Number.
Cycles imported entire or in sections ..	22,940	44,884	62,003
Value	Rs. (laksh). 19	Rs. (lakhs). 33	Rs. (lakhs). 43
Parts of cycles and accessories excluding rubber tyres (value)	20	27	36
Total imports (value)	39	60	79
<i>Of which from—</i>			
United Kingdom	29	48	67
Germany	7	11	11
Other Countries	3	1	1

Other countries in 1923-24 comprised Japan (Rs. 54,000), Holland (Rs. 25,000) and the United States (Rs. 16,000). Germany has now ousted Japan and is the only real competitor in machines of the cheaper types. British makers, however, by dint of lower prices and efficient representation, are taking their full share of the increased trade although they are still behind their pre-war position, when they held 98 per cent. of the trade. The principal markets in 1923-24 in order of importance were Calcutta, Bombay, Karachi, Madras and Rangoon.

Provisions.—The following table shows the value in lakhs of rupees of the imports of provisions into India during each of the past two years:—

Countries of Consignment.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	1,30	1,54
Netherlands	27	52
Straits Settlements	41	51
United States	24	28
Australia and New Zealand	14	18
Imports from all sources	2,80	3,92

Although British shipments are considerably greater, the percentage share is reduced from 46 to 39. The great advance in the imports from Holland is noteworthy. A portion of this trade may be goods in transit from Denmark and Germany

shipped via Rotterdam or Amsterdam. The principal imports from Holland are condensed milk and cheese. The Straits Settlements send a large variety of oriental condiments and spices, which do not compete with the European exporter. The most important articles imported were the following:—

Principal Articles.	Average of 5 years 1909-10 to 1913-14.	1923-24.	1924-25.
	cwts.	cwts.	cwts.
Farinaceous and patent foods ..	255,900	288,879	333,586
Canned and bottled provisions ..	86,100	107,232	224,052
Biscuits and cakes ..	72,900	22,937	34,807
Milk (condensed and preserved) ..	103,300	70,903	99,179
Jams and jellies ..	17,400	14,275	16,858
Bacon and hams ..	14,500	12,859	15,171
Cocoa and chocolate ..	4,600	3,260	3,666
Cheese ..	11,700	9,022	9,714

Detailed information with regard to the provenance of the imports under each heading for 1924-25 is not yet available but, in the previous year, more than 40 per cent. of the imports of farinaceous foods were obtained from the Straits Settlements in the form of sago and sago flour. The United Kingdom supplied 50 per cent. of the canned and bottled provisions but the competition of the United States in canned and bottled fruits and canned fish is severe. Condensed and preserved milk was mainly drawn from the Netherlands, Norway, Australia and the United Kingdom. The United Kingdom shipped 90 per cent. of the biscuits and cakes imported, while the imports of jams and jellies were divided between the United Kingdom and Australia. The United Kingdom supplied 94 per cent. of the bacon and hams and 54 per cent. of the cocoa and chocolate. 59 per cent. of the cheese was imported from Holland and 30 per cent. from the United Kingdom.

Liquors (Ale, Beer and Porter).—The following table gives the imports, both quantities and values, during the past two years:—

Countries of Consignment.	1923-24.		1924-25.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom ..	1,762,980	51	1,993,015	51
Germany ..	888,656	23	1,122,972	28
Netherlands ..	83,367	2	73,359	2
Japan ..	89,817	2	132,952	2
Other Countries ..	11,973	Less than 1 lakh.	15,996	Less than 1 lakh.
Total Imports ..	2,836,793	78	3,338,294	83

In 1923-24 the imports of beer in bulk aggregated 1,104,000 gallons, of which no less than 1,097,000 gallons or 99 per cent. came from the United Kingdom. On the other hand, of 1,601,000 gallons of bottled beer imported, Germany supplied 881,000 gallons or 55 per cent., while British shippers only sent 539,000 gallons or 34 per cent. The imports of stout and porter only amounted to 132,000 gallons, of which the United Kingdom supplied practically the whole.

Spirits.—The following table shows the quantities and values of the principal kinds of spirit imported into India.

Description.	1923-24.		1924-25.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
Brandy	348,408	43	394,110	46
Gin	85,182	9	90,971	9
Rum	123,142	3	124,737	3
Whisky	526,813	97	528,101	93
Spirit present in drugs ..	93,553	26	99,949	29
" perfumed	14,628	11	15,994	12
" methylated	366,358	5	330,381	5
" other sorts	94,618	12	61,585	10

The next statement shows the countries of consignment of all spirits.

Countries of Consignment.	1923-24.		1924-25.	
	Gallons.	Rs. (lakhs.)	Gallons.	Rs. (lakhs.)
United Kingdom	675,383	1,37	669,758	1,30
Germany	92,456	8	93,482	7
Netherlands	12,807	1	12,812	1
France	285,290	39	332,117	46
Java	486,297	7	461,048	6
United States	36,340	10	39,940	12
Other countries	64,129	4	36,671	5
Total	1,652,702	2,06	1,645,828	2,07

The United Kingdom supplies practically the whole of the whisky and gin, whereas France controls the imports of brandy. Hence the falling off in the share of the United Kingdom is due to slightly reduced imports of whisky, while the rise in the share of France is attributable to increased brandy imports. Java ships practically the whole of the methylated spirit, which consists mainly of rectified spirit denatured on arrival in India. The imports from Germany principally consist of low-grade potable spirits for bazaar use and also perfumed spirit. The United States supplies are mainly spirits present in drugs, medicines or chemicals.

Wines.—The total imports of wines increased from 225,336 gallons, valued at 26 lakhs in 1923-24, to 309,736 gallons, valued at 34 lakhs in 1924-25. Details for last year are not available, but in 1923-24 France, Belgium and the United Kingdom shipped the bulk of the sparkling wines, the United Kingdom sent 78 per cent. of the port, while France, the United Kingdom, Spain, Germany and Italy supplied still wines of other kinds. The United Kingdom figures represent, of course, British re-exports from French, Portuguese and Spanish sources.

Paper and Pasteboard.—This is an immense trade aggregating about £2,000,000 per annum. The subjoined table shows the percentage shares of the principal countries in the total imports :—

	1913-14 (pre-war).	1921-22.	1922-23.	1923-24.
	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom	56.2	47.7	48.0	49.2
Norway	5.1	9.6	15.1	9.3
United States8	5.8	4.0	1.7
Sweden	3.2	8.6	6.9	4.9
Japan	1.0	3.7	.9	1.0
Germany	17.3	7.9	11.0	18.0
Austria	8.3	0.3	1.1	2.8
Hungary				
Other countries	8.1	16.4	13.0	13.1
Total	100.0	100.0	100.0	100.0

Packing Paper.—Imports advanced considerably during the year. Germany increased her share to 40 per cent., Sweden supplied 16 per cent., the United Kingdom 14 per cent., Norway 6 per cent., Holland 5 per cent. The figures were as follows :—

Countries of Consignment.	1923-24.		1924-25.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom	15,637	4	15,122	4
Sweden	20,196	4	23,560	5
Norway	7,433	1	8,100	2
Germany	35,228	7	60,840	11
United States	152	Less than 1	119	Less than 1
Netherlands	8,438	1	11,811	2
Total Imports (all sources)	98,598	20	140,710	28

Printing Paper.—Both quantities and values increased during the year, and Germany definitely took the lead as the main supplier.

Countries of Consignment.	1923-24.		1924-25.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom	99,017	28	106,159	29
Sweden	22,735	4	22,456	3
Norway	106,243	20	125,657	23
Germany	110,639	22	200,761	35
Netherlands	18,188	4	43,372	8
Belgium	5,957	2	9,187	2
Austria	25,483	4	49,323	8
Other countries	10,003	2	33,027	5
Total Imports	398,265	86	589,942	1,13

Writing Paper and Envelopes.—Although there was an increase in the quantitative imports of over 150 tons, values declined by over a lakh, due to falling prices.

Countries of Consignment.	1923-24.		1924-25.	
	Cwt.	Rs. (lakhs.)	Cwt.	Rs. (lakhs).
United Kingdom	89,530	35	84,543	32
Sweden	1,867	1	5,176	1
Norway	8,511	3	6,009	2
Germany	34,032	8	35,027	10
Netherlands	12,740	4	13,018	3
United States	3,492	2	1,501	1
Other countries	12,797	3	20,827	5
Total	162,969	56	166,101	54

Miscellaneous.

	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Old Newspapers in bales and bags	Not recorded	33	37
Other kinds of papers	62	26	21
Paper manufactures	16	19	20

The United Kingdom supplied practically the whole of the old newspapers which are shipped in such great quantities and are used for papering the walls of huts, etc.

Competition throughout the year has been very keen and imported paper has been supplied at such low rates that the Indian paper mills have suffered considerably and have applied to the Tariff Board for protection. The question, however, still remains *sub judice*.

Chemicals and Chemical Preparations.—The imports of chemicals and chemical preparations during the last three years have been as follows:—

	Rs. (lakhs).
1922-23	2,02
1923-24	2,05
1924-25	2,10

It is unfortunate that detailed figures for 1924-25 are not available. The following table, however, shows the position of the principal countries during the two previous years:—

Principal Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom	138	135
Norway	4	3
Germany	30	35
Italy	8	12
Japan	2	2
United States	8	6
Total Imports (all sources)	2,02	2,05

The next table gives the percentage share of the principal countries of consignment over a period of years:—

	1913-14 (pre-war).	1921-22.	1922-23.	1923-24.
	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom	74.7	71.4	68.6	65.8
Germany	12.4	11.9	14.7	17.1
United States	0.3	5.6	3.8	2.9
Italy	5.2	2.2	3.8	5.8
Kenya Colony	—	3.0	2.4	1.5
Norway	0.5	0.8	2.0	1.5
Japan	1.5	1.5	1.0	1.0
Other countries	5.4	3.6	3.7	4.4
Total	100.0	100.0	100.0	100.0

Dyeing and Tanning Substances. *Dyes obtained from Coal Tar.*—The total imports were as follows:—

Description.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Alizarine dyes	43	48	54
Aniline dyes	202	202	202
Others	1	1	Less than 1
Total	2,46	2,51	2,56
<i>Of which from—</i>			
United Kingdom	20	27	8
Germany	1,84	1,81	1,91
Netherlands	14	18	23
Belgium	15	5	16
Switzerland	1	7	6
United States	10	11	9
Other countries	2	2	3

The bulk of the imports from Belgium and Holland should be added to the German total, as they represent, in the main, dyes in transit from Germany. The position of British manufacturers is most disappointing. The leading British firm, during 1920 and 1921, established a widespread organisation of depots staffed with guarantee brokers and salesmen in the principal markets of India. Large stocks were held and every effort was made to establish the British labels and qualities. Unfortunately, owing to the exceedingly low prices quoted by the German firms, who worked through a system of agents, the British marks have never become really established, with the result that our imports during the past few years have steadily declined while the German houses have regained their dominant position. These remarks apply principally to aniline dyes, but German competition is very keen in alizarines also, as the following figures show :—

IMPORTS OF ALIZARINE DYES.

Countries of Consignment,	1921-22.	1922-23.	1923-24.
	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).
United Kingdom	1,863	878	2,431
Germany	2,861	3,127	2,607
Holland	428	680	599
Total Imports (all sources)	5,723	5,286	5,809

IMPORTS OF ANILINE DYES.

Countries of Consignment.	1921-22.	1922-23.	1923-24.
	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).
United Kingdom	1,094	443	297
United States	723	692	819
Germany	2,989	6,726	8,531
Belgium	120	533	174
Holland	86	244	665
Switzerland	639	53	250
Total Imports (all sources)	5,870	8,742	1,0809

Soap.—This valuable trade shows steady expansion. The various types imported were as follows :—

Description.	1923-24.		1924-25.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
Household and laundry soap	284,370	82	303,096	89
Toilet soap	24,816	33	31,475	35
Other sorts	8,539	4	26,634	8
Total Imports	317,725	1,19	361,205	1,32
Of which from—				
United Kingdom	308,126	1,11	350,465	1,25
Other countries	9,599	8	10,740	7

So far as household and laundry soaps are concerned British makers are "*hors concours*", thanks to the excellence of their productions and their efficient selling organisation. In toilet soaps, in 1923-24, the United Kingdom supplied 79 per cent., the United States 11 per cent., Germany under 3 per cent., Austria 2 per cent., and trifling values came from Italy, France and Japan. The American share of the trade in high-grade toilet soaps tends to grow on account of the activities and advertising propaganda carried on by such firms as the Colgate Company.

Paints and Painters' Materials. *Paints and Colours.*—The total trade remains fairly constant at a little over a crore of rupees. The position is as follows:—

Countries of Consignment.	1923-24.		1924-25.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom	257,934	85	237,790	76
Germany	23,761	7	26,434	8
Japan	9,945	3	12,593	4
United States	3,906	3	7,769	4
Other Countries	19,703	7	49,026	10
Total	315,249	1,05	333,612	1,02

The United Kingdom is in a strong position, both in the higher grades for use by railways, public bodies and industry, and also in the cheap and meretricious bazaar varieties. American competition is growing in the better quality paints, such as those shipped by the Paraffin Paint Company, of San Francisco, while German colours are entering the bazaars in larger quantities. It should be noted that shipments from "other countries" consist largely of transit goods shipped from Antwerp and Rotterdam, which are usually German in origin.

Painters' Materials.—These comprise:—

Description.	1923-24.		1924-25.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
Genuine turpentine	3,648	2	2,832	2
Turpentine substitute	1,661	1	3,810	1
Varnish	24,147	19	23,684	17
Other kinds	Not recorded.	4	Not recorded.	4
Total	—	26	—	24

Genuine turpentine and turpentine substitutes are almost entirely supplied by the United Kingdom. In 1923-24 the United Kingdom shipped 86 per cent. of the varnish, the United States of America 9 per cent., and Germany supplied most of the remainder.

Drugs and Medicines (excluding Chemicals and Narcotics).—The principal items which are included in this valuable trade are the following:—

Description.	1923-24.	1924-25.
	Rs.(lakhs).	Rs.(lakhs).
Camphor	34	23
Cassia Lignea	11	12
Proprietary and patent medicines	22	25
Quinine salts	26	28
Preparations of opium and morphia	0.5	0.5
Other sorts	88	93
Total imports of all kinds	1,81.5	1,81.5

Japan supplies practically the whole of the camphor imported and China monopolises the cassia lignea trade. Quinine salts in 1923-24 were obtained as to 69 per cent. from the United Kingdom, 19 per cent. from Java, 4 per cent. from Germany and 3 per cent. from the United States of America. The competition from Java was not quite so keen as in former years. In proprietary and patent medicines, the United Kingdom supplied 60 per cent. of the trade, the principal competitors being the United States, Germany and France.

Apparel (excluding Hosiery, Boots and Shoes).—The following table shows the total imports under each main heading:

Article.	1923-24.	1924-25.
	Rs.(lakhs).	Rs.(lakhs).
Apparel (including drapery, uniforms and accoutrements)	62	68
Gold and silver thread	28	26
Hats, caps, bonnets and hatters' ware	22	30
Lametta	13	7
Second-hand clothing	14	21
Waterproofed clothing	2	2
Total imports of all kinds	1,41	1,54

In 1923-24 the United Kingdom sent 63 per cent. of apparel, the balance being supplied by Germany and Japan. Gold and silver thread for use in embroidery was supplied by Ceylon, France and Germany. This has hitherto been largely a French trade but Germany is now competing keenly. The imports from Ceylon probably represent re-exports from that Colony. Forty-five per cent. of the hats and hatters' ware came from the United Kingdom, the remainder being shipped by Italy, Japan and Germany. Lametta was drawn from France and Germany.

Second-hand clothing was mainly supplied by the United Kingdom (65 per cent.) but imports from the United States of America are steadily growing and amounted to 33 per cent. The imports of waterproofed clothing are almost entirely British.

The provenance of the total imports was as follows :—

Countries of Consignment.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
United Kingdom	61	70
Germany	20	19
France	17	21
Italy	8	14
Japan	8	10
United States	6	9
Other Countries	21	11
Total imports	1,41	1,54

Hosiery, Cotton Hosiery.—The trade in cheap cotton hosiery grows steadily and is made up as follows :—

	1923-24, Rs.(lakhs).	1924-25, Rs.(lakhs).
Stockings and socks	17	22
Underwear	71	85
Other sorts	6	5
Total	94	1,12

Of which from—

United Kingdom	4	4
Japan	75	85
United States	3	4
Other Countries	12	19

Most of the cotton hosiery imported is non-competitive from a British standpoint, as our manufacturers do not produce such low-grade articles as the Japanese socks, singlets, etc., which are taken by the bazaar trade. German imports are growing and the United States is competing in the better qualities.

Woollen Hosiery.—The imports of woollen hosiery are increasing notwithstanding the productions of certain Indian mills. The total imports were :—

	1922-23.	1923-24.	1924-25.
Rupees	8,67,784	10,81,260	13,28,610

In 1923-24 no less than 97 per cent. of the imports were drawn from the United Kingdom.

Haberdashery and Millinery.—The principal headings comprise :—

Article.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Lace and embroidery	33	48
Towels not in the piece	4	7
Other sorts	62	60

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Total	94	1,12

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United States	3	4
Other Countries	12	19

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Haberdashery and Millinery.—The principal headings comprise :—

Article.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Lace and embroidery	33	48
Towels not in the piece	4	7
Other sorts	62	60

The imports were obtained as follows:—

Principal Countries of Consignment.	1923-24.	1924-25.
	Rs.(lakhs).	Rs.(lakhs).
United Kingdom	33	29
Germany	27	33
France	2	3
Switzerland	16	18
Italy	4	7
Japan	11	16
Other countries.. .. .	6	9
Total	99	1,15

The imports of lace and embroidery in 1923-24 were drawn from Germany (36 per cent.), Switzerland (26 per cent.), Japan (12 per cent.), the United Kingdom (11 per cent.). Towels not in the piece were mainly imported from Japan (61 per cent.), and the United Kingdom (24 per cent.). The large heading of "other sorts" was contributed to by the United Kingdom (44 per cent.), Germany (23 per cent.), Switzerland (12 per cent.), Japan (7 per cent.), and Italy (4 per cent.).

Boots and Shoes.—The imports of boots and shoes have increased materially during the past year, but the trade is still far below the pre-war level as the following table clearly shows:—

	Pre-war average.	War average.	1921-22.	1922-23.	1923-24.	1924-25.
Pairs (in 1,000) ..	2,323	1,170	172	385	723	918
Rupees (in 1,000) ..	56,73	41,31	15,41	18,01	25,44	29,26

As I stated in my last report, the reasons for this reduction as compared with the pre-war volume are, firstly, increased manufacture of boots and shoes in India, which is slowly replacing the cheaper varieties of imported goods and, secondly, the high level of prices which place the average imported shoe beyond the means of the Indian clerk or middle-class person. The increased trade during the past year may be attributed to a further fall in the average price per pair of shoes imported from Rs. 3.51 to Rs. 3.18.

The provenance of the imports was as follows:—

Countries of Consignment.	1923-24.		1924-25.	
	- Pairs.	Rs. (lakhs).	Pairs.	Rs. (lakhs).
United Kingdom	342,030	17	472,663	20
Japan	183,518	2	121,408	2
United States	40,508	2	89,967	3
Other countries	157,050	4	234,113	4
Total	723,106	25	918,151	29

The imports from other countries are principally from France, Switzerland, Austria and Italy. The United Kingdom in 1923-24 supplied 84 per cent. of the leather shoes but only 39 per cent. of the shoes of other materials, under which heading practically all the Japanese and most of the American and Continental imports were included.

Leather.—The imports of unmanufactured leather were as follows :—

Description.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Hides, tanned or dressed	4	2
Skins, tanned or dressed	3	4
Unwrought	3	5
Leather cloth	3	2
Artificial leather	1	1
	14	14

The United Kingdom and Ceylon supply the bulk of the small quantities of tanned or dressed hides which are imported and the United Kingdom most of the skins. Unwrought leather is imported from the United Kingdom with increasing quantities from Germany and the United States. Leather cloth is also mainly a British trade although American shipments are increasing. The United States supply most of the artificial leathers which are imported.

The principal business, however, is in manufactured leather goods.

Description.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Bags and trunks	1	1
Pickers	8	8
Picking bands and straps	8	10
Roller skins	12	10
Saddlery and harness	1	1
Other sorts	8	10

The trade in industrial leathers for the cotton and jute mills steadily increases and is almost entirely in British hands. The imports of leather travelling requisites are not likely to increase as certain Indian tanneries are now producing excellent bags, trunks, etc., at relatively low prices. The trade in saddlery and harness tends to decline owing partly to the substitution of motor cars for horses and also on account of local competition.

The following table shows the countries of consignment of the total imports of leather and leather goods :—

Principal Countries of Consignment.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
United Kingdom	43	44
Germany	2	2
Ceylon	1	1
Japan	1	Less than 1 lakh
United States	4	4
Other Countries	1	3
Total	52	54

The competition of the United States and Germany is mainly encountered in fancy leathers and leather travelling requisities.

Belting for Machinery.—The total imports were as follows:

	1923-24.	1924-25.
	Rs.(lakhs).	Rs.(lakhs).
Cotton belting	15	17
Leather belting	44	41
Belting of other materials	29	36
Total	88	94

The detailed figures for 1924-25 are not available, but in the previous year the United Kingdom sent 80 per cent. of the leather belting and the United States 17 per cent. American competition tends to increase slightly. As regards other kinds of belting (cotton, hair, balata, etc.), the United Kingdom shipped 89 per cent., Germany 5 per cent. and the United States 3 per cent.

Bobbins.—This large trade has always been in British hands. The Japanese competed keenly during the war, but their trade has steadily declined of late years until they now only supply a fraction of India's requirements. Germany ships small quantities. Many attempts have been made under the aegis of the Indian Forest Service to manufacture bobbins from local woods and one factory near Bareilly is producing small quantities. The main difficulty would appear to lie in the seasoning of the wood.

The statistics of imports are as follows:—

Countries of Consignment.	1923-24.	1924-25.
	Rs.(lakhs).	Rs.(lakhs).
United Kingdom	45	37
Other countries	6	6
Total	51	43

Books and Printed Matter.—The total imports were:—

	1922-23.	1923-24.	1924-25.
Rupees.. .. .	50,97,931	51,42,370	64,46,661

In 1923-24 the United Kingdom supplied 86 per cent. and the United States of America 8 per cent. As the English language is the "lingua franca" of India and all secondary and higher instruction is in English, it is only natural that British and American publications should be predominant. Some of the leading British publishing houses have branches in Calcutta and Bombay.

Stationery (excluding Paper).—The decline in the total trade, on which I commented in my last report, continues. The imports were:—

Countries of Consignment.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	56	53	51
Germany	22	22	18
Japan	5	4	5
United States	5	6	5
Other countries	4	4	3
Total	92	89	82

A few of the British firms who specialise in office stationery and requisites have branches in the country and are giving good service, while local firms of stationers do a large business both in imported goods and in locally made-up stationery. German and Japanese competition is principally in the cheaper types in demand in the bazaars.

Tobacco.—The increase in the imports of unmanufactured tobacco continue, while during the past three years there has been a corresponding steady decline in the imports of manufactured cigarettes. The reason for this state of affairs may be found in the activities of the local cigarette factories which are controlled by the Imperial Tobacco Company of India, Limited.

The statistics of imports are as follows:—

Description.	1923-24.	1924-25.
	lbs.	lbs.
Unmanufactured tobacco	4,557,007	7,081,831
Cigars	27,206	32,930
Cigarettes	3,453,118	2,748,146
Manufactured tobacco for pipes and cigarettes	279,244	281,940
Other sorts	38,056	25,062
Total imports	8,354,631	10,169,909

The fall in prices is shown by a reduction in the average price per pound imported from Rs. 2.70 to Rs. 1.94. The provenance of the imports of cigarettes, the most important item, was as follows:—

Principal Countries of Consignment.	1923-24.		1924-25.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom	3,342,238	1,53	2,713,708	1,20
Aden and dependencies	13,288	1	9,620	1
Egypt	10,996	1	7,960	1
United States	76,989	2	12,834	Less than 1
Other countries	9,607	Less than 1	4,024	"
Total	3,453,118	1,57	2,748,146	1,22

Rubber Manufactures.—The principal items imported were the following:—

Pneumatic Motor Covers.

Country of Consignment.	1924-25.	
	Number.	Rs. (lakhs).
United Kingdom	65,344	29
Germany	5,459	2
France	57,599	25
Canada	12,981	6
United States	23,499	10
Other countries.. .. .	9,741	4
Total	174,623	76

Competition between British and the foreign companies is very keen, but the excellence of the distributing organisation of the former appears to be bearing fruit.

	1924-25.	
	Number.	Rs. (lakhs).
<i>Pneumatic motor tubes</i>	225,194	18
" motor cycle tubes	9,662	0·5
" cycle tubes	435,116	7·5

Countries of Consignment.	1924-25.	
	Number.	Rs. (lakhs).
<i>Pneumatic Motor Cycle Covers—</i>		
United Kingdom	5,313	1·32
United States	473	0·12
Other countries	2,893	0·11
Total imports	8,679	1·55
<i>Pneumatic cycle covers—</i>		
United Kingdom	217,160	9·6
Germany	23,798	·6
France	51,306	1·3
Other countries	20,830	·5
Total	313,094	12

<i>Solid Rubber Tyres for Motor Vehicles—</i>		
United Kingdom	6,802	7
Germany	1,483	1
Canada	299	*
United States	2,749	3
Other countries	3,682	2
Total	15,015	13

Manufactures of Rubber (except Apparel and Boots and Shoes).—This heading includes a great assortment of mechanical rubbers of all kinds, brake fittings, etc. The British share is two-thirds of the whole, but competition from the United States, Germany and Japan is growing.

The total imports amounted to:—

	1922-23.	1923-24.	1924-25.
Rupees.. .. .	57,50,228	31,26,615	25,63,127

* Less than 1 lakh.

Instruments, Apparatus, Appliances and Parts thereof.
—This is a most comprehensive heading, the main items of which are as follows :—

Description.	1923-24.	1924-25.
	Rs.(lakhs).	Rs.(lakhs).
Electrical instruments, &c.	2,26	1,97
Musical instruments, &c.	17	19
Optical instruments, &c.	5	7
Photographic—		
.. Cinematograph films	14	15
.. Photographic—other than cinemato- graph films	17	18
.. Scientific and philosophical films ..	26	24
Surgical	15	16
.. Other kinds	5	6
Total imports	3,25	3,02

The imports of musical instruments are now divided between the United Kingdom and Germany with the United States some distance behind.

Optical instruments in 1922-23 were drawn from Germany, the United Kingdom, the United States of America and Japan in the order named. Cinematograph films are steadily increasing in number and value. In 1923-24 7,201,655 feet were imported and in 1924-25 9,444,760 feet. The United States in 1923-24 supplied 55 per cent., the United Kingdom 13 per cent., Germany 12 per cent., and the Straits Settlements (presumably in transit) 7 per cent. Photographic apparatus other than films was drawn from the United Kingdom (61 per cent.). German competition is growing, particularly in the Bombay market. Scientific instruments were obtained from the United Kingdom (67 per cent.), Germany (14 per cent.) and the United States (10 per cent.). Surgical instruments were shipped by the United Kingdom (63 per cent.), Germany (17 per cent.), and the United States (15 per cent.).

Electrical Apparatus is, however, the most important item, and the following statement gives the value and sources of the different classes of electrical apparatus imported during the last three years :—

Imports of Electrical Apparatus.	1923-24.	1924-25.
	Rs.(lakhs).	Rs.(lakhs).
Electric fans and parts thereof ..	29	26
Electric wires and cables	70	67
Telegraph and telephone instruments	32	9
Electric lamps and parts thereof ..	21	16
Batteries	6	7
Carbons, electric	1	1
Accumulators	3	12
Electric lighting accessories and fittings, including switches	9	14
Meters	5	6
Electro-medical apparatus, including X-ray apparatus	1	1
Switchboards (other than telegraph and telephone)	7	4
Unenumerated	42	34
Total	2,26	1,97

Of which from—	1923-24. Rs. (lakhs).	1924-25. Rs. (lakhs).
United Kingdom	1,72	1,41
Germany	16	23
Netherlands	8	7
Italy	6	5
Japan	2	2
United States	18	16
Other countries	4	3

Analysing the various types, item by item, we find that of a total import of 26 lakhs worth of electric fans, the United Kingdom supplied 13 lakhs, Italy 5 lakhs, the United States of America under 2 lakhs, and other countries (mainly Germany) 6 lakhs. British makers have been gradually increasing their lead over Italian and American competitors, but the recent increase in German shipments is worthy of note.

The imports of electric wires and cables represent a total of 67 lakhs, of which the United Kingdom shipped 61 lakhs, Germany 3 lakhs, Holland 1 lakh and negligible amounts came from America and Japan. The works of the Indian Cable Co., Ltd., at Jamshedpur are producing relatively small quantities of copper wire and the smaller sizes of cables.

There has been a considerable falling-off in the imports of telegraph and telephone instruments from 32 lakhs in 1923-24 to under 9 lakhs in 1924-25, due to the completion of the telephone extensions at Calcutta, Bombay and elsewhere. The United Kingdom supplied 87 per cent. of the latter total.

The imports of electric glow lamps fell from 15 to 12 lakhs, of which Holland sent 5 lakhs, the United Kingdom 4 lakhs, and Germany 1½ lakhs. The competition of the Philips' Dutch lamp is keenly felt. So far as other types of electric lamps are concerned, the United States of America supplied 55 per cent. of the small total of 2½ lakhs.

The trade in batteries was divided between the United Kingdom (50 per cent.) the United States of America (27 per cent.) and other countries (23 per cent.). The United Kingdom supplied 81 per cent. of the accumulators imported, the only competition being that of the United States.

Electric lighting accessories and fittings were drawn from the United Kingdom (61 per cent.), the United States of America (24 per cent.), and Germany (11 per cent.). The German share increases steadily. The imports of meters only amounted to 6½ lakhs, of which the United Kingdom shipped 4.3 lakhs and Germany 1.6 lakhs worth. Of a total import of switch-boards amounting to 4 lakhs the United Kingdom supplied 3.9 lakhs or practically the whole.

Unenumerated electrical goods and apparatus attained a total of over 32 lakhs of rupees. Of this the United Kingdom contributed 21½ lakhs, Germany 6 lakhs, the United States of America 3 lakhs and Japan 1 lakh. British makers, who are strongly represented, are maintaining their position in a most satisfactory manner. The keen competition which they encountered from the United States of America a few years ago is to some extent being replaced by German competition, based upon low prices.

Earthenware and Porcelain.—This classification includes :—

Article.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
<i>Earthenware</i> —		
Pipes of earthenware	3	2
Sanitary ware	5	5
Other kinds	42	45
<i>Porcelain</i> —		
Electrical	1	1
Other kinds	20	22
Total imports	71	75

<i>Of which from—</i>	1923-24. Rs. (lakhs).	1924-25. Rs. (lakhs).
United Kingdom	31	29
Japan	24	29
Other countries	16	17

Earthenware pipes are principally drawn from the United Kingdom, but in 1923-24 there was some American competition. Sanitaryware is almost exclusively a British trade. The large heading of "other kinds," which includes crockery, tableware, etc., was in 1923-24 contributed to by the United Kingdom (52 per cent.), Japan (20 per cent.), Germany (8 per cent.), China (4 per cent.), and lesser values from Holland and Belgium. The imports from Japan are non-competitive, as they are usually of a lower quality than is produced in the United Kingdom.

The imports of electrical porcelain are very small and are mostly drawn from the United Kingdom. Porcelain insulators for telegraph poles are now being produced in Calcutta. Seventy-five per cent. of the other kinds of porcelain was supplied by Japan, 11 per cent. by the United Kingdom, and 8 per cent. by Germany.

Glass and Glassware.—The following table shows the types of glass and glassware imported:—

Description.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Bangles	86	1,00
Beads and false pearls	39	38
Bottles and phials	35	35
Funnels, globes and glass parts of lamps	17	16
Scientific glassware	2	2
Sheet and plate glass	33	34
Tableware (including decanters, tumblers, etc.)	10	9
Other glassware	23	26
Total imports	2,45	2,60
<i>Of which from—</i>		
United Kingdom	32	28
Germany	43	39
Belgium	25	27
Austria	7	5
Czecho-Slovakia	42	76
Italy	6	9
Japan	80	66
Other countries	10	10

Glass bangles are supplied by Czechoslovakia and Japan, with lesser values from Germany. The United Kingdom does not compete in this trade. Similarly, the imports of beads and false pearls are drawn from Japan, Czechoslovakia, Germany, Italy and Austria with only trifling amounts from the United Kingdom.

The United Kingdom supplied in 1923-24 62 per cent. of the soda water bottles, her only serious competitor being Germany with 34 per cent. German exports of this article are steadily expanding. All other kinds of bottles, amounting in 1923-24 to 21 lakhs, were drawn from Japan (10 lakhs), Germany (6 lakhs),

the United Kingdom (4 lakhs), and trifling values from the Straits Settlements and America.

Nearly 60 per cent. of the funnels, globes and glass parts of lamps were supplied by Germany, her competitors being Japan and the United States. The British share was only Rs. 67,000 or 3 per cent. of the whole. In scientific glassware, German shipments have increased at the expense of British, and are over 50 per cent. of the trade.

The trade in sheet and plate glass is divided between the United Kingdom and Belgium. British makers supply the better qualities, while Belgium shippers specialise on the large bazaar demand for cheap window glass. This is clearly shown by the average value of the imports from the United Kingdom (Rs. 4.6 per square foot) as contrasted with Rs. 1.4 per 10 square feet in the case of Belgium.

The 10 lakhs' worth of glass tableware was supplied by Japan, 5½ lakhs, Germany 2 lakhs, Belgium 1½ lakhs, and the United Kingdom a mere Rs. 79,000 worth.

Building and Engineering Materials other than Iron, Steel or Wood.—The reduction in the total imports continues owing to smaller shipments of Portland cement. The principal items in this classification are the following :—

Description.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Asphalt	11	11
Bricks (other than firebricks)	*	*
Firebricks	5	3
<i>Cement</i> —		
Portland	73	66
Other kinds	2	3
Tiles	21	21
Other kinds	12	13
Total imports	1,24	1,17

Asphalt in 1923-24 was mainly obtained from the United States with smaller quantities from the United Kingdom and Trinidad. Firebricks were practically all imported from the United Kingdom, while the United Kingdom and Italy supplied the bulk of the tiles.

Cement.—The imports of cement were obtained from the following sources :—

Countries of Consignment.	1923-24.		1924-25.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom	95,739	64	99,009	60
Germany	7,781	5	5,452	3
Belgium	1,977	1	895	*
China, incl. Hong Kong	668	*	—	—
Japan	87	*	3,556	2
Other countries	6,885	4	5,437	3
Total	113,137	74	114,349	68

* Less than 1 lakh.

It would appear that British shippers of cement must face the prospect of a declining trade with India, in view of the competition from local works, which are in most cases producing cement fully equal to the British standard specification. There is at the present time decided over production of cement in India, and the local works are finding it very difficult to make profits. They have, in fact, appealed to the Tariff Board for protection, but no official decision has yet been reached.

Hardware (excluding Cutlery and Electro-plated Ware).

—There was a decided recovery in the hardware trade during the past year. The total imports advanced by 56 lakhs to 499 lakhs, which—although much less than the record figures for the boom year, 1920-21—is well above the pre-war average of 317 lakhs. The increase is accounted for by larger shipments of metal lamps and miscellaneous hardware and was mainly contributed to by enhanced imports from Germany of 40 lakhs, bringing the German contribution to over 133 lakhs or 26 per cent. of the whole.

The principal items were as follows :—

Articles.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Agricultural implements	21	19
Buckets of tinned or galvanised iron	1	1
Builders' hardware	24	31
Domestic hardware, other than enamelled ironware	9	10
Enamelled ironware	31	30
Gas mantles	5	6
Implements and tools, other than agricultural implements and machine tools	67	65
Metal lamps	60	84
Glass lamps	*	*
Parts of lamps other than glass ..	9	8
Safes and strong boxes of metal ..	4	4
Stoves	7	9
Other sorts	2,04	2,31
Total imports	4,42	4,98
<i>Of which from—</i>		
United Kingdom	2,08	2,00
Germany	93	1,34
Belgium	3	3
Austria	8	14
Japan	26	27
United States	72	78
Other countries	32	42

The subjoined table of percentage shares shows the position of the leading suppliers over a period of years :—

* Less than 1 lakh.

	1913-14 (pre-war year).	1921-22.	1922-23.	1923-24.	1924-25.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom	57	62	50	47	40
Germany	18	10	22	21	27
United States	10	17	15	16	15
Japan	1	4	6	6	5
Other countries	14	7	7	10	13
Total	100	100	100	100	100

The recovery of Germany has been extraordinarily rapid, and she is now competing with lower prices in almost every branch of hardware, but particularly in metal lamps, enamelled ironware, tools and 101 miscellaneous items included in the classification of "other sorts." The reduction of the British share by 17 per cent. since 1913-14 is undoubtedly serious, and it will be of interest to consider each section of the trade in detail in order to ascertain where ground is being lost.

Agricultural Implements.—The United Kingdom in 1923-24, the last year for which details are available, supplied 87 per cent., and the United States 7 per cent. As I intimated in my last report, competition from the Agricultural Implements Company, Limited, of Jamshedpur, is increasing, but the output so far has not been sufficient to make itself felt. The full capacity of the plant is about 4,000 tons of finished goods per annum, but the present production cannot be more than a quarter of that figure. The principal articles manufactured are picks, powrahs and Kodalis.

Galvanised Iron or Tinned Buckets.—The United Kingdom supplies 96 per cent. of the imports, but the trade is now only worth £7,000 to £8,000 per annum owing to the increasing manufacture in India of buckets from imported sheets.

Builders' Hardware such as Locks, Hinges, Door-bolts, etc.—The imports are derived from the United Kingdom (35 per cent.), Germany (23 per cent.), Sweden (23 per cent.), and the United States (13 per cent.). German importers are regaining their position in the bazaars, which are at present fairly heavily stocked with the cheap varieties. So far as can be ascertained, no exceptional credit facilities are being offered, but the goods are sold on the score of low price.

Enamelled Ironware.—The trade remains fairly constant at 30 lakhs. Japanese shipments represent 48 per cent. and German 32 per cent. Czecho-Slovakia sent 6 per cent. and the United Kingdom 8 per cent. The Japanese captured the market during the war, but are now meeting with very severe competition from Germany and Czecho-Slovakia. Local Indian production has not advanced during the year.

Implements and Tools (other than Agricultural Implements and Machine Tools).—This valuable item, amounting in value to over 65 lakhs, was divided in 1923-24 between the United Kingdom (66 per cent.), the United States (21 per cent.), and Germany (9 per cent.). American competition in high grade precision tools is very active.

Gas Mantles.—In 1923-24 the 5 lakhs' worth of gas mantles imported were supplied by the United Kingdom (1 lakh), Germany (1½ lakhs) and the United States of America (1½ lakhs).

Metal Lamps.—The imports last year numbered 5,601,416, valued at 84 lakhs. Detailed figures are not available, but in 1923-24 the trade was divided between the United States with 49 per cent. and Germany 36 per cent. Austria sent 7 per cent. and the United Kingdom under 5 per cent. Birmingham makers have lost the valuable trade in hurricane lamps to America, whose "Dietz" and other brands are produced by mass production and are marketed at remarkably low prices.

Safes and Strong Boxes.—The trade is declining owing to the increasing output of cheap safes of fairly good quality in Bombay and the production of metal cash boxes of all kinds at Multan in the Punjab. In 1923-24 the United Kingdom supplied 1½ lakhs and Germany one lakh's worth. Bankers' safes and strong rooms and the better grades of safes for European offices are still supplied by Chubb, Milner, Ratner and other well-known British houses, but the cheap safe for the bazaar is usually obtained from Germany or Austria.

Stoves.—The principal imports are through the port of Bombay for distribution in Upper India and the North-West Frontier Province which have a rigorous winter. In 1923-24, of a total import of 7 lakhs, Sweden supplied over 4 lakhs, Germany one lakh, and the United Kingdom one lakh.

Cutlery.—The classification distinguishes between pruning knives and other kinds as follows:—

Article.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Pruning knives	2	2
Other kinds	21	38
Total imports	23	40
<i>Of which from—</i>		
United Kingdom	8	10
Germany	12	27
Japan	1	1
United States	1	1
Other countries	1	1

The United Kingdom supplies practically the whole of the pruning knives imported. Sheffield still meets the bulk of the European and Indian demand for high grade cutlery, but the

bazaar trade has entirely reverted to the cheap Solingen products, with which British makers find it almost impossible to compete on the score of price.

Polishes.—There has been a slight falling-away in the trade during the year. The statistics are :—

Article.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Leather polish	13	14
Metal polish	9	6
Wood polish	1	1
Total	23	21

The business in polishes may be expected to increase as the Indians adopt European modes of life in greater numbers. It is satisfactory to find that British makers, by dint of active selling organisations, control 87 per cent. of the trade, the only competition being met with from the United States (10 per cent.). Leather polishes are obtained from the United Kingdom (92 per cent. and the United States of America (6 per cent.), with a trifling quantity from Germany. In metal polishes, there was slightly more competition from the United States of America. In this item the United Kingdom sent 80 per cent., the United States of America 18 per cent., and a small quantity was obtained from Germany. Ninety-three per cent. of the small trade in wood polish is British, the balance being drawn from the United States of America.

Arms, Ammunition and Military Stores.—This is a wide and comprehensive heading totalling nearly a crore of rupees. The main items are :—

Description	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Cartridge cases	14	24
Explosives	21	25
Firearms and parts thereof	23	30
Gunpowder	2	2
Other sorts	5	11
Total imports	65	92

In 1923-24, of the cartridge cases imported, the United Kingdom supplied 75 per cent., the United States of America 15 per cent., and Germany 7 per cent. Explosives consist mainly of gelatine dynamite blasting fuse, blasting gelatine, dynamite, detonators, etc. In 1923-24 the United Kingdom supplied 95 per cent. and Germany just under 5 per cent. German imports consisted entirely of blasting fuse, and in this item are increasing steadily at the expense of British makers. All the rest of the explosives imported are of British origin.

Firearms are mainly imported from the United Kingdom (70 per cent.), the United States of America (12 per cent.), Belgium (6 per cent.), and Germany (5 per cent.). The great increase in

prices has placed the hand-made, wonderfully-finished sporting guns, on the production of which British makers excelled, beyond the purchasing power of the average sportsman in India. Their place is being taken by the cheaper shotgun or rifle produced in large quantities and at a relatively low price. It is precisely in this type of weapon that American, Belgian and German competition is being met.

† **Brushes and Brooms.**—These comprise :—

Description.	1923-24. Rs.(lakhs).	1924-25. Rs.(lakhs).
Paint and varnish brushes	4	2
Toilet brushes	3	3
Other brushes	4	5
Brooms	0.4	0.4
Total imports	11.4	10.4

In paint and varnish brushes, British makers enjoy 82 per cent. of the trade and Germany 15 per cent. A small quantity was received from the United States of America. In toilet brushes, American manufacturers sent 50 per cent. of the imports, Germany 25 per cent., and the United Kingdom only 20 per cent. Other brushes for industrial and general use are mainly drawn from the United Kingdom (55 per cent.), Germany (25 per cent.), the United States and Japan. The small trade in brooms continues to be supplied by the United Kingdom, Straits Settlements and Hong Kong.

† **Toys and Requisites for Games and Sports.**—There was a slight decline during the year.

Rupees	1922-23.	1923-24.	1924-25.
.. .. .	53,36,183	62,87,644	59,06,069

Toys account for at least two-thirds of the imports and were supplied in 1923-24 by Germany (59 per cent.), Japan (22 per cent.), the United Kingdom (12 per cent.), and the United States of America (3 per cent.). Germany is steadily driving Japan from this trade, which has never been of much interest to the United Kingdom.

Playing cards were imported in 1923-24 to the extent of nearly 13 lakhs. The United States of America contributed over 6 lakhs, and the balance was drawn from Germany, Holland and the United Kingdom.

Requisites for games and sports of all kinds amounted in value in 1923-24 to over 10 lakhs, of which the United Kingdom contributed roughly 70 per cent. Competition from Norway, the United States and Germany is noticeable. The competition which is growing, however, is that of the Sialkot manufacturers who turn out a cheap serviceable article and are not only competing in the local market but last year exported Rs. 2½ lakhs' worth.

Tea Chests (Entire or in Sections).—The abounding prosperity enjoyed by the tea trade is reflected by an increase of nearly 50 per cent. in the total imports of tea chests, which rose in value from 65 to 93 lakhs.

Countries of Consignment.	1922-23.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	59	50	75
Russia	1	4	1
Finland	—	5	11
Esthonia	1	5	1
Other countries	2	1	5
Total imports	63	65	93

Momi tea chests, which were imported from Japan in such large quantities during and immediately after the war have now entirely given place to the Venesta and other makes of British chest.

Umbrellas and Umbrella Fittings.—The imports of complete umbrellas, including parasols and sunshades, were as follows :—

Countries of Consignment.	Number.		Value. Rs. (lakhs).	
	1923-24.	1924-25.	1923-24.	1924-25.
United Kingdom	238,284	171,844	8	6
Japan	7,407	21,757	Less than 1 lakh.	Less than 1 lakh.
Other countries	74,068	61,951	2	2
Total	319,759	255,552	10	8

The United Kingdom is maintaining its position. The imports from other countries in 1923-24 consisted of small shipments from Switzerland and Germany and the usual imports of Oriental umbrellas from Ceylon, the Straits and China.

The British position in respect of umbrella fittings is not so satisfactory. Their total imports were Rs. 46,31,244 in 1923-24, and Rs. 40,34,201 in 1924-25. In 1923-24 Japan supplied 40 per cent., the United Kingdom 32 per cent., and Germany 19 per cent.

Jewellery and Plate of Gold and Silver (excluding Imitation Jewellery, Precious Stones and Pearls, Unset).—The import figures were :—

Article.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
Jewellery	10	8
Plate of gold and silver	6	3
Total	16	11

Seventy-six per cent. of the imports of jewellery were obtained from the United Kingdom in 1923-24, and the balance from Germany, Ceylon and the Straits Settlements. Fifty-one per cent. of the imports of gold and silver plate were of United Kingdom origin, Ceylon sent 23 per cent. and the remainder were drawn from China, Germany and the United States. The heavy import duty of 30 per cent. is tending to check any development in this trade.

Electro-plated Ware.—This is another trade which is being adversely affected by the high import duties. The decline has been continuous for the past four years. The total imports were :—

	1922-23.	1923-24.	1924-25.
Rupees	6,39,848	6,32,351	4,86,995

This is predominantly a British trade; but imports from Germany are increasing.

Carriages and Carts (excluding Railway Carriages) and Parts thereof.—The total imports were :—

	1922-23.	1923-24.	1924-25.
Rupees	30,18,827	21,67,879	27,55,677

The trade in complete carriages and carts was valued in 1923-24 at 9½ lakhs, of which the United Kingdom supplied 3½ lakhs, Japan 3 lakhs, the United States of America, under a lakh, and Germany just over a lakh. Parts of carriages and carts amounted also to 9½ lakhs, of which the United Kingdom sent 7 lakhs, America a lakh and Belgium under a lakh. The small trade in perambulators and childrens' go-carts amounting to a little over 2 lakhs is largely a British trade, the only other imports being from Japan in cheap go-carts.

Oil Cloth and Floor Cloth.—There has been a steady reduction in this trade since the boom year of 1920-21. The total imports were :—

	1922-23.	1923-24.	1924-25.
Rupees	9,46,083	8,57,470	8,08,199

In 1923-24 the United Kingdom supplied 5 lakhs and the United States of America nearly 3 lakhs worth.

Furniture and Cabinetware.

	1922-23.	1923-24.	1924-25.
Rupees	16,54,950	18,61,116	15,45,787

In 1923-24 imports of bedsteads amounted to 3½ lakhs, of which the United Kingdom sent over 2 lakhs, United States of America ¾ of a lakh, and a small amount was obtained from Germany. Other wooden furniture amounting to 2 lakhs was shared between the United Kingdom, Germany and the United States of America. Mouldings accounted for 5 lakhs and were obtained from Sweden (4 lakhs) and Italy. The United Kingdom only sent a trivial Rs. 17,000 worth.

Taking the total trade in 1923-24, we find that the United Kingdom supplied 35 per cent., Germany 31 per cent., and the United States 14 per cent.

Matches.—Although the United Kingdom does not export matches to India on a commercial scale, the British public is interested financially in the Indian factories of the Swedish combine, and the figures for the past year may therefore be of interest :—

Principal Countries of Consignment.	1923-24.		1924-25.	
	Gross Boxes.	Rs. (lakhs).	Gross Boxes.	Rs. (lakhs).
Sweden	5,169,743	69	3,015,248	39
Norway	108,950	2	236,302	3
Czecho-Slovakia	118,400	1	252,390	2
Japan	5,555,382	70	3,497,186	41
Other countries	291,270	4	263,659	3
Total imports	11,243,745	1,46	7,264,785	88

The Swedish combine have erected factories in Calcutta and Bombay, which are working in charge of experts, and an elaborate campaign is being developed to cover the Indian market. It is likely therefore that the import trade in matches will tend to decline in future years.

Packing (Engine and Boiler) of all Kinds, including Asbestos).—After a steady decline in the trade from the high-watermark of 1919-20, there has been a slight improvement in 1924-25. The imports were Rs. 2,46,749 in 1923-24 and Rs. 3,95,604 in 1924-25. In 1923-24, the United Kingdom shipped Rs. 2,30,000 or 93 per cent. The United States of America sent Rs. 10,000 worth, and Germany and Japan trivial amounts.

Toilet Requisites.—This is a comprehensive heading including all articles for toilet use not separately classified elsewhere. Imports were Rs. 48,94,289 in 1923-24 and Rs. 45,11,419 in 1924-25. The year 1923-24 is the last one for which detailed particulars are available. In that year the United Kingdom contributed 40 per cent., the United States of America 40 per cent., Germany 7 per cent., Japan 7 per cent. and smaller proportions were sent by Italy and France.

Articles Imported by Post.—This classification includes all postal articles not specified elsewhere. There has been a reduction in value during the last three years :—

	1922-23.	1923-24.	1924-25.
Rupees	3,47,22,450	3,44,19,298	3,28,33,900

In 1923-24 the United Kingdom sent 82 per cent. and the British Empire as a whole 90 per cent. Italy contributed 3 per cent., Germany 2 per cent., and Japan under 2 per cent. The introduction of the cash-on-delivery parcel system between the United

Kingdom and India in 1920 was a great advantage to the large British stores and mail-order firms and also to residents in India. It has not seriously affected the trade of the local British stores in India, but provides a check on the prices charged.

RAW MATERIALS AND SEMI-MANUFACTURED ARTICLES.

It will now be convenient to consider those raw and semi-manufactured products in which the United Kingdom conducts an important export trade with India, or is interested by virtue of their scale—as in the case of sugar, or by the employment of British capital, as in the case of mineral oils.

Coal, Coke and Patent Fuel.—There has been a steady reduction in the total imports of coal since the year 1921-22 owing partly to the efforts made by the Bengal colliery owners to recapture the Bombay market, partly to the extension of the use of electrical energy in the Bombay mills, and also to the rapid substitution of oil for coal in the bunkering trade. The imports of coal for the past two years were as follows :—

Countries of Consignment.	1923-24.		1924-25.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom.	79,056	28	107,780	35
Japan	705	(Less than 1 lakh)	2,794	1
Union of South Africa	273,658	70	201,763	48
Portuguese East Africa	169,272	44	118,115	30
Australia and New Zealand	61,074	22	13,871	5
Other countries	8,203	2	3,709	1
Total imports	591,968	1,66	448,032	1,20

Although British shipments advanced during the year, it is most unlikely that India will ever provide a really important market for Welsh coal. The transfer of the headquarters of the East Indies Squadron from Bombay to Colombo has resulted in a reduction of the Admiralty contract. For industrial purposes, best Welsh coal, although probably 20 per cent. better in quality than South African coal, is also at least 10s. per ton higher in price and local industrialists will not pay the difference. Moreover, the increasing use of oil for bunkering purposes is seriously affecting that section of the coal trade. On the whole, therefore, it is difficult to foresee any future expansion in the export trade in coal to India. Bengal coal shippers are seriously alarmed at the loss of their export markets in Colombo and Singapore and also of their share of Bombay's requirements and the Government of India in September, 1924, appointed a Coal Committee to investigate these matters. I would refer readers who may be interested to the summary of the Committee's recommendations which will be found in Chapter I, pages 61 *seqq.*

Coke and Patent Fuel.—The fluctuations in the imports of coke have been as follows :—

	1922-23.	1923-24.	1924-25.
Tons	27,077	22,332	34,632
Rs. (lakhs)	14	10	13

In 1923-24 the imports were drawn as follows :—From the United Kingdom 10,052 tons, valued at 5.32 lakhs ; from Natal 12,280 tons, valued at 5.03 lakhs.

The imports of patent fuel are negligible amounting in 1923-24 to a trifling quantity of 8 tons.

Mineral Oils.—The following are the latest statistics of this valuable trade :—

Kerosene Oil.

Countries of Consignment.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
Russia	10	—
Georgia	36	34
Straits Settlements (including Labuan)	10	—
Sumatra	9	—
Borneo	55	57
United States	3,18	3,75
Other countries	4	11
Total imports	4,42	4,77

The entry of kerosene from the oilfields of the Caucasus is interesting.

Fuel Oils.—The imports were :—

Countries of Consignment.	1924-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
Persia	1,15	1,51
Straits Settlements (including Labuan)	11	4
Borneo	49	29
Other countries	*	*
Total imports	1,75	1,84

* Less than 1 lakh.

The steady advance in the imports from the Anglo-Persian Oil Company's field in Southern Persia is noteworthy.

Lubricating Oils were imported as follows :—

Description.	1923-4.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
Batching oils	40	53
Other lubricating oils	1,34	1,64
Total	1,74	2,17

Batching oils for use in the jute mills of Bengal are obtained from the United States of America and Borneo. The United Kingdom in 1923-24 shipped less than 4 lakhs' worth. The trade in other lubricating oils, however, is a competitive one. In 1923-24 the United States supplied 83 per cent., the United Kingdom, 12 per cent., and small quantities were imported from the Straits and Dutch Indies. The leading American concerns are very active and have widespread selling organisations throughout India.

Salt.—There was an increase of 134,000 tons of salt during the year, of which the United Kingdom took its full share. The imports were derived as follows:—

Countries of Consignment.	1923-24.		1924-25.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom	91,835	23	11,798	29
Germany	24,930	7	34,315	9
Spain	14,015	3	28,971	6
Aden and dependencies	186,957	40	192,345	43
Egypt	80,369	19	166,844	38
Italian East Africa	76,488	18	47,638	10
Other countries	12	*	26,887	6
Total imports	474,606	1,10	608,798	1,41

* Less than 1 lakh.

Sugar.—The imports of sugar ranked second in the total import trade of India in 1924-25, the total value being exceeded only by cotton manufacturers. The subjoined table shows the imports of 16 Dutch Standard and above (excluding beet).

Countries of Consignment.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
Belgium	6	14
France	2	3
Ceylon	2	4
Straits Settlements (including Labuan)	12	11
Java	13,06	14,93
China (including Hong Kong)	23	11
Japan	*	*
Egypt	3	1
Mauritius and dependencies	6	3,64
United States	*	*
Other countries	3	1
Total imports	13,63	19,02

The principal ports of entry in order of importance were Calcutta, Karachi, Bombay Madras and Rangoon.

* Less than 1 lakh.

A marked feature of the past three years has been the growth of the trade with the Continent in beet sugar. The figures are :—

Principal Countries of Consignment.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom	*	*
Germany	19	61
Netherlands	1	*
Belgium	3	8
Austria	28	8
Hungary	41	31
Czechoslovakia	19	16
Other countries	2	8
Total	1,13	1,32

In the year under review, the United Kingdom shipped 19 tons valued at Rs. 5,284, but now that beet sugar growing is being developed in East-Anglia, it is hoped that we shall see a steady increase in the British share.

The following table gives the other types of sugar imported :—

Description.	1923-24.	1924-25.
	Rs. (lakhs).	Rs. (lakhs).
Sugar, 15 Dutch standard and below	1	2
Molasses	45	30
Confectionery	21	23
Saccharine	1	*

The imports of molasses are all drawn from Java. Confectionery, however, is an important British export. In 1923-24, of a total of 21 lakhs, the United Kingdom shipped 17 lakhs or 81 per cent., Switzerland contributed 5 per cent., Japan 4 per cent. and Holland, France and Italy smaller shares. British exporters appear to be maintaining their position in this trade.

For a supplementary survey of the import trade to 30th June, 1925, see Appendix V, p. 208.

* Less than 1 lakh.

APPENDICES.

CHAPTER I.—APPENDIX.

TRANSLATION OF EXTRACTS FROM THE AFGHAN CODE OF CUSTOMS DUTIES.

CHAPTER I.—IMPORTS.

All articles and goods imported into Afghanistan from foreign countries (by whatever route and from whatever place) are called imports. Duties imposed afresh by us on imports are of three forms :—

First form.—The Holy Qoran, the Holy Commentaries and other books relating to prayers on which duty was formerly imposed have been exempted from duty. Also, similarly we have abolished duty on a rifle or a pistol, with cartridges, so that everyone desiring to bring it within the dominion may do so without payment of duty.

Second form.—Articles considered by His Majesty as detrimental to the interests and morals of the nation, and for which duty at an exorbitant rate has been assigned with a view to prohibiting their entry and use in the country are divided into three kinds.

First kind.—The articles for which 200 per cent. duty has been assigned are as follows :—

1. Cigarettes and cigars.
2. Cheese, milk and butter.
3. Playing cards.
4. Charas and tobacco.

Second kind.—The articles on which 100 per cent. duty has been assigned are as follows :—

1. Artificial head flowers made of silk, paper, etc.
2. Powders and colours of every sort.
3. European rugs.
4. Cotton and silk handkerchiefs.
5. Boxes containing mirrors and combs, and boxes containing all requisites for *hamam* and a bath.
6. Hard and soft collars of every description for males.
7. Shirts with hard breasts and cuffs.
8. Albums of every description.
9. Sticks of every description.
10. Artificial pearls.
11. Toys.
12. "Thermos" of every description, and hot and cold water bottles.
13. Photographs, maps and postcards.
14. Table marbles and cigarette cases.
15. Biscuits and coffee.
16. Sweets and snuff.
17. Black and red sugar, shrubs for dyeing the hands and feet, and brushes.
18. Neckties, underwear, and silk underwear.
19. Honey and khashkhash.

Third kind.—The articles on which 50 per cent. duty has been fixed are as follows :—

1. Cotton and silk gowns.
2. Cotton and silk-gown overcoats.
3. Hats and head handkerchiefs ; ladies' hats of every colour.
4. Silk stockings for both sexes ; silk gloves of every kind.
5. Every kind of tea.
6. Leather buttons and boot polish.

7. Gown laces of every colour ; ladies' collars of every colour.
8. Feathers and artificial hair of every colour.
9. Silk and woollen table cloths, and gown belts.
10. All kinds of mufflers for ladies and gentlemen.
11. Washerman's irons and knives and forks.
12. Chairs and couches.
13. All kinds of wall papers.
14. Small and large cameras.
15. All kinds of Japanese small boxes.
16. Vaseline, glycerine and hair oil.
17. Small boxes and almirahs.
18. All kinds of buttons and soaps of superior quality.
19. Cotton and painting colours.
20. Pencils.

Third form.—Articles for which 30 per cent. duty has been fixed are as follows :—

1. Ladies' and gentlemen's boots.
2. Ladies' and gentlemen's embroidered shoes.

Articles for which 25 per cent. duty has been fixed are as follows :—

1. Muslin, lungis, of Peshawar, Meshed and Bokhara.
2. Chairs made of cane, wood and iron.
3. Cawnpore and Russian sugar cakes.
4. Kerosine oil, petrol, mobiloil, etc.

Articles on which 20 per cent. duty has been levied are as follows :—
Fine, powdered and cake sugar.

Articles on which 16 per cent. duty has been levied are as follows :—

1. Calico, white muslin, silk, tweed, needles, cotton and woollen stockings, shirts and underwear ; khaki drill.
2. Pear's soap and soaps of other qualities.
3. Copper wire, locks, knives, scissors, and articles made of leather.
4. New carpets, second-hand clothes, and boots.
5. Teapots, cups, plates, sugar-basins, milk-jugs, glass panes and tumblers.
6. All articles relating to a druggist, such as black pepper and cloves.
7. Indigenous medicines.
8. All sorts of match-boxes, and small and large candles, various kinds of paper and envelopes.
9. Brass, copper and German-silver utensils ; hardware.
10. Motors, motor bicycles, tongas, bicycles, etc.

Articles on which 5 per cent. duty has been levied are as follows :—

1. Copper sheets.
2. Tin, lead and indigenous medicines.

Articles for which $\frac{1}{2}$ per cent. duty has been assigned are as follows :—

1. Indian rupees, Russian roubles, Persian rupees.
2. The Russian tanga, Bokharan tanga, coined gold, gold brick and pearls.

The Second Article deals with exports.

The Third Article deals with transits.

The Fourth Article deals with country-made goods and eatables. Five per cent. duty has been imposed upon these provided that they are transported by traders for trade purposes within the dominion of Afghanistan.

CHAPTER II.

A.—*Duties of Mudirs and other Customs officials.*

1. The Mudirs and other Customs officials should consider God omnipresent and discharge their duties honestly and faithfully. They should never commit any deed contrary to the Royal Orders and encroaching upon the greatness and honour of Islam. They should impose and realise duty in the most impartial manner.

2. The Mudir will levy customs duty, as on other trade goods, on goods and articles purchased and imported by the Afghan Government from abroad. He should not realise the amount of duty in cash, but should adjust it by book transfer.

3. All the Customs Houses and their branches are under the Ministry of Commerce. All matters, therefore, requiring settlement shall be referred to this Ministry for disposal and orders. The Ministry in question will settle all matters in conformity with the powers vested in it, and cases beyond its powers will be referred to His Majesty the Amir.

4. Mudirs and other Customs officials accepting illegal gratification in the course of the discharge of their duties will be severely dealt with under the Law.

5. The Mudirs of the Customs will deposit every week in the Treasury the money realised on account of Customs duty. A Mudir keeping this amount with him for more than a week will be dismissed from his Mudirship.

B.—Duties of Traders.

Just as His Majesty the Amir is daily devoting his attention to the removal of difficulties occurring in the case of traders, so it is incumbent on traders to pay customs duty in full to prove their patriotism and to enjoy the fruits of their trade. Their goods are liable to confiscation whenever they are imported or exported secretly.

Traders are allowed to keep their goods in the Customs House for a period of one month until duty is levied upon them. If customs duty is not levied within the prescribed period they will have to pay two pice a load daily towards rent as long as the goods are not released from the customs.

Miscellaneous.

The import of wine within Afghan limits is prohibited. Whenever a man commits this crime openly or secretly his goods will be destroyed and he himself imprisoned for a period of three years, and a fine imposed equivalent to half the price of the wine imported.

Supplement to the Code.

Eighty-five per cent. duty has been levied, according to the price prevailing there, on wood exported abroad from within the Samar Khel area.

The duty on salt imported into Afghanistan from foreign territory is 10 per cent.

Smuggling.

The goods of a person smuggling them in a motor or cart, or in the boxes of a motor, without a certificate of identity or a customs certificate, with the apparent knowledge of the motor or cart driver, will be confiscated and the proceeds credited to the Treasury. One-fifth of the price of the confiscated goods will be taken from the motor or cart driver.

The goods of a person who smuggles them in a box, yakdan, parcel or closed bag, or in his bedding or private kit, without a certificate of identity from the Trade Agent or customs certificate, and puts them in a motor car or cart without the apparent knowledge of the motor or cart driver, shall be liable to confiscation.

Under the orders of the Foreign Ministry, 10 per cent. duty has been imposed upon wine imported from abroad for non-Muslim foreign subjects, whether they are employed by the Afghan Government or are tourists, guests, or official and non-official members of the Legations. The annual consumption of bottles of wine will be fixed and arranged by the Foreign Ministry.

Duty on wood from Chatrar (Chitral?) will be charged, according to that on wood from Samar Khel, on the price prevailing in the villages through which the wood in question passes.

CHAPTER II.—APPENDIX.

THE TATA IRON & STEEL COMPANY, LIMITED.

EXTRACTS FROM THE SPEECH DELIVERED BY MR. R. D. TATA AS CHAIRMAN OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE TATA IRON & STEEL COMPANY, LIMITED, ON THURSDAY, THE 4TH JUNE, 1925.

GENTLEMEN,

We are very sorry that the Company is not yet able to pay any dividends except one dividend on the 1st Preference Shares. You will want to know how it is that these cannot be paid this year and when there is any hope that they will be paid.

In the first place, the past year both in India and throughout the world generally has been one of the most disastrous which the steel industry has experienced for many years. The world is now feeling the full effect of the great increase in productive capacity and the great restriction of demand that has resulted from the war.

Our own particular conditions were not much more favourable. The Greater Extensions plant was finally completed and brought into operation during the year. But, as any of you who have any experience of starting a new industry will know, there are always troubles at the beginning which have to be surmounted before a plant can be got to operate smoothly. . . . In the first six months of the past year we had our full share of these troubles and I think you may put September, 1924, as the low water mark of this company. From that point we have improved and have gone on improving with the results that we have now placed before you. In criticising them please remember, firstly, the adverse conditions of the year as a whole and the difficulties with which the new plant has had to contend and realise that the capacity of your company to overcome these difficulties and to outlive these dangerous and troublesome times is a sure promise for the future. Also . . . the Tariff Board after the fullest enquiry and investigation set our standard of production this year at about 250,000 tons of finished steel. In spite of our difficulties we have produced 248,000 tons and have sold it all. Therefore we have lived up to the standard set to us.

As I have said then the year has been a very difficult one for all steel manufacturers and a peculiarly difficult one for ourselves. Yet in such a year we have actually succeeded in making the net profit shown, nearly 65 lacs of rupees. . . .

You or some of you are going to say that in our circulars to shareholders regarding the reorganisation scheme we said that we would take depreciation at 30 lakhs. Why then have we taken it at 60 lakhs instead of distributing a part of it in dividends? I will show you that it is not a question of profits or depreciation but a question of finance, of ways and means. But I would point out two things first. In our circulars we said that we would take depreciation at Rs. 30 lakhs if the shareholders would find for the company Rs. one crore and then only in order to calculate the return payable on this money. We did not say that we considered it sufficient depreciation for the general purposes of the company. Thirty lakhs is very insufficient depreciation for a company that has property worth over 21 crores in its block. The Tariff Board found that the depreciation should be 93.75 lakhs. If you have any doubts as to the correctness of my view, ask your own auditors whether they would consider under 1½ per cent. a sufficient depreciation on any class of property. That is what 30 lakhs would be. What we have taken, 60 lakhs, only represents about 3 per cent. Further, when we said that we would take Rs. 30 lakhs as depreciation this was only for the purpose of estimating the share of profits to be given to the new money found by the shareholders. They have not found us

any money at all and the question does not, therefore, arise. The response to our appeal for one crore was less than Rs. 1 lakh. This, I may remind you, was at a time when the very existence of the company was at stake.

I know that this is not so much due to want of will on the part of the shareholders as to their want of money. Most of them could not subscribe to the loan we proposed. But I think you will all agree that the very first duty of the directors and the agents is to keep the company alive and if they cannot find the money to do this outside or from their own shareholders they must find it inside and must take it from the profits of the company. That is what we have done and I will now, if you will follow me, show you in the balance-sheet of this year as compared with that of last year exactly what we have done with this money and how it has been used to improve the position of your company. But we are not yet as strong as we should be and I will refer to that later.

The first point I would like to make is that, although we have made profits during the year of Rs. 64,71,000, the value of our stocks has only increased by about 6 lakhs. The money, therefore, earned has been real money. I think you will agree that considering the great increase in production it is a sign of strength that we have been able to keep our stocks very nearly at the old figure. Then you will find from the balance-sheet that our book debts considered good amount to Rs. 1 crore. That is as compared with 48 lakhs last year. On the other side of the balance-sheet you will find that our current liabilities amount to very much the same, viz., Rs. 1,05,00,000. Therefore, what we owe other people and what other people owe us in the way of ordinary trade is now approximately the same. There is a great difference here from last year when our current liabilities amounted in all to Rs. 1,41,00,000 and the debts due to us only to 48½ lakhs, that is to say, we owed nearly three times the amount which we were owed. You can see for yourselves from your knowledge of the conduct of your own private affairs what an improvement this is. We are endeavouring to maintain that improvement.

The next point I wish to refer to is the reduction in the unsecured loans. Our last year's balance-sheet showed these at about 30½ lakhs. During the year we have reduced them to about 5½ lakhs. The point about that is this: these unsecured loans are deposits and can be withdrawn by the lenders either on the fixed dates or at call. It is obviously unsatisfactory to a company such as this to have as working capital money which can be withdrawn from it in time of stringency. That means that the company would always be weak and the lenders always strong and that the company would generally have to agree to whatever demands the lenders like to make. For the past four years your agents have been endeavouring to arrange the finances of the company so that it will be able to dispense with the short term loans which were a continuous source of danger to it. In 1920-21 these unsecured loans amounted to Rs. 1,76½ lakhs as you will see if you refer to the balance-sheet of that year. They were liable to be withdrawn whenever there was a stringency of money in Bombay and that as you know is a fairly common happening. To-day they amount to Rs. 5,41,000 and these loans are, as a matter of fact, practically entirely made up of deposits made by our large dealers who take material from us and which we hold as security against their contracts. Here, too, I think you will agree that we have succeeded in strengthening the position of the company. We can no longer be brought into serious difficulty by the demand of some particular lender for the repayment of his loan. Our finance is now based on three main agreements: firstly, the Debenture Agreement—I include under this all loans raised on the security of debentures; secondly, the cash credit arrangements with the Imperial Bank; and thirdly, the cash credit arrangement made during this year with Mr. F. E. Dinshaw. If deposits are in times of easy money offered to us freely at reasonable rates we can accept these and reduce the moneys drawn under the cash credit agreement or the loans against our first debentures. But we are not now dependent on casual short-term loans from the market nor can our financial position

be disturbed by temporary stringency in the money market in Bombay. I think you will all agree that in funding these loans as they have done, the directors and the agents have done a great work for the company and have very greatly strengthened its financial position. But we could not have done this without the sympathetic assistance and co-operation of the Governors of the Imperial Bank whose support in these trying times has been of the greatest value to your company.

There are other minor improvements of the company's position. But what I would particularly wish you to notice is the alteration of the nature of the liabilities which so greatly improves the stability of the company. We hold practically no short-term loans that can be withdrawn from us. We have paid off nearly the whole of the money borrowed from American manufacturers and have reduced our ordinary current debts until these roughly equal the amounts due to us. Gentlemen, I think you will agree that in a year such as we have had, that is good progress.

I now come to the question that probably chiefly interests you, why the directors consider it unwise and in fact dangerous to the company to pay more in dividends than we have recommended. Neither the directors nor the agents have any policy of withholding dividends from the shareholders. Many of them hold large blocks of shares themselves and would be only too pleased to see some dividends paid upon them and to see the value of the shares and their own credit improving as a result. But as I have said already the prime duty of the directors and the agents is to maintain the company in a position in which it cannot be shaken as it has been shaken in the past by any temporary setback or financial panic. If they do that successfully dividends will come of themselves and the value of the shares will gradually increase as the position of the company becomes stronger and stronger. We are like men building a wall against the sea. It would be the height of folly on our part to give away any part of the cement that is required to make the wall secure for all time. That is why we and you have to use this money which we have made firstly to build up this great industry which we are making for India. And we should not even think of dividends until we have done that. Now let me come from the general to the particular, to this sum of over Rs. 64 lakhs net profit which we have made this year and which we propose to use chiefly to strengthen our wall. Look at the balance-sheet and see for yourselves what the actual financial position of the company is and what its reserves are. We have three large loans, any of which may, . . . be recalled or reduced within the next twelve months. We have loans of Rs. 49 lakhs against debentures which fall due within the next nine months. We are negotiating but you will understand that we cannot be quite confident that these loans will be invariably renewed at reasonable rates. Then there is the cash credit arrangement for 2 crores with the Imperial Bank. Then there is the loan from the Government of India of Rs. 50 lakhs. The Government of India, who have indeed saved the company by the financial assistance which they have given it, will not let us hold that money indefinitely. In looking at our reserves of money you have to consider those three factors. In addition, you have to consider that an enterprise of this size is never free from risks as we have ourselves seen ever since we embarked on it. And there is another thing you must remember. When we were in straits last October we tried every possible source and could get no assistance. You refused us when we asked you for it. The Government of India would do no more than they have done. Therefore to meet the contingencies I have mentioned we must depend on the money we can make ourselves.

If you will look at the balance-sheet you will see that to meet all these possible contingencies the company has no sufficient reserves of money, certainly not more than any ordinarily prudent body of men, such as we trust you hope your directors are, would retain. It is certainly not a larger reserve than would be held by any first class mill in Bombay.

I may say that if your directors had not been satisfied that the position of the company was steadily improving from day to day and month to

month, that the Greater Extensions were now very definitely bringing that increase of profit which we all hope to see from them, they would not have recommended the payment of any dividend. . . . The bounties on rails and the bounties on ingot steel paid to us during the past year in actual money exceed 65 lakhs of rupees. And in addition we have the benefit of the tariff on other steel. In return for this the country expects us and you to build up as soon as practicable a strong and healthy industry able in course of time to stand without protection, capable of strengthening and supporting the industrial development of India. . . . Those of you who have followed the debates in the Central Legislature must have noticed the jealousy with which both the Legislature and the Government have watched the expenditure of the public money on these grants and the burden placed on the country by these Tariffs. That jealousy is very right for it is the declared object of the Government and the Central Legislature to build a really strong and healthy industry that can stand firmly and eventually without assistance.

This is not going to be done in a day or in a year. The first measure of protection introduced, as you know, practically failed in its effect and had to be supplemented by a grant of Rs. 50 lakhs by the Central Legislature in the shape of a special bounty on ingot steel. Without that special bounty and the bounties on rails your company would have been hard put to it to find the necessary money to keep itself alive. . . . In the meantime it is up to us all who are *directly* interested in the Tata Iron & Steel Company to prove by our industry, perseverance and patience that we deserve the confidence and support of those who have charge of the Indian taxpayer's money.

CHAPTER V.

APPENDIX I.

DETAILED STATEMENT of the QUANTITY (in pounds) and the COUNTS (or numbers) of YARN Spun.

GRAND TOTAL, INDIA (British India and Indian States).

Count or Number.	Twelve Months, April to March.		
	1922-23.	1923-24.	1924-25.
1	2,529,698	3,503,650	6,008,834
2	4,221,755	4,304,999	6,027,009
3	3,048,629	2,938,844	2,780,872
4	5,543,043	5,926,474	6,788,638
5	1,034,573	1,746,302	1,911,193
6	11,705,139	8,091,865	9,653,694
7	16,815,601	16,721,686	17,695,504
8	8,035,787	7,942,873	9,866,131
9	13,958,293	12,333,521	12,269,330
10	36,085,724	21,333,069	19,794,448
Total, Nos. 1 to 10 ..	102,978,242	84,843,283	92,795,653
11	45,517,481	34,695,472	38,671,397
12	42,679,548	29,378,243	33,563,262
13	24,473,300	25,624,734	26,168,207
14	29,479,653	28,344,576	31,616,080
15	16,489,481	19,772,371	20,708,960
16	28,322,972	27,082,151	29,848,268
17	18,890,645	15,715,212	18,744,835
18	22,852,038	20,288,397	24,218,411
19	13,554,820	15,436,154	14,484,356
20	133,357,178	110,729,420	138,990,822
Total, Nos. 11 to 20 ..	375,617,116	327,066,730	377,014,598
21	48,583,970	41,346,222	53,213,111
22	45,742,691	35,286,520	41,610,128
23	3,908,365	5,449,394	7,205,893
24	55,335,965	41,672,339	51,072,862
25	1,514,761	846,217	1,569,775
26	13,314,878	13,009,682	16,865,651
27	5,205,517	4,449,068	4,895,474
28	8,682,283	8,266,120	11,538,748
29	2,196,169	2,462,302	2,392,926
30	24,474,213	29,189,516	33,447,495
Total, Nos. 21 to 30 ..	208,958,812	181,977,380	223,812,063
31	729,116	330,318	748,443
32	8,306,451	10,074,340	8,930,545
33	8,782	46,242	604,814
34	1,645,155	1,881,629	1,689,403
35	29,364	73,184	7,223
36	1,048,151	876,387	892,529
37	1,323	—	38,251
38	816,614	158,007	163,010
39	—	44,154	117,528
40	3,345,468	6,182,637	6,175,962
Total, Nos. 31 to 40 ..	15,930,424	19,666,898	19,367,708
Above 40	2,195,291	3,260,788	5,822,227
Wastes, etc.	213,714	513,553	577,745
Grand Total	705,893,599	617,328,632	719,389,994

APPENDIX II.

COTTON SPINNING—ALL INDIA.

Year ending 30th June.	Number of Mills.	Number of Spindles.	Number of Looms.	Average number of hands employed daily.	Approximate Quantity of Cotton consumed.	
					Cwts.	Bales of 392 lbs.
1900	193	4,945,783	40,124	161,189	5,086,732	1,453,352
1905	197	5,163,486	50,139	195,277	6,577,354	1,879,244
1910	263	6,195,671	82,725	233,624	6,772,535	1,935,010
1913	272	6,596,862	94,136	253,786	7,336,056	2,096,016
1920 year ending 31st August	253	6,763,076	119,012	311,078	6,833,113	1,952,318
1921 " " .. .	257	6,870,804	123,783	332,179	7,420,805	2,120,230
1922 " " .. .	298	7,331,219	134,620	343,723	7,712,390	2,203,540
1923 " " .. .	333	7,927,938	144,794	347,380	7,530,943	2,151,698
1924 " " .. .	336	8,313,273	151,485	356,887	6,712,118	1,917,748

APPENDIX III.

Comparative Statement of COTTON CONSUMPTION, YARN AND CLOTH PRODUCTION IN INDIA for a series of years :—

12 months ending 31st March.	Cotton.		Yarn.		Cloth.	
	Mill Consumption.	F.-P. Bales of 3½ cwts. each.	Production.	Bales of 400 lbs. each.	Production.	
	cwts.		cwts.		yards.	lbs.
1900	50,86,732*	14,53,352	45,87,708	12,84,558	32,94,23,397	9,80,64,807
1905	65,77,354*	18,79,244	51,64,118	14,45,953	54,95,29,065	15,87,46,555
1910	67,72,535*	19,35,010	56,01,484	15,68,410	96,38,69,482	22,88,24,078
1913	73,36,056*	20,96,016	61,47,079	17,21,182	1,22,04,42,545	28,54,71,002
1920	68,33,113†	19,52,318	56,76,430	15,89,400	1,63,97,79,227	38,38,46,936
1921	74,20,805†	21,20,230	58,92,880	16,50,006	1,58,08,49,746	36,74,81,791
1922	77,12,390†	22,03,540	61,92,604	17,33,929	1,73,15,73,296	40,35,20,881
1923	75,30,943†	21,51,698	63,02,621	17,64,733	1,72,52,84,187	40,52,53,739
1924	67,12,118†	19,17,748	54,34,174	15,21,569	1,70,03,97,693	40,44,33,829

* Year ending 30th June.

† Year ending 31st August.

APPENDIX IV.

The following table shows the *number of pounds of Yarn produced in India per spindle* which is a fairly good index of the steadiness with which the spindles have been worked, and the prosperity or depression of the industry :—

Years.	Spindles Set up.	Average Number of Spindles at work daily.	Yarn produced.	Pounds per spindle.
			Cwts.	
1896	39,32,946	Not recorded	38,60,287	109·93
1897	40,65,618	Do.	37,78,436	104·08
1898	42,59,720	Do.	41,30,320	108·59
1899	47,28,333	Do.	45,74,867	108·36
1900	49,45,783	Do.	45,87,708	103·89
1901	50,06,936	Do.	31,51,563	70·49
1902	50,06,965	Do.	51,15,519	114·42
1903	50,43,297	47,15,149	51,44,951	122·20
1904	51,18,121	47,01,318	51,57,338	122·86
1905	51,63,486	48,15,050	51,64,118	120·11
1906	52,79,595	50,17,537	60,79,630	135·70
1907	53,33,275	50,38,569	58,36,611	129·73
1908	57,56,020	52,91,336	56,99,063	120·63
1909	60,53,231	55,26,223	58,64,556	118·85
1910	61,95,671	52,90,473	56,01,484	118·58
1911	63,57,460	53,92,691	54,45,778	113·10
1912	64,63,929	54,93,477	55,80,626	113·77
1913	65,96,862	57,36,701	61,47,079	120·01
1914	67,78,895	58,48,283	60,96,222	116·74
1915	68,48,744	57,04,320	58,21,291	114·29
1916	68,39,877	59,00,896	64,50,219	122·42
1917	67,38,697	60,67,770	60,81,314	112·24
1918	66,53,871	59,87,685	58,97,996	110·32
1919	66,89,680	60,46,323	54,91,432	101·72
1920	67,63,076	62,38,771	56,76,430	101·90
1921	68,70,804	64,07,037	58,92,880	103·01
1922	73,31,219	65,49,112	61,92,604	105·90
1923	79,27,938	67,73,718	63,02,621	104·21
1924	83,13,273	69,62,533	54,34,174	87·41

APPENDIX V.

SUPPLEMENTARY SURVEY OF THE IMPORT TRADE OF INDIA DURING THE FIRST QUARTER OF THE STATISTICAL YEAR, 1ST APRIL TO 30TH JUNE, 1925.

During the three months ended June, 1925, as compared with the corresponding period of 1924, the value of the imports decreased by Rs. 6 crores, or 10 per cent., to Rs. 54 crores, while the total exports, including re-exports, increased by Rs. 11 crores, or 13 per cent., to Rs. 101 crores. The exports of Indian merchandise showed an increase of Rs. 12,23 lakhs, or 14 per cent., and re-exports decreased by Rs. 91 lakhs, or 24 per cent. The grand total of imports, exports and re-exports amounted to Rs. 154 crores, as against Rs. 149 crores, or an increase of Rs. 5 crores, or 3 per cent.

Imports of treasure (private and Government) decreased by Rs. 3,36 lakhs to Rs. 12,29 lakhs. Gold bullion fell by Rs. 2,05 lakhs to Rs. 4,96 lakhs, while sovereigns and other British gold coin rose by Rs. 13 lakhs to Rs. 1,77 lakhs, and other coined gold by Rs. 5 lakhs to Rs. 18 lakhs. The value of silver imported decreased by Rs. 1,55 lakhs to Rs. 5,24 lakhs, but that of currency notes increased by Rs. 6 lakhs to Rs. 14 lakhs. Exports of treasure declined by Rs. 14 lakhs to Rs. 80 lakhs.

Balance of Trade.—India's visible balance of trade in merchandise and treasure during the three months April to June, 1923, 1924 and 1925, is shown in the following table. The figures are arrived at by combining the balances of transactions in (a) private merchandise and (b) treasure (private account). The balance of remittances of funds is also shown with details at the end of this table. In these balances the sign plus (+) signifies net export, and minus (—) net import.

	Three months, April to June.		
	1923.	1924.	1925.
Exports of Indian merchandise (private)	Rs. (lakhs). + 86,61	Rs. (lakhs). + 85,59	Rs. (lakhs). + 97,72
Re-exports of foreign merchandise (private)	+ 4,05	+ 3,82	+ 2,91
Imports of foreign merchandise (private)	— 54,91 (a)	— 58,43 (a)	— 53,22 (a)
Balance of trade in merchandise (private)	+ 35,75	+ 30,88	+ 47,41
Gold (private)*	— 12,04	— 8,76	— 6,84
Silver (private)*	— 4,15	— 6,07	— 4,79
Currency notes (private)	— 12	— 3	— 1
Balance of transactions in treasure (private)*	— 16,31	— 14,86	— 11,64
Total visible balance of trade..	+ 19,44	+ 16,02	+ 35,77

(a) Exclusive of the value of railway materials imported direct by State Railways working under company management, which was not paid for in the ordinary way, and not therefore taken into account in arriving at the balance of trade.

* These exclude transactions which do not enter into the balance of trade.

	Three months, April to June.		
	1923.	1924.	1925.
Council Bills, purchases of sterling and other Government remittances to the United Kingdom (b)	— 3,30	— 11,53	— 11,24
Sterling transfers on London sold in India	— —	— —	— —
Transfers of Government securities	— 5	— 20	— 35
Interest drafts on India in respect of Government of India securities	— 15	— 15	— 14
Balance of remittances of funds	— 3,50	— 11,88	— 11,73

(b) This head now includes, in addition to Council Bills, (1) sterling purchases in India and (2) payments in India to local bodies, etc., against proceeds of sterling loans floated by them in London and taken over by the Secretary of State.

It will be observed that a favourable balance of trade in merchandise, amounting to over 47 crores, was partially met by imports of treasure to the extent of over 11½ crores and by Government remittances to the extent of nearly 12 crores, leaving an uncovered balance of 24 crores of rupees.

The total imports from the United Kingdom fell from 35 crores to 29 crores, mainly owing to reductions in the imports of cotton goods (3½ crores), railway material (1 crore), and cotton yarn (¾ crore). The British share of the total imports fell from 58·4 per cent. to 53·9 per cent. On the other hand, the German proportion remained stationary at 6 per cent., that of Belgium at 2·7 per cent., while that of America fell from 7·3 to 6·6 per cent. A most noteworthy feature is the increase in the share of Japan from 5·7 to 8·8 per cent. This is mainly due to largely increased imports of cotton yarns (¾ crore), unbleached piecegoods (41 lakhs), and coloured piecegoods (23 lakhs). The reduction in the share of the United Kingdom is due not so much to direct competition from other countries as to reduced consumption in India of those items such as cotton textiles, railway plant, machinery, etc., in which British exporters have hitherto held a preponderating share.

Textiles. Cotton Yarn.—The total imports rose from 12½ million lbs., valued at 250 lakhs, to 16½ million lbs., valued at 235 lakhs. The British share was materially reduced from 6,635,000 lbs., valued at 151 lakhs, to 3,672,000 lbs., valued at 74 lakhs. On the other hand, the Japanese share of the trade more than doubled, rising from 5,098,000 lbs., valued at 82 lakhs, to 11,851,000 lbs., valued at 148 lakhs.

Piecegoods (Unbleached).—The total imports fell from 201 million yards, valued at 684 lakhs, to 174 million yards, valued at 571 lakhs. This reduction was almost entirely in British cloths. Imports from the United Kingdom declined from 179½ million yards, valued at 602 lakhs, to 139 million yards, valued at 447 lakhs. Japanese shipments rose from 20½ million yards, valued at 76 lakhs, to 33½ million yards, valued at 117 lakhs.

Piecegoods (Bleached).—Here again there has been a reduction in the total trade from 145 million yards, valued at 538 lakhs, to 118 million yards, valued at 421 lakhs. This diminution has been almost entirely

borne by the United Kingdom, the shipments from whence fell from 141½ million yards, valued at 513 lakhs, to 113 million yards, valued at 394 lakhs. Imports from Holland rose from 3 to 10 lakhs, while those from Switzerland fell from 16 to 12 lakhs.

Piecegoods (Coloured, Printed or Dyed).—The total trade fell slightly from 86½ million yards, valued at 450 lakhs, to 83½ million yards, valued at 379 lakhs. The British share shrank from 77½ million yards, valued at 397 lakhs, to 64½ million yards, valued at 300 lakhs. There was, however, a material increase in Japanese imports from 5 million yards, valued at 18 lakhs, to 13 million yards, valued at 41 lakhs. Imports from Italy remained fairly stationary at slightly over 10 lakhs, those from Holland increased from 1½ to 12½ lakhs, while those from Switzerland were reduced from 8½ to 4 lakhs.

Fents.—The fent trade continues to show promising expansion. The total imports rose from 4½ million yards, valued at 16½ lakhs, to over 6 million yards, valued at 18½ lakhs. While the British share in quantity rose from 2,820,000 yards to 2,889,000 yards, the values were reduced from 12½ lakhs to 10½ lakhs. On the other hand, imports from the United States rose from 1,547,000 yards, valued at 4 lakhs, to 3,177,000 yards, valued at 7½ lakhs.

Sewing Cotton.—The total imports rose slightly from 391,000 lbs., valued at 18½ lakhs, to 497,000 lbs., valued at 19½ lakhs. Of the latter figure the United Kingdom supplied no less than 421,000 lbs., of a value of 17½ lakhs.

Haberdashery and Millinery.—A slight increase is to be recorded in the total trade from 23½ lakhs to 26 lakhs. The British share fell from 6½ to 5½ lakhs, and that of Switzerland from 5½ to 4½ lakhs. On the other hand, Germany increased her supplies from 5½ to 5½ lakhs, Japan from 3 to 6 lakhs, and Italy from 1 to 1½ lakhs.

Woollen Piecegoods.—There has been a slight set-back after the record imports last year. The total trade during the quarter fell from 1,983,000 yards, valued at 43 lakhs, to 1,928,000 yards, valued at 40 lakhs. This reduction has been almost entirely in British goods, which are reduced from 888,000 yards, valued at 24½ lakhs, to 696,000 yards, valued at 21½ lakhs. The shares of Continental countries remain approximately the same. France supplied 8 lakhs, Belgium 2 lakhs, Germany 2 lakhs, and Italy 1 lakh. Increases are to be noted in the case of Germany and Japan.

Artificial Silk Yarn.—There has been a steady expansion in this trade, and the total imports advanced from 257,000 lbs., valued at 10 lakhs, to 478,000 lbs., valued at 16 lakhs. The British share rose from 158,000 lbs., valued at 6 lakhs, to 206,000 lbs., valued at 7½ lakhs. Italy also increased her share from 93,000 lbs., valued at 3½ lakhs, to 196,000 lbs., valued at 6½ lakhs. Other countries supplied 75,000 lbs., of a value of 2½ lakhs.

Piecegoods of Cotton and Artificial Silk.—The total trade shows a slight set-back from 3,887,000 yards, valued at 44½ lakhs, to 3,110,000 yards, valued at 29 lakhs. The brunt of this reduction was borne by the United Kingdom, whose share fell from 1,813,000 yards (20½ lakhs) to 1,398,000 yards (12½ lakhs). The share of Italy fell from 977,000 yards, valued at 8½ lakhs, to 893,000 yards, valued at nearly 7 lakhs. Swiss fabrics also fell from 727,000 yards (10½ lakhs) to 577,000 yards (7 lakhs). Germany sent 1 lakh's worth.

Machinery and Mill Work.—The steady reduction in the total imports of machinery and mill work resulting from the prolonged trade depression has been slightly retarded during the quarter. The total imports fell from 373 lakhs to 361 lakhs. This reduction was almost entirely borne by the United Kingdom and the United States of America. Imports of British machinery diminished from 308 lakhs to 298 lakhs, and those of American machinery from 47 lakhs to 34 lakhs. There has been a striking advance in the share of Germany from 7 to 18 lakhs, chiefly in Oil Crushing and

Refining Machinery, Rice and Flour Milling Machinery, Electrical Machinery and Machine Tools. The total imports under the various classifications of machinery were as follows :—

	1924-25. Rs. (lakhs.)	1925-26. Rs. (lakhs.)
Cotton Machinery	79	65
Jute Machinery	24	23
Electrical Machinery	55	54
Boilers	15	24
Mining Machinery	28	28
Oil Crushing and Refining Machinery ..	11	6
Paper Mill Machinery	2	1
Refrigerating Machinery	1½	1
Rice and Flour Mill Machinery	6	4
Saw Mill and Wood Working Machinery	3½	2½
Sewing and Knitting Machines, and parts thereof	18	17
Sugar Machinery	2	4
Tea Machinery	11½	11½
Metal Working Machines (including and mainly consisting of Machine Tools) ..	8	11

On the whole, the United Kingdom is maintaining her position fairly well *vis-à-vis* the United States, but competition from Germany in miscellaneous industrial plant for Indian consumers is becoming more acute.

Railway Plant and Rolling Stock.—The fall in the imports under this heading still continues, and the total trade contracted from 239 lakhs to 153 lakhs. The British share fell from 232 lakhs to 136 lakhs, whereas that of Germany rose from a negligible figure to 3½ lakhs, that of Belgium from 2 to 7 lakhs, and that of the United States of America from ¼ to 1 lakh. The increased purchases of Continental material by the India Stores Department and the London Offices of the Railways are beginning to show in the import returns. The principal reductions in imports were in carriages and wagons, sleepers and bridge-work.

Iron and Steel. Iron Bars and Channels.—The total trade fell from 4 to 3 lakhs. The British share shrank from 2½ to 1½ lakhs, and that of Belgium from 1 to ¼ lakh. Sweden increased her shipments from ¼ to nearly 1 lakh.

Steel Beams, Pillars, Girders and Bridge Work.—The imports during the quarter were reduced by half from 42 lakhs to 21 lakhs. Shipments from the United Kingdom fell from 25 to 11 lakhs, those from Belgium from 13 to 9 lakhs, and those from France from 2 to 1 lakh.

Bolts and Nuts.—The total trade fell from 6½ to 4 lakhs. British shipments were reduced from 2½ to 2 lakhs, German from 1¼ to ¾ lakh, Belgian from 1½ to 1 lakh, and American from 1 to ½ lakh.

Hoops and Strips.—The total trade remained approximately the same at 12 lakhs of rupees. Imports from the United Kingdom expanded from 7 to 8½ lakhs, while those from Belgium fell from 3½ to 2½ lakhs, and those from the United States from over a lakh to a negligible quantity.

Nails, Rivets and Washers (other than Wire Nails).—The total imports fell slightly from 12 to 11 lakhs. The British share was reduced from 4½ to 3½ lakhs. On the other hand, Swedish shipments increased from 2½ to 3½ lakhs, and those from Norway from 1 to 1·2 lakhs. Slight reductions are noticeable in the case of Germany and Belgium, the former country supplying ½ lakh and the latter 1 lakh.

Cast Pipes and Fittings.—The total imports during the period rose slightly from 7½ to 7·8 lakhs. As usual, the United Kingdom supplied approximately 90 per cent. of the trade, and British shipments advanced from 6·3 to 7 lakhs.

Galvanised Sheets and Plates.—The steady expansion in the imports of galvanised sheets which has been such a marked feature of the past few

years, has continued during the first quarter of the present fiscal year. The total imports rose from 59,433 tons, valued at 184 lakhs, in the first quarter of 1924-25 to 71,109 tons, valued at 196 lakhs, in the corresponding period of the current year. The British share rose from 59,108 tons, valued at 183 lakhs, to 69,756 tons, valued at 191 lakhs, thus amounting to no less than 98 per cent. The only competition experienced was from the United States, the imports from which rose from a trivial quantity to 4½ lakhs.

This enormous trade in British sheets, which last year exceeded £4 million sterling, is the brightest spot in the Indian steel trade. Increasing competition may be expected from the new sheet mill at the Tata Iron & Steel Co., Ltd., which will eventually have an annual outturn of 36,000 tons. The mill is in its first year of working, and certain difficulties have been encountered, but it is proved that sheets of a competitive quality can be made in this country, and it is likely that the maximum estimated production will be reached in a year or so.

Tinned Plates.—The total trade fell from 36 to 29 lakhs. The British share rose from 19·9 to 20·8 lakhs, while that of the United States fell from 16·4 to 8 lakhs.

Sheets and Plates (not galvanised or tinned).—The total trade fell from 41 to 28 lakhs. United Kingdom shipments advanced from 8 to 12½ lakhs, as contrasted with those from Germany, which fell from 8 to 2 lakhs, and from Belgium, which shrank from 23 to 11½ lakhs.

Wrought Tubes, Pipes and Fittings.—In this trade also there has been a material contraction from 27 to 16½ lakhs. The British share fell from 17½ to 12 lakhs, that of Germany from 4 to 2 lakhs, and Holland from 2½ to ½ lakh. Arrivals from Belgium remained fairly constant at 1½ lakhs.

Wire Nails.—The total imports shrank from 10 to 2 lakhs. The German share fell from 5½ lakhs to ½ lakh, and the Belgian from 2½ to 1 lakh. The relatively unimportant share of the United Kingdom was further reduced from ·6 to ·25 lakh.

Wire Rope.—The total imports rose from 6 to 7½ lakhs, and the British share from 6 to 7 lakhs. This is a trade which is practically monopolised by British makers, the only competitive imports during the quarter being Rs. 21,000 from the United States of America and Rs. 17,000 from all other countries.

Steel Bars (other than Cast Steel).—The effect of the increase in production of the Indian steel works and of the heavy stocks of bars imported last year to arrive before the imposition of the protective tariff is reflected in a reduction of the total imports during the quarter from 84 to 24 lakhs. Arrivals from Belgium shrank from 50 to 16 lakhs, and those from Germany from 15½ to ½ lakh. The British share was reduced from 7½ to 5½ lakhs. Luxemburg and France sent small quantities of less than a lakh.

Hardware.—This comprehensive heading was principally made up as follows :—

	1924-25. Rs. (lakhs.)	1925-26. (Rs. lakhs.)
Agricultural Implements	5	3
Builders' Hardware	9	6
Domestic Hardware (other than enamelled ironware)	2	2
Enamelled Ironware	8	11
Gas Mantles	1	1
Implements and Tools (other than agri- cultural implements and machine tools)	17	17
Metal Lamps	22	26
Parts of Lamps (other than glass) ..	2½	1½
Safes and Strong Boxes of Metal ..	1	1
Stoves	3	3
Other sorts	63	61

The total imports of hardware fell slightly from 135 to 134 lakhs. This diminution was borne by the United Kingdom, whose share fell from 53½ to 50 lakhs, and the United States from 27 to 20 lakhs. On the other hand, the steady expansion of imports from Germany continued, German shipments rising from 31 to 36 lakhs. Japanese shipments rose from 5½ to 10 lakhs. German competition is being experienced in almost every item of hardware which is used in the bazaar. The United Kingdom still retains the bulk of the trade in high grade tools, implements and other items for general industrial and European use, while the United States supplies the greater portion of the metal lamps imported. The low rates at which German hardware is being sold in the Indian bazaars render competition from the United Kingdom or the United States practically impossible.

Electrical Instruments and Apparatus.—The total imports under this large and comprehensive heading rose from 46 to 60 lakhs due to increased imports of electric wires and cables, lamps, accessories, etc. The British share rose from 31 to 41 lakhs, that of Germany from 5 to 6 lakhs, Holland from 2 to 3 lakhs. The American share remained stationary at 4½ lakhs, and that of Italy at about 2 lakhs.

Motor Cars.—The total imports were slightly reduced from 2,299, valued at 54 lakhs, to 2,291, valued at 50 lakhs. It is most satisfactory to note that the imports of British cars advanced from 247 of a value at 10·15 lakhs to 285, valued at 10·29 lakhs. Imports from Canada fell from 973, valued at 17 lakhs, to 883, valued at 14 lakhs. Imports from America also shrank from 974, valued at 23 lakhs, to 862, valued at 18 lakhs. The imports from Italy, France and Belgium numbered, respectively, 131, 87 and 22. The material reductions in the prices of British cars which have taken place during the past two years are rapidly increasing their popularity in the Indian market. At least half a dozen of the lower priced British models are competing very keenly with American types. In the high grade luxury cars, such as are used by the Princes and wealthy Indians, British makes have always preponderated.

Motor Cycles (including scooters).—After the rapid expansion of the last fiscal year, there has been a slight falling off in the total imports from 370, valued at 2½ lakhs, to 289, valued at 2 lakhs. This reduction was almost entirely borne by the United States of America, whose shipments fell from 79, valued at Rs. 62,000, to 13, of a value of Rs. 9,600. The British shipments were only reduced from 272 to 266, and the value from 2 lakhs to 1·7 lakhs.

Motor Omnibuses, Vans and Lorries.—Owing to a noteworthy expansion in the number of motor 'bus services in the large towns, the total imports rose from 451, valued at 9½ lakhs, to 710, valued at 14½ lakhs. The British share is still very small, but several promising orders have recently been placed, and it is to be anticipated that the proportion of British light chassis for omnibuses and heavy lorries will increase in the near future. Imports from the United Kingdom rose from 35 to 66 vehicles, and the value from 2 lakhs to nearly 4 lakhs. On the other hand, American shipments increased from 160 to 379 vehicles, and the value from 3½ to 7 lakhs, while those from Canada advanced from 251 to 260, although the value declined from 3·6 to 3·25 lakhs.

Cycles (other than Motor Cycles and parts thereof and Accessories).—The expansion in the trade in pedal bicycles during the past year has been phenomenal, and has been continued during the period under review. The total imports rose from 18 to 25 lakhs, and it is most gratifying to note that the British share advanced from 15 to 22 lakhs, thus absorbing the whole of the increase. The only competition encountered was from Germany, whose shipments rose very slightly from 2·5 to 2·6 lakhs.

Rubber Tyres.—The trade in pneumatic motor covers rose from 17 to 18½ lakhs. The British share fell slightly from 6·8 to 6·6 lakhs, and that of France from 5 to 3 lakhs. The United States increased her trade from 2·3 to 2·9 lakhs, Canada from 1 to 1·3 lakhs, and Germany from a negligible quantity to nearly 1 lakh. Imports from other countries advanced from 1¼ to 3½ lakhs. The trade in pneumatic motor cycle covers is only a small one of Rs. 28,000, of which Rs. 24,000 from the United Kingdom. The total imports of pneumatic cycle covers totalled just over 4 lakhs, of which 3 lakhs were drawn from the United Kingdom. France supplied Rs. 70,000 and Germany Rs. 17,000. The total imports of solid rubber tyres for motor vehicles aggregated 2½ lakhs, of which 1¼ lakhs from the United Kingdom, Rs. 45,000 from Germany, Rs. 48,000 from the United States of America, and about Rs. 30,000 from other countries.

Paper and Paste Board. Packing Paper.—The total trade advanced from 6½ to 8 lakhs. The British share rose from 1·1 to 1·3 lakhs, that of Sweden from 1 to 1·25 lakhs, and that of Germany from 2½ to 3 lakhs.

Printing Paper.—A decline is to be recorded in the total imports from 28 to 23 lakhs. British shipments fell from 8½ to 6¾ lakhs, those from Germany from 9 to 4 lakhs, and from Holland from 2½ to 1¼ lakhs. On the other hand, imports from Norway rose from 4½ to 4¾ lakhs, those from Austria from 1¼ to nearly 2 lakhs, and those from Belgium from Rs. 17,000 to just over a lakh.

Writing Paper and Envelopes.—The total trade remained fairly stationary at 14¾ lakhs. The British share fell from 10 to 8 lakhs, that of Germany from 2½ to 2·15 lakhs, Holland from 1 to ¾ lakh, whereas imports from other countries unspecified rose from ½ lakh to 2¼ lakhs.

Provisions.—There has been a satisfactory expansion in the total imports from 72 to 96 lakhs. British shipments rose from 30 to 38 lakhs, Dutch from 5 to 12 lakhs, American from 6½ to 8½ lakhs, and Australian from 3 to 4½ lakhs. The only material reduction is in the case of Oriental produce from the Straits Settlements, which fell from 11½ to 10 lakhs.

Liquors. Ale, Beer and Porter.—The total trade advanced from 20 to 22 lakhs. The British share rose from 11 to 12 lakhs, that of Germany from 7·8 to 8·7 lakhs, and that of Holland from ½ to 1 lakh. Imports of beer from Japan fell from 1 lakh to Rs. 42,000.

Spirit.—The total imports of spirit rose from 54 to 58 lakhs. The British share advanced from 34 to 35 lakhs, that of France from 13 to 14 lakhs, Germany from 1¼ to 2½ lakhs, the United States of America from 3·3 to 3·6 lakhs, and Java from 1 to 2 lakhs.

Dyestuffs obtained from Coal Tar.—A heavy decline is to be recorded during the quarter in the imports of dyestuffs, which fell from 74½ lakhs to 35 lakhs. Imports from Germany shrank from 60½ to 20 lakhs, those from Holland from 6 to 3 lakhs, and from Belgium from 4 to 1½ lakhs. On the other hand, American shipments advanced from 1 to 5½ lakhs, Swiss from ½ to 2 lakhs, and British from 1·25 to 2·57 lakhs.

Coal.—The total imports rose from 95,500 tons, valued at 27½ lakhs, to 149,000 tons, valued at 34·3 lakhs. This increase is accounted for by larger shipments from South and East Africa. Imports from Portuguese East Africa rose from 35,666 tons, valued at 9 lakhs, to 62,599 tons, valued at 13½ lakhs. Arrivals from the Union of South Africa rose from 22,639 tons, valued at 5½ lakhs, to 40,472 tons, valued at 9 lakhs. Although the imports of British coal rose from 35,222 tons to 43,854 tons, the values fell from 12 to 11 lakhs, due to the fall in prices.

ANNEX

REPORT ON THE TRADE OF KASHGAR FOR THE YEARS 1923-24.

By Lieut.-Colonel R. A. LYALL, His Majesty's Consul General, Kashgar.

General Trade Situation.—The general situation in Chinese Turkistan has remained as described in previous reports. Trade with Russian Turkistan has remained closed during the period of the report, though a small volume of trade finds its way across the border. Large quantities of Russian gold coins are smuggled across the border, and are bought both by Chinese and Indian merchants for despatch to China proper and India after being melted down.

The chief feature of local trade has been the formation of several Chinese companies for the export of guts to America and Germany.

Leh Route to India.—In spite of efforts made to bring about some working agreement between the Hindu traders and the carriers on this route, the position remains unsatisfactory and is gradually degenerating. The route being open only for six months in the year the competition to secure transport amongst the Hindus is considerable, and the traders are unable to agree amongst themselves as to a policy to be followed. A few of the carriers are independent, but the bulk of them are in the hands of the Hindu traders who have advanced them money, or to whom they owe money on account of loss of goods or breach of contract. Again, the carriers being Chinese subjects and the Hindus being British subjects, the Hindus have difficulty in recovering claims against the carriers through the Chinese courts. There seems to be no hope of arriving at any solution of the problem by agreement between the divergent interests concerned, though committees of both parties have been convened to discuss the difficulties, and the question must be left to solve itself by the laws of economics when the failure of the carriers and lack of ponies bring about a crisis, and a fresh start can be made on a reasonable basis. This has been the way in which the trade between India and Chinese Turkistan has been carried on for centuries past, and there is little likelihood of any remedy by administrative methods.

Imports and Exports.

	1922.	1923.	1924.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Total Imports from India ..	22	24	14
Total Exports to India ..	19	23	26

The imports from India in 1924 show a heavy decrease amounting to 10 lakhs in value compared with 1923.

The chief decrease came under the heads piece goods (Rs. 3,67,000), indigo (Rs. 2,03,000), paints and dyes (Rs. 5,36,000), said to be due to overstocking in the previous years in anticipation of the opening of the Russian market.

The exports to India, on the other hand, show a steady rise from 19 lakhs in 1922 to 26 lakhs in 1924.

The chief increases are under the heads silk, raw (Rs. 4,08,000), specie and bullion (Rs. 94,000), in 1923, and silk, raw (Rs. 60,000), specie and bullion (Rs. 24,000), gold (Rs. 76,000), Russian gold roubles (Rs. 4,27,000), silver (Rs. 47,000), Chinese silver coins (Rs. 14,000), in 1924.

The increase in export to India is due to the anticipation of the opening of the Russian market not being fulfilled, and capital accumulated for the purpose being returned to India in the form of local silk and Russian gold.

The decrease in export of Charas to India, noticeable in 1923 and 1924, is due to the increase in duty on that commodity and the overstocking of the Indian market.

Prices in Turkistan have remained steady in 1923 and 1924. There is a tendency for locally made cotton cloth to oust imported piece goods from the local market. A slight increase in the price realised for Indian tea is apparent.

Afghan Trade.

ESTIMATES OF IMPORTS FROM AFGHANISTAN.

1922.	1923.	1924.
Rs.	Rs.	Rs.
9,05,000	8,11,000	3,93,000

The estimated value of imports shows a strong decline in 1924, due almost entirely to the decrease in amount of opium illicitly imported into the country—in 1922 it was Rs. 8,75,000, in 1923 Rs. 7,81,000, in 1924 Rs. 3,20,000. Opium, however, still remains the commodity imported from Afghanistan to a preponderating extent.

ESTIMATE OF EXPORTS TO AFGHANISTAN.

1922.	1923.	1924.
Rs.	Rs.	Rs.
6,35,000	2,17,000	3,00,000

There has been a marked fall in the value of exports to Afghanistan in the two years under report, which coincide with the residence of the Afghan Trade Commissioner in Yarkand.

The chief items under which the decrease in the export trade to Afghanistan is noticeable are raw silk, manufactured silk, and local cotton goods, due to the opening up of trade between Bokhara and Russian Turkistan with Afghanistan direct, and the consequent falling off of the demand for these articles from Chinese Turkistan. Should the opium traffic fail, there would be a very little export of goods from Chinese Turkistan to Afghanistan, except to the remote north-east corner of that country, the Afghan opium traders carrying back the bulk of the goods now exported.

It is noticeable that the estimates of this trade, which are small, show a constant excess of imports to Chinese Turkistan over exports to Afghanistan, for which it is difficult to account. The trade, both import and export, is exclusively in the hands of Afghan subjects, some resident in Chinese Turkistan. No Chinese subjects trade in Afghanistan. The estimates are mainly concerned with the illegal opium traffic, legitimate trade being practically negligible. The figures estimated for opium are based on the price obtainable in the Yarkand and Kashgar markets—actually the Afghan opium runner has to discount his profits heavily for the necessary bribery connected with the trade, and has not margin to expend on other goods to return with to Afghanistan, so the balance of trade in favour of Chinese Turkistan is not so great as would appear from the estimates. The Afghan trader also is apt to keep an establishment in Chinese Turkistan, where wives are plentiful and easy to obtain, and to spend his profits in the country. It must be remembered that no exact data can exist for compiling statistics of a trade that is principally illicit.

ESTIMATE OF GOODS IMPORTED FROM CHINA PROPER TO YARKAND AND SOUTH SINKIANG.

1922.	1923.	1924.
Rs.	Rs.	Rs.
12,19,000	35,54,000	25,38,000

It will be seen that there was a very large rise in these imports in 1923 which has been fairly maintained in 1924. The chief items under which increase is observable are silk, China tea and bullion.

The increase in bullion is due to the increase in opium traffic, which is conducted almost entirely on a silver basis—the local paper currency not being used—the silver being smuggled into Sinkiang to avoid acquisition by the Governor in exchange for local paper.

ESTIMATE OF LOCAL GOODS EXPORTED TO CHINA PROPER.

1922.	1923.	1924.
Rs.	Rs.	Rs.
15,60,000	36,28,000	32,02,000

The increase is chiefly in cotton fabrics, guts, jade and Russian gold. A large business has been established in guts, which command high prices in Germany and America.

ESTIMATE OF FOREIGN-MADE GOODS RE-EXPORTED TO CHINA PROPER.

1922.	1923.	1924.
Rs.	Rs.	Rs.
5,75,000	23,89,000	11,48,000

The sudden increase in re-exports in 1923 was due to the trade in opium, but there was also an increase in spices and piece goods.

In 1924 a drop in the value of opium and piece goods re-exported took place, and trade resumed about its normal state. The demand in China for Afghan opium fluctuates with the political state of the country, and, as far as Sinkiang is concerned, it is mainly a transport trade, for no opium can be grown in Sinkiang, and the local demand for opium is small.

Trade with Russian Turkistan.—The frontier being closed to trade, only favoured traders can get goods across: wool is the chief export, and much Russian gold is smuggled into Sinkiang across the border. Some printed cotton goods succeed in reaching the Kashgar market by avoiding the main routes.

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STATUTORY RULES AND ORDERS,
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INDIA.

Indian Civil Service Provident Fund Rules.

AMENDMENT, MADE SEPTEMBER 16, 1925, BY THE SECRETARY OF STATE FOR INDIA IN COUNCIL UNDER SECTION 96B (2) OF THE GOVERNMENT OF INDIA ACT.

In exercise of the powers conferred by subsection (2) of section 96B of the Government of India Act, the Secretary of State in Council, with the concurrence of the majority of votes at a meeting held on the 16th day of September, 1925, hereby makes the following amendment to the Indian Civil Service Provident Fund Rules, (a) namely :—

For clause (4) of Rule 15 the following shall be substituted, namely :—

“(3) If any policy lapses the contributor shall pay to the Fund the amount of premia paid with interest thereon, and if any policy matures he shall pay to the Fund the amount of premia paid with interest thereon, or at his option the sum realised.”

And the said Rules shall have effect, and be deemed always to have had effect, as though they had been enacted as so amended.

(a) S.R. & O. 1924, No. 1290.

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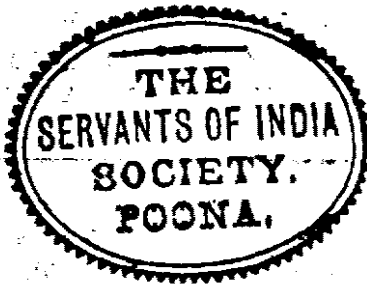
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THE PASSAGE RULES (1925), DATED OCTOBER 21, 1925, MADE BY
THE SECRETARY OF STATE FOR INDIA IN COUNCIL, UNDER
SECTION 96B (2) OF THE GOVERNMENT OF INDIA ACT.

In exercise of the powers conferred by subsection (2) of section 96B of the Government of India Act, the Secretary of State in Council, with the concurrence of the majority of votes at a meeting of the Council held on the 21st day of October, 1925, hereby makes the following rules :—

1. These rules may be called the Passage Rules (1925).
2. A local Government may sanction for any officer whom it has appointed in Europe to the public service in India a free passage to India.
3. A local Government may sanction for any officer deputed out of India free return passage from India to the country in which the officer is deputed.
4. A local Government may grant free passages, including travelling expenses by rail to the port of embarkation, in urgent cases where in their opinion it is desirable that an officer, or his dependants, should leave India, and where the pecuniary circumstances of the individuals concerned are such that they are unable to leave without such assistance.
5. A local Government may sanction a free return passage for any officer entitled to a return passage on the termination of his agreement, whose services are retained in the public interest beyond the original period of his engagement. The local Government may also sanction an extension of an original concession in regard to free passages home for an officer's family.
6. A departmental officer of the commissary class, or a departmental warrant officer, in civil employ, shall be entitled to the same passage concessions as he would receive if he were in military employ.
7. Articles 601A and 1123 of the Civil Service Regulations are hereby repealed.

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STATUTORY RULES AND ORDERS,
1925, No. 1123.

INDIA.

Superior Civil Services (Revision of Pay and Pension) Rules.

AMENDMENTS, MADE OCTOBER 21, 1925, BY THE SECRETARY OF STATE FOR INDIA IN COUNCIL UNDER SECTION 96B (2) AND (3) OF THE GOVERNMENT OF INDIA ACT.

In exercise of the powers conferred by section 96B (2) and (3) of the Government of India Act, the Secretary of State for India in Council, with the concurrence of a majority of votes at a meeting held this 21st day of October, 1925, hereby makes the following amendments to the Superior Civil Services (Revision of Pay and Pension) Rules, 1924, (a) namely :—

(i) In clause (a) of Rule 4 of the said Rules, after the word "officers" the words "other than members of the Indian Educational Service (Women's Branch)" shall be inserted.

(ii) Rule 13 of the said Rules shall be renumbered as sub-rule (a) of Rule 13, and after the said sub-rule as so renumbered the following shall be inserted, namely :—

"(b) For members of the Indian Educational Service (Women's Branch) who retire on or after the 1st April, 1924, the maximum limits for retiring and superannuation pensions shall be as follows :—

	Rs.
After 20 years' qualifying service ...	4,750
After 21 years' qualifying service ...	4,950
After 22 years' qualifying service ...	5,150
After 23 years' qualifying service ...	5,350
After 24 years' qualifying service ...	5,550
After 25 years' qualifying service ...	5,750 "

(a) S.R. & O. 1924, No. 1395.

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(iii) In rule 14 of the said Rules, for the table of invalid gratuity or pension the following shall be substituted, namely :—

Completed years of qualifying service.	Invalid gratuity or pension.	Subject to a maximum	
		In respect of officers to whom 13 (a) refers of Rs.	In respect of officers to whom 13 (b) refers of Rs.
1 to 6...	Gratuity of 1 month's pay for each completed year of service.		
7 ...	Pension of 7-sixtieths of average emoluments	2,000	1,750
8 ...	Pension of 8-sixtieths of average emoluments	2,350	2,100
9 ...	Pension of 9-sixtieths of average emoluments	2,700	2,450
10 ...	Pension of 10-sixtieths of average emoluments	3,000	2,750
11 ...	Pension of 11-sixtieths of average emoluments	3,200	2,950
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19 ...	Pension of 19-sixtieths of average emoluments	4,800	4,550
20 ...	Pension of 20-sixtieths of average emoluments	5,000	4,750
21 ...	Pension of 21-sixtieths of average emoluments	5,200	4,950
22 ...	Pension of 22-sixtieths of average emoluments	5,400	5,150
23 ...	Pension of 23-sixtieths of average emoluments	5,600	5,350
24 ...	Pension of 24-sixtieths of average emoluments	5,800	5,550
25 ...	} Pension of 30-sixtieths of average emoluments.	6,000	} 5,750
26 ...		6,200	
27 ...		6,400	
28 ...		6,600	
29 ...		6,800	

(iv) In Schedule I to the said Rules, after the entry relating to the Indian Educational Service (Men's Branch), the following shall be inserted, namely :—

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(Monthly rates of pay.)

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4th ...	475	100	
5th ...	500	100	
6th ...	525	100	
7th ...	550	100	
8th ...	575	100	
9th ...	600	100	
10th ...	625	100	

Year of Service.	Basic Pay.		Overseas Pay.	
		Rs.		Rs.
11th	650	...	100
12th	675	...	150
13th	700	...	150
14th	725	...	150
15th	750	...	150
16th	775	...	150
17th	800	...	150
18th	825	...	150
19th and over	...	850	...	150
		900		150
		925		150
Selection Grade	950	...	150
		1,000		150
		1,050		150

(v) In Schedule II to the said Rules, after the entry relating to the Indian Educational Service, the words “ (Men’s Branch) ” shall be added.

And the said Rules shall have effect and shall be deemed always to have had effect as if they had been enacted as so amended.

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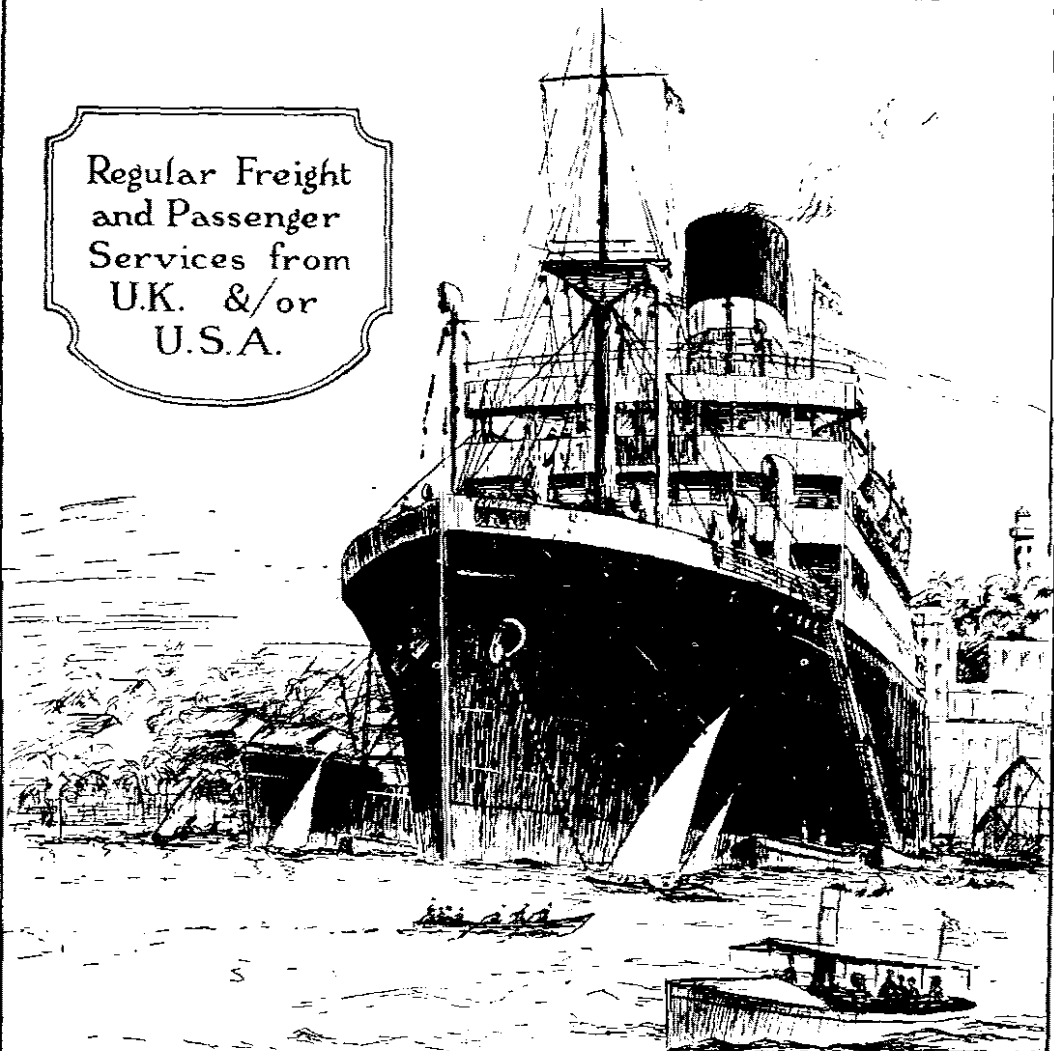


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