

INDIAN TARIFF BOARD

Oral Evidence

recorded during enquiry on the

**GRANT OF PROTECTION TO THE
SERICULTURAL INDUSTRY**

Volume II



DELHI: MANAGER OF PUBLICATIONS
1939

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1. GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

(1) Evidence of Messrs. M. S. RAMCHANDRA RAO and H. S. GOVINDA RAO, recorded at Bangalore on Saturday, the 13th August, 1938.

President.—Mr. Ramchandra Rao, you are the Director of Industries, Mysore, and Mr. Govinda Rao, you are the Superintendent of Sericulture, Mysore State?

Mr. Rao.—Yes.

President.—I had better just make a general survey of what has happened during the five years of the protective period though protection, in your opinion, was not adequate. The map gives a very good picture of the present condition of the sericultural industry in the State. The figure which you have given here is 25,132 acres: that is for 1936-37?

Mr. Govinda Rao.—Yes.

President.—The bulk of it is in Mysore area?

Mr. Govinda Rao.—Yes.

President.—Is the whole of it a dry area?

Mr. Govinda Rao.—Not completely.

President.—The total acreage is 26,500. Give me the details.

Mr. Govinda Rao.—When we prepared this map figures were not ready for 1937-38. It is made up as follows:—

	Acres.
Mysore area	17,500 dry. 700 wet.
Total	<hr/> 18,200 <hr/>

President.—That gives 18,200 against 19,100.

<i>Mr. Govinda Rao.</i> —Bangalore area	500 dry. 3,500 irrigated.
Kolar area	4,000 „
Tumkur area	100 „ 200 dry.
Total	<hr/> 26,500 <hr/>

President.—Practically speaking Mysore area is a dry area and the Kolar area is a completely irrigated area?

Mr. Govinda Rao.—That is so. In Bangalore most of it is irrigated.

President.—Barring Mysore area the rest is mostly irrigated.

Mr. Govinda Rao.—Yes.

President.—Is it a fact that you cannot grow mulberry in the rest of the districts?

Mr. Govinda Rao.—We have tried but sericulture has not taken root there. This is the area which has all along been favourable for mulberry cultivation and silk worm rearing. Even when the acreage was higher it was mostly concentrated in this area.

President.—So that the reduction has taken place in this area.

Mr. Govinda Rao.—In the rest of the State it has been negligible.

President.—Due to temperature and humidity?

Mr. Govinda Rao.—In the west part of the State which is called the Malnad sericulture does not thrive so well as here. Mulberry can be grown all over the State but the difficulty is about the rearing of worms.

President.—In the Mysore territory, the Mysore Silk Filatures, Limited, have installed a filature in the Mysore area?

Mr. Rao.—Yes.

President.—They have concentrated on five taluqs; will you please tell me what the area under mulberry is in those five taluqs.

Mr. Govinda Rao.—I have not got the figures with me here; I will furnish the information.

President.—According to their prospectus there are about 20,000 acres in that area; I do not find 20,000 acres even taking both totals.

Mr. Govinda Rao.—I can explain that. They took 20,000 acres because in 1936-37 when prices went up, the temporary rise induced the sericulturists to plant more mulberry and about 5,000 acres were newly planted. But the subsequent fall in prices has had the effect of discouraging further extension. At the time we prepared the statistics the area had not gone up; on the other hand it had diminished by 3,500 acres.

President.—That means that the ryots lost all that money, because you had only 20,500 at the end of the year.

Mr. Rao.—In the middle of the year, August, September and October, they had planted and after that when we collected the figures at the end of the year that is not shown in the map, because there was a shrinkage in the acreage under mulberry.

President.—It is difficult to believe that poor people should not rear worms after they had planted mulberry. It may be true; I do not doubt it but for an ordinary man it is difficult to believe that after planting 5,000 acres which had been checked by the Mysore Government at the end of the year they would find 3,500 acres gone out of Mulberry.

Mr. Rao.—That is our actual experience.

President.—Practically speaking the rise had no effect on poor people.

Mr. Rao.—It had this effect that it gave them an incentive and they started planting more mulberry but afterwards they gave it up.

Mr. Govinda Rao.—In the supplementary memorandum we have given information regarding acreage.

President.—I have seen that. I cannot believe that a poor man can suffer to that extent after incurring an expenditure of about Rs. 75 per acre according to your own calculations and give up the whole of it: I can understand his giving up half of it, but it is very difficult to understand that he would give up the whole of it when the sum involved is so high. If you take the figures of mulberry cultivation as they are, it is 28,500 and the production of silk is 795,000 lbs.?

Mr. Govinda Rao.—Yes.

President.—It comes to 30 lbs. of silk?

Mr. Rao.—Yes.

President.—That is a great improvement which has taken place in the production of silk per acre; that means from 22 lbs. it has gone up to 30 lbs. per acre and that is the average?

Mr. Rao.—Yes.

President.—Out of this 30 lbs. I suppose the bulk of the production is charka silk?

Mr. Govinda Rao.—Yes.

President.—So we may take about 14 lbs. of cocoon to a lb. of silk,

Mr. Rao.—It is 13 now.

President.—That will be about 400 lbs. of cocoons to an acre.

Mr. Rao.—390 lbs.

President.—I am taking the average because your 40 per cent. is first class, so you cannot take 13.

Mr. Rao.—Though the percentage of first class silk has gone up, on account of improvements effected by means of cross-breeds and use of disease free layings the consumption of cocoons has not gone up.

President.—We must take the percentage basis. How can I neglect 40 per cent. of the production and take an average of 13. Apart from that about 400 lbs. is the amount of cocoon that you are able to get from an acre of land.

Mr. Rao.—We have calculated on 390 lbs.

President.—Personally I think it will be slightly more. I suppose the bulk of the area being a dry area, this will form an average for the dry area as well as for the others.

Mr. Rao.—That is the average for the whole State.

President.—This will apply also as an average for the dry area equally?

Mr. Rao.—Yes.

President.—How many pounds of leaves are generally required for a pound of cocoon?

Mr. Rao.—16 lbs.

President.—If I multiply this by 16, it comes to 6,240 lbs. of leaves?

Mr. Govinda Rao.—Yes.

President.—I find an acre only produces 4,000 lbs.; therefore how can you produce 390 lbs. of cocoons out of 4,000 lbs. of leaves?

Mr. Govinda Rao.—390 lbs. is the average for the whole State; in irrigated gardens we get more and in dry gardens we get less.

President.—You have given the average for dry gardens as 350 and for the others you have given 450. What is the production of cocoons out of an acre of dry garden?

Mr. Govinda Rao.—It changes according to the quantity of leaves produced. In Chennapatna area, where the planting is near and where digging is done, the yield is about 6,000 leaves per acre; in Mugur area it ranges from 4,000 to 5,000 lbs. per acre so that in Chennapatna type gardens the yield of cocoons is nearly 370 lbs.

President.—I have been informed that it is difficult to count leaves because the whole family picks leaves; really it would depend upon the number of cocoons you produce out of an acre of land. Where everybody picks leaves it is difficult to say whether it is 4,000 or 4,500 or 3,000.

Mr. Govinda Rao.—We have got our farms in those areas.

President.—I am talking of the condition of the ryots.

Mr. Govinda Rao.—In those areas we collect information. We have got farms in Mugur, in Chennapatna. We harvest leaves, weigh the leaves and maintain accounts. We collect information from the sericulturists also; though they do not weigh the leaves the number of trays they rear gives us an indication.

President.—We will take the other figure. You say for the dry area it is 4,000 lbs. of leaves.

Mr. Rao.—That is the general average.

President.—You say 16 lbs. of leaf produce one pound of cocoon; that is 250 lbs. for the dry area which is less than what it was five years ago. Then it was 280 lbs.

Mr. Govinda Rao.—It was the average for the whole State,

President.—90 per cent. was pure Mysore for the whole State; therefore that was for pure Mysore. You have decreased by 10 lbs. instead of increasing inspite of the fact that you have been able to get two more crops.

Mr. Govinda Rao.—The average now is 390 lbs.

President.—That is for the whole area. For the dry area it works out as 250 lbs. If you take the leaves basis it comes to 250 lbs. That I say is a great drawback from the progress that you have been able to achieve by having 30 lbs. of silk.

Mr. Govinda Rao.—I am afraid I have not explained the matter clearly. 260 lbs. we got during the last Tariff Board enquiry was the average for the whole State including irrigated and unirrigated gardens.

President.—According to the figures given to the last Tariff Board 75 per cent. of your cultivation was dry area and 32 lakhs were disease free layings. Therefore the bulk was dry area and we were given two figures at the time—one by the Mysore Silk Association of Rs. 63-4 and a production of 5,000 lbs.; the other by the Mysore Government of Rs. 84 and a production of 6,000 lbs. My point is this, that the bulk at that time was dry area and the bulk of the production was pure Mysore. Therefore I am taking the average as 260 given on the last occasion as the average for the whole area. You gave 6,000 lbs.

Mr. Govinda Rao.—That is for the Chennapatna area.

President.—If you look at the figures there it is not for Chennapatna alone. It was given as the average for the rainfed gardens. Either the average production of leaves is wrong or the amount of cocoons is wrong.

Mr. Govinda Rao.—The average for the whole State was 200 lbs.

President.—Take page 51, Table XXI (last Tariff Board Report). If you see 1931-32, the time when the Tariff Board reported, the percentage of dry area was 74. Will you give me the percentage to-day?

Mr. Govinda Rao.—Almost the same.

President.—Take the figure of the Mysore Silk Association and take your figure. I had taken your figure which was worked out afterwards by Mr. Rama Rao at Rs. 84 and 6,000 lbs. and that of the Silk Association at Rs. 63-4 and 5,000 lbs., so one of the two has to be explained in some way. May I just run through the memorandum which you have submitted with regard to the other points? If I take the basis as 250, which is not very convincing because on that basis I cannot get the pounds of leaves given by you. The main point is the cost of cocoons which I am unable to arrive at in view of the State not being able to reply. It is difficult to take 250 when you yourselves give 350 as the average for the dry area. You have given two sets of figures. May I refer to your memorandum as well as to your replies to the questionnaire? You have given two sets of figures relating to the cost of mulberry in various areas.

Mr. Rao.—These figures in the memorandum refer to information collected from individual sericulturists as typical instances which indicate the possibilities of reducing costs.

President.—During the last enquiry we had got 5,000 lbs. leaves and cost of cultivation Rs. 63-4 for dry land and the cost per lb. of leaf was 2-4 pica. You now say these are typical costs and these were future costs.

Mr. Rao.—It is capable of further reduction.

President.—You are now asking me to take typical instances which were the average five years ago. I personally think some mistake has been made somewhere with regard to the pounds of leaf. In connection with the supplementary statement you have sent in reply to question 15. Shall I discuss the details?

Mr. Rao.—Yes.

President.—I had better take the initial cost first. Will you please tell me how much of the 17,500 acres dry area is adjoining Kollegal? And also the distance from Kollegal?

Mr. Rao.—I will give you figures for each taluq later on.

President.—I have got costs from the Madras Government also and I find there is a great disparity between the two costs. It is necessary for the Board to examine the costs given by both and find out how far they are different and what are the reasons for the difference. Both might be quite correct, but there must be reasons for it. Take the very first item: "Ploughing, digging, levelling, etc.". Can you give the details?

Mr. Gorinda Rao.—Yes.

President.—We had better take "Recurring Expenditure" first. The lands in Madras being dry land I shall confine myself to your costs for dry land. Which cost shall I take? Shall we take T. Narasipur area.

Mr. Gorinda Rao.—Yes.

President.—Do you consider that to be the average?

Mr. Gorinda Rao.—T. Narasipur represents the average. What we have given in the memorandum is from an individual sericulturist because that man was rearing crossbreed and also the same is the case with some others. In the replies we have given general averages for that area.

President.—Does it make any difference? Do you reduce the cost of cultivation?

Mr. Gorinda Rao.—The cost of production of cocoons will be reduced. I was just explaining why we took that figure.

President.—That explanation does not satisfy me unless you can tell me that the man who produced crossbreeds has got a lower cost of cultivation. You may have selected it because he is a man who rears crossbreeds, but as far as the cost of cultivation is concerned it makes no difference. When you say typical instances can I take it that you can give a dozen or two dozens instances?

Mr. Gorinda Rao.—We have got about a dozen instances.

President.—Can we take them as actuals of to-day?

Mr. Rao.—Yes.

President.—These are the actuals for 1937-38 for a dozen or two typical mulberry cultivators?

Mr. Rao.—Yes.

President.—I see you have also given typical instances of people who have got more cost than for dry area because if 2.7 is the average for the whole area there would be people whose cost of production of leaf would be 2.9 pies per lb. Will you kindly give just the maximum and the minimum to see where the high cost comes in?

Mr. Rao.—Yes.

President.—We shall take the recurring cost. You say costs in T. Narasipur area can be taken as the average for the dry land.

Mr. Rao.—You can take that.

President.—How far is this area from Kollegal?

Mr. Gorinda Rao.—About 15 miles from Kollegal. Some lands adjoin Kollegal. In Kollegal area silkworm is reared on the eastern side also.

President.—First we shall take the area close to where conditions are supposed to be the same. Take labour charges: you say "ploughing twice a year, three ploughs each time—Re. 1 per plough". There is a difference between your figure and the figure given by them. I want to know why there is this difference.

Mr. Rao.—This information I have collected from about 500 sericulturists and verified them with the rates that are being paid.

President.—On the other side it is only 12 annas.

Mr. Rao.—We have based our calculation on the rates actually paid. Conditions beyond our border we do not know.

President.—Take another instance: take cost of manure. You have given 15 cartloads of manure and the cost is Rs. 1 per cart whereas the Madras Government has given us the amount of manure required as 12 cartloads and the cost as 12 annas.

Mr. Govinda Rao.—I have explained that manure is expensive in this area.

President.—Is cattlefood not plentiful in this area?

Mr. Govinda Rao.—There are no forests nearby.

President.—What is the condition in Kollegal?

Mr. Govinda Rao.—I think there is forest near Kollegal. They have better facilities for feeding cattle. I do not know about the conditions in Kollegal.

President.—I should have thought that the enthusiastic officers of the Mysore Government do keep themselves in touch with conditions prevailing in the adjoining area; they cannot plead complete ignorance on the subject.

Mr. Govinda Rao.—Our activities might be misunderstood.

President.—Take "labour charges": you have put it down as 6 annas for the male and 4 annas for the female; their labour is 4 annas for the male. Their charge for pruning, bundling, etc., is 8 annas and you have got Rs. 2-8. Their charge for weeding is 8 annas against your Rs. 1-8. Unless there is some satisfactory explanation with regard to the other allied areas, it is difficult to arrive at a correct estimate. Their pound of leaf is 3,450 lbs. against 4,000 in your case, so they are not far out as far as leaf is concerned. If you were getting more leaves by heavy manuring then it would be different, but your pounds of leaf practically coincide with the pounds of leaf which Madras is able to obtain. I am therefore asking you to go through the figures again and see if they can be modified. There is a very big difference between the two costs, practically 100 per cent.—one is Rs. 25 and you have given Rs. 56. It is more than double.

Mr. Govinda Rao.—Just a week ago I met about 25 sericulturists from Mysore area, who were quite a different set of people from those who gave previous figures, and the figures they gave me confirmed the figures I had previously collected.

President.—Some of the figures must have been put down by you having regard to the conditions prevailing there, such as labour charges, number of ploughings, number of cartloads of manure, etc.

Mr. Govinda Rao.—The cultivator does not maintain accounts: he can say how many times he ploughs, how many cartloads of manure he puts and I make enquiries myself as to what it amounts to and put a money value to it.

Mr. Rao.—So far as agricultural labour in this area is concerned, my experience both as a Revenue Officer and Director of Industries is that the rates we have taken as far as wages are concerned are not far out.

President.—But as far as ploughing and manuring are concerned they are practically double. The next point is about the yield of cocoons. You take for the dry area 350.

Mr. Govinda Rao.—That is the average for the whole State.

President.—Is it equally applicable to dry as well as irrigated lands?

Mr. Govinda Rao.—In the dry area it will be lower and in irrigated area it will be more. The average is 350.

President.—The average for Pure Mysore will be 350 for both?

Mr. Govinda Rao.—Yes.

President.—What is the average for the dry area and what is the average for the other?

Mr. Govinda Rao.—275 lbs. for the dry area and 500 for the irrigated area.

President.—That is for Pure Mysore?

Mr. Govinda Rao.—Yes.

President.—Let us take the dry area. It is 275 lbs. What is the production of crossbreeds on this basis? When you say 350 lbs. it implies that you have made progress over the whole area from 200 to 350 lbs. whereas you now say that over the dry area the bulk is 275 as against 200. It comes to 4,400 lbs. of leaves whereas your actual is 4,000. The two figures do not tally at all. Give me the production of crossbreeds in the two areas when the average is 450.

Mr. Govinda Rao.—350 lbs. crossbreeds in the dry area and 630 in irrigated area.

President.—How many crops are you able to get of crossbreeds and how many of pure Mysore? You get 7 in each?

Mr. Govinda Rao.—No. Five.

President.—In Kollegal area they get 7 for Pure Mysore and 5 for the crossbreeds.

Mr. Govinda Rao.—Perhaps they get more rainfall being nearer the forests.

Mr. Rao.—That is hazarding an opinion which has got to be confirmed.

President.—As regards crossbreeds how many pounds of leaves are required for a pound of cocoons?

Mr. Govinda Rao.—13 to 14.

President.—I want to know how you arrive at this average of 390 lbs. How has that been arrived at on the basis of the figures now given by you, namely 275 and 500 for Pure Mysore and 350 and 630 for crossbreeds for dry and irrigated areas? If you take 390, the figures given just now do not tally. I say 3rd at present is crossbreed and the figure of silk that you have given is not for Pure Mysore but for Pure Mysore and crossbreed: the whole production consists of both and not one. The total is 7,95,000 lbs.

Mr. Govinda Rao.—The yield from crossbreed layings is 35 lakhs of lbs. of cocoons and the Pure Mysore 68 lakhs of lbs. making a total of 103 lakhs of lbs.

President.—You have based your figures only on Pure Mysore. 275 and 500 lbs. are for Pure Mysore and there you do not take into consideration the crossbreeds.

Mr. Rao.—Our total production of cocoons is 35 lakhs of lbs. crossbreeds and 68 lakhs of lbs. Pure Mysore and our total acreage is 26,500 so that gives an average of 390 lbs.

President.—You have been able to produce 795,000 lbs. of silk out of 26,500 acres of land. That gives an average of 30 lbs. of silk per acre.

Mr. Govinda Rao.—Yes.

President.—If I take 13 as the rendita—that makes 390 as the average which I do not get when I take the figures on the other side because the figures given by Mr. Govinda Rao are based on the leaves and not on actual production.

Mr. Govinda Rao.—We will explain that later on.

President.—In that case I had better postpone the question of cultivation costs till Monday. Let us take the question of exchange. Can you give me the recent quotations?

Mr. Govinda Rao.—There is not much change. Hongkong is 85 and Shanghai 49½.

President.—I want to know whether you can work out what difference in price of silk it would make if the exchanges had not depreciated in these five years. Basing on the figures we took, at the time of the last Tariff

Board report. I want to understand how far foreign competitors have had an advantage purely for depreciation of exchange.

Mr. Rao.—Yes, we will work it out. Japanese exchange is steady.

President.—With regard to the price of cocoons, you have given us various prices—maximum and minimum—and you also tell us what efforts the department is making with regard to the marketing of cocoons. You give this in Annexure 8. Will you please tell us how far this Advisory Committee that you speak of, has been able to succeed in arranging transactions between reelers and rearers?

Mr. Rao.—The first cocoon market was started in Chennapatna. In the first year we had great difficulty in inducing the rearers, but as a result of propaganda work and as a result of the efforts of the Advisory Committee, consisting mostly of non-officials and sericulturists, the Chennapatna market is very popular and more transactions are taking place now and demands are coming in from other centres for similar cocoon markets, and about a year ago another market was started in Closopet which is becoming popular. About two years ago a market was started in Mugur. That is working satisfactorily. We have three such markets now and we are going to have another at Sidlaghatta where there is a demand. They have been started both in dry and wet areas.

President.—I want to know how far you have succeeded in preventing speculation and unhealthy competition.

Mr. Rao.—We get the ruling market prices every day from Bangalore and notify the same on black boards for the information of both buyers and sellers.

President.—The price that you put on, is it for filature silk or Canton silk?

Mr. Rao.—All the prices are put on the board.

President.—On what basis you arrive at the price of cocoons?

Mr. Govinda Rao.—There is a price fixing committee.

President.—I find they are fortnightly quotations.

Mr. Govinda Rao.—They are the Silk Association figures.

President.—That means that the Silk Association is getting the averages for every fortnight.

Mr. Govinda Rao.—Yes.

President.—These prices are arrived at irrespective of the cost of cocoons.

Mr. Govinda Rao.—Price of cocoon is fixed in relation to the market price of silk.

President.—Supposing the price of Canton filature silk is Rs. 5: then you say this price is Rs. 5 therefore the cocoon price should be 4 annas. Therefore, when you are fixing the cocoon price at 4 annas you are doing it irrespective of the cost of production of cocoon.

Mr. Govinda Rao.—That is so.

President.—How are you then benefiting the cocoon producers by fixing the minimum and maximum prices of cocoons, when you fix it according to the ruling price of silk.

Mr. Govinda Rao.—Both Indian and foreign raw silk.

President.—The price of Indian raw silk is governed by the price of foreign raw silk. Will you please supply me the details as to how the system works in actual practice and how the prices of cocoons are actually arrived at.

Mr. Govinda Rao.—Yes.

President.—I do not understand the minimum price if it has no relation to the cost of cocoon. Let me now understand the position with regard to disease-free layings and crossbreeds. You say disease-free layings at

present amount to 100 lakhs and that during this year it will reach 135 lakhs.

Mr. Govinda Rao.—Yes.

President.—I was told that the requirement is 300 lakhs of layings for 30,000 acres of land; that means this year's production will be practically 50 per cent.

Mr. Rao.—That is if we reach the 135 lakhs mark: it is our aim and ambition to reach 135 lakhs this year.

President.—How many any crossbreeds in this new estimate of 135 lakhs?

Mr. Rao.—90 lakhs will be crossbreed layings in 1938-39.

President.—There is another point: according to the area I want the percentage of crossbreeds that are being reared at present.

Mr. Govinda Rao.—I can give you the information only for 1936-37.

President.—That will suit me.

Mr. Govinda Rao.—The total requirement of seed supply in Chennapatna area, that is Bangalore area, was about 50 lakhs in 1936-37, and 12½ lakhs of crossbreed layings were supplied out of a total supply of 16 lakhs of layings during 1936-37.

President.—And for Mysore?

Mr. Govinda Rao.—The total demand was 180 lakhs and during 1936-37 the total supply was 20½ lakhs of which 6 lakhs were crossbreeds.

President.—For Kolar?

Mr. Govinda Rao.—The requirement was 60 lakhs; total supply 34½ lakhs of which 30½ lakhs were crossbreeds. Our year ends on June 30th. For 1937-38 I can give you the programme. Our object is to reach 100 lakhs and I can give you figures for 8 months for 1937-38 also.

President.—The bulk of the crossbreeds are in Bangalore and Kolar.

Mr. Govinda Rao.—Yes.

President.—Mysore has got very little, only 6 lakhs out of 20½ lakhs.

Mr. Govinda Rao.—Yes. I will give you rough figures for 1937-38—Chennapatna, that is Bangalore area—total 23 lakhs, crossbreeds 18½ lakhs.

Mysore—total 33 lakhs, crossbreeds 16 lakhs.

Kolar—total 43½ lakhs, crossbreeds 36 lakhs.

Total—99 lakhs.

President.—The figures here go to show that most of the disease-free layings that are now reared are crossbreeds.

Mr. Govinda Rao.—70 per cent. crossbreeds.

President.—From 34½ lakhs total in Kolar it has increased to 43½ lakhs of which 36 lakhs is crossbreeds and in Mysore also out of 33 lakhs, 16 lakhs, so the future seed is not only disease-free but disease-free layings of crossbreeds.

Mr. Rao.—That is so.

President.—When you give me details of each area I shall be able to go into these figures. You have also made considerable progress with regard to the number of grainages and are giving considerable help to aided grainages.

Mr. Rao.—Yes.

President.—I suppose that is partly responsible for this progress that you have been able to achieve.

Mr. Rao.—Yes, and we also have it on our programme to continue the system because that is the only way in which we can control the seed and go on improving cocoons.

President.—How far are they under your control?

Mr. Rao.—We go and inspect and make suggestions as to how they can reduce the costs of production so that they can ultimately more or less balance the expenditure. Now they are depending entirely on the bonus that we are giving.

President.—I understand there is a very strict control by the department with regard to the production of disease-free layings.

Mr. Rao.—Yes. There are inspections from various officers of the department periodically and their work is checked.

President.—This leads me to the question of the cost of seed. Cost of seed which you have given for Pure Mysore in answer to question 23. I understand the prices at which the seeds are sold are fixed.

Mr. Govinda Rao.—Yes, in Government grainages.

President.—I also understand that private graineurs are not allowed to sell above a certain price.

Mr. Govinda Rao.—They cannot sell because Government rates in the Government grainages are fixed and aided grainages must sell at the same rate or at a lower rate, because sericulturists will not go to them and pay a higher rate.

President.—Government have fixed a minimum rate for grainages?

Mr. Govinda Rao.—For their own grainages.

President.—We were told that they are not allowed to sell above a certain maximum rate and the maximum they said was Rs. 1-8-5 which tallies with the figure given by you.

Mr. Govinda Rao.—They cannot find a market at a higher rate.

President.—Even if they can get a market they cannot sell it. Suppose a man is short of seeds and is willing to pay Rs. 2, you do not allow the graineur to sell. In actual practice they cannot sell at a higher price even if they can get a buyer.

Mr. Rao.—They are at perfect liberty to sell.

President.—You have not given me details of how you get this cost of production in Government grainages.

Mr. Govinda Rao.—We will supply the details for Rs. 1-14-0.

President.—That is for 140 layings?

Mr. Govinda Rao.—Yes.

President.—What is the cost of Pure Mysore layings?

Mr. Govinda Rao.—In Government grainages we prepare both Mysore and crossbreed and we cannot allocate.

President.—Is this for both?

Mr. Govinda Rao.—Yes.

President.—But you are selling it separately.

Mr. Govinda Rao.—Yes.

President.—You must fix some price and some cost. If the combined cost is Rs. 1-14-0 then there will have to be two costs for allocation because you are selling at two different prices. You must be able to give us the cost of those two separately when the selling price is different.

Mr. Govinda Rao.—In some grainages, for instance Kunigal, we produce only pure Mysore and from that we can give you the information but in grainages like Chennapatna where both Pure Mysore and crossbreed layings are prepared we cannot give you the costs separately.

President.—I want to know whether Government is incurring any loss by the sale of seeds and if so how much or whether Government is able to recover its costs in full out of the price fixed for sale.

Mr. Govinda Rao.—We will give you the details.

President.—With regard to the number of cocoons per pound I find during the last enquiry it was stated as 600 for Pure Mysore.

Mr. Govinda Rao.—Pure Mysore 600.

President.—It has gone down to 550?

Mr. Govinda Rao.—Yes.

President.—That means that cocoons have become more valuable as far as silk is concerned. There is more silk in them and therefore you have been able to reduce the rendita.

Mr. Govinda Rao.—That is so.

President.—With regard to crossbreeds the average comes to 468 taking all the crossbreeds together.

Mr. Govinda Rao.—Except the last one, Mysore and French univoltine; we are carrying on experiments just now.

President.—They will be used in future?

Mr. Govinda Rao.—If found suitable.

President.—What are the various varieties you are using at present?

Mr. Govinda Rao.—7, 8, 9 and 10.

President.—The bulk of the crossbreed production is from 7, 8, 9 and 10?

Mr. Govinda Rao.—Yes.

President.—That means about 480 cocoons to a pound of silk?

Mr. Govinda Rao.—Yes.

President.—It is necessary for me to find this out as the rendita depends upon this factor. If you take 600 for Pure Mysore and 18 as rendita which you gave on the last occasion, for 480 it will be 14: if a filature used only crossbreed cocoons for its manufacture of silk than it will require only 14 lbs. to a lb. of silk.

Mr. Govinda Rao.—Yes.

President.—I would like to ask a few questions about mulberry tree. You have given us a very useful note on the subject. Will you just explain it to me. This question was dealt with on the last occasion and it is going to be a much more important item in the future. How many trees will be required to have the whole plantation on this basis? You do not advocate tree system only. Take the present acreage for the time being.

Mr. Govinda Rao.—We have indicated here 26,500 acres under bush mulberry. A man must at least have a quarter of an acre of bush.

President.—How many bushes are there in an acre?

Mr. Govinda Rao.—They are different in different areas.

President.—What is the average?

Mr. Govinda Rao.—The average is not possible to work out.

President.—I want you to give me an idea of how much of the acreage will be replaced ultimately if trees are planted.

Mr. Rao.—In regard to the question of conversion of bush to tree mulberry you will have to take individual holdings.

President.—On page 8 you have been able to give me the averages when you say between 4,000 and 5,000 on dry land. Give me figures on this basis. These are the averages you have given for all the four areas. Let us assume that the sericulturist has got one acre of land and base your calculations on that. Take bush mulberry and take dry land. He has got 4,000 to 5,000 bushes in an acre. Tell me how many bushes he has got to maintain.

Mr. Govinda Rao.—He cannot retain both bush and plant trees also. He must plant in a separate place.

President.—That means he has got to purchase additional land?

Mr. Rao.—Or if he has got other land use it for that purpose.

Mr. Govinda Rao.—He has got one acre of land under mulberry; if he wants to have both bush and tree to enable him to rear the quantity he is

rearing now he will require one quarter of an acre under bush mulberry and $\frac{1}{4}$ acre under tree mulberry out of an average holding of 6 acres.

Mr. Rao.—How many trees have you planted?

Mr. Govinda Rao.—22,000 trees covering an area of 110 acres.

President.—Since 1933 you have planted 22,000 seedlings and sapplings as topes?

Mr. Govinda Rao.—Yes.

President.—This is in addition, is it?

Mr. Govinda Rao.—We supplied these to be planted as trees and out of these including what we supplied earlier, there are at present 22,000 trees covering an area of 110 acres.

President.—Have you any programme in view for trees in future if adequate protection is granted to the industry?

Mr. Govinda Rao.—We refer to that in the supplementary note on Tree Mulberry in reply to question 15. We are extending the nursery in the Government gardens for raising seedlings and sapplings for distribution to sericulturists. Our experience has been that it is very difficult to grow trees specially in dry areas, so we want to concentrate our efforts on inducing people to grow trees in the backyards and borders of fields. Every year we prepare a programme.

President.—For the next 15 years we want to know what the programme is going to be, in regard to an increase in the number of trees. Will you just give us an idea of what the Government intend to do in this respect?

Mr. Rao.—We will supply the information.

President.—On an average you say $7\frac{1}{2}$ oz. of seed can be reared and the yield of cocoons is 375 lbs. per acre and 375 has now been changed to 275 lbs. for dry land.

Mr. Govinda Rao.—The quantity of seed actually used was less.

President.—How many ounces are they rearing?

Mr. Govinda Rao.—About $5\frac{1}{2}$ oz. in dry land.

President.—That means that the cost of cocoons will be more than 5 annas in that area?

Mr. Govinda Rao.—No, because the cost of cultivation is less.

President.—You state that it is only when an yield of 375 lbs. per acre is established that the cost of one pound of cocoon will be 5 annas in that area. You are now able to get only 275 lbs. As far as bushes are concerned are you able to supply all the cuttings?

Mr. Govinda Rao.—Cuttings from seedlings?

President.—What is the percentage?

Mr. Govinda Rao.—Hardly a dozen people have planted.

President.—Why is it not encouraged?

Mr. Govinda Rao.—It is encouraged. Only last year half a dozen people were induced to use it: prior to that only two people in Mugur and two people in Chennapatna and 2 or 3 people in Kolar planted cuttings from seedlings.

President.—Why are cuttings from seedlings not taken up?

Mr. Govinda Rao.—There was no replanting of mulberry gardens except last year and therefore we were able to induce only a few people to take it up.

President.—I find there is a distinct gain if this is taken up and I am surprised that people do not take it up. One man told us that he has been greatly benefited by it. He is getting by the use of cuttings from seedlings 1,000 lbs. more with the same cost and Rs. 10 less in the initial cost.

Mr. Rao.—The same difficulty we had with regard to the introduction of crossbreeds and disease-free layings also. They will gradually come forward.

You will notice that during the last Tariff Board enquiry when we started preparing disease-free layings, we prepared 200 layings and we had to advertise in the newspapers. Now we have built up the work, we have gained the confidence of the people and they are taking more and more of these so much so that we cannot meet the demand.

President.—Can you find out from the cultivators how many people on an average replant every year and how many replanted this year just to give me an idea of the tendency of the people not to accept new things.

Mr. Rao.—They are not averse to taking to new things but they take time.

President.—Which year did you start distributing seedlings?

Mr. Rao.—About four years ago.

President.—How many people have taken seedlings during these four years?

Mr. Govinda Rao.—About a dozen people.

President.—It is rather strange when there is distinct benefit. I again repeat that I was definitely told by one agriculturist that there was a distinct gain of 1,000 lbs. on the same acreage and with the same cost. Of course there is a certain amount of aversion on the part of agriculturists to take to improved methods and new things but I want to get an idea whether Mysore is in the same condition or conditions are different from those in other provinces. Do you import seed cocoons for purpose of cross-breeds?

Mr. Govinda Rao.—No, layings.

President.—Do you find any difficulty in getting your supply?

Mr. Rao.—Japan has prohibited the export of seeds; they have put an embargo on export of silkworm seed and unless a man coming from Japan brings it with him for experimental purposes and takes back the result he is not able to obtain it. It is only on those conditions that he is allowed to bring it.

President.—Is it necessary to get a supply every year?

Mr. Rao.—Not necessarily.

President.—I suppose now you are in a position to do without these?

Mr. Govinda Rao.—Once in two or three years we have to reinforce the stock. We are trying Franco now. Unfortunately the incidence of pebrine is very high, but we are gradually eliminating pebrine by experiments here. From Japan also we are trying to get. One of our men is there and we have requested him to bring some seed. What all seed we could get we are getting in this way. When I came from Japan I brought some with me Mr. Khan brought some with him and another assistant brought some with him and in this way we have been getting all the stock. In 1934 the Japanese Government prohibited the export of seed: though our friend in Japan went to the Ministry he could not get permission. So we are trying to get through a Mysorean who is there and will come shortly to Mysore and he will bring a small quantity. We want it for revival of stock.

President.—What is the position with regard to China?

Mr. Govinda Rao.—Japan has been taking seeds from China and improving on it. We obtained pure strains from Japan and are using those seeds.

President.—The bulk of the imports are univoltines or bivoltines?

Mr. Govinda Rao.—We get both, because there are certain combinations suited in Mysore. In certain season Mysore and Japanese bivoltines; in some other season Mysore-Chinese bivoltines and Mysore-Chinese univoltine, do well so we must get both pure races.

President.—If you look at the figures, certain combinations give you first class results and I want to know why Government has not concentrated on these. The seed which you are rearing now, French univoltine, gives 400.

Mr. Govinda Rao.—We have just started that experiment.

President.—Even if the Japanese people refuse to supply seed there is a very big prospect with French seed provided you are successful here?

Mr. Govinda Rao.—That is why we are trying experiments. Unfortunately we do not get pure strains from Italy and France. They are not preparing the pure strains for sale; there are private people who prepare and sell seed for producing reeling cocoons. In Japan there is Government supervision for the maintenance of pure strains.

President.—But the whole of the Kashmir sericultural industry is built up on these cocoons.

Mr. Govinda Rao.—They are importing seeds from the graineurs there; for preparing crossbreeds here pure Mysore and pure foreign races must be used. If we take pure Mysore and another crossbreed then there will be breaking up. That is the trouble.

President.—Kashmir is not able to get pure seeds?

Mr. Govinda Rao.—Kashmir is not getting pure strain at all. They get crossbreed. For our purposes they are no good. The seeds they get are for getting reeling cocoons; we get them for rearing to prepare crossbreeds.

President.—I will now take your answers to question 20 and onwards. They refer to the cost of producing silk by charkha and filature. I shall come to the question of protection and question of Government assistance and the question of Japanese dumping, at a later stage. Apart from the replies to the questionnaire you have sent us two confidential notes and I want to know whether for the purpose of printing you want us to treat these as part of the evidence.

Mr. Rao.—We will let you know.

President.—As regards filature silk I think you had better leave it to the Company which is tendering oral evidence before the Board.

Mr. Rao.—Yes.

President.—I will now take up the question of charkha silk.

Mr. Rao.—We have collected these figures after enquiry.

President.—As regards *rendita* for the first quality, what does the *rendita* per pound work out at?

Mr. Rao.—15.

President.—If you take crossbreed it will be less and as crossbreeds form about 25 per cent. you must take something into consideration. Second quality you have taken as 13 and third quality 12.

Mr. Govinda Rao.—Yes.

President.—You have put down 25 lbs. for 2 lbs. 3 tolas. What will be the reduction? Shall we say 1 lb.

Mr. Govinda Rao.—Yes.

President.—We might take 14, 12 and 11.

Mr. Govinda Rao.—We have given on page 5 of the memorandum typical instances.

President.—Shall I take these costs or costs given in the memorandum. Is there any difference between these two replies?

Mr. Govinda Rao.—What we have given in the replies is for pure Mysore and those in the memorandum are for crossbreeds.

President.—Let us take your figures in the memorandum. I do not know whether charkha people pay as much as 8 annas for a reeler. The figures supplied to us by Mr. Silva for a filature is 4 annas. Three statements have been supplied to us in all of which reeler's pay is given as 4 annas—one given by the Spun Silk Mills, one by the Thrown Silk Factory and another by Mr. Silva. I want to know whether there is as much as 10 per cent. difference.

Mr. Govinda Rao.—There from bobbin the silk is put on to another reel to form into hanks, whereas in the case of the charkha cocoon has to be boiled—there is no cooker in the case of the charkha—he has to take out the waste and then reel the silk. This reeling is quite different from theirs.

President.—I personally think 8 annas is still on the high side. Take the cost of fuel.

Mr. Govinda Rao.—These are the actuals.

President.—Cost of water including wages 2 annas. Selling expenses 2 annas 3 pies. Transport of cocoons and brokerage 3 annas. Contingencies 1 anna 6 pies. You say out of 795,000 lbs., 10,000 is produced by filatures. Have you included the Bangalore filature?

Mr. Govinda Rao.—Mysore filature only; they have produced 8,000 lbs. in 10 months. These are actuals.

President.—If you look at page 16.

Mr. Govinda Rao.—That is for previous year.

President.—If you look at the figure before that, that is for 12 months. It is practically the same; it should be less if it is for 10 months.

Mr. Govinda Rao.—We have increased the output. The output of silk per basin has increased.

President.—Does that mean that by increasing the efficiency you are now able to get $1\frac{1}{2}$ lbs. per basin?

Mr. Govinda Rao.—By increasing the efficiency we have increased the output of raw silk.

President.—What has been the production?

Mr. Govinda Rao.—13/15 mostly; and also 28/30.

President.—What proportion of the production will be 13/15?

Mr. Govinda Rao.—The proportion is about $\frac{1}{3}$ and $\frac{1}{4}$.

President.—And you are able to get $1\frac{1}{2}$ lbs.?

Mr. Govinda Rao.—Yes

President.—What is the waste? Is that 70 per cent.?

Mr. Govinda Rao.—We have given that in answer to question 61.

President.—In this cost you have deducted the cost of the waste?

Mr. Govinda Rao.—Yes.

President.—I find that it is rather on the low side. According to the evidence we received it is 8 annas for charka waste.

Mr. Govinda Rao.—Improved charka waste will fetch 8 annas. But charka waste is the ordinary waste that has been included here: ordinary charka waste will not get more than 4 to 5 annas. If it undergoes a further process whereby there is a further reduction of 10 to 15 per cent., then it fetches a higher price.

President.—It pays him to reduce by $12\frac{1}{2}$ per cent. and get 8 annas for his waste than get a price of 5 annas.

Mr. Govinda Rao.—The figure we have taken here is for ordinary waste.

President.—According to the Mysore Spun Silk Mills the tendency is towards a rise in the price of charka waste because there are outside buyers, and for filature waste it is about 12 annas. According to them it ranges between 10 and 12 annas. Lands and buildings are all transferred now?

Mr. Rao.—Lands and buildings are not transferred; it is only the machinery. The Government silk weaving factory is there.

President.—In answer to question 41 you have given the charges for twisting, winding and boiling off. We have already discussed this question with the throwsters and we need not trouble you with these questions again. In answer to question 46 you say it is difficult for you to estimate the total demand in India.

Mr. Rao.—Yes, it is difficult for us to answer this question.

President.—The cost of re-reeling or winding is about 4 to 6 annas a pound. Last time we took 3 annas.

Mr. Rao.—We gave 8 annas and you estimated that 6 annas would be a fair charge for re-reeling.

President.—Who does the re-reeling?

Mr. Rao.—At home the women do it.

President.—Is it done fairly well?

Mr. Rao.—Yes.

President.—I would like to have your views with regard to this winding quality of Mysore silk which has come into great prominence.

Mr. Rao.—We are improving the reeling methods and are taking steps to see that all the defects in the thread are removed so that it can give better winding. The very fact that the percentage of first quality silk has increased from 20 to 40 shows that the methods have improved now and that the defects are being minimised, but we have not got any accurate data to show the extent to which it has been done. The increase in the percentage, however, shows what improvements have been effected.

President.—You must have heard the statement made by the Mysore Chamber of Commerce the other day that Mysore silk is not good for throwing purposes and therefore it was not being used by the power loom factories.

Mr. Govinda Rao.—It is being thrown. What Mr. Naik meant to convey was that charkha silk was not fit to be wound on power driven throwing machines.

President.—Are there any hand-throwing factories in Bangalore?

Mr. Govinda Rao.—Yes, to a large extent in the villages and here also. But since the starting of the power driven throwing mills they must be suffering, but in the interior villages where there are silk looms the weavers must do the throwing by hand.

President.—Can you just let me know what amount is being thrown by hand so far as Mysore silk is concerned and how many throwing concerns are there of this type.

Mr. Rao.—There is no factory. The weaver purchases the raw silk and then in the villages there are people who do the throwing. It forms part of the weaving process. I will send you a note on it.

President.—As far as the prices of silk are concerned, there is very little variation between the Bombay price and the Bangalore price?

Mr. Rao.—Allowing for freight there is not much difference, say about 4 annas.

Mr. Anklesaria.—As Director of Industries, Mysore State, I suppose you keep yourself in constant touch with the Japanese industry?

Mr. Rao.—Yes, we have got to.

Mr. Anklesaria.—And you are well posted as regards condition of production of silk in Japan?

Mr. Rao.—Yes.

Mr. Anklesaria.—You have been talking about dumping by Japan in your notes. I suppose you base your allegation on reliable evidence?

Mr. Rao.—On published information and private information of a reliable nature.

Mr. Anklesaria.—Have you enquired about the cost of production of cocoons in Japan?

Mr. Rao.—Yes.

Mr. Anklesaria.—What would be the cost of cocoons in Japan, say in 1937-38?

Mr. Govinda Rao.—I have got for 1935-36: it is 4.47 yen per Kwan.

Mr. Anklesaria.—Tell me roughly, is the cost higher in Japan than in India?

Mr. Govinda Rao.—At the normal rate of exchange it is higher. If you want it in rupees I will prepare it and give it to you.

Mr. Anklesaria.—I want to compare Japanese cost of production with the Indian cost of production. You will admit that since 1934 Japanese exchange is pretty well stabilised?

Mr. Govinda Rao.—It is about steady.

Mr. Anklesaria.—What is the exchange value of 100 rupees in yen to-day?

Mr. Govinda Rao.—79 rupees per 100 yen.

Mr. Anklesaria.—What was it a year ago?

Mr. Govinda Rao.—The same. Five years ago it was almost the same.

Mr. Anklesaria.—Give me an idea whether the cost of cocoon production in Japan is higher or lower than in India at the present rate of exchange.

Mr. Govinda Rao.—It is higher.

Mr. Anklesaria.—You will admit, Mr. Rao, that the price of cocoon largely enters into the price of raw silk and if an economic price for cocoon is assured to the producer, there will be no difficulty about the sericultural industry prospering in Mysore.

Mr. Rao.—I agree. If the cocoon rearer gets a remunerative price certainly the silk industry will thrive.

Mr. Anklesaria.—I understand you have made estimates of the cost of production of cocoon in your State?

Mr. Rao.—Yes.

Mr. Anklesaria.—Has that cost of production risen higher or fallen lower than it was in 1934?

Mr. Rao.—It has been reduced considerably.

Mr. Anklesaria.—By 30 per cent.?

Mr. Rao.—By about 35 per cent.

Mr. Anklesaria.—From 1934 to date?

Mr. Rao.—From 1932.

Mr. Anklesaria.—If protection is granted to the industry I suppose you would be able to reduce the cost by another 30 per cent.?

Mr. Rao.—We are going to bring it down still further.

Mr. Anklesaria.—30 per cent. and no further than that?

Mr. Rao.—We are looking ahead over 15 years.

Mr. Anklesaria.—In the course of 15 years you will not be able to lower the cost of production by more than 30 per cent.? What will be the price of cocoons 15 years hence?

Mr. Rao.—Our aim is in 15 years to reduce the cost of production of cocoon to 4 annas.

Mr. Anklesaria.—Up to now you have reduced it by 35 per cent. What was the price of cocoons in 1932?

Mr. Rao.—It was As. 7-3 at that time and now it is about As. 4-10.

Mr. Anklesaria.—By your improvements you have reduced the cost of production of mulberry leaf?

Mr. Rao.—We are trying to.

Mr. Anklesaria.—Have you reduced it or not?

Mr. Rao.—It has remained more or less steady during the last five years.

Mr. Anklesaria.—When did you discover that seedlings were more productive and more economical than cuttings?

Mr. Rao.—About three or four years ago.

Mr. Anklesaria.—Since then how many seedlings have you planted in the State?

Mr. Rao.—Not more than a dozen people. I am sorry we have no record of the number.

Mr. Anklesaria.—Can you tell me how many seedlings you can provide each year for planting? What is your capacity?

Mr. Rao.—Our idea is to go up to about 50,000 seedlings to plant as bushes every year. We have got first to do it on our farms. After it gets popular we have got to induce the ryots also to raise them and we expect that after the improved result of raising seedlings is once established they with themselves take to producing their own seedlings.

Mr. Anklesaria.—During the four years that you have tried to plant seedlings your progress has been very very slow.

Mr. Rao.—We confess that.

Mr. Anklesaria.—Why is it so? Four years you have been doing propaganda and the result is that 12 people have planted seedlings: why is it so?

Mr. Rao.—I can only say that in all new things it takes time to induce people to take to it especially when we are dealing with agriculturists.

Mr. Anklesaria.—Judging from the capacity of the ryot to imbibe your teachings in sericulture it would take 50 years to take to the raising of seedlings!

Mr. Rao.—It will gather momentum as time goes on. If it is 12 now it may be 40 next year and in this way it will go on increasing rapidly in the future.

Mr. Anklesaria.—Have you been adopting Japanese methods for popularising seedlings?

Mr. Rao.—I have no information as to their methods.

Mr. Anklesaria.—Have you studied Japanese conditions of leaf production?

Mr. Rao.—I have no personal knowledge.

Mr. Anklesaria.—I want to know whether you have followed the Japanese methods as regards cultivation of mulberry.

Mr. Govinda Rao.—In Japan mulberry is not propagated by means of cuttings. The ordinary sericulturist himself does not make use of the cuttings from his own garden or his neighbour's garden in extending his field. There are special nurserymen who are trained in the work and those people prepare grafts. They use grafted mulberry for their gardens in Japan which are bought from nurserymen.

Mr. Anklesaria.—This method won't suit Mysore?

Mr. Govinda Rao.—That is our object. That is what the Director had informed the Board. The Director submitted that we are now supplying cuttings from seedlings from Government gardens and that later on when people take a liking for the same and we have been able to secure their confidence and have induced them to plant cuttings from seedlings, private people will be interested in taking up the work just as in the case of aided grainages.

Mr. Anklesaria.—On page 13 of your replies to the questionnaire you say "the yield of leaf from one acre of rainfed garden is about 3,000 lbs."

Mr. Govinda Rao.—Yes; so far as Chonnapatna is concerned it is correct.

Mr. Anklesaria.—Are you talking of averages or talking of specific cost in your replies?

Mr. Govinda Rao.—In reply to question 23 we have taken Chonnapatna area into consideration because at the time of the last Tariff Board enquiry the cost of cultivation of mulberry, the cost of rearing worms and the rate for cocoons were all taken from the Chonnapatna area.

Mr. Anklesaria.—Look at your answer to question 15: you have put down a figure of 4,000 for the same area. There is a very big gap. You say you were talking of Chennapatna only in 1933.

Mr. Govinda Rao.—The amount spent on maintenance of mulberry garden is less here than that given on page 12.

Mr. Anklesaria.—How do you reconcile the two? In one place you say, 6,000 lbs. and in another you say 4,000 lbs.?

Mr. Govinda Rao.—We will consider it and explain it in the afternoon.

Afternoon.

Mr. Govinda Rao.—I have got the silk waste prices worked out (handed in).

President.—This is till 1936-37. What about recent prices?

Mr. Govinda Rao.—I will have those worked out also.

President.—We have also been promised a similar statement by Mr. Khan on behalf of the Spun Silk Mills. The prices given by you are on the low side compared to the present prices. How many charkhas are working at present?

Mr. Govinda Rao.—2,500.

President.—Where are they situated?

Mr. Govinda Rao.—They are mostly in the Sidlaghatta and Chennapatna areas.

President.—Can you tell me approximately the number in each area? Can I say all or most of them are in Mysore and Kolar area?

Mr. Govinda Rao.—In Mysore and also in villages bordering Kollegal, Mamballi, Honnur; about 1,000 in that area and 1,500 in Bangalore and Kolar area. I shall send you a note.

President.—What percentage can you put for each area with regard to first quality silk?

Mr. Govinda Rao.—Formerly only in Kompanhalli they were producing first class silk; then in Siddlaghatta and Closepet. In Mamballi also the quality has greatly improved. One silk twisting factory in Mamballi has been using charkha silk and I understand that another silk twisting factory in Kollegal is also using it.

President.—I want the proportion of each quality of silk in these districts.

Mr. Govinda Rao.—Roughly 40, 40 and 20-40 first class, 40 second class and 20 third class.

President.—I also want the proportion of the three in each district.

Mr. Govinda Rao.—I will try to give you.

President.—With regard to flature I want you to clear up one or two points. In the Mysore flature I suppose you use only crossbreed cocoons?

Mr. Rao.—Yes.

President.—I do not know how you could get a rendita of 16·3.

Mr. Rao.—We have given you 15·9 in answer to question 27.

President.—We worked it out and it comes to 14 if we take 100 per cent. crossbreeds.

Mr. Rao.—Yes.

President.—With regard to prices I suppose very little of the Mysore flature silk is sold in the market?

Mr. Rao.—We do not sell at all. It goes to the Weaving Factory.

President.—With regard to the quotations given by you of your exports and imports in a separate note, does this mean exports from the Mysore State?

Mr. Rao.—Yes, only outside the State but in India. And even these exports refer only to the railborne statistics.

President.—Is there any other?

Mr. Rao.—Plenty of roadborne trade. That information about exports will have to be taken with a certain amount of allowance. I have information to show that considerable quantities go by road.

President.—Shall we say about a lakh of pounds?

Mr. Rao.—It should be more. It is only from this year that we have arranged to collect roadborne figures also.

President.—I find that as much as 532,000 lbs. were exported in 1936-37.

Mr. Rao.—Yes.

President.—Out of a total production of 703,000 lbs.?

Mr. Rao.—That is correct.

President.—Shall I take about a lakh as exports by road?

Mr. Rao.—It is more than one lakh pounds.

President.—Let us take 150,000 lbs.

Mr. Rao.—It is in the neighbourhood of 2 lakhs at least, but there is another factor that vitiates the calculation. The silk that goes from Mysore is reimported to Mysore by road up to Maddur and there it gets exported. That figure comes hereunder the railborne. The silk referred to here is not purely raw silk: the silk that is exported also includes twisted silk as no separate declaration is made to that effect in consignment by rail.

President.—These two calculations I thought applied to local silk because you say "The quantity of Mysore silk used locally is estimated as follows"; then you go on to give the Mysore figures and then say these are based on railborne statistics.

Mr. Govinda Rao.—Quantity sold for use in every part of India. We say "Mysore raw silk has not been exported out of India during these years".

President.—Do I understand that this export of 532,000 lbs. in 1936-37 includes twisted silk?

Mr. Rao.—Yes.

President.—That means it also includes foreign twisted silk. People who are throwing or producing yarn tell us that a large quantity of foreign raw silk is coming here only for throwing purposes so your figures are useless as far as the price calculations are concerned, because you cannot distinguish between local and foreign silk. If you can get the figures for raw silk we can verify how much of raw silk produced in Mysore is going out because none of the raw silk which is imported into Mysore goes out as raw silk. Therefore if you distinguish between raw silk and twisted silk you will be able to give us the figure.

Mr. Govinda Rao.—In our calculations we have simply put down as export of raw silk; that is not correct.

President.—With regard to the quantity of Mysore silk used locally that gives an indirect check. Can I say that this is raw silk?

Mr. Govinda Rao.—This we have arrived at by taking the total production excluding export but adding imports and the net we call local consumption.

President.—Can you find out what is the consumption of raw silk which is produced in the State?

Mr. Govinda Rao.—We can do it, but that requires a lot of staff.

President.—I was told that Bangalore was also a market for Kollegal silk.

Mr. Govinda Rao.—Kollegal silk that is sent over here is charkha silk.

President.—And also filature silk.

Mr. Govinda Rao.—It is coming in now.

President.—Imported silk is principally coming in from Bombay or Madras?

Mr. Govinda Rao.—This comes mostly from Bombay and Madras.

President.—So that the twisted silk figure is in the downward direction.

Mr. Govinda Rao.—In Annexure II the silk that comes by road either raw or twisted does not enter into these calculations.

President.—From where would it come?

Mr. Govinda Rao.—From Kollegal or some other part.

President.—This also does not give us an idea of the correct imports.

Mr. Rao.—We have got information as you wanted only about our raw silk produced here and raw silk that goes out of the State. We can collect figures and give you.

President.—Yes. That would be useful. Just as the spun silk people told us that the whole of their production is consumed locally, it would be interesting to know what quantity of your silk is consumed locally. You have given me figures of imports of raw silk—I do not know whether it is raw silk—in reply to question 53. That figure is nearly 5 lakhs lbs. in 1937-38. Surely all that cannot be coming in for throwing purposes?

Mr. Govinda Rao.—This is raw silk.

President.—Can you find out how much of this is coming in for local consumption?

Mr. Rao.—No. Some part of it might be passing through Bangalore. From this year we have been making arrangements for collecting correct figures, otherwise if you want information on this particular head we will have to have a staff to collect it.

President.—Can you tell me to what places it is going?

Mr. Rao.—I would not hazard an opinion.

President.—With regard to the production of silk waste, the figure is 397,000 lbs.

Mr. Rao.—Yes, approximately.

President.—I think you will be able to supply me up to date figures for 1937-38?

Mr. Rao.—Yes.

President.—I want to know what happens to the balance left in Mysore State, namely 94,000. You might just enquire and find out.

Mr. Govinda Rao.—We have made enquiries. There was some quantity of waste in stock when there was no demand for silk waste for 4 or 5 years. A lot of the stuff was eaten by rats and white ants so much so that most of it had to be rejected. Our experience in Government Filature is that if we stock silk waste for any length of time—every year we have to weigh it—and finally when we sell it to the spun silk mills the weight is reduced by about 10 per cent. We have taken figures for the last 12 years production and have taken into account probable losses in stock due to storage. In fact I wanted to supply this information to you in connection with Mr. Silva's note.

President.—Yes. With regard to artificial silk I made enquiries from the Customs and I find that very little twisted artificial silk is coming, so I think the whole of it may be taken as single artificial silk yarn. I want to know whether this is coming in for local consumption.

Mr. Rao.—It is for local consumption. Artificial silk is being used now not only by the handloom weavers but by power looms and by the cotton mills.

President.—With regard to the cost of cocoons you have also given us the cost of crossbred cocoons.

Mr. Rao.—We have given it in the memorandum in Annexure D both for crossbred and Mysore cocoons also.

President.—Can you supply the details?

Mr. Govinda Rao.—I shall give you. You want for all areas, both dry and irrigated?

President.—I think you might give it for both separately.

Mr. Govinda Rao.—Yes.

President.—I would just like to ask you one or two questions about cocoons. We were told by Mr. Silva that it is advantageous to the manufacturer if he can get cocoons of the 5th day weight and he said that when he went to Kollegal he was able to get only of the 3rd day weight. What exactly does it mean?

Mr. Govinda Rao.—Silkworm form the cocoon in 24 hours if it is dry area and in 48 hours it changes into a pupa. In the wet area where the humidity is more, that will take a longer period. If the worm in the course of formation into pupa is disturbed the cocoon is crushed and the purchaser will be paying more for water than for silk.

President.—It is rather important for the future cost of production that you should try and make experiments which should be the correct weight of cocoons for the sake of the manufacturer.

Mr. Govinda Rao.—We are gradually improving.

President.—Was your filature able to get 5th day weight?

Mr. Govinda Rao.—Mostly 3rd day weight.

President.—How is it that in Bangalore Mr. Silva was getting 5th day weight?

Mr. Govinda Rao.—In Siddlaghatta the practice is to weigh cocoons on the 5th day and he was getting all his cocoon from Siddlaghatta.

President.—And Siddlaghatta produces first class silk. He told us that if he took 3rd day weight for pure Mysore the rendita would be 17.3 and if he took 5th day weight the rendita would be 15.5. Do you think that would be the correct difference between 3rd day and 5th day cocoons?

Mr. Govinda Rao.—The rendita will be 15 for the 5th day in a filature.

President.—And for 3rd day weight?

Mr. Govinda Rao.—But the price also varies.

President.—I am just coming to that. I am told that even in a place like Japan rearers are very eager to get rid of their cocoons and they want to sell them as quickly as possible but there is a dry house system in vogue in order to induce the rearers not to part with their cocoons and thus they are able to preserve them. I want to know whether anything has been done in this direction in Mysore.

Mr. Govinda Rao.—We wanted to have cocoon driers in several areas about 8 years ago. We had one imported from Italy and we had estimates prepared so that we could get 6 more of these and supply them to the Co-operative Societies in the interior so that people might dry the cocoons and keep them at home. The scheme was not successful because, for one thing, the regulation of cocoon prices was not in our hands. The price of cocoons depended upon the price of foreign silk imported into the country. In the case of Japan conditions are quite different. There is another thing: preservation of cocoons is a difficult thing. Even conditioned cocoons have to be kept with great care otherwise ants and rats eat them up and the quality is spoiled. In the rearers' houses space is also limited; he cannot begin another rearing with cocoons in the rearing house.

President.—How is it successful in Japan?

Mr. Govinda Rao.—There it is encouraged by the Japanese Government. Only five years ago the Japanese Government started subsidising the starting of conditioning houses in the interior: they started advancing money to the nurserymen and the reeler.

President.—If I take crossbreed cocoons of 5th day then the rendita will be 12. I am taking 15 for pure Mysore. If I work out on the same

basis as we worked this morning it comes to 12. I am taking 480 which was arrived at as the average.

Mr. Govinda Rao.—Yes.

President.—With regard to the prices given by you of the various qualities—I am talking of Canton silk—according to you the Tariff Board should fix the future protection on the basis of Rs. 2-8 as the price of imported silk.

Mr. Rao.—That is so.

President.—You have arrived at that figure by taking the averages for the last five years.

Mr. Rao.—That is so: on the average declared value.

President.—Can you tell us how these declared values are collected?

Mr. Govinda Rao.—By taking the total quantity of silk imported and dividing the total value.

President.—Your point is that it would be safe to take Rs. 2-8 as the minimum at which silk can be imported?

Mr. Govinda Rao.—Yes.

President.—Do you take Japanese silk into consideration when you say Rs. 2-8?

Mr. Govinda Rao.—The average declared value contains both.

President.—You think Rs. 2-8 will be enough for Japanese silk also?

Mr. Govinda Rao.—Yes.

President.—And this figure you think is the minimum which the Board should take?

Mr. Govinda Rao.—Yes.

President.—In Annexure B you have given the maximum and minimum price. Is that the fluctuation in the Bombay market?

Mr. Govinda Rao.—Yes.

President.—How did you arrive at the maximum and minimum?

Mr. Govinda Rao.—We have taken these figures from the publication of the Mysore Silk Association. These are the fortnightly fluctuations reported by the Bombay merchants.

President.—I find that in 1933 the price was averaging round about Rs. 4 and in 1934 it went down to Rs. 8-12. I suppose these are the market prices which include duty?

Mr. Govinda Rao.—Yes.

President.—So that in 1934 inspite of a duty of Rs. 1-10 per lb. there was a drop of 4 annas rather than an increase in the price, so that there was a real drop of Rs. 1-14 during that period?

Mr. Govinda Rao.—Yes.

President.—If you take 1935, prices rose to an average of about Rs. 4-8 and it was the first time that Japan came as a competitor and began to sell its silk at about 8 annas below that of Canton. In January, 1936, it came to about the level of Canton silk: in November, 1935, it began to equalise and it was only in October, 1936, that the price of Japanese silk went above that of Canton silk. This was the period during which Japan introduced her goods, and this period I think was a year and a half, from about March, 1935, to October, 1936.

Mr. Govinda Rao.—That is so.

President.—You raise the question of dumping and this can only be relevant with regard to this period. You say in reply to question 56 "The enormous increase of imports of Japanese silk into India during 1934-35 and 1935-36 was due to the export of the bonded silk from Japan". I want to know a little more about the bonded silk because a reference has also been made in the Japan Year Book. How much balance of that is now remaining with them?

Mr. Govinda Rao.—Round about 38,000 bales.

President.—Can you give me the reason for the rise during the period I have indicated, namely from October, 1936, to October, 1937?

Mr. Govinda Rao.—The price of Japanese silk came down to the level of Canton silk. There was a gap for three months and there was no quotation for Canton silk. Chinese silk was going to India and China had a monopoly of the Indian market. A Committee was appointed to study the question of utilising bonded silk. They explored all possible outlets and they came to the conclusion that as China was supplying a large quantity of silk to India there was field there and a new market for Japanese silk and they started sending them at rates which were much lower than those of Chinese silk. Gradually people became accustomed to this cheap and better reeled silk and China was hard hit, so much so that during a few months there was no Chinese silk in India and then they put up prices. The quality also was better.

President.—Can you tell me what the rise was due to: was it that they thought they commanded the market and could therefore increase the price?

Mr. Govinda Rao.—There was a rise in the price of raw silk in other markets; at the same time they created a taste for Japanese silk and they got a better price.

President.—Can you tell me if this was particularly due to the bill brought forward in Japan?

Mr. Govinda Rao.—The bill was passed in 1937 but came into effect only in 1938.

President.—As the bill was coming I suppose people gained confidence.

Mr. Govinda Rao.—Possibly, and also there was speculation in America.

President.—What was the fall due to?

Mr. Govinda Rao.—Chinese silk began to come in at about that time.

President.—Take 1937. The price of Canton flature silk was on the average Rs. 5-4 as against Rs. 6-4 for Japanese flature silk. There is a distinct difference of a rupee for the whole of that year. If you look at 1938 prices you will find that there is a difference of a rupee, average for China silk being Rs. 4-8 against Rs. 5-8 for Japanese silk.

Mr. Govinda Rao.—About the end of December the Japanese Government decided to arrange for the disposal of about 7,500 bales of bonded silk with the following concessions:—The price to be reduced by 25 per cent. compared with the registered average quotation of raw silk exported 3 to 20 days before the date of delivery, if the silk was meant for new methods of utilisation. In case the silk was damaged in quality, the price to be discounted by another 10 per cent. The price to be further reduced up to a limit of 20 per cent. with reference to the conditions of the silk business in the new markets.

President.—I find from "Industry and Trade of Japan" that the first time the Japanese Government intervened to save the silk industry was as far back as 1920 when about Rs. 7 crores were given to be spent on the industry; the second time they came in was after the boom in 1929, and now this is the third time.

Mr. Govinda Rao.—This is the 2nd time. In 1920 in April and May prices were about Rs. 30 per lb. of silk; by November prices came down to Rs. 15 and then the silk interests appealed to Government and Government asked Banks to take over the silk and keep them in stock and advance money to a certain extent and Government guaranteed to make up any loss on silk which bank suffered. Government also instructed that no silk coming into Yokohama market should be sold at below a certain fixed price. Fortunately this measure put up the prices and in the course of a year all the silk was sold and I think the Imperial Silk Company was able to make a profit of Rs. 10 lakhs out of which Rs. 5 lakhs were given for the improvement of the silk industry and Rs. 5 lakhs distributed amongst these

interested in the industry. Same trouble arose in 1930; prices fell and there was a depression. Again the Japanese Government stepped in but unfortunately the same object which they achieved in 1920 could not be achieved now. Prices went on going down. They sold some silk in 1932; in fact they contracted to sell the silk to American and European interests. The people concerned said "If you send old silk to America and Europe you will upset the market". Then the Japanese Government bought the whole stock the cost price was 1,300 Yen a bale and they paid 455 Yen per bale and kept it and appointed a committee and as I submitted, began to export to new markets in 1934.

President.—Your opinion definitely is that had it not been for these measures prices of Japanese silk would not have gone down to the extent they did having regard to the cost of production?

Mr. Govinda Rao.—That is so.

President.—I will take up the question of the cost of production in Japan to-morrow. I understand that in 1935, Government of India appointed a Sericulture Board?

Mr. Govinda Rao.—Yes. The Imperial Sericulture Committee.

President.—I want to know what work has been done by you with the amount of money that has been allocated to you from the Government of India grant.

Mr. Govinda Rao.—For the first meeting which was held in February, 1935. We sent up schemes and the Imperial Sericultural Committee said "If you bear the initial expenses we will bear the recurring expenses". One scheme was sanctioned, that is for hibernating multivoltine races. That is the first experiment we took up. I think altogether we got Rs. 10,000.

Mr. Rao.—They gave us the same amount that we spent on non-recurring items.

President.—I find that the Government of India constituted this Committee definitely for two purposes, one was for the production of disease free seeds and another was for research into silk worm diseases.

Mr. Rao.—On these two items of work we have progressed considerably.

President.—I understand the Mysore State has a representative on the Committee and there have been altogether 4 or 5 meetings held. I want to know how far you have been benefited by the appointment of this Committee.

Mr. Rao.—We are now conducting experiments on refrigeration of multivoltine seeds. We have got definite results as regards the period of hibernation. That has been communicated to the Sericultural Committee and they have accepted it, and we are doing now on that basis practical application of those results, both in our own farms and also in the aided grainages where we have supplied cold storage facilities so that want of rainfall would not harm the layings. That practical application we have given effect to.

President.—What has been the benefit to the rearer?

Mr. Rao.—It is a question of ensuring timely supply of seed to the rearer.

President.—That means it is for seed production?

Mr. Govinda Rao.—A man comes: he anticipates rainfall and places an order for eggs in the nearest grainage. Unfortunately there is no rain. Since he has placed an order the graineur has to get his seed cocoons, prepare and keep the layings ready. If the rains fail he cannot make use of the layings and we cannot keep layings for any length of time, and we have to burn away these layings. Suddenly there is rainfall and there is rush for seed and then we will have to get the seed again and the sericulturist will have to wait for another 20 days.

President.—In addition to the 10 days?

Mr. Govinda Rao.—Yes.

Mr. Rao.—This experiment has shown us that we can preserve layings for 20 days in addition to the 10 days. When the first meeting was held we were told that production of disease-free seed was one of the items of research work and that Mysore would not be entitled to any amount out of the grant except for such items of research work the results of which would benefit the other provinces in India.

President.—The other items mentioned, do they mean the same thing?

Mr. Rao.—Refrigeration of multivoltines; hibernation of cocoons: hibernation of univoltine and bivoltine seed and hibernation of hybrid seed.

Mr. Govinda Rao.—We import univoltine and bivoltine seed. The hibernation period in the home country is known but in this country it is known, the period varies.

President.—At present you have only succeeded with regard to the first item?

Mr. Govinda Rao.—We have completed the first, the second and third are in progress and the 4th and 5th we are taking up now.

President.—Since the Committee was appointed you have been able to get Rs. 10,000?

Mr. Rao.—Rs. 10,000 plus Rs. 10,000 for this year.

President.—When was this Committee appointed?

Mr. Rao.—In 1935. I will send you copies of the reports and the recurring grants given to us by the Committee.

(2) Evidence of Messrs. M. S. RAMCHANDRA RAO and H. S. GOVINDA RAO, recorded at Bangalore on Monday, the 15th August, 1938.

President.—The Board appreciates very much the prompt manner in which you have tried to comply with its wishes by sending in additional statements on some of the important points that were raised on the last occasion. Before we proceed to examine you, I should like to understand the statement as submitted. Take the first item:—“Further note on average production of mulberry and Mysore and crossbreed races of cocoons per acre”. In this you have stated that about 17,500 acres lie in T. Narasipur area.

Mr. Rao.—Yes.

President.—Is that T. Narasipur taluq?

Mr. Rao.—T. Narasipur-Chamrajnagar.

President.—It is not T. Narasipur taluq. It comprises five taluqs.

Mr. Rao.—Yes, I have given another statement showing the area.

President.—Is it called by the Mysore Government as T. Narasipur area?

Mr. Rao.—So far as our departmental organisation, we have considered that area as T. Narasipur area. Mugur and Mangola are near T. Narasipur. The whole of this forms part of one sub-division.

President.—On page 4 of the same note, you have given the acreage under Mysore and crossbreed. I would like to know the acreage under deep and shallow wolls, because the costs have been given differently.

Mr. Rao.—We will give you the details later, but I made it out on the basis of rainfall on which you laid emphasis.

President.—On page 5 you have given for crossbreed 5½ ounces.

Mr. Rao.—Yes.

President.—As regards item (9) number of charkhas in the different areas in the State, is that also T. Narasipur area?

Mr. Rao.—Yes.

President.—How far are these charkhas from the filature site?

Mr. Rao.—They are scattered all over the place but mostly they are concentrated in Mamballi within a radius of 15 to 20 miles.

President.—What about the Bangalore area?

Mr. Rao.—They are concentrated in Chennapatna and closepet areas.

President.—Where does Kunigal come in?

Mr. Rao.—That is in Kempanahalli in Tumkur district. Sidlagatta is in Kolar area.

President.—Having given these divisions, what about the percentage of first class and second class silks? Will the bulk of it be in Kolar?

Mr. Govinda Rao.—In Kolar, Bangalore and Kempanahalli. About 40 per cent. is first class.

President.—Shall we say in three of these places bordering T. Narasipur area?

Mr. Govinda Rao.—Yes and also in Mamballi.

President.—In the cost of production of cocoons in Japan have you taken the exchange at 79 Yen?

Mr. Govinda Rao.—At the prevailing rate for each year:—

1934	78.77
1935	77.78
1936	77.47
1937	77.43

President.—On page 4 you say: "Other areas—6,000 lbs. of leaf per acre". Which is that area.

Mr. Govinda Rao.—That is Chennapatna near Bangalore and Kunigal.

President.—There are no crossbreed seeds?

Mr. Govinda Rao.—In these 700 acres Mysore seed is reared.

President.—You have given me the yield of pure Mysore per acre as 350 pounds. On the next page you give 7 ounces as the average ounces of seed reared from pure Mysore. Why have you omitted crossbreeds? Is there no crossbreed reared in this area of 700 acres.

Mr. Anklesaria.—In answer to question 23 you say that the figures which you have given refer to rainfed mulberry gardens which forms the bulk of your sericultural area.

Mr. Rao.—Yes.

Mr. Anklesaria.—For the bulk of your sericultural areas, the yield of cocoons is 375 lbs. Is that correct?

Mr. Rao.—Yes.

Mr. Anklesaria.—6,000 lbs. of leaf is produced from one acre of rainfed garden in the bulk of your area.

Mr. Rao.—Yes. The percentage of crossbreed layings supply is not much. That is why we have not put that in under 700 acres.

President.—I would like to have the percentage. I don't believe that it can be nil.

Mr. Rao.—At present percentage being small, we have omitted that.

President.—What is your system of distribution of crossbreed seeds?

Mr. Govinda Rao.—We don't distribute crossbreed in seed cocoon producing area.

President.—Which are seed cocoon producing areas?

Mr. Govinda Rao.—Some portions in Chennapatna Circle and Kunigal, Tumkur District.

President.—You mean 700 acres is not seed cocoon area.

Mr. Govinda Rao.—Not all.

President.—700 acres cannot be included in the acreage for production of silk. You must deduct that from 26,500 acres, if it is actually meant for providing seed cocoons and if silk cannot be produced out of those 700 acres.

Mr. Govinda Rao.—All the seed cocoons are not sold as seeds, some quantity will have to be supplied for reeling silk.

President.—You will give us a further note on the subject.

Mr. Govinda Rao.—Yes.

President.—When we are on this, I had better refer to the Supplementary Note to the Memorandum. You say that the figures given in answer to questions Nos. 15, 23, and 29 of the General Questionnaire are the averages for the whole State.

Mr. Rao.—Yes, I have distinguished from the typical instances that we gave in the memorandum.

President.—In answer to question 15 you say that the quantity of leaves required to feed the worms from an ounce of Mysore seed is 800 lbs. and the yield of cocoons is 50 lbs. Therefore according to you 50 lbs. is the average for the whole state.

Mr. Govinda Rao.—Yes for the pure Mysore.

President.—The figures that you have supplied to me shows that 50 lbs. is only in dry land. That is not the average for the whole state. On page 5 you have given 5½ ounces as the average ounces of seed reared and on page 4 you have given 275 lbs. as the average yield of cocoons for T. Narasipur area. That is 50 lbs. Take the figure for other areas—7 ounces and 350 lbs. That is again 50 lbs. Take the third one, 10 ounces and

800 lbs. That is again 50 lbs. Take the fourth one, 11 ounces and 625 lbs. That is again 50 lbs. Therefore these are individual 50 lbs.

Mr. Govinda Rao.—Yes.

President.—Take the crossbreeds. For T. Narasipur area you have got 5½ ounces and 310 lbs. That is 60 lbs. For "other areas" the figures are 572 lbs. and 8 ounces which work out to 71 lbs.; 720 and 11 ounces will make 80 lbs. For 18,000 acres it is 50 lbs. average and so also it is for every dry area. It seems that it has been arithmetically worked out rather than on the basis of the reality of the situation. Rainfed will give you more and others will give you less, but here the production is absolutely straight. I suppose the yield of crossbreed is 70 lbs. and the other is 50 lbs.

Mr. Govinda Rao.—Yes.

President.—In answer to question 11, you have given 293 lakhs of disease-free layings for the whole state, that is distributed over an area of 20,500 acres.

Mr. Rao.—Yes.

President.—Out of which crossbreeds are 70 lakhs.

Mr. Govinda Rao.—Yes.

President.—70 lakhs of layings will make 50,000 ounces, am I right?

Mr. Govinda Rao.—Yes.

President.—If I take 50,000 ounces and if I take 70 lbs. of cocoons as the yield per ounce, it will be 35 lakhs. If you look at the statement given on page 4, you have given only 2,700,000 lbs. Where is the balance?

Mr. Govinda Rao.—27 lakhs of lbs. is for irrigated land. 682,000 is for rainfed.

President.—There is still a shortage. That must be due to 700 acres reserved for seed production.

Mr. Govinda Rao.—We will give you details later.

President.—Then again if you take 293 lakhs of layings for 26,500 acres, this gives an average of 1,106 layings per acre which are the rate of 140 layings per ounce comes to 8 ounces per acre. That means 8 ounces is the average for the whole area including crossbreeds and pure Mysore. If you take the production of crossbreeds alone, it comes to 8 ounces. I have taken the weighted average and the bulk of your crop is pure Mysore. You take 8,200 as the acreage under crossbreed which is divided into 2,200 in dry land, 1,000 in tank irrigated and 3,000 in deep well irrigated.

Mr. Govinda Rao.—Yes.

President.—If you take the average production as given here, 60, 70, 80, it comes to 8 ounces per acre only for crossbreed, whereas the figures given by you in the reply is 8 ounces for the whole acreage.

Mr. Govinda Rao.—We have stated 6 to 8 ounces per acre for rainfed.

President.—But you have taken 5½ ounces. Surely it is not a correct figure.

Mr. Govinda Rao.—This figure is based on actual issues.

President.—In answer to question 11 you have given figures for the whole of the State.

Mr. Govinda Rao.—For an acre of rainfed garden the quantity varies from 6 to 8 ounces and per acre of irrigated garden it is 9 to 11 ounces. These figures of 5½ and 7 ounces are taken from the actual issues. For 1937-38 we have not taken as much as we ought to.

President.—The average you have given is 7½ ounces, whereas you have given me in this statement 5½ ounces and instead of giving me less for crossbreed, you have given me more—5½ ounces. When you state for pure Mysore 6 to 8 ounces and for irrigated 9 to 11 ounces, it must be shown and the figures must tally.

Mr. Govinda Rao.—For Mysore it is 5½ to 7 ounces.

President.—7 ounces is now for the seed cocoon area, not for the usual Mysore production of silk. Therefore I am taking 5½ ounces.

Mr. Govinda Rao.—Irrigated is 10 to 11 ounces.

President.—5½ ounces is very much on the low side. It does not bring out the averages.

Mr. Govinda Rao.—The only thing I could submit, so far as this figure is concerned, is that it is taken from the actuals.

President.—If actuals are something different from what you give now, all I can say is that this statement is incorrect.

Mr. Govinda Rao.—This statement made on page 6 of the reply is the reply to the general question. It does not take into account any particular area.

President.—This is given to me as the average for the whole State for pure Mysore.

Mr. Govinda Rao.—Yes.

President.—On page 13 of your replies to the questionnaire you say the quantity of seed reared is 7½ ounces and the yield of leaf from one acre of rainfed garden is about 6,000 lbs. Here you say it is 5½ ounces. If the actual is 5½ ounces, you should not have said 7½ ounces. If I take 7½ ounces, they require only 278 lakhs of layings as against 293 lakhs of layings given by you.

Mr. Govinda Rao.—As I have said on page 13, 7½ ounces is the quantity of seed and the yield of leaf from one acre of rainfed garden is about 6,000 lbs. For T. Narasipur area the yield of leaf is 4,400 lbs.

President.—This you told me is for Chennapatna area, whereas 7 ounces you have taken is only for seed cocoon area.

Mr. Govinda Rao.—We have issued for other purposes for Chennapatna area.

President.—You are giving me an average of 5½ ounces for five crops which I say is too low according to the statement given to me here.

Mr. Govinda Rao.—If out of the 700 acres I take how much is for seed and how much for silk, it will show the actual state of affairs.

President.—All I can I say is that I am not satisfied with your figures. With regard to moulting periods, we will take first pure Mysore and then crossbreed.

Mr. Govinda Rao.—We will prepare a note and send you for pure Mysore and crossbreeds.

President.—Are there two crops? Summer and winter?

Mr. Govinda Rao.—There is variation according to seasons.

President.—According to you the production of leaf is 4,400 lbs. I want to know the production of lbs. of leaf per crop.

Mr. Govinda Rao.—I will send you the information later.

President.—3rds of your seeds are not examined seed, am I right?

Mr. Govinda Rao.—Yes.

President.—Are you still able to get five crops from this acreage?

Mr. Govinda Rao.—Yes.

President.—That means the stage has arrived when you can dispense with the organisation for preparing disease-free seed.

Mr. Govinda Rao.—We have to continue to control the seed supply.

President.—At present 3rds is unexamined seed. Therefore if you are getting 5 crops and you are having no pebrine, then the question of spending money does not arise.

Mr. Rao.—So far as pebrine is concerned, we have eliminated that. 63 is the percentage. If we stop the production of disease-free seed, disease will stop in again.

President.—It is unexamined seed and you are still getting 5 crops. The bulk of your people have been so trained and are so perfect that they can get 5 crops without the examined seed.

Mr. Govinda Rao.—As we control the seed producing areas, we are able to keep down the disease.

President.—You have exercised such a great influence on the public and the cultivator that the very fact that they are producing 30 per cent. and you are controlling 70 per cent. shows that it is an ideal condition for the Mysore State.

Mr. Govinda Rao.—Seed cocoon production is limited to certain areas, because the Mysore Government has done work in those areas and the sericulturists in Mysore take seed cocoons from those two restricted areas.

President.—I am afraid they don't. All the sericulturists cannot be provided with examined seed.

Mr. Govinda Rao.—Bidadi and Kunigal areas are known as seed centres. People are producing reeling cocoons in Mysore, T. Narasipur and other areas. In Kollegal they don't produce their seed cocoons. They go to Bidadi for it. Whatever cocoons are produced in T. Narasipur area or Sidlagatta will be utilised for reeling only. In those seed cocoon producing areas, we have selected the seed rearers. We have systematised the work. We supply disease-free layings to the seed rearers and the cocoons produced by them will be purchased by the sericulturists.

President.—That does not answer my question. I appreciate the work done by the Mysore Government with regard to the production and the increase in disease-free layings. What I am saying is that 3rds of the present area is so perfected by the Mysore Government that they can get 5 crops without having examined seed.

Mr. Govinda Rao.—They take the seed from the controlled area.

President.—May I just run through the silk weaving replies before I take up the other replies? It is stated here that you are using only Indian silk.

Mr. Govinda Rao.—Yes.

President.—Is that filature silk?

Mr. Rao.—It is all filature silk reeled in our own filature.

President.—Are you able to get sufficient quantity for your requirements?

Mr. Rao.—Just sufficient.

President.—Does your filature work throughout the year?

Mr. Rao.—Yes, throughout the year.

President.—In answer to question 5 you have given the annual consumption of the raw material. That is all Mysore silk?

Mr. Govinda Rao.—Yes.

President.—I totalled it up and the figure comes to 38,122 lbs. of silk produced for the last five years.

Mr. Govinda Rao.—Yes.

President.—If you look at page 16 regarding the production of your filature silk, I take the figures of the same period for 5 years and it comes to 37,077 lbs. In that 37,077 lbs. I have added the quantity for the two months for which figures have not been supplied yet. I find that 1,000 lbs. more has been used in those five years. What kind of silk was used?

Mr. Govinda Rao.—This 37,077 lbs. includes the figure for two months also.

President.—Instead of 7,937 lbs., it is 9,354 lbs.

Mr. Rao.—We bought about 1,000 lbs. from Mr. Silva.

Mr. Govinda Rao.—Sometimes we have to shut down the boiler for repairs for a short period during the course of the year. At that time the filature will not be able to supply to the factory, and we make purchases from outside.

President.—If you take the production and the number of basins, it doesn't give you a very good annual production.

Mr. Rao.—The filature doesn't give a good production. That is true.

President.—Yesterday when I asked, Mr. Govinda Rao, he said that he could produce $1\frac{1}{2}$ lbs. of silk per basin. For 34 basins I find that the filature has worked for only 186 days instead of 300 working days. If I take 300 working days, it comes to 1.3 lb. per basin.

Mr. Rao.—I admit that so far as the filature is concerned, we have not worked under ideal conditions. The statement given here relates to what has been actually done, but that is not the ideal. We might have got out more.

President.—You have not worked to its full capacity and therefore you are making a loss. Up till now the loss is Rs. 44,000 simply because it has not been worked in the manner in which it ought to have worked. Take page 18. You have not given me the *rendita* for the filature.

Mr. Govinda Rao.—It is given on page 14.

President.—For the last two years it is 15.9. I want to find out the price you have paid for the cocoons for the last five years. You are using only crossbreeds. Since when did you start using crossbreeds?

Mr. Govinda Rao.—Mostly in 1934-35. In 1936-37 it was 100 per cent. crossbreed.

President.—You take the number of cocoons. You have given me 27,500 cocoons as equal to 50 lbs. That means 50 lbs. pure Mysore. If I take 70 instead of 50, the number of crossbreed cocoons required are 400 instead of 600. If I take 400 cocoons to a pound the *rendita* should be about 12 lbs., whereas your *rendita* is 15.9. That is why your cost is so high. You are using more cocoons.

Mr. Govinda Rao.—Arithmetically it is all right.

President.—Your output in the weaving factory is 53,300 yards for 1937-38 and the bulk of your production is Georgette, Crepe-de-Chine.

Mr. Rao.—71 per cent.

President.—I find that interlaced silk fabrics have increased.

Mr. Rao.—It is a new design.

President.—And also there is an increase in the laced Georgette and Crepe Sarees from 3 per cent. to 12.7 per cent.

Mr. Rao.—Yes.

President.—You have given the weight of raw silk required per yard as 6.3 tolas in answer to question 6 (a). You have not given me in pounds. How many tolas make one pound of raw silk?

Mr. Govinda Rao.—40 tolas make one pound.

President.—When you say you have keen competition in all your markets, which are your principal markets?

Mr. Govinda Rao.—Bombay, Madras and the whole of Northern India.

President.—In answer to question 17, you have given the block value as Rs. 2,11,202. Are these actuals?

Mr. Govinda Rao.—Yes.

President.—What is the rate of interest you are paying for the working capital?

Mr. Rao.—5½ per cent.

President.—Government to-day is charging 5½ per cent. for the weaving factory when you can get money at 4 per cent. The Spun Silk Mills have obtained money at 4½ per cent. I think the Government should have been better placed than the Spun Silk Mills.

Mr. Rao.—That is true. For *pro forma* accounting Government is charging 5½ per cent. for the working capital.

President.—Then the balance sheet does not show the true state of affairs when you say Rs. 44,000 loss.

Mr. Rao.—In the balance sheet interest is not included.

President.—If you have actually paid interest, it must be shown in the balance sheet. You admit that this item is not there.

Mr. Rao.—Interest on working capital and depreciation have not been paid.

President.—You have given the amount written off for depreciation in answer to question 19. Depreciation can only be set aside when a profit is made. How can you set aside depreciation when you are running at a loss?

Mr. Rao.—No depreciation will arise when there is no profit.

President.—And no amount should be shown to the Tariff Board if you have not actually paid the interest.

Mr. Rao.—These are the balance sheets that have been prepared by the Government Audit Department.

President.—Balance sheets do not depict the true state of affairs. That is all I can say. Take your Form I—Government Silk Weaving Factory, Mysore—Total expenditure incurred on the production of silk goods. When the raw material cost was Rs. 54,454 in 1933-34 the dyeing charges were Rs. 19,300. When the raw material cost was Rs. 55,751 in 1935-36, the dyeing charges were Rs. 12,756.

Mr. Rao.—There was heavy charge in 1933-34. The cost of raw silk was also more.

President.—From the statement given by you, I thought that the price of raw silk was very low.

Mr. Rao.—You want to know the rate at which the Government Silk Weaving Factory purchased the silk from the filature?

President.—Yes. Will you kindly give me a statement showing the price paid by the weaving factory for a pound of silk for the last 4 years?

Mr. Rao.—We will give you that.

President.—You were able to pay more to Government filature per pound of silk when the price of imported raw silk was lowest.

Mr. Rao.—Yes.

President.—I have been able to get the price of cocoons according to the rendita. It comes to as follows:—

	As. P.
1932-33	5 3
1933-34	4 9
1934-35	4 10
1935-36	5 10
1936-37	5 3

As you are a Director of the Mysore Silk Filatures, Limited, I would like to ask you one or two questions with regard to the cost of raw material put down in the prospectus, because you represent the Mysore Government on the Directorate of the Company and they have taken 4 annas 2 pie as the price of cocoons whereas during the five years of your experience, you have not been able to get an average anywhere near that figure. Did you have anything to do with the preparation of cost?

Mr. Govinda Rao.—I had nothing to do with it.

President.—As Director you should have pointed out the defect contained in the prospectus if that was not the actual state of affairs at any time, because your actual charges for the last five years were nowhere near that figure.

Mr. Govinda Rao.—It was pointed out.

President.—You say in weaving pure silk goods only 3,700 people are engaged. Could you give me an idea whether the number has increased or decreased?

Mr. Rao.—The number has decreased.

President.—Have people changed over to mixtures or cotton? What has been the position during the last five years?

Mr. Rao.—There has been a decrease, but to what extent we will have to look up the previous figures and tell you. In answer to question 1 (b) we say: "There has been no increase in the total number of handloom weavers since 1934. On the other hand there has been a gradual decrease owing chiefly to competition by similar handloom goods produced in the several weaving centres in the Madras Presidency as well as goods produced on power looms in several places in and outside the State."

President.—I want to see the figures to get an idea of the disparity. Please also state whether these people are idle or have changed over to something else.

Mr. Rao.—Yes.

President.—Is there any octroi duty on silk as specified on page 2?

Mr. Rao.—Octroi duty is levied by local bodies. It is on all raw silk, artificial silk, spun silk. It varies from Municipality to Municipality. Bangalore levies octroi on all silk.

President.—We were told one article is coming free.

Mr. Rao.—There is octroi on everything.

President.—Doddaballapur is levying Rs. 1-0 per cent. which is a very great protection to the Indian industry—I mean the Mysore Industry.

Mr. Rao.—Yes.

President.—In answer to question 9 on page 4, you say: "The total value of pure silk, and silk mixed goods woven on handlooms in the State from the materials mentioned under question No. 2 is estimated at Rs. 65 lakhs."

Mr. Rao.—Yes.

President.—They are mixtures.

Mr. Rao.—Yes.

President.—In answer to question 13 you give Rs. 22 lakhs as the approximate value of silk goods woven in the State. Is that for silk only?

Mr. Rao.—Yes.

President.—If I deduct that, I get the mixture. That means Rs. 43 lakhs is mixed goods and Rs. 23 lakhs is silk goods.

Mr. Rao.—Yes.

President.—What are the weavers' wages?

Mr. Rao.—We have given it in Statement B, answer to question 28.

President.—You have given the cost of labour as Rs. 1-2. I want to know the number of days worked for this particular saroe, item 1.

Mr. Rao.—I have got this work out. Here we have given the labour charges on the piece-work system. The number of days is indefinite. It may be 13 in one case. It is not possible to arrive at the weavers' earnings per day correctly. So from representative pieces of fabrics, I have worked out a statement. (Handed in.)

President.—Which year is this?

Mr. Rao.—1938-39. The information was collected by personal enquiries last July.

President.—Do these weavers generally work for the whole month?

Mr. Rao.—It is very difficult to say.

President.—Their position is very precarious. Therefore you can't base these rates on the monthly basis, because originally they were getting much more than they are getting now.

Mr. Rao.—It would depend upon the amount of work turned out by them.

President.—I was told that was probably due to people taking to imported silk and to the substitutes of silk, e.g., artificial silk and staple fibre. I was told by some people who control the weavers that as the price of the finished article has gone down in view of the low cost of raw material, they are unable to pay 8 annas per day.

Mr. Rao.—As a matter of fact you will find in the case of item 4, Davangore—that is an interior part of the country—they use only Mysore charka silk and their rates of wages are a little more favourable than other centres.

President.—What I don't understand is this: when an article is worth more, then the weaver is paid a higher wage. When an article is worth Rs. 5 or Rs. 6, then the weaver cannot get 8 annas as his wage. In your statement the state of affairs is different. The total cost is Rs. 8-14 and the wage is 8 annas.

Mr. Rao.—That depends on the kind of cloth woven.

President.—See the other statement. The wage is high compared to the total cost. It is Rs. 32 and the wage is 4 annas 3 pias per day.

Mr. Rao.—I will give you a note explaining this.

President.—I find that 75 per cent. of the production in the Mysore State is being consumed locally.

Mr. Rao.—Yes.

President.—Are the prices generally favourable to the manufacturers?

Mr. Rao.—75 per cent. is consumed locally, but at a sacrifice price. So far as the weaver is concerned, he doesn't come into the picture.

President.—What about the owners of handlooms?

Mr. Rao.—They have to compete. They don't find any difficulty in disposing of their product locally.

President.—This produces need not necessarily have been manufactured out of Indian silk only, because this is the total production of Mysore State.

Mr. Rao.—I must make it clear whether this 75 per cent. that is consumed locally is all made of local silk.

President.—That is why I am saying that it cannot be made of local silk. That is evident from the facts I have been able to get. I want to know how the prices are faring with regard to the products of handlooms in the local market.

Mr. Rao.—Yes.

President.—Have you given me anywhere the production figure for silk goods?

Mr. Rao.—Value we have given.

President.—When you say the value of silk goods woven in the State per year is Rs. 22,20,708, I want to know the production figure.

Mr. Rao.—We have taken the pure silk goods, the number of looms, the quantity in yards and calculated for the various kinds of fabrics. It is 851,376 yards.

President.—You say, in answer to question 32: "The total quantity of raw silk consumed in the several handloom weaving centres in the State is about 200,000 lbs. per year." Do the two lakhs of pounds a year produce this yardage? What I want to know is whether two lakhs of pounds of silk would produce about 831,000 yards of silk goods.

Mr. Rao.—I will verify and let you know.

President.—On page 5 of the memorandum, you have given the quantity of cocoons for charka 1st quality as 20 lbs. You say 1 lb. 16 tolas of silk can be produced out of 20 lbs. of cocoons. How did you work this out? You have given the rendita as 14-3?

Mr. Govinda Rao.—That was the quantity actually consumed by the reeler.

President.—The figure that we took last time was 1½ lbs. of silk for all, whereas you have taken 2 lbs. for II quality and 2 lbs. 12 tolas for III quality.

Mr. Govinda Rao.—The Board took the average of 1½ lbs. for all the three qualities.

President.—I think these figures are either not properly worked out or the various charges have been reduced. For 1½ lbs. of silk, the cost of water is 3 annas and for 2 lbs. of silk for the second quality the cost of water is 2 annas, so that you have simply copied the figures of the last Tariff Board and increased the quantity of lbs.

Mr. Govinda Rao.—The cost of water for one day.

President.—Production for one day is 2 lbs. and this is 1½ lbs. Will you just here again take all the items barring raw material? You will find that the costs are exactly the same. For the II quality the production is 2 lbs. and for III quality 2½ lbs. Here on the last occasion I have given 1½ lbs. for all the three qualities.

Mr. Govinda Rao.—These figures have been collected from the reelers.

President.—What you have given me is the identical proposition. That means in one day I have taken 1½ lbs. and you have taken 2½ lbs. and the charges are the same.

Mr. Govinda Rao.—So far as the cost of labour is concerned, figures on the last occasion were 12 annas, 11 annas and 10 annas and now the figures are 12 annas, 12 annas and 8 annas.

President.—You have reduced all your charges in spite of increase in production.

Mr. Govinda Rao.—Cost of water has been taken at 2 annas throughout. Selling expenses at 2 annas, 3 annas and 3 annas 5 pies.

President.—Charge for transport of cocoons is the same, though there are more cocoons and in one case it is definitely less.

Mr. Govinda Rao.—Transport charges are according to distance also.

President.—I would like to ask you a question about spun silk mills. You have given me the average value as 2 annas 7 pies for last year regarding the exports of Mysore silk waste.

Mr. Govinda Rao.—To-day I have taken the latest figure of 5 annas.

President.—These are prices which we have found by taking the total for 12 months and making a monthly average, but I have taken the value of exports and I find that the value is 2 annas 7 pies.

Mr. Rao.—The figure given in our note is not correct. For 1936-37 we have got a figure of 3 annas 9 pies.

President.—I would just run through page 15 of your note regarding the amount spent by the Mysore Government for the Sericultural Industry. The total figure given there is Rs. 22,18,000.

Mr. Rao.—Yes.

President.—Out of which I find that Rs. 6 lakhs are spent on different concerns.

Mr. Rao.—That was for the encouragement of silk production.

President.—All the concerns are established here with a view to encourage Sericulture irrespective of economic units. Items 6, 7, 8 and 9 come to Rs. 6 lakhs.

Mr. Rao.—Government has spent this money to see the possibility of Mysore silk.

President.—Why have you not included Rs. 44,000 loss with regard to one of the factories? The loss is due to the encouragement of silk weaving factory. It ought to have been shown here also.

Mr. Rao.—We have given only the capital outlay.

President.—That is loss due to maintaining an uneconomic unit.

Mr. Govinda Rao.—Loss incurred has not been replenished.

President.—Out of Rs. 1,10,000 as shown in item 7—Capital outlay on buildings, machinery and working expenses, how much money you will get back from the Mysore Silk Filatures?

Mr. Rao.—Government orders have only been recently passed. We got back about Rs. 9,000.

President.—That means 34 basins are valued at Rs. 9,000.

Mr. Rao.—Yes.

President.—Is that only for basins?

Mr. Rao.—No. Everything is included.

President.—What is the position with regard to export of raw silk to countries outside India? You remember you have been good enough to send us a statement. I want to get an idea of the present position. Your demand is that raw silk should be placed under Imperial Preference. As far as my information goes, raw silk does enjoy to-day 6 per cent. Preference.

Mr. Rao.—I have no definite information.

President.—That was a reliable information I have been able to get.

Mr. Rao.—We have not sent any silk from here.

President.—You have got the Trade Commissioner in London. Has he found out the possibility of selling Mysore silk in the London market where it enjoys Preference.

Mr. Rao.—We tried to send some of our fabrics. Raw silk, we have not tried so far.

President.—When you don't try to send raw silk as an experiment, it is difficult for the Board to find out what percentage of Imperial Preference raw silk will require under present conditions. I want to find out whether 6 per cent. is adequate and I want to get the information with regard to the imports into London of the quantity of silk and what percentage at present the Indian silk forms of that total quantity. You have supplied me only the Japanese figures. Have you not asked your Trade Commissioner to supply those figures? Without that it is not possible for the Board to make any recommendation. Last time we made a recommendation and it appears that Indian silk is at present enjoying Imperial Preference of 6 per cent.

Mr. Rao.—In the statement which we have submitted, we have taken the figures from the seaborne trade. In 1936-37 the raw silk exported from British India was 46,178 lbs. In 1937-38 it fell to 16,484 lbs. The country of destination is not known. I have written to the Trade Commissioner and I will get the information in a few days.

President.—Will you be able to give me this afternoon the cost of producing one lb. of crossbreed cocoons? As far as the cost of mulberry leaves are concerned, it has got to be ascertained when we come to the question of food for worms.

Mr. Rao.—With regard to the question of cost of producing one pound of crossbreed seed on the data which we have adopted in our further note, except the cost of seed and the cost of leaves, all the other items are the same as in our reply to the questionnaire.

President.—I want to ask you a few questions with regard to the quality of your silk. You know that everybody in this world, is talking about war and raw silk may from one of the sinews of war. It is therefore necessary to find out what is the quality of raw silk produced in India. I would like to have some sort of statement to show that the raw silk produced in Mysore would be suitable in case it is required for Defence purposes.

Mr. Rao.—I have had some correspondence with the Indian Stores Department as regards the self-sufficiency with regard to silk for aeroplane parachutes. We have given them full information about the quality of our silk and we have stated that so far as the specifications go, our silk will stand up to those specifications. We asked them for samples of fabrics, but they said that at that time they had not samples to give us.

President.—Last time you were asked to supply us with a statement showing the various tests carried out and comparison with the foreign silk was made in order to show that the quality of Indian silk is equal if not superior to the imported silk in the various intrinsic qualities. I want to see whether in spite of protection the quality has deteriorated or has remained the same. According to the information received the quality of silk is deteriorating. People in Surat who are using Kashmir silk told us that the quality of silk has deteriorated since the last Tariff Board reported and therefore it is important to know the quality of Mysore silk.

Mr. Rao.—We can give you for Mysore filature silk. Do you want also for imported silk?

President.—Yes if you can and that would enable us to compare.

Mr. Rao.—Even in our charkas the quality of silk has improved.

President.—With regard to the cost of production I should like to discuss with you one or two items. I have already discussed the minimum price at which protection should be based. On the last occasion the Tariff Board adopted economical units suitable under conditions then prevailing. I think conditions have not changed materially to alter decisions with regard to the number of basins to be taken for an economic unit. In fact I find that your own Government has encouraged an economic unit of the same size.

Mr. Rao.—Yes.

President.—I have dealt with the question of what the capital expenditure should be with the Mysore Silk Filatures. The only point I want to ask you is with regard to the selection of site. According to the statement given by you, T. Narasipur is not a very suitable site.

Mr. Rao.—Out of 26,500 acres under mulberry, 17,500 acres are in that area.

President.—It is a question of the quality of cocoons and not acreage. If you look at the figures given here, you will find that from deep and shallow well areas you get crossbred cocoons to an extent that it will supply the needs of a filature of 75,000 lbs. of raw silk capacity and therefore in order to make the cost cheaper, T. Narasipur is not an ideal site, because even cocoons depend upon rains and you cannot run a filature on conditions which are rather uncertain.

Mr. Govinda Rao.—These figures about details of initial expenditure in the deep well and shallow well irrigated areas have not been properly checked. As regards the rainfed garden, we have checked them properly.

President.—I want to ask a few questions regarding seedlings and about manure. Saplings are used for mulberry tops and that means for trees seedlings for bush?

Mr. Govinda Rao.—Yes, but seedlings can be used for trees also. What we mean by saplings is cuttings which we try to be planted as trees. Seedlings are raised from seeds and these can be raised into trees. Seedlings can also be used for planting as bushes.

President.—The total number of seedlings and saplings supplied from 1926 till to-day is about 45,000.

Mr. Govinda Rao.—Yes.

President.—And the cost you have put down as Rs. 27,000.

Mr. Govinda Rao.—Yes.

President.—Roughly it comes to about 9 to 10 annas per sapling and per seedling.

Mr. Govinda Rao.—Yes.

President.—That means if a cultivator wants to replace his bush mulberry by seedlings which are on an average between 4,000 and 5,000, he will have to spend Rs. 2,500. You told us on the last occasion that after having demonstrated successfully the value of planting seedlings, there would be a sort of encouragement from the cultivators themselves and that they would be able to take it up. But the cost is too prohibitive for a cultivator, because he cannot afford to spend Rs. 2,500 to have an acre planted with seedlings.

Mr. Govinda Rao.—These are for trees.

President.—What about seedlings?

Mr. Govinda Rao.—Seedlings to be trained as saplings. Saplings will be raised. Seeds will be collected and they will plant it.

President.—They have mixed up the two here. The only conclusion I can draw is that seedlings and saplings cost the same. Could you give me the cost of seedlings?

Mr. Govinda Rao.—Seedlings and saplings are supplied for planting as trees.

President.—What is the cost for supplying seedlings for bushes. Ultimately you say demand ought to be so large that Government will not be able to cope with it. You say "The yield from 'seedling plantations' is found to be 15 per cent. more than from 'Cutting plantations'". We want to know the cost of seedling.

Mr. Govinda Rao.—It would be costlier than what the Sericulturists have to pay for ordinary cuttings. The cost of seedling was Rs. 10 per cartload. Last year some people even paid Rs. 20 per cartload for ordinary cuttings.

President.—You must have some cost.

Mr. Rao.—We have not kept separate costs. Seedlings which have got to be substituted for bush mulberry are to be directly raised from nurseries, and the whole of the expenditure incurred on that will be kept in the Farm Accounts.

President.—When a department distributes seedlings free to the cultivators, they must know what it costs them and how much money they are willing to spend for the benefit of the cultivators. Seedlings have been distributed free and as the result is encouraging, we must get an idea as to the future cost of mulberry.

Mr. Govinda Rao.—I will work out the cost and give it to you.

President.—What kind of manures are they using?

Mr. Govinda Rao.—Farm yard manure, silt and litter also is mixed along with it.

President.—May I refer you to page 2 of your memorandum where you say that a number of sericulturists have taken to the use of groundnut oil cake and ammonium sulphate as manure for their gardens and that the use of these manures in rotation with farm-yard manure has resulted in increasing the output of leaves per acre without increasing the cost?

Mr. Rao.—We have been popularising the use of groundnut manure.

President.—But you are having a lower yield inspite of people taking to it.

Mr. Rao.—We could collect evidence from particular cultivators who have used this kind of manures to show that in spite of higher cost, there is increase in yield.

President.—I want to know what it costs as compared with the farm-yard manure and why the sericulturist in general has not taken to the use of this kind of manure.

Mr. Rao.—We will find that out.

President.—When you got increased quantity of leaves with the same cost, everybody ought to take it unless it is more expensive than the farm-yard manure. When they are spending Rs. 78 to Rs. 200 on initial expenditure and about Rs. 60 on recurring expenditure, it is rather surprising that they should not try to economise in the shape of increased leaves.

Mr. Rao.—There is a possibility of reducing the cost of artificial manure.

President.—You have given the prices of Japanese cocoons. I find some figures given also in the Silk Year Book. According to the figures I have worked out for 1933, it comes to 0-5-2 whereas your figure is 0-5-2-75. On page 61 of the Japanese Silk Year Book it is stated that the cost of 10 kwamme cocoons=37-5 kilogramme=82-7 lbs. was 40-71 yen (average of the 3 crops)=Rs. 45-7 (at 79 yen=100 rupees).

Mr. Govinda Rao.—They have taken only the spring crop. The figures given in the Silk Year Book is for 1934.

President.—Your figure for 1934 is 0-5-5-7.

Mr. Govinda Rao.—3-74 yens for 8-2 lbs. (Exchange 78-7 to Rs. 100).

President.—We will discuss that point in the afternoon. Another point is with regard to artificial silk yarn. I understand that you don't take a very serious view of its imports.

Mr. Rao.—It does not directly compete with pure silk. It will have a depressing effect on the prices of silk.

President.—I would just read an interesting sentence from the Industry and Trade of Japan by Mr. S. Uehara to show what they think about the artificial silk, because the consensus of opinion, I believe, in India is that artificial silk does not compete with natural silk. "Artificial silk will be used in limited cases as an auxiliary to, and not in the place of, natural silk. These optimistic ideas have been proved to be wrong; rather the opposite tendencies seem to show themselves in many directions. Should the inferiority of artificial silk as compared with natural be remedied sufficiently, then natural silk will, without a doubt, be affected by it, as the price of the latter is far higher than that of the former. The present position is that the more artificial silk is improved, the larger will be the demand for it, and its use, which was formerly practically limited to making piecegoods, such as ties, gas-mantles, thread and knitted wear, etc., has widened in almost every direction. Before the Great War the world's total output of artificial silk was only about 12,000,000 lbs. Remarkable progress has, however, been made in its output, and also in the number of factories engaged in the industry. The output in 1934 exceeded 700,000,000 lbs. of which 210,000,000 lbs. was produced by America and 148,000,000 lbs. by Japan". The reason why I made that statement was that your import figures 748,882 lbs. of artificial silk in 1937-38 during only 10 months shows an enormous rise.

Mr. Rao.—Artificial silk that does come in now is competing with cotton directly.

President.—How many mulberry gardens are you maintaining?

Mr. Govinda Rao.—Eight.

Mr. Anklesaria.—As the President has already gone into great details, I propose to ask you a few questions. You speak about pebrino. Is it possible to completely eradicate the possibility of pebrino infection?

Mr. Govinda Rao.—It is not.

Mr. Anklesaria.—In order to ensure the supply of disease free seed, you will have to keep up the establishment of testing house for supply of seed.

Mr. Govinda Rao.—That is what I submitted.

Mr. Anklesaria.—In answer to question 23 you said that the bulk of your mulberry plantations produce on an average 8,000 lbs. of leaves per acre.

In answer to question 15 you have given the figure for rain-fed gardens as 4,000. Can you explain the discrepancy?

Mr. Govinda Rao.—In our note we have stated that the cost of maintenance of a rain-fed garden varies from Rs. 50 to Rs. 84 and the yield varies from 4,000 to 6,000 lbs. and for a garden yielding 6,000 lbs., the recurring expenditure will be more.

Mr. Anklesaria.—You have been talking all throughout of averages. You are not talking of any special instances. On page 8 you give the average as 4,000 and in answer to question 23 you give the average as 6,000 lbs.

Mr. Govinda Rao.—It is rather unfortunate that we took the garden yielding 6,000 lbs. of leaves as the unit.

Mr. Anklesaria.—In answer to question 15, you took the yield as 4,000 lbs. and in answer to question 23 you took the yield as 6,000 lbs.

Mr. Rao.—We have cleared up that position in the further note.

Mr. Anklesaria.—On the question of dumping by Japan, I requested you to work out figures of Yen into Rupees.

Mr. Rao.—I have submitted a statement showing the cost of production of cocoons.

Mr. Anklesaria.—What is the cost of production in Japan of mulberry leaves in rupees?

Mr. Rao.—We will work it out and give you.

Mr. Anklesaria.—What is the price of cocoons?

Mr. Rao.—Rs. 0-7-1 in 1937.

Mr. Anklesaria.—And raw silk?

Mr. Rao.—Rs. 3-15-11.

President.—I understand that these figures are based on reliable information which you have. What is that information?

Mr. Rao.—The cost of production of cocoons and the cost of production of silk are all worked out by the Japanese Silk Association, Reelers Association and the Government also. Recently the Japanese Government have passed the Raw Silk Stabilisation Act where it is stated that the cost of production of cocoons also should be collected and the cost of production of silk worked out and Government should fix the maximum and minimum rates at which silk should be sold.

President.—From that source you have collected the figures?

Mr. Rao.—Yes.

Mr. Anklesaria.—Let us see whether dumping is a fact or a fiction. In order to find that out, you must compare this cost with the Mysore cost. Is the Mysore cost of raw silk compared to the Japanese cost higher or lower? If lower by how much?

Mr. Rao.—You want to know as to what the cost of production is in Mysore and whether it is higher or lower as against the cost of production in Japan. According to the figures given here the cost of production of silk in Mysore Government filature is about Rs. 7-12-4 per lb.

Mr. Anklesaria.—Shall I take it the reason why Japan is beating you in competition is that their normal cost of production is much lower than yours?

Mr. Rao.—Yes, at the present exchange rates.

Mr. Anklesaria.—Yours is Rs. 7-12-4 and theirs is Rs. 4.

Mr. Rao.—Yes.

Mr. Anklesaria.—You would in that case call it dumping?

Mr. Rao.—Yes when it is sold in this country at less than the cost of production in that country.

Mr. Anklesaria.—Are they selling for less than Rs. 3-15-11?

Mr. Rao.—Yes. For instance in the year 1935 I am talking of spot prices in Yokohama—it ranged from Rs. 4-0-11 to Rs. 4-14-8. Inclusive of duty the price in India should have ranged from Rs. 6-5-2 to Rs. 7-8-1. The actual prices in Bombay were Rs. 4 to Rs. 5-12-0. I am talking of spot prices in Yokohama and taking the cost of production for the year 1935.

Mr. Anklesaria.—My point is this: the costs of production in Japan are so very very low compared with your cost of production that in a reasonable period of time you will not be able to catch up Japan. The gulf is so big.

Mr. Rao.—I thought the question referred to dumping. It was a question whether Japan was dumping her products in this country. So far as dumping goes, even taking the cost of production in Japan including the duty, the silk that should have been sold at a particular price in this country is sold at a lower price.

Mr. Anklesaria.—I follow that. I am putting you another question and that is this: the cost of production you have given in Japan is so very low compared with the cost of production in India that it is not likely within a reasonable time you will be able to bridge the gulf to one half.

Mr. Govinda Rao.—So far as India is concerned we have cost in rupees. Japan's cost is in Yen.

Mr. Anklesaria.—I am putting that question for a particular object. I know that with duty or without duty the cost would be a certain figure. But my point is that the state of efficiency of your industry is such that there is a huge gulf between the normal cost of production in India and the normal cost of production in Japan.

Mr. Rao.—To-day there is.

Mr. Anklesaria.—Do you think that it is bridgeable within a reasonable period of time?

Mr. Rao.—That is what we have endeavoured to prove that if protection is granted that we can do within a period of 15 years.

Mr. Anklesaria.—In order to show me the reasonableness of your hopes, I would like to see what you are capable of doing and what you have up till now done in order to bring up your costs to the level of the costs in Japan. Now take the leaf. You have been experimenting with leaf from 1916 till to-day and the result is nil according to your own statement.

Mr. Rao.—We have not been able to bring down the cost of leaf appreciably.

Mr. Anklesaria.—At present I suppose you are experimenting for the solution of the question whether tree mulberry or bush mulberry is suitable.

Mr. Rao.—Yes and to what extent by planting mulberry tree the cost of production of leaf might be reduced.

Mr. Anklesaria.—Do you know that in Japan they are devoting their attention now to bush mulberry? At present they are preferring bush mulberry to tree mulberry.

Mr. Rao.—Even here in the supplementary note I have submitted the comparative advantages of bush mulberry and tree mulberry. I have not said that we will be substituting the whole of the bush mulberry into tree mulberry.

Mr. Anklesaria.—I say that bush mulberry is more suitable to your worm than tree mulberry.

Mr. Rao.—Mysore silk worm grows well on both tree and bush mulberry. For young worms the harvesting of tree mulberry leaf will be more costly.

Mr. Anklesaria.—Supposing it is found that the really suitable material was the leaf of the bush mulberry, then you will admit that all your efforts that are being made at present in connection with mulberry plantation would have been made in the wrong direction.

Mr. Rao.—If the first part of the statement is admitted, the second part must follow.

Mr. Anklesaria.—As regards improvement in cocoons, you admit the correctness of Tariff Board's findings that the prosperity of the raw silk industry depends upon the price of silk waste. I suppose you will agree with that statement.

Mr. Rao.—Yes.

Mr. Anklesaria.—What was the price of silk waste in 1933 before protection was granted?

Mr. Rao.—It was about 2 annas a pound. The Tariff Board has taken 1 anna 6 pice.

Mr. Anklesaria.—By what percentage has the price risen to-day?

Mr. Rao.—About 5 annas for charka.

Mr. Anklesaria.—And 11 annas for filature. In the cost of cocoons you have been able to get this price of waste increased and thereby lowered the cost of production of raw silk?

Mr. Rao.—Yes.

Mr. Anklesaria.—You will admit that the filature costs which you have given are not of much use, because as the President has pointed out, you have not worked your filature to the full capacity.

Mr. Rao.—Yes.

Mr. Anklesaria.—On the question of comparative costs, you say you are in constant touch with the Japanese conditions. Have you made yourself acquainted with the conditions existing in your neighbouring factory?

Mr. Rao.—We have information from some of the agriculturists, but not too detailed information.

Mr. Anklesaria.—You have got details with regard to conditions in a country situated 6,000 miles away and you say you have got no details about Kollegal which is your next door neighbour.

Mr. Rao.—Those are details which we have been able to get from Reports.

Mr. Anklesaria.—You will admit that there is a wide gulf between your cost of leaf and the Kollegal cost of leaf.

Mr. Rao.—I have no information about that.

Mr. Anklesaria.—Have you tried to collect the information?

Mr. Rao.—I have not. If information is made available, I can study that and give my opinion.

Mr. Anklesaria.—I can tell you the figure. The Kollegal cost of cultivation is Rs. 28-8 while your cost of cultivation is Rs. 63-4.

Mr. Rao.—As I said, I have no objection, if those figures are furnished to me, to study and let you have my further remarks and I have also no objection to our figures being supplied to them and their opinion obtained. That may help the Board in reconciling or in seeing to what extent any weightage should be given to the calculations.

Mr. Anklesaria.—You base your claim for protection on several grounds. Firstly you say that the Tariff Board has already found that the three conditions laid down by the Fiscal Commission which an industry claiming protection must satisfy have been fulfilled.

Mr. Rao.—That is our Bible.

Mr. Anklesaria.—You also say that in course of time if adequate protection is granted, you will be able to supply the whole of the home market.

Mr. Rao.—We could increase our production threefold or fourfold.

Mr. Anklesaria.—You say if protection is granted, no other allied industry would be hurt.

Mr. Rao.—That is correct.

Mr. Anklesaria.—You say that if protection is granted, a new industry, viz., the Spun Silk Industry would be started in the country

Mr. Rao.—It has been started already. We have followed the recommendations of the last Tariff Board in starting up one here.

Mr. Anklesaria.—Will you kindly explain to me how the three conditions of the Fiscal Commission as found on page 42 are satisfied?

Mr. Rao.—I submit that question has been examined in detail.

Mr. Anklesaria.—I take it that you are not able up till now to improve on mulberry cultivation and also on production of leaf.

Mr. Rao.—No.

Mr. Anklesaria.—In your answer to question 42 you say that so far as the present state of Mysore silk is concerned, there are certain defects in the charka silk which cannot be removed. They can be improved, but cannot be entirely removed. So long as therefore charkas are not replaced by filatures, these defects will remain. We have got a Report from Punjab that they don't buy that silk because of those defects.

Mr. Rao.—I admit that. We have improved the charka, but we have not been able to remove the blemishes entirely. With one qualification I might say that we are taking power looms into consideration. So far as power looms are concerned, it is necessary to have filature silk, but for handloom weaving improved charka silk will be satisfactory.

Mr. Anklesaria.—So long as you carry on with the charka, it is the principal cause of your not being able to sell your Mysore silk in competition with foreign.

Mr. Rao.—Yes.

Mr. Anklesaria.—You cannot say within what time you would be able to replace the charka by the filature to an appreciable extent.

Mr. Rao.—If protection is granted for a sufficiently long time and taking the production of silk in Mysore on the present basis, we will require about 10 filatures with 200 basins each. When the local price has been levelled up, then it will certainly be an inducement to more filatures coming into existence.

Mr. Anklesaria.—You have been stating times out of number that on account of the inadequacy of protection last granted, people have not been able to carry out improvements recommended by the Tariff Board.

Mr. Rao.—We say it has not been possible to stabilise the improvements attained within such a short period.

Mr. Anklesaria.—But the raiyats have not been able to avail themselves of those improvements.

Mr. Rao.—Whatever improvements have been effected have been neutralised by the fall in the prices of silk.

Mr. Anklesaria.—What has been the result of adopting those improvements by the riyat on his cost of production? Has the cost of production been materially reduced?

Mr. Rao.—Yes except as I pointed out in the case of the mulberry leaf though it has not been possible to bring about any striking results, in rearing technique some improvements have been effected.

Mr. Anklesaria.—Would I be right in saying that 30 per cent. of the cost of production has been reduced by improvements?

Mr. Rao.—I will have to calculate and give you the comparative position.

Mr. Anklesaria.—Would you say that the cost of production of cocoons has been reduced by 30 per cent.?

Mr. Rao.—It was 7 annas 3 pies per lb. of cocoon. Since the last Tariff Board reported, we have brought it down to 4 annas 8 pies.

Mr. Anklesaria.—Do I take it that mulberry cultivation in Mysore repays the cultivators? That is to say people are not cultivating at a loss.

Mr. Rao.—Mulberry cultivation by itself is not practised in the State.

Mr. Anklesaria.—Would mulberry cultivation be said to repay the cost of cultivation to-day?

Mr. Rao.—You are asking whether all the investments that the Sericulturist makes on producing mulberry and cocoons, he recoups by selling the cocoons. Our cost is 4 annas 8 pies and you will see that the selling price of cocoons has been less than the cost of production.

Mr. Anklesaria.—It doesn't repay the cultivation of mulberry.

Mr. Rao.—It doesn't at the various prices which we have given. It is 4 annas to-day. When the Tariff Board wrote the report, it was 4 annas 10 pies in February; then it came down to 4 annas 2 pies in March and early April.

Mr. Anklesaria.—If mulberry cultivation repaid the cost of cultivation in 1933 a fortiori it should repay cultivation to-day.

Mr. Govinda Rao.—Mulberry cultivation didn't pay at all.

Mr. Rao.—They have no relation at all to the selling price.

Mr. Anklesaria.—It was repaying the cost of cultivation in 1933.

Mr. Rao.—It was not. That is why we approach the Tariff Board.

Mr. Anklesaria.—Market for Mysore cocoon, I understand, is restricted to the Mysore State.

Mr. Rao.—It is also sold in the adjoining areas.

Mr. Anklesaria.—Have you thought of expanding that market by exporting cocoons outside India?

Mr. Rao.—We have not thought about it.

Mr. Anklesaria.—Do you know that under the five years plan, Russian cocoons are exported to Italy for being reeled?

Mr. Rao.—It might be so. We have not thought of it.

Mr. Anklesaria.—Can you export your cocoons to be reeled at Poona for instance? The point is whether you can increase your market for cocoons so that it may not have to depend on the local people here.

Mr. Govinda Rao.—There has been no demand for cocoons and from the economic point of view it is not worth while exporting cocoons over long distances.

Mr. Anklesaria.—You have not enquired whether you can create a market.

Mr. Govinda Rao.—No.

Mr. Anklesaria.—If the market is restricted for cocoons, have you considered the possibility of the formation of Co-operative Societies for the sale of cocoons? Naturally the cocoon producer would not get the price which he would want, because the middleman would be taking away the profits.

Mr. Rao.—I now catch your point, which is, if you made arrangements for the direct sale of cocoons by the rearer instead of through a middleman, he could get a better price. That is the reason why we have started experimental cocoon markets and we want to bring about competition between buyers rather than competition between sellers, so that the sellers may get a better price.

Mr. Anklesaria.—Have you considered the possibility of the formation of Co-operative Societies for the sale of cocoons?

Mr. Rao.—We have Sericultural Co-operative Societies and there we are collecting the produce of the Members and selling it.

Mr. Anklesaria.—I take it that as regards protection, you don't want articles which don't compete with silk to be protected.

Mr. Rao.—If protection for raw silk is granted, duties will have to be levied on other articles.

Mr. Anklesaria.—On those articles which don't compete with you, would you also claim protection?

Mr. Rao.—The only exception I mentioned is artificial silk. I have stated that it doesn't directly compete with silk, but the prices have a depressing effect.

Mr. Anklesaria.—You cannot have protection, because the prices have a depressing effect. If you can point out articles which directly compete with you, I can understand your claim for protection for those articles. You yourself admit that the artificial silk doesn't compete with you direct.

Mr. Rao.—That is the opinion I have from the extract that President read.

Mr. Anklesaria.—I can get you another extract which says quite the contrary. Have you read the Book on Silk Industry in Japan by Mr. Ghosh? You will find that opinion has been controverted and very efficiently too.

Mr. Rao.—There is a difference of opinion on that point.

Mr. Anklesaria.—My point is that articles which do not compete directly with you need not be protected, and thereby increase the burden on the consumer. Your claim to protection must be a reasonable one and must not involve an undue sacrifice on the part of the consumer.

Mr. Rao.—Do you refer to artificial silk?

Mr. Anklesaria.—Yes.

Mr. Rao.—It indirectly competes with natural silk, but it has got a depressing effect on raw silk prices. For that reason we claim protection.

Mr. Anklesaria.—My point is this: silk has nothing to fear on account of the advent of rayon. The main reason why rayon is displacing silk is that there is no adequate method to prevent the dealers cheating the public by passing off rayon as silk. I would therefore ask you whether you could not suggest any legislation making it penal for dealers passing off rayon or mixed goods as silk.

Mr. Rao.—I believe the Merchandise Marks Act as it is to-day requires dealers to satisfy the authorities . . .

Mr. Anklesaria.—I am afraid that would not cover the present position because unless the buyer is made aware of what he is buying merely the particular mark would be of no use. Would you suggest legislation to prevent people being cheated by dealers by passing off rayon for silk?

Mr. Rao.—That would be desirable. Other countries are doing it. May I refer to, page 35 of the *Board of Trade Journal* dated, 7th July 1938. "A decree law dated the 23rd February 1938 and a decree issued thereunder dated 5th May 1938 regulate the trade use in Brazil of terms relating to silk and its compounds and provides for the compulsory marking of such products and of all products which may be confused with silk. The regulations provide, *inter alia*, that the word 'silk' and its derivatives, even in a foreign language, may not be used to indicate yarn, cloth or articles not made exclusively from the products or by products of cocoons of silkbearing insects. The regulations also prohibit the use of the word 'silk' and its derivatives, even in a foreign language, in the names of concerns or commercial firms which are not engaged in the production, manufacture or sale of yarn, cloths or products of silk as defined by the regulations".

Mr. Anklesaria.—In that case there would be no competition between rayon and silk?

Mr. Rao.—That would be so.

Mr. Anklesaria.—There is no competition between wool and silk or any other textile and silk if the buyer knows what he wants.

Mr. Rao.—Yes.

Mr. Anklesaria.—You have described the future regarding the cost of production of cocoons and the margin of loss and profits you give at the varying rates of 3 to 6 annas a lb. The statement you have given, I must say, is very helpful to us but that does not strengthen your case. If after 15 years your price of cocoons is 3 annas 4 pica what would be your price of silk?

Mr. Rao.—Rs. 5 per pound of silk.

Mr. Anklesaria.—If we take the normal cost of production in Japan to be Rs. 4 as you have stated, how would you be able to compete?

Mr. Govinda Rao.—We will have the revenue duty.

Mr. Anklesaria.—Is it on the price of cocoons that you reply?

Mr. Govinda Rao.—In this statement we have taken the improvement in the cocoon cost. So far as production of silk is concerned we have said that high grade filature raw silk can be made available at Rs. 5 per lb. So far as improvement in reeling is concerned by establishing up to date filatures for producing high grade silk, economies can be effected and the quality of the silk would be equivalent to the foreign quality.

Mr. Anklesaria.—Do you foresee any prospect of reduction in reeling charges?

Mr. Govinda Rao.—If cocoons are available at 4 annas a pound the cost on account of cocoons would be reduced by about Rs. 1-4 a pound, i.e., the cost of raw silk would be Rs. 6-8 a lb. with improvements in the quality of mulberry leaves produced and with improved methods of rearing, the quality and silk content of cocoons also will be improved.

Mr. Anklesaria.—Why do you stick to 15 years: would 10 years do?

Mr. Rao.—We expect that it will take at least 15 years.

Mr. Anklesaria.—On what do you base your expectation?

Mr. Rao.—In order to bring down the cost of mulberry we have got to do it by improvement in the cultural operations by getting better yield from bush mulberry and for that we will have to take a number of measures which will take time to take root with the vericulturists, such as improved yield from bush mulberry per acre, reduction in the cost of cultivation and so on.

Mr. Anklesaria.—What do you expect to do to reduce this cost of leaf?

Mr. Rao.—Improvement in cultural operations by larger use of manures.

Mr. Anklesaria.—You are not at present using sufficient manure?

Mr. Rao.—We mean artificial manures.

Mr. Anklesaria.—You have not taken measures regarding manuring which you think you ought to take?

Mr. Rao.—We have taken measures but not in the whole State: then there is the question of substituting seedlings for cuttings that we have now. That will take time to get into uniform practice.

Mr. Anklesaria.—You have stated that in five years time tree mulberry will bear leaf.

Mr. Rao.—For tree mulberry to bear leaf it will take five years.

Mr. Anklesaria.—How long would the process of planting mulberry take?

Mr. Rao.—We have started already.

Mr. Anklesaria.—In the bulk of the area it won't take 15 years to plant mulberry.

Mr. Rao.—First of all to raise the mulberry it will take two years. We can only do a certain amount of work every year. It will necessarily take some time. It is only a forecast and all endeavours will be made to achieve that result.

Mr. Anklesaria.—For 16 years nearly you have failed to achieve any result as regards mulberry leaves.

Mr. Rao.—We have been doing experimental work; these experiments are being transplanted into practice. The 16 years work that we have done is on the experimental side.

Mr. Anklesaria.—If you took 16 years for experimental work how do you expect to get over the defects in 15 years time?

Mr. Rao.—We have prepared the ground now.

Mr. Anklesaria.—You expect to produce better cocoons and reduce costs?

Mr. Rao.—Yes.

Mr. Anklesaria.—Reeling you will do at reduced cost compared with Japan?

Mr. Rao.—I am unable to answer that question but we say that we are going to produce the same quality of silk that Japan is exporting to India by producing high grade filature silk.

President.—You have submitted to us this morning cost of 1 lb. of cocoon, pure Mysore and crossbreed, on the basis of 5½ oz. for pure Mysore and 5½ oz. for crossbreed.

Mr. Rao.—Taking mulberry leaf at 4,400 lbs.

President.—I was reading the report of the Board and I find that on the last occasion when they received statements with regard to mulberry cultivation it was Rs. 63-4.

Mr. Rao.—We have brought it down to Rs. 56-12.

President.—I personally feel that 5,000 lbs. would be a more accurate figure than 4,400 lbs. which you have given.

Mr. Rao.—This 4,400 lbs. leaf per acre is based on 1937-38 when the rainfall was rather disappointing. I would of course for normal conditions put down the production of leaf per acre at 5,000 lbs. It can easily be taken at that.

President.—That is good but not quite correct if I take your own figures.

Mr. Rao.—I can even go further and say that with improved manuring and so on it would be possible to improve upon that production also.

President.—The cost of production of mulberry yielding 5,000 lbs. of leaves is Rs. 56-12 which comes to 2-2 pies per lb.

Mr. Rao.—That is correct.

President.—That would be the cost per pound of leaf. We shall now calculate the cost of a pound of cocoons. The figures given by you indicate to me that for the whole State it comes to round about 8 oz. and if I take 50 lbs. of cocoons that comes to 400 lbs. Your figure is 390 lbs. but now owing to change of conditions and owing to increase in crossbreeds we may take the figure given by you of 7¼ ozs. and 50 lbs. for the whole State. That gives us 370 lbs.

Mr. Rao.—That would be quite fair.

President.—We shall next take the cost of seed. The cost of seed is As. 11-2.

Mr. Govinda Rao.—That is for pure Mysore only.

President.—The cost of extra labour is Rs. 2. Cost of leaves will work out at 800 × 2-2 pies, that is Rs. 9-2-8. Cost of appliances is Re. 1 and other charges 6 annas. The total comes to Rs. 13-3-10, and 50 lbs. which is equal to As. 4-2-7 or let us say As. 4-3.

Mr. Govinda Rao.—Yes.

President.—Now let us take crossbreed:—

	Rs. A. P.
Cost of seed	1 6 5
Cost extra labour	2 0 0
Cost of leaves—980 lbs. x 2-2 pies	11 3 8
Cost of appliances	1 6 0
	<hr/>
Total	16 0 1
	<hr/>

and 70 lbs. That comes to As. 3-8.

Mr. Govinda Rao.—Yes.

President.—On the last occasion we had made some allowance for what it would be necessary to induce the cultivator to grow mulberry. In this we have not allowed the cost for the rearers family and have taken only the bare cost of production which I think is not quite fair to the rearer. Suppose we allow Rs. 10, will that be on the low side?

Mr. Govinda Rao.—It will be on the low side.

President.—When you say “extra labour Rs. 2” what is the charge you have calculated?

Mr. Govinda Rao.—They employ extra labour even after the 3rd moult.

President.—If we take 6 pies it will be Rs. 1-9 per oz. of seed; for 50 lbs. it will be Rs. 11-11-8. In order to ascertain whether it is low or high I want to understand the realisation by the family from the alternative crop. That will give us the basis for arriving at a figure which will enable them to go on producing cocoons. What is the return he gets from ragi?

Mr. Rao.—He gets Rs. 10 at the present rate at which ragi is selling. Jowari is the next crop but it is not so good as ragi. He will get about Rs. 7-8 from this crop.

President.—Roughly Rs. 12 will be proper you think?

Mr. Rao.—That will give an inducement.

President.—Let us take the cost of 1 lb. of silk and see how that works out. Let us take charka silk first. The first point is about the rendita. Originally it was 15, 13 and 12.

Mr. Rao.—Yes.

President.—The renditas that you have put forward are slightly higher 480 is the figure we adopted for crossbreeds and if we take that figure the rendita will be 12 for the first instead of 15 and for the second 10-4 and for the third 9-6. Shall we keep the production as last time, i.e., 1½ lbs.?

Mr. Rao.—That will be the average.

President.—If we take the price as As. 4-8, for 18 lbs. of cocoons it comes to Rs. 5-1 and for 2nd grade it will be Rs. 4-6 and for 3rd grade it comes to Rs. 4-1.

Mr. Govinda Rao.—Yes.

President.—Cost of labour is for the first annas 10, for the second annas 10 and for the third annas 8; cost of fuel is 4 annas, 4 annas, 4 annas; cost of water 2 annas, 2 annas and 2 annas, selling expenses As. 2-3, As. 2-3,

As. 2-3, transport charges 3 annas and the total including contingencies, etc., comes to for—

	1st	2nd	3rd
	Rs. A. P.	Rs. A. P.	Rs. A. P.
so for 1 lb. it will be	4 6 0	3 14 6	3 9 8.
Deduct for waste (0.75 lb. for charka silk) at As. 5-4	0 4 0	0 4 0	0 4 0
	<hr/>	<hr/>	<hr/>
	4 2 0	3 10 6	3 5 8
Add Interest on working capital	0 2 5	0 2 2	0 2 0
	<hr/>	<hr/>	<hr/>
	4 4 5	3 12 8	3 7 8
Depreciation	0 0 3	0 0 3	0 0 3
Profit	0 2 0	0 2 0	0 2 0
	<hr/>	<hr/>	<hr/>
Total	4 6 8	3 14 11	3 9 11
Add for reeling	0 3 0	0 0 0	0 0 0
	<hr/>	<hr/>	<hr/>
Total	4 9 8	3 14 11	3 9 11

What is the lowest price that has been reached for Canton silk?

Mr. Govinda Rao.—In 1933 there was no duty, but only the revenue duty. At the end of April 1934 the duty came into effect.

President.—You had better take the declared value which was Rs. 2-8. I had asked this question to Mr. Rama Rao and I want to ask you also because of the evidence tendered by Mr. Silva. The point that Mr. Silva raised was that he wanted a bounty for filature silk against charka silk and his ground was that filature silk was equal to first quality charka silk. My contention was that filature silk was not equal to charka silk. Can you tell me if there are different qualities of filature silk coming in?

Mr. Rao.—There are different qualities coming in.

President.—Which were the years when prices were lowest?

Mr. Govinda Rao.—See page 16.

President.—Let us take the 1934 price when the duty was levied. If I take the 1934 price as Rs. 3-12 then you have to deduct 14 annas; that makes it Rs. 2-14 and deduct 25 per cent. It comes to say Rs. 2-4, so that the duty required will be roughly Rs. 2-4 for first quality charka silk.

Mr. Govinda Rao.—Taking crossbred cocoons.

President.—Yes. Why I have taken this is that according to the statement which you have supplied this morning, I find that in Siddlaghata and Closepet the major portion of the cocoons raised are crossbred. I want you to work out a statement showing what would happen after 10 years on the same lines as given in reply to question 74.

Mr. Govinda Rao.—Taking only crossbred?

President.—Yes, and give us the reductions that might take place if adequate protection is granted.

Mr. Govinda Rao.—Yes.

(3) Evidence of Messrs. M. S. RAMCHENDRA RAO and H. S. GOVINDA RAO continued on Wednesday, the 16th August, 1938.

President.—With regard to the cost of production of charka silk the rendita we have taken is in accordance with the statement submitted by you and the new statement which you submitted yesterday. You say out of 100 lakhs pounds of cocoons, 51,54,500 are pure Mysore, and 51,69,500 crossbreed or roughly 50 to 50.

Mr. Govinda Rao.—Yes.

President.—Yesterday we worked out the cost of a pound of cocoon as As. 4-3 for pure Mysore and for crossbreed As. 3-8; that roughly gives an average of 4 annas, and we added 8 pies as family labour for rearing. That brings the price to As. 4-6 per lb.

Mr. Govinda Rao.—Yes.

President.—The rendita for the future is taken on the basis of 100 per cent. crossbreeds?

Mr. Govinda Rao.—Yes.

President.—To that extent the price of silk will have to be reduced?

Mr. Rao.—We have taken 100 per cent. crossbreed within the next 15 years.

President.—This cost you have given is with a view to find out whether the industry in a normal condition will be able to dispense with protection. You say 15 years.

Mr. Rao.—That is our aim.

President.—Now that we are dealing with the cost of cocoons, there are several points which have occurred to me in order to arrive at a correct figure. One point is with regard to the system of selling of cocoons. You will remember, I discussed it the very first day and also with Mr. Silva regarding cocoons of third day and fifth day and the difference it makes in the rendita as far as the content of silk goes. Generally, I was told, in Bangalore where Mr. Silva had a filature, he was able to get 5th day cocoon but since going to Kollegal he gets only 3rd day cocoons. When we are basing these renditas what cocoons are we going to take into consideration?

Mr. Govinda Rao.—Mostly third day.

President.—From where did Mr. Silva draw his supply when he was in Bangalore?

Mr. Govinda Rao.—From the irrigated gardens in Siddhaghatta.

President.—That means that Siddhaghatta cocoons are definitely better and therefore that will be an ideal place for establishment of a filature?

Mr. Govinda Rao.—I also submitted that even in T. Narsipur area formerly second day cocoons were being sold.

President.—I am talking of filature. I will have to discuss what it will cost you to produce one pound of raw silk in a filature. From what we have been told by the representatives of the Mysore Silk Filatures and from the general information that I have been able to gather, it would appear that the future of the industry lies with the filatures and, therefore, I am taking this point into consideration in order to fix the rendita. The second point is, what is the difference between green cocoons and dry cocoons? One pound of dry cocoon will be how many pounds of green cocoon?

Mr. Govinda Rao.—Three pounds.

President.—Are we talking of green cocoons?

Mr. Govinda Rao.—Yes.

President.—The next point is about the crop and the moulting period. You have kindly promised to supply a statement. I want to have an idea of the number of times the worms are fed during the first three stages and the 4th stage in order to ascertain the quantity of leaves.

Mr. Govinda Rao.—We will send you a statement.

President.—Another point is whether the worms as a rule are fed on dry or wet leaves.

Mr. Govinda Rao.—On fresh leaves.

President.—I understand that in Japan some times they give wet leaves.

Mr. Govinda Rao.—The system of feeding is the same both in Japan and here. Leaves as they are brought from the tree are fed to the worms. They should not be allowed to dry or wither and there should be no water or too much moisture on the leaves. The leaves contain normally a quantity of moisture in them.

President.—With regard to the production of crossbreed cocoons you expect this year or within a very short period 90 lakhs of layings?

Mr. Govinda Rao.—Yes.

President.—It works out to 64,287 ounces. Is that correct?

Mr. Govinda Rao.—Yes.

President.—And if we take, as we have already adopted, 70 lbs. of cocoons, then it comes to 45,00,000 cocoons?

Mr. Govinda Rao.—Yes.

President.—Then if we take rendita as 13, the amount of silk produced from crossbreeds would be about 346,150 lbs.?

Mr. Govinda Rao.—Yes.

President.—If I take a 200-basin filature as an economic unit, this will be sufficient for about five filatures to be immediately established in the Mysore area?

Mr. Rao.—On crossbreed only.

President.—Yes. I will now take up the cost of a filature of 200 basins. Before however I proceed to discuss the question, I would like to ask you one question with regard to dupion and hand-reeled silk prices. What do you consider to be the minimum price c.i.f. to be taken into consideration?

Mr. Rao.—We will get it for you.

President.—I want this information because it is rather important to compare it with 2nd and 3rd grade charka silk.

Mr. Rao.—Yes.

President.—We had taken last time the total quantity of cocoons, rendita, production and so on. I understand that some slight alteration has got to be made this time with regard to rendita. Last time we had taken 28/30 denier; this time I am told that if we take finer qualities of silk we have to take the rendita on 1.25 lbs. yield. When I take filatures and crossbreeds I take the rendita as 13 because that was the figure given by your Government on the last occasion for 100 per cent. crossbreeds.

Mr. Govinda Rao.—Yes.

President.—It comes to $13 \times 1.25 \times 200 \times 300 = 975,000$ lbs. of cocoons.

Mr. Rao.—Except for the rendita which you have taken as 13

President.—I am taking the rendita given by you on the last occasion. In fact we have worked out differently and it comes to 13. If we take the price as As. 4-6 the cost comes to Rs. 2,74,218; take transport charges at 4 pies per pound on 975,000 lbs. which comes to Rs. 20,312-8; stifling charges at 2 pies per lb. = Rs. 10,156-4. With regard to the cost of labour I have taken the costs given by the Mysore Silk Filatures because I find that the details given in reply to question 34 are more or less the same as theirs;

I am therefore adopting Rs. 45,000 which is the figure given by them as the cost of labour.

Mr. Goriada Rao.—That is all right.

President.—With regard to supervision and management I am taking the same charge as was accepted last time, viz., Rs. 23,712.

Mr. Goriada Rao.—Yes.

President.—With regard to cost of power, light, fuel and water, I am taking the Mysore Silk Filature's figure again for which they have given Rs. 20,000.

Mr. Goriada Rao.—Yes; it is less than the last Tariff Board figure.

President.—Yes, because circumstances have changed in view of the concessions granted by the Mysore Government to the Mysore Silk Filatures Ltd., and the monopoly granted for putting up more filatures. The excess last time was due purely to the water charge being high and the electric power being high. There is no water charge this time, and the electric charge is .55 of an anna. These are the reasons which have led me to accept the figures of the Mysore Silk Filatures Ltd., Mr. Rama Rao in giving evidence before us said that 5 per cent. provision for depreciation would cover repairs and renewals, but I am not prepared to change the item which was accepted by the Tariff Board last time. I am having that as an additional item.

Mr. Rao.—That is correct accounting.

President.—So we are taking repairs and renewals as 630 and Rs. 63,000 as the value of machinery. With regard to "Miscellaneous" we are taking the same figure as we did last time, namely 3 pies per lb. It comes to Rs. 1,171-14. Selling expenses I am taking on the same basis, at 6 pies per pound, which comes to Rs. 2,343-12. The total comes to Rs. 3,97,592-2. Deduct value of waste .63 lbs. per lb. of silk as in crossbreeds there will be slightly less wastage: that means $63/100 \times 75,000 = 47,250$ lbs. What is the price I should take for waste?

Mr. Goriada Rao.—12 annas.

President.—The Mysore Silk Filatures have got one rupee. Mr. Silva also says he is not prepared to sell at anything below one rupee. Personally I find that the value shown in the export statistics of British India is somewhere near As. 11 so I am prepared to take As. 12; so that $47,250 \times 12$ gives a figure of Rs. 35,437-8. That brings the total to Rs. 3,62,107-10. As regards depreciation, the Mysore Silk Filatures give a capital expenditure of Rs. 1,60,000 and we will accept their figure. In spite of the fact that the site was given to them free they have put down Rs. 4,000.

Mr. Goriada Rao.—The site is not free. The Government agreed to give the site free if Government land is available but as no Government land was available, the company had to pay Rs. 4,000 for acquiring private lands.

President.—I am accepting that figure and not deducting it from the figure of Rs. 1,60,000. They have divided it into various items: buildings they have put as Rs. 80,000 and I am taking depreciation on that figure at 2½ per cent. That works out to Rs. 2,000.

Mr. Goriada Rao.—Yes.

President.—Plant and machinery is given by them as Rs. 63,000: I am including in it Basins—Rs. 40,000, Japanese cooking chamber Rs. 6,000, stifling—4,000 and Boiler—Rs. 4,000. That makes Rs. 54,000. Steaming eggs—Rs. 4,000, Motors—Rs. 3,000 and erection—Rs. 2,000, total Rs. 63,000.

Mr. Goriada Rao.—That is correct.

President.—I have taken depreciation on Rs. 63,000 at 5 per cent., which is the standard. That comes to Rs. 3,150.

Mr. Goriada Rao.—Yes.

President.—Now let us take tools and scientific appliances—Rs. 5,000 the rate allowed is 10 per cent., therefore it comes to Rs. 500.

Mr. Govinda Rao.—Yes.

President.—Take motor vans. The amount given by them is Rs. 7,000: I am taking the rate which the last Tariff Board adopted, viz., 20 per cent., so it comes to Rs. 1,400, or the total depreciation would be Rs. 4,050.

Mr. Govinda Rao.—Yes.

President.—With regard to interest on working capital Mr. Rama Rao has pointed out that Rs. 1,30,000 would be sufficient.

Mr. Govinda Rao.—That is so.

President.—Personally I am not prepared to accept that as I think it is on the low side. Last Tariff Board when they assessed the amount of protection took Rs. 2,50,000. We took it on the basis of three months output of cocoons and three months output of silk. I shall therefore adopt the same basis as we adopted on the last occasion which comes to Rs. 1,67,000 because the quantity of cocoons has gone down and the production of silk is 75,000 lbs. which means 18,750 lbs. of raw silk instead of 22,500 lbs. taken on the last occasion. Taking interest at 5 per cent. the figure comes to Rs. 8,397-9.

Mr. Govinda Rao.—You are allowing 5 per cent. as against 8 per cent.

President.—The Spun Silk Mills have been able to get money at 4½ per cent. and I am allowing 2½ per cent. over the Reserve Bank rate. I take profit at 6 per cent. on a capital expenditure of Rs. 1,60,000 as given by the Mysore Silk Filatures. It comes to Rs. 9,000.

Mr. Govinda Rao.—8 per cent. is the usual rate.

President.—Since the reduction in the Reserve Bank rate money is so cheap and when your Government is able to get lakhs of rupees at a rate below 3 per cent., 6 per cent. may be considered to be a very fair figure for any industrial concern. So we take Rs. 9,000 and the total cost in that case comes to Rs. 3,87,154-10-9. Now let us take miscellaneous. On the last occasion this item included packing.

Mr. Govinda Rao.—Yes.

President.—We put packing under miscellaneous on the last occasion because we took it per pound of silk. If it is not included I would like to include it because it is a very important item, but you might just look into it and let me know.

Mr. Govinda Rao.—We will.

President.—In considering labour charges I have accepted As. 8 for the reeler as given by the Mysore Silk Filatures in answer to question 35, which is Rs. 45,000.

Mr. Govinda Rao.—Yes, As. 7 to As. 8.

President.—I suppose no item which was taken last time has been excluded. That would be quite fair for 20/24 denier shall we say?

Mr. Govinda Rao.—Yes.

President.—That will I think also include a certain quality of 13/15 but the bulk will be 20/24

Mr. Govinda Rao.—Yes, for which there is a demand.

President.—That demand has been created by Japanese imports?

Mr. Govinda Rao.—Yes.

President.—This is of course after taking credit for waste?

Mr. Govinda Rao.—Yes.

President.—Will you supply us as far as possible complete figures for 1937-38?

Mr. Govinda Rao.—We will bring all the items up to date.

President.—If you can give us figures for 1938-39 even for six months,

Mr. Govinda Rao.—For 1937-38 we can give you.

President.—That will be all right. On the basis of this figure Rs. 3,87,154-10-9 for a production of 75,000 lbs. of silk it comes to Rs. 5-2-7 per lb. Therefore if I deduct Rs. 2-8 per lb. as the minimum reached, the duty required will be for filature silk Rs. 2-10-7.

Mr. Rao.—Yes.

President.—How many days in a year do they work in Japan?

Mr. Govinda Rao.—Ten months.

President.—That means the same as ours. We may take 300 days?

Mr. Govinda Rao.—Yes.

President.—What is the production per worker taking 13/15 denier?

Mr. Govinda Rao.—There is not much difference between production here and there.

President.—It is stated that in 1932 the production of silk per worker was on an average 167·1 kin per year.

Mr. Govinda Rao.—That is .7 lb. But there must be some other factor operating; probably during that year to restrict production of silk they must have ordered the closure of filatures for more than 65 days. I have not got specific information but I think I read in a paper that that was the case. But 65 days closure is the normal feature. I will give you full information on the subject later.

President.—Mr. Rao, I would like you to submit a note to the Board with regard to the scheme of research and development that the Mysore Government want to take up if adequate protection is granted to the industry.

Mr. Rao.—Yes.

President.—There is another point which strikes me: out of 12 months in a year for mulberry cultivation about 2 months are for pruning which the Board must leave out of account if we take the rearing period.

Mr. Govinda Rao.—After the first crop of leaves come they utilise the leaves and then prune the gardens and then after two months they get the crop and start rearing.

President.—There is an interval of two months so that it will be 10 months?

Mr. Govinda Rao.—Yes.

President.—Can you tell me roughly how many pounds of silk are required for a pound of finished cloth? That would of course depend upon the kind of cloth and it is not possible to take an average when so many different varieties of articles are manufactured in a year?

Mr. Govinda Rao.—That is correct.

President.—In connection with your silk weaving factory you have given the percentages of georgette, crepe-de-chene and other grades. But as far as the former are concerned they form 75 per cent. of your production and therefore an average of production and consumption would not give a correct idea.

Mr. Rao.—That is so. There are different kinds of fabrics.

President.—I find from your note regarding manure that both as regards initial and recurring the charges for manuring with groundnut cake and ammonium sulphate are cheaper than for farm-yard manure.

Mr. Govinda Rao.—You want to know what it would cost if we used farm-yard manure and what it would cost if we used ammonium sulphate and groundnut cake?

President.—Yes, because from your note on future costs I gather that manure cost will be much less if those are used.

Mr. Govinda Rao.—That is so. We are collecting figures about yield.

President.—You have given cost of cocoons in Japan. According to your statement the cost has increased.

Mr. Rao.—Yes.

President.—I was wondering whether that would be the case. My information is that the costs have gone down. I am taking yen figures: 448 yens against 571 yens. I want you to confirm the data from which this has been obtained.

Mr. Govinda Rao.—Our statement is quite correct. We have taken these from newspapers, journals and statistics.

President.—The point is rather important. They get about 16,000 lbs. leaves from bush mulberry and that gives them about 1,000 lbs. of cocoons and they have got 78 that is three-fourth of an acre per family. This is the information I have received which makes me believe that the cost ought to be lower, and besides that I understand they do not employ or very rarely employ outside labour even for the 4th and 5th moult.

Mr. Govinda Rao.—They do employ. They do not employ a single person; they employ a whole family.

President.—That is the point which I want you to think over. You can quote the authority for your statement.

Mr. Govinda Rao.—Yes, we will.

President.—The price of silk waste that you have given me, are these for charka silk?

Mr. Govinda Rao.—Mostly charka waste. Filature silk waste is very small.

President.—Is there any other kind of waste besides charka waste and filature waste, except throwsters waste which is a very small quantity.

Mr. Govinda Rao.—Yes, that is a very small quantity.

President.—Those people who export outside India, buy it here in the market and their name has been given to me—Messrs. Volkraft Brothers. Are there any others?

Mr. Rao.—Yes, Messrs. Gorio Ltd., Wilson & Co., Madras. They have their agents here and they collect the waste from the charka owners.

President.—There is no regular market for silk waste?

Mr. Rao.—No. They send their agents; they go round and buy from the reelers, stock in a particular place and supply.

President.—Are there regular merchants who deal in silk waste?

Mr. Rao.—There are silk waste dealers and dealers in pierced cocoons. Pierced cocoons go to Bengal for handreeling.

President.—What happens to double cocoons?

Mr. Rao.—In the charkas they produce silk out of that.

President.—Can you not use it in filatures?

Mr. Govinda Rao.—That cannot be done along with superior silk. It is not worth while using double cocoons for reeling in the filature because the costs would go up. They will have to be reeled separately.

President.—Before the spun silk mills started what happened to the double cocoons?

Mr. Govinda Rao.—The filature people used to sell it to the charka people or to silk waste dealers or to the pierced cocoon men who would sell it or send out to Bengal for preparing *matka* silk.

Mr. Anklesaria.—I take it you are satisfied with the calculations the President has put before you?

Mr. Rao.—Yes.

Mr. Anklesaria.—And according to these calculations the duty of Rs. 2-10-7 would be a reasonable duty?

Mr. Rao.—Yes.

Mr. Anklesaria.—I want to ask you a few questions. You will agree with me that high duty induces smuggling?

Mr. Rao.—As a proposition it does.

Mr. Anklesaria.—We have seen representations from people saying that a good deal of smuggling is going on and that renders the protection ineffective. Is there any truth in that complaint?

Mr. Rao.—I cannot say because I have no information.

Mr. Anklesaria.—The last Tariff Board recommended certain measures which would rehabilitate the industry and until and unless those measures were taken protection would be of no avail. You agree with that?

Mr. Rao.—Yes.

Mr. Anklesaria.—Will you please tell us what other measures of rehabilitation you want the Government to take than what they have already taken?

Mr. Rao.—I have already promised President that I would send a note about research.

Mr. Anklesaria.—The last Tariff Board recommended to the Government to take certain measures and I take it the Government of India have taken some measures in the directions indicated by the Board. What further measures you want them to take?

Mr. Rao.—May I think out and submit a note?

Mr. Anklesaria.—Yes, do. I take it you would not want any duties on goods which do not compete with silk? Take for instance art silk.

Mr. Rao.—I have already stated that so far as art silk is concerned it does not directly compete with natural silk, but its low price has a psychological effect on silk prices.

Mr. Anklesaria.—You would not require tariff on art silk corresponding to tariff on natural silk?

Mr. Rao.—That is for the Board to consider.

Mr. Anklesaria.—Do you think a rate of duty is necessary on art silk?

Mr. Rao.—Except to the extent that prices should be so adjusted that it will not have a depressing effect on prices of natural silk I have nothing more to say.

President.—With regard to the statements that you have given to us they have some reference to paragraph 206 of the last Report regarding collection of statistics. The information given here is very full. What machinery do you want to put into force to collect all the data?

Mr. Rao.—We are making an attempt with the usual staff. We are taking up with Government the question of appointing a temporary staff for collecting information and bringing the statistics up to date. But it will not be possible for us to do it every year; we can do it only once in three or four years.

President.—On the question of production and supply of disease free layings, is there a large quantity of foreign seed cared?

Mr. Govinda Rao.—There are 232 people who have been selected as seed rearers of foreign races in selected centres apart from the selected rearers of Pure Mysore race in the seed cocoon producing areas of Kunigal and Bidadi. In Muger Sidlaghatta and other areas where we prepare crossbred layings in Government and aided grainages; people have been selected to rear pure foreign races so that pure foreign race cocoons may be available for those grainages.

President.—When you are submitting your scheme of research I would like you to let me know what you want to do with regard to the production of cocoons from univoltine worms.

Mr. Govinda Rao.—I can make a general statement.

President.—I would like to put it on record as to what the Mysore Government told us with regard to production of cocoons from univoltine worms.

President.—The first point you deal with regard to production is about statistics to be collected on the basis of waste.

Mr. Govinda Rao.—Production we have checked in three ways. We have checked from the waste side as well as from the acreage side and the number of charkas working and the number of looms working, and from all these points of view we have checked up the production and have had the same figure.

President.—I was told by Mr. Silva that since the introduction of cross-breeds the percentage of double cocoons has increased considerably.

Mr. Govinda Rao.—No. Mr. Silva says that the percentage of double cocoons is 10 to 15 per cent. As a matter of fact even in Japan I find the percentage of double cocoons is about 9 per cent.

President.—It is 8 per cent.

Mr. Govinda Rao.—9 to 10 per cent. and 5 per cent. of inferior cocoons. It is given in the Japan Silk Year Book. Even in our case our percentage in the dry Mugur area of 17,500 acres works out to 7 per cent. in 1937-38. It has been progressively brought down by improved methods of mounting.

President.—Another point with regard to this percentage of double cocoons is, that the advantage which cross-breeds give in the yield of silk is nullified by the larger percentage of double cocoons.

Mr. Rao.—That is not correct. Our percentage is quite equal to and sometimes definitely lower than that of Japan. As regards univoltine worms, the note that Mr. Silva has submitted to the Board is the same note which he gave to the Sericultural Board, in July 1937.

President.—Has it been considered by the Board?

Mr. Rao.—That has been considered by the Board. The subject was one of recommending to Government for sanctioning a sum of Rs. 5,000 for carrying on experiments on rearing univoltine races of silk worms in suitable seasons and importing a quantity of seeds. Mr. Shamsuddin Khan brought some from Europe and we were rearing them and found that incidence of pebrine was enormous and we had to destroy them. It is not a question of declaring an area disease free to-day because the work has to be carried on from year to year and hygienic conditions have to be kept in view. That work has to go on to-day as well as 15 years hence or 30 years hence. As regards Madras Mr. Silva refers to the Madras Government having some univoltine worms. The information we have from the Director of Industries, Madras, is that "after repeated experiments it was found out that the male moths got from a univoltine white variety when crossed with a healthy female moth gives a multivoltine variety of worms which yield cocoons of the same colour as Mysore which the local reolers and merchants prefer but with richer silk contents. These cocoons are harvested a week earlier and sold at a better price. This worm is disease resisting. The rearing period for the crossbreed is shorter and the quantity of leaves consumed is slightly less for the increased quantity of cocoon yield. As this seed is becoming very popular on account of the increased yield of cocoons, a number of good rearers has been selected this year to rear these worms and supply the white cocoons to the department".

Mr. Govinda Rao.—With regard to double cocoons, that characteristic is a univoltine characteristic. There are no double cocoons in the Mysore race; in the univoltine races the percentage of double cocoons will be higher than in the case of cross-breeds. In Mysore race there are no double cocoons at all. In the case of cross-breeds it can be brought down by proper mounting arrangement. Even in Japan they used to get 15 per cent. of double cocoons. Even in the foreign races which we have been rearing for five years, pebrine occurs often. I will give an indication of the percentage of pebrine; between December 1936 and April 1938. In December 1936 there was 64 per cent. pebrine in one race and then by process of elimination we have brought it down to nil in November and December 1937, in another case to four

per cent. and in another case from 71 per cent. we have brought it down to 5 per cent. this year.

President.—The other point which arises is with regard to leaves from tree mulberry, and bush mulberry but that I think we have dealt with fully. After we have considered the probable duty that is required for flature silk the two points that I would like to discuss with you are with regard to freight and quality. As regards freight, has the Bangalore market any advantage over imported silk with regard to Indian silk?

Mr. Rao.—There is no differentiation.

President.—The market reports of the Mysore Chamber of Commerce and the Mysore Silk Association show that there is a difference in the realised prices between Indian flature silk and the imported Japanese silk. I discussed this point also with the Mysore Silk Association and with Mr. Silva and it is agreed generally that there is some increase which the flature silk is able to obtain over the price of imported Japanese silk. About one to 2 annas is the freight advantage over a pound of silk in the Bangalore market. Personally I think in markets other than Bangalore you enjoy no advantage, but looking to the present prices I am of the opinion that in the Bangalore market Indian silk does enjoy some sort of price advantage over imported silk because of its quality. I wanted just to find out whether the difference would be Rs. 4 or Rs. 6.

Mr. Rao.—It will not fetch as much as Rs. 6.

President.—Shall we say Rs. 4?

Mr. Rao.—It may be taken as the basis.

President.—And Rs. 2 may be taken as the freight advantage in Bangalore market?

Mr. Rao.—Two annas would be too high.

President.—Shall we say one anna?

Mr. Rao.—Yes.

President.—What is the octroi duty in Bangalore?

Mr. Rao.—I will send you the information later on.

President.—You are producing 7,95,000 lbs. of raw silk. I want to know whether you have any statistics to show the local consumption of raw silk.

Mr. Rao.—We have not collected separate statistics. They won't be available until we complete our survey of handlooms which we are taking up this year.

President.—I would like to know the State's consumption of raw silk for the year.

Mr. Rao.—We will try to give you.

President.—Shall we take this 735,000 lbs. as the silk production and the imports as 591,000 lbs.?

Mr. Rao.—Yes.

President.—That is roughly 13 lakhs pounds of silk. How much of that is exported from Mysore? How much goes by rail?

Mr. Rao.—We give that on page 14 of our note, Annexure I.

President.—Does this include twisted silk?

Mr. Rao.—It does.

President.—That will vitiate the figure.

Mr. Rao.—Yes. That would reduce the quantity of export because that is part of the silk.

President.—Shall we take half and half? The total is 13 lakhs and the export you show is about 4 lakhs pounds, so we may take 6½ lakhs as the local consumption.

Mr. Rao.—That will have to be checked up.

President.—Four lakhs of pounds go out of 13 lakhs. I am taking 6½ lakhs which would cover all routes and also twisted silk. I think it is a fair allowance.

Mr. Rao.—The figure given there is up to end of December 1937.

President.—Let us take 703,000 and the other 379,000, a total of 1,080,000 lbs.

Mr. Rao.—279,000 plus 69,202 lbs. for twisted silk; that is the 1936-37 figure for imports. There is no road import: there is only road export. From Kollegal some twisted silk comes into the State.

President.—Shall we take 6 lakhs as the consumption in the State?

Mr. Rao.—Yes.

President.—We have worked out the costs on the basis of As. 4-6. According to the statement given by you, at the end of the protective period the cost of cocoons will be As. 4 per pound. If we take the sale price as As. 4 instead of As. 4-6 the cost comes to Rs. 4-11-11. I am taking everything the same except the cocoons at As. 4. The result is that you are able to get about As. 8 as the reduction in the future cost. That means your future cost will be Rs. 4-11-11 against your present cost of Rs. 5-2-7. It will be about As. 6 higher than the present cost in Japan for a pound of raw silk.

Mr. Rao.—Yes.

President.—Therefore if we include the freight and the landing charges, this will be exactly the same price at which raw silk will be imported into India with revenue duty. Do you follow me?

Mr. Rao.—I am afraid I do not follow you.

President.—The cost of production will be As. 6 higher at the end of the period of protection. I say that As. 6 is likely to be covered by the freight from the Japanese filature to Bombay plus As. 3 landing charges. That will be irrespective of the duty. The price would be about equal so that 25 per cent. duty would be ample protection at the end of the period.

Mr. Rao.—At the end of the period of protection the revenue duty would be enough.

President.—I am taking As. 4 instead of As. 4-6.

Mr. Rao.—Yes.

President.—Now take charka silk. The price works out according to the things we discussed as Rs. 5-0-5 which more or less tallies with the filature price that we have taken into consideration for first class filature silk, Rs. 5-2-7 and Rs. 5-0-5. I find if I take As. 4 for cocoons keeping everything the same, the price comes to Rs. 4-3-8; therefore charka silk will have ample margin for its protection at the end of the period because it is definitely As. 8 cheaper than the price of filature silk taking everything as equal except the reduction in the cost of cocoons.

Mr. Rao.—Yes.

President.—There is one other point. I would like to discuss with you the scheme of protection which has been suggested to us by the Kashmir Government. You know, the usual form of duty is either a specific duty or an *ad valorem* duty or as is the case this time, *ad valorem plus specific* duty. Up till now we have taken the fair selling price on the one side and the minimum price at which the competitive article is coming into this country and the difference is the duty. The Kashmir people have stated that this duty as we usually give is sometimes unfair to the consumer when the price of silk goes high because the duty is fixed over a number of years and being a protective duty, cannot be disturbed. The consumer suffers unnecessarily though it is not necessary in the interests of the industry. On the other hand if the price goes too low, the protection granted is not sufficient and the Government of India take considerable time before they change any duty and by that time the Indian industry might be ruined or jeopardised. The Kashmir Government's suggestion is this: keep the 25 per cent. duty

as it is and take the fair selling price instead of the specific duty. Suppose the fair selling price is Rs. 5, and the price of the imported article is Rs. 2-8. 25 per cent. duty will be Rs. 10. That means Rs. 3-2; the protection required would be Rs. 1-14. Suppose the price comes down to Rs. 2 then calculate 25 per cent. and the difference between the fair selling price of Rs. 5 and the imported price plus 25 per cent. duty will be the specific duty. That means that the specific duty will constantly fluctuate but will not be either unfair to the consumer nor to the industry because the industry in any case gets its fair selling price and nothing more. I want you to think it over and let me have your views whether it saves the industry and at the same time saves the consumer from being unduly penalised for the sake of the industrial development of the country.

Mr. Rao.—The revenue duty will always be there?

President.—Yes. The only thing is that according to this scheme the specific duty will not remain constant.

Mr. Rao.—It strikes me as a novel arrangement.

President.—We are going to ask the Collectors of Customs whether the scheme would be workable. I want to know what you think of it from the industry's point of view.

Mr. Rao.—I do not know whether this method of tariff has been adopted anywhere else.

President.—*Ad valorem plus specific duty* is a novel method: it has not been adopted anywhere. This is for the industry to consider. If the Customs people say it is not workable, nothing can be said but I want to know whether from the industry's point of view you consider it a good proposition.

Mr. Rao.—What we have claimed is that the duty should be on a sliding scale according to the selling prices of the foreign article and we have also added here that Government should also take power to revise the pitch of duty from time to time as and when circumstances necessitate.

President.—It strikes me as an admirable scheme. This also protects you against depreciation of exchange and fluctuation in the market: everything is protected if it is workable. I thought it rather important for you to give a serious thought and let us have your considered views because I do not like that our examination should conclude without giving you an opportunity to think over this important proposal coming up for the first time since the inception of the Tariff Board for their consideration.

Mr. Rao.—It appears to be a novel arrangement and deserves to be considered.

President.—Before I conclude, I wish to say that the Board appreciates very much the prompt manner in which the representatives of the Mysore Government have supplied us from time to time whatever was needed by the Board. I want to know whether there is any other point which you wish to place before the Board.

Mr. Rao.—Before taking leave of the Board, I should like to express on behalf of the Mysore Government our gratitude to the Board for giving their patient hearing to our case. The Mysore Government pleads for the Mysore sericulturists and for providing nearly 2 lakhs of families engaged in the industry with employment on an adequately remunerative scale. The Mysore Government have all along been anxious not to let this ancient industry die and have strained their resources to the utmost to give relief to the sericulturists. All that the Government derives is only the land revenue realised on the extent cropped with mulberry, which to-day has dwindled down to about 25,000 acres. This will at best not amount to more than Rs. 75,000 a year. But the Government have already spent more than Rs. 22 lakhs to maintain and develop the industry and have been spending on an average Rs. 2½ lakhs every year for that purpose. The Government realise that with the development of sericulture and the prosperity of the agricultural population engaged in it, the trade in this commodity will develop adding to the wealth of the people. It is for these reasons that the

Government have never hesitated to spend freely on maintaining and developing the industry. Sericulture is a combined agricultural and industrial process. Mulberry growth is essentially an agricultural operation and as such is attended with all the uncertainties of that operation, such as dependence on rainfall, etc. We have been endeavouring to bring down the cost of mulberry leaves by effecting improvements and by providing the sericulturist with facilities in several ways—and we expect that the sericulturists will be able to progressively reduce costs as a result of these measures. In regard to the industrial side, however, that is, worm rearing and preparation of cocoons, we claim, and rightly, we hope, to have made considerable progress and enabled the sericulturist to reduce costs, by the prevention of losses, adoption of improved technique and improving the quality of production. The Government have spent freely in providing facilities—financial and technical and in other ways—to the sericulturist to improve his position. In the result we may fairly claim that cocoon costs have been appreciably brought down. The Mysore peasant has a genius for sericulture and will not think of easily giving up an occupation which has come down traditionally to him and which provides employment for his family in other ways than in a purely agricultural occupation. He has been persevering against severe odds, always hoping for better times. Assured of a fair field and no handicaps, we are confident that he will take to the industry in increasingly larger measure, so that in course of time it will not only be possible for Mysore, as well as the rest of India, to become self-sufficient in regard to silk but it should also be possible to produce a surplus which will be available for use in the British Empire. For all these reasons, I beg, on behalf of the Mysore Government, to commend the case of the Mysore sericulturist to the most sympathetic consideration of the Board. Once again I wish to express the thanks of my Government for the considerate treatment that the Board have accorded to us.

2. MYSORE SILK ASSOCIATION, BANGALORE.

Evidence of RAJASABHA BHUSHANA DIWAN BAHADUR K. R. Srinivasiengar, President, and Mr. SHAMSUDDIN KHAN, Honorary Secretary, recorded at Bangalore on Monday, the 8th August, 1938.

President.—You are the President of the Mysore Silk Association?
Diwan Bahadur.—Yes.

President.—Mr. Khan, you are the Honorary Secretary?

Mr. Khan.—Yes.

President.—We have received several representations from you and before we proceed with your oral examination, I would like to get a clear idea so that when we ask you questions, you know what memorandum we are referring to. You have sent us a representation in the form of a letter, with which you have forwarded about 6 or 7 memoranda or representations whatever you may like to call them. Then we have got your replies to the questionnaire dealing with all the points. If I take your replies to the questionnaire as they are, will they cover all the representations that you have made from time to time?

Diwan Bahadur.—The form of presentation will be rather different. Our letter contains the general lines on which we base our request for increased protection.

President.—The letter is dated 22nd June, 1938.

Diwan Bahadur.—Yes.

President.—I would rather like to ask you a few preliminary questions. I do not like to cover the same ground which has been covered on the last occasion with regard to the objects of your Association and the membership. But the Board would very much like to know what is the present membership of your Association?

Mr. Khan.—It is 154.

President.—It is almost the same as before?

Mr. Khan.—Yes.

President.—They include representatives of rearers, cultivators, silk merchants and Government representatives.

Diwan Bahadur.—Yes.

President.—The main point made in your letter is that adequate protection has not been granted to the industry by the Government of India and that the recommendations of the Indian Tariff Board which reported in 1933 were not given effect to.

Diwan Bahadur.—Yes.

President.—Another point that you have raised is that in spite of the promise of the then Hon'ble Commerce Member that he would not allow the measure of protection to be reduced or nullified in case the prices went down, nothing was actually done and you have consequently sent us copies of the representations forwarded to the Government of India in this connection.

Diwan Bahadur.—Yes.

President.—That I understand is the gist of the whole letter. The last paragraph of that letter states that you think that protection should be granted at the rate of Rs. 3-10 per lb.

Diwan Bahadur.—That is on the basis of the present level of prices.

President.—The price that you have assumed is Rs. 2-8.

Diwan Bahadur.—Yes.

President.—As you have referred to the question of protection in your replies to the questionnaire, I shall take that up later. Now I had better go through the memorandum which has accompanied your letter of 22nd June. In paragraph 3 of that memorandum, it is stated that of the total acreage under mulberry about three-fourths is irrigated crop served by tanks, shallow wells or deep wells as the case may be.

Mr. Khan.—I am sorry it is a mistake. It should be one-fourth instead of three-fourths.

President.—As far as the percentage is concerned, it is practically the same as it was in 1933.

Mr. Khan.—Yes.

President.—With regard to reeling, we shall go into that question when the representatives of the Mysore Silk Filatures come before us because they have given us the costs of production. As regards utilization of silk waste, we shall deal with that when the representatives of the Mysore Spun Silk Mills come before us.

Diwan Bahadur.—Yes.

President.—Page 4 deals with an important point, viz., the production of cocoons. According to the Mysore Government out of 293 lakhs of layings which are required, 100 lakhs are disease free layings, of which 70 lakhs are crossbreeds.

Diwan Bahadur.—Yes, at present.

President.—That is the present state of affairs. From 32 lakhs it has gone up to 1 crore of disease free layings.

Mr. Khan.—Yes.

President.—I do not understand why the cost of leaf has not gone down and has remained stationary at 2·7 pias.

Mr. Khan.—That is because the measures to reduce the cost of production, complimentary planting of mulberry topes, planting of seedling gardens and increased use of artificial and other manures, take a very long time. For instance, take the question of the establishment of mulberry topes. Even if we commence to-day it would take at least 10 years to plant an adequate acreage under tree mulberry.

President.—I would like you to confine yourself at the present moment to bush mulberry. We shall be able to deal with the cost of the tree mulberry in a comprehensive manner when the representatives of the Mysore Government come before us. This 2·7 pias refers to bush mulberry. In the last enquiry we asked about the reduction in the cost of mulberry during 5 years and we were told that the reduction was from Rs. 92 to Rs. 83. The cost per pound of leaf for dry land at that time was 2·4 pias and therefore it should now be slightly lower. As a matter of fact I find that it is absolutely the same. I want to know whether you are in a position to give us the details or would you like us to take it up with the Government representatives? As they have supplied us with details regarding various costs, I had better take the question with them. The reason why I raised this question is that a certain number of rearers are members of your Association and I thought you might have personal knowledge as to how these figures had been arrived at.

Mr. Khan.—We made independent enquiries also. From the figures supplied we find that the cost of production of mulberry leaf varies between 2·4 and 2·7 as we have given in our replies to the questionnaire—Dry land: initial expenditure Rs. 75 and recurring expenditure Rs. 42 to Rs. 60 according to the quantity of leaf produced which varies from 3,000 to 5,000 lbs. Thus the cost of production varies between 2·4 and 2·7 pias in the case of the dry land. For tank irrigated areas, the cost is 2·2 pias. Though these figures approximate to those collected by the Mysore Government, they

have been collected independently from rearers who are members of the Association.

President.—With regard to the yield of silk per acre (page 6 of the memorandum), is that the average for the whole mulberry cultivation?

Mr. Khan.—Yes.

President.—It has increased from 22 lbs. to 30 lbs.

Mr. Khan.—Yes.

President.—If you take 30 lbs. of silk per acre, how many lbs. of cocoons would you require to produce a lb. of silk. We have 3 qualities of charikha silk. The last Tariff Board took 15, 13 and 12 lbs. for the three qualities, and the average at 14 lbs. For 30 lbs. of silk, it would come to 420 lbs. of cocoons, for the whole area including irrigated.

Mr. Khan.—Yes.

President.—In that case, the cost of cocoons will come down, but I will deal with that question when I come to the replies to the questionnaire.

Mr. Khan.—Yes.

President.—The next important point is the figures which you have given to show that the protection already granted is inadequate. We shall deal with that when we come to the replies to the questionnaire.

Mr. Khan.—Yes.

President.—There is nothing new in this memorandum which is not contained in the Association's replies.

Mr. Khan.—No.

President.—So we had better take the replies to the questionnaire then. You say that the mulberry cultivation has gone down to 28,500 acres, but the production of silk has gone up. That is due, as you say, to the increased production of silk per acre.

Mr. Khan.—Yes, due to the use of cross-breed laying and the general control exercised over the seed cocoon production minimizing the losses that would have accrued from pebrine.

President.—With regard to the silkworm rearing, you say that additional labour is employed. Can you give us the exact period of different moults—the number of days taken for each moult?

Mr. Khan.—It is generally in the 4th and 5th stages of the worms that extra labour is employed for picking leaves in the mulberry garden. The first stage is 4 days. After each stage there is a sleeping period called the moulting. That occupies about 24 hours. The first moult takes about 34 hours. The second stage is 3½ days and the moulting period is about 24 hours. The third stage is about 4 days and the moulting period is about 25 hours. The fourth stage is about 4½ days and the moulting period is about 26 hours. The fifth stage is 8 days and then we put them on the chandrikas and the fifth moult takes place in the cocoons.

President.—That takes altogether about 29 days.

Mr. Khan.—29 to 30 days.

President.—What about the crossbreeds?

Mr. Khan.—In the case of crossbreeds, the last stage which is the most important period as far as labour and consumption of leaves are concerned, is reduced from 8 days to 5½ to 6 days, on an average.

President.—What about the third stage?

Mr. Khan.—About 4 days.

President.—On the whole a reduction of about 3 days?

Mr. Khan.—Yes.

President.—With regard to the picking of leaves, I suppose female labour is employed.

Mr. Khan.—Yes.

President.—And the rate is about As. 3 a day?

Mr. Khan.—Yes.

Mr. Boughton.—Is there any change in the rates?

Mr. Khan.—Not since the last Tariff Board reported. Here and there there may be a slight variation but that does not affect the general level.

President.—When you say that the maximum production is 10 lakhs of lbs. under the present organisation, what exactly do you wish to specify by that?

Mr. Khan.—If all the crops are successful and if there are no disappointments in respect of rainfall and such things.

President.—What acreage you take with that?

Mr. Khan.—20,000 acres.

President.—With that acreage, you can produce 10 lakhs of lbs. of silk.

Mr. Khan.—That is the maximum attainable.

Mr. Boughton.—What we really wanted to know was the extent to which the industry could expand supposing prices were sufficiently high to attract more land under mulberry?

Mr. Khan.—It could be easily doubled in the course of two to three years.

Diwan Bahadur.—Originally we had more land under mulberry. There is scope for unlimited expansion provided conditions are favourable. The country has got all the advantages required for the expansion of the industry.

Mr. Khan.—In illustration of that point, I would like to bring to the notice of the Board the fact that when there was a rise in 1936-37, there was additional planting of 5,000 or 6,000 acres, of which 3,500 acres are neglected now because of the reduction in the price. Whenever there was an increase in price, the area under mulberry increased.

Mr. Boughton.—What is the exact price necessary to cause an increase in acreage—the exact price of cocoons?

Mr. Khan.—It would be round about As. 5 a lb.

Mr. Boughton.—What was the price of the cocoon which actually led to the increase in acreage under mulberry in 1938?

Mr. Khan.—As. 4-6 was the average price for 1937 but the actual increase occurred when the cocoons were selling at As. 5 and As. 5-3 picea per lb.

Mr. Boughton.—That is a sort of critical price that is sufficient to bring more land under mulberry?

Diwan Bahadur.—Yes.

President.—Each woman attends to how many ounces?

Mr. Khan.—She picks up about 60 to 70 lbs. a day and that costs about As. 3.

President.—Crossbreeds yield a higher percentage of silk?

Mr. Khan.—They require less quantity of cocoons to produce an ounce of silk.

President.—Fourteen or 13?

Mr. Khan.—13.

President.—As against 16?

Mr. Khan.—13, 14 and 15. In this case we might take 13 as the average and that gives us about 8 to 10 per cent. increase in the silk and there I am allowing compensation for the double cocoons.

Mr. Boughton.—The cost of producing cocoons is now less than it was 5 years ago?

Mr. Khan.—Quite so.

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Mr. Boughton.—But you get the same amount of cocoons out of the same amount of land?

Mr. Khas.—But that is only an average: it does not reflect itself in the general condition.

Mr. Boughton.—Actually the cost of production is lower?

Mr. Khas.—Just a little lower.

Mr. Boughton.—So that if the Board found that As. 5 was a fair price for cocoons five years ago, the fair price of cocoons at the present day on the same considerations will be less than five annas?

Mr. Khas.—Theoretically yes. The cost of production from crossbreeds has increased and that has affected only 25 to 30 per cent. of the total demand, but general market conditions will have to be taken on the majority basis rather than on the minority basis. Therefore the cost of producing cocoons practically remains the same and we have shown in our calculations As. 4-11 per lb. as cost of cocoons. That does not materially affect the condition, that is my submission.

Mr. Boughton.—The percentage of crossbreeds is increasing fairly rapidly and in three years time the rate of progress of crossbreeds will be getting on to more than half.

Mr. Khas.—In the course of five years. In the course of 10 to 12 years everything will be crossbreed.

President.—How far has the Association been able to succeed in persuading raiyats to agree to the control of seed supply?

Diran Bahadur.—We have tried it and we found very great opposition in the Siddhaghatta area. It requires a good deal of propaganda. We tried some other area but everybody says try other areas. Unfortunately it so happened that there was another party which was carrying on agitation against the intention of Government.

Mr. Boughton.—I suppose legislation for the production of disease free seed is not a practical proposition unless Government is able to supply the whole demand.

Diran Bahadur.—The idea was not to introduce legislation all over the State all at once, but to take power under legislation to confine it to areas where the greater proportion of the demand is already being met by the State.

Mr. Khas.—We are taking up the question again and trying to educate the raiyat.

Mr. Boughton.—Do you want to confine it to licensed producers? That is the Japanese system.

Mr. Khas.—Yes, that would be the system.

President.—In answer to question 15 you give the cost of various lands and yield of leaves. Has that information been collected from an independent source? I find there is some discrepancy between the figures supplied by the Government of Mysore and your figures. For example if you take deep well irrigated land, they have given a figure of 2-86 and as regards shallow well irrigated 2-36.

Mr. Khas.—Their investigation covers a wider field than ours. We have restricted our investigations to one or two places.

President.—What areas have you investigated?

Mr. Khas.—Chennapatna and Siddhaghatta. We have not been able to devote attention to T. Narsipur area.

President.—I am confining myself to deep well irrigated gardens.

Mr. Khas.—Probably they are right as they have covered a wider field. We have taken only a few areas.

President.—These are the actuals in answer to question 15?

Mr. Khan.—The averages collected from some of our representatives.
President.—For an annual expenditure of Rs. 60 you are able to get 5,000 lbs. of leaves on dry land?

Mr. Khan.—Yes.

President.—And the cost is 2-3 pies?

Mr. Khan.—2-39 to 2-4 pias.

President.—That is the same as given in the last Tariff Board report.

Mr. Roughton.—The difference is that in the last Tariff Board enquiry you gave 6,000 lbs. as the yield and Rs. 84 as the cost.

Mr. Khan.—This covers a very large field. There are areas where the yield is 3,000 lbs. per acre and there are others where we are getting 5,000 lbs. per acre. In the Chennapatna area the expenditure is more but they are getting a larger quantity of leaves.

Mr. Roughton.—It seems strange that in the three calculations that we have got though the figure of yield is different the cost of production is the same! I suppose the fact of the matter is that the costs really vary from village to village according to the nature of the cultivation and the extent to which they manure the land.

Mr. Khan.—It differs from area to area broadly speaking. For instance there is a difference in the cost of production between Malvalli and T. Narasipur because of the change in the soil. It suddenly changes from loamy to black cotton soil.

Diwan Bahadur.—And people do not keep correct accounts at all.

Mr. Roughton.—And one man may put manure and get a slightly higher crop than another.

President.—I have got three sets of calculations and the results come to the same thing namely 2-7 pies. You have given Rs. 42 for 3,000 lbs.; that is 2-7. From Government I have got Rs. 56-12 for 4,000 lbs. that again is 2-7. The last Tariff Board was given Rs. 84 for 6,000 lbs. and that also is 2-7. I cannot understand why this similarity in the yield of leaves when costs are different.

Mr. Khan.—There is in fact no variation because according to the nature of the soil the yield and expenses differ but the cost of production remains practically the same.

President.—The figures given are the averages for certain areas. The Mysore Government have given for dry land for T. Narasipur area; you have given for Chennapatna and Siddlighata and the last Tariff Board got for the whole of the dry area and for that they got a figure of Rs. 84 for 6,000 lbs. yield, which comes to 2-7 pies. Last time you gave us Rs. 63-4 for 5,000 lbs. in five years and you now give Rs. 60 for 5,000 lbs. of leaves.

Mr. Khan.—As I have already said, our investigation did not cover such a large field as was covered by the Government enquiry. We restricted our investigation to a few members of our Association and to a few important raiyats and that we have adopted as the figure. Government have a larger agency and collect information from a larger number of people and average it up.

Mr. Roughton.—Do you take the litter into consideration which the rearers get free? Instead of farmyard manure that manure is being used.

Mr. Khan.—We do take that into consideration. You require a less number of cartloads. If the farmyard manure costs As. 12 the litter will cost Rs. 1-8. It has a ready market.

Mr. Roughton.—This may be used on other crops?

Mr. Khan.—Yes. It is a very valuable manure.

Mr. Roughton.—As regards tree mulberry the actual position at present is that there is very little if any tree mulberry in use at present?

Mr. Khan.—Yes, except in one good cocoon area near Bidadi. There are a number of old trees there and the raiyats have got small holdings and they supplement the bush by the trees they have got. A very large number of topes have been planted there and the trees are coming up.

Mr. Boughton.—Are many of these topes in possession of private individuals?

Mr. Khan.—There are a number but that does not affect the cost of production at all because they are all 2 to 3 years old and are not yielding adequate quantities of leaves yet.

President.—You have given in answer to question 23 the cost of producing cocoons from an ounce of seed. You have taken the leaf price as 2-7 pica. That is for certain areas alone, so that the average must be reduced to that extent in proportion?

Mr. Khan.—Yes.

President.—You have taken in your calculations 50 lbs. as the yield per ounce of seed. That is also on the low side because 25 per cent. is crossbred.

Mr. Khan.—That is only for Mysore. If we take the crossbreed we will have to increase it.

President.—The Tariff Board cannot take the old calculations into account when progress has been made by the industry by rearing crossbreed cocoons. We cannot give protection on the basis of pure Mysore alone. You don't mean to say that the Tariff Board should ignore from its calculations the progress that has been made with regard to crossbreed cocoons.

Mr. Boughton.—Particularly the proportion has considerably increased.

President.—Not only that. The yield of cocoons is now about 375 lbs. an acre as an average for the whole area.

Diwan Bahadur.—It is comparatively a small percentage.

President.—At the time of the last Tariff Board enquiry you had given a figure of 5 per cent. and now you have given 25 per cent. which is a fairly good figure. 5 per cent. we can ignore. The bulk was at that time pure Mysore. Since then progress has been made to this extent. Suppose the Tariff Board grants you protection for the next 10 or 15 years as asked by you, surely a rapid progress will be made in this direction.

Diwan Bahadur.—Not until 50 per cent. is reached.

President.—Do you mean to say that for the next 15 years even if protection is granted, the percentage will remain the same?

Diwan Bahadur.—No.

President.—I refer to cross-breeds.

Diwan Bahadur.—It will increase from year to year. It will come up to 50 per cent. 25 to 30 per cent. is too low.

President.—You want the Tariff Board not to take into consideration this 25 per cent. for the next 15 years?

Diwan Bahadur.—No, until we have produced at least 50 per cent.

President.—You are asking for protection for the next 15 years on the basis of Rs. 5 a lb. for cocoons.

Diwan Bahadur.—Yes, so far as the measure of protection is concerned. As we go on improving, the measure of protection may be reduced. We want protection for 15 years. As we are able to bring down the cost of protection, we shall have no objection to the level of protection being reduced.

President.—How many Tariff Board enquiries you want in these 15 years?

Diwan Bahadur.—We don't want many Tariff Board enquiries.

President.—The measure of protection can only be assessed by Tariff Board enquiries.

Diwan Bahadur.—Even without a Tariff Board, is it not possible for Government to do it?

President.—Unless you recommend a sliding scale.

Diwan Bahadur.—We shall have no objection to that.

President.—You have put up a proposal for a uniform duty of Rs. 3-10 a lb.

Diwan Bahadur.—We have taken the cost of production at a certain figure. As the cost of production goes down, we shall have no objection to the measure of duty being reduced correspondingly.

President.—That scheme must be put forward before the Board.

Diwan Bahadur.—We have stated here the duty must be such to give us the difference between the fair selling price and the value of the imported article.

President.—When the Tariff Board gives you protection, it gives you protection on a certain fair selling price which has been arrived at on certain figures of costs.

Diwan Bahadur.—Yes.

President.—You want, say, for the next 15 years a duty of Rs. 3-10. That is based on the price of Rs. 5 a lb. for cocoons.

Diwan Bahadur.—Rs. 3-10 or such figure as will be necessary to make up the difference between our fair selling price and the price of the foreign article.

President.—Who is to judge the fair selling price?

Diwan Bahadur.—That is the point.

President.—That has to be determined.

Diwan Bahadur.—What we say at present is that there has not been any appreciable reduction.

President.—You want this duty on present figures. I have got to consider the future cost as well.

Diwan Bahadur.—At present there has not been any appreciable reduction in the fair selling price.

President.—According to the statements now submitted the whole market has now changed and people prefer filature silk. The Board wishes to pay more attention to filature silk at the present moment. I told you at the beginning that we shall take up this matter with the Mysore Silk Filatures Limited who are appearing before us as to what the fair selling price in future should be. With regard to this important point of cocoons and mulberry leaves, I thought I might be able to discuss with you.

Diwan Bahadur.—So far as mulberry leaves are concerned, as the Secretary explained, it is not possible for us to have the tree mulberry substituted for the bush mulberry so as to bring down the cost of production immediately.

President.—Even in the case of bush mulberry, I do not know whether we could take 2-7 pice for the whole period.

Diwan Bahadur.—There have not been many factors which have resulted or which have conduced to any reduction in the cost of production of bush mulberry. In fact no improvements have been effected in the cultivation of bush mulberry so as to bring down the cost of production. The most important item on which we depended for the reduction in the cost of production was the substitution of tree mulberry for bush mulberry. So far as bush mulberry itself is concerned these has been no reduction in the cost of production.

President.—There was a definite reduction on account of the bush mulberry expenditure in the last 5 years as submitted by the Mysore Government themselves from Rs. 92 to Rs. 63. I am now confining myself to bush mulberry.

Dewan Bahadur.—I cannot understand what are the causes which have probably contributed to the reduction in the cost of production.

Mr. Khan.—You mean between 1928 and 1932.

President.—Yes.

Mr. Khan.—That has no reference to the present conditions.

President.—No efforts have been made by the department to reduce the cost of production.

Mr. Khan.—That has not been due to the efforts made by the department, but to the general economic circumstances. There was a general fall in the prices of articles as also in the wages. That was largely due to that fact as I remember right.

President.—I think the wages were taken as As. 6 and As. 2.

Mr. Eoughlon.—That cause happened to cease just at the time the last Tariff Board enquired.

Mr. Khan.—It was a critical period.

Mr. Eoughlon.—There was a general fall going on and the economic causes which led to the general fall ceased to operate just about the time the last Tariff Board reported. That is your position. If they continued to operate, you would have expected a further fall.

Mr. Khan.—Yes.

Dewan Bahadur.—When we are expecting to bring about a reduction in the cost of production, we naturally refer to any reduction that will be effected by the improvements and not due to economic causes. The economic causes are so very uncertain and as a result of those causes sometimes prices go up and sometimes prices go down.

President.—They have given us the details also.

Dewan Bahadur.—So far as reduction is due to economic causes, we should not have any recommendation for reduction in the measure of protection on that. I am only referring to any reduction in the cost that may be effected by improvements. So far as that aspect is concerned, I don't think any improvement has been effected in the cultivation of bush mulberry. The most important direction in which the improvement has to be effected is the substitution of bush mulberry by tree mulberry.

Mr. Khan.—I think the fall was due to lower wages.

President.—What were the wages?

Mr. Khan.—As. 8 in 1928.

President.—In 1934 it was As. 6.

Mr. Khan.—Yes. I definitely remember having given a statement taken from the records of the Sericultural Department showing the wages actually paid and we worked it out at As. 6.

Mr. Eoughlon.—These are agricultural wages.

Mr. Khan.—Yes.

Mr. Eoughlon.—Surely they are much less than As. 6.

Mr. Khan.—Yes in some places. The general average of As. 6 is supposed to be a reasonable one at present. For instance in Chennampattin all labour is As. 6 now, so also in Sivkiahhatta.

Mr. Eoughlon.—In this cost you have worked out, nothing is included for the cost of ordinary household labour.

Mr. Khan.—No, we have not specifically included that and in fact the Mysore Silk Association has been maintaining as on the previous occasions that if the rearer has to get adequate remuneration, a price of As. 8 per lb. of cocoons would be justifiable. In our previous communications to the Government of India, we have indicated that.

Mr. Eoughlon.—His remuneration for labour should come out of the profits, because you have not included anything for his labour. Then that

should be paid for by a difference between the cost price of the cocoons and the price at which he sells it.

Mr. Khan.—In fact it ought to happen, but doesn't happen.

Mr. Roughton.—On that you put your case?

Mr. Khan.—Yes.

President.—You have given the cost of producing one pound of silk by charkha on page 18 of the replies to the General Questionnaire. That is second class quality?

Mr. Khan.—Yes.

President.—There is very little reduction I find from the figures submitted, Rs. 5-1-4 and Rs. 4-10-6. The difference is mainly due to the better price for the waste.

Mr. Khan.—Yes.

President.—We have given there at one anna as against As. 5-6. If I add As. 4-6, it will be Rs. 4-15. It is practically the same.

Mr. Roughton.—Do they clean the waste?

Mr. Khan.—In some areas they are doing it now to a limited extent.

Mr. Roughton.—It was suggested to me the other day that they could obtain a much higher price if they cleaned the waste and consequently the cost of one pound of waste might be almost double that figure if they could be induced to do that.

President.—The Madras Government have stated that in their representation.

Mr. Khan.—In another capacity I have carried on experiments in that direction and I find that from all the experiments we have conducted a pound of silk waste in cleaning loses about 13 tolas and in cleaning there is the additional charge of 1 anna 6 pies per lb. in labour. If we add these to the present price we will practically get instead of As. 5-6 about As. 8-10 or As. 9. The return will not be very much, but the quality of the silk waste would improve and it would find a ready sale anywhere.

Mr. Roughton.—So that if we took a higher figure for that, I think it would not be a very much higher figure.

Mr. Khan.—Because the quantity would get reduced. Instead of one pound, it would be about 27 tolas.

Diwan Bahadur.—Ordinary charkha silk would not sell at that price. Filature silk waste may sell at that price.

Mr. Khan.—We get an improved price and a little more return.

President.—What is the present position with regard to the "Conditioning House"? Has the Association done anything in that direction?

Mr. Khan.—No, we have not been able to do it, because as we have repeatedly submitted the charkha silk that is produced in bulk does not admit of grading. If by "Conditioning House" you are meaning the transactions conducted on the basis of "Conditioned" weight, it is a very desirable measure and that practice has not come into vogue, but there are very few people that have appreciated that practice. It is the testing side that is more important in one respect and charkha silk does not admit of any instrumental inspections and therefore it is not possible to have a "Conditioning House" for the present. We must have filatures first and along with filatures the "Conditioning House".

President.—What about the sorting of cocoons? Is that also not possible for the pure Mysore breed?

Mr. Khan.—Not to the extent to which univoltine cocoons admit of.

President.—Because of the floss?

Mr. Khan.—Yes. Sorting crossbred cocoons is a little easier than Mysore cocoons.

Mr. Roughton.—As regards the three qualities of charkha silk, are the economics very much the same? That is to say an individual reeler can, if he likes, make any of the three qualities. One of these is the third quality which he can make more quickly and get a different kind of silk.

Mr. Khan.—Quite so.

Mr. Roughton.—So that it doesn't matter very much to him which quality he makes. Is there more profit in one quality than in another?

Mr. Khan.—Not so, but there is a better demand in the market for the first quality than for the third quality.

Mr. Roughton.—Does he have to be more skilful?

Mr. Khan.—Yes. In Siddlaghatta and Closepet they are producing high grade silk and their silk sells more readily in the market than those produced in Malavalli.

Mr. Roughton.—If a man is more skilful, then he will get a better remuneration. That is the position. It is not simply that he can make the third quality silk more quickly and thereby making up in quantity what is lost in quality.

Mr. Khan.—There used to be a larger quantity of charkha silk of inferior grades also and the tendency had hardened them to produce larger quantity of silk and put into the market. That tendency is gradually disappearing on account of the altered demand of the Indian market and a regular attempt has been made by the reeler to improve the silk and, in fact the quantity of superior grade charkha silk has increased in percentage.

President.—As regards these bulletins, if you take first the foreign prices, 15th June, I find that the competition first was from China and the deniers were generally 28/32, 26/22, because these prices are those qualities whereas the competition now has changed from China to Japan and I find that the deniers are 20/22 and 13/15.

Mr. Khan.—Yes a little portion is 13/15. The bulk is 20/24 and 20/22. 20/24 is not given. It is not the practice in International standards to give it, but the Indian market does require a variation from 20 to 24.

President.—That means the foreigners are making a special quality of 20/24.

Mr. Khan.—It does not need any skill; it is covered up by a little more adjustment in reeling.

President.—The price also does not differ very much.

Mr. Khan.—No. The difference will probably be an anna per lb.

President.—An anna more?

Mr. Khan.—An anna less than that for 20/22.

President.—Is that coming in larger quantities?

Mr. Khan.—Of late, the percentage has increased.

President.—Do you mean the percentage of 20/24?

Mr. Khan.—Yes.

President.—You have given us here 20/23.

Mr. Khan.—Yes.

President.—Is that not coming?

Mr. Khan.—It is also coming but the weaver is paying more attention to 20/24 than to 20/22. A slight change has occurred in the character of the demand.

President.—What proportion of 13/15 is coming?

Mr. Khan.—Not more than 7 to 8 per cent. or at best 10 per cent.

President.—At present I want to know the position about filatures. In the statement you say that about 10,000 lbs. of silk is being produced by filatures in Bangalore.

Mr. Khan.—Yes.

President.—One filature has transferred itself to the Madras Presidency.

Mr. Khan.—Yes.

President.—Your filature which was of 34 basins has now been taken over by the Mysore Silk Filatures, Limited. Has that started working?

Mr. Khan.—It has taken over the basins and is continuing the work.

President.—In the new premises?

Mr. Khan.—Not as yet in the new premises but they are putting up buildings. They have started construction work in T. Narasipur.

President.—Are there any other filatures?

Mr. Khan.—No.

President.—How do you calculate 10 thousand lbs. as silk-production in filatures?

Mr. Khan.—That is the annual production. The Bangalore Filature is about to be transferred to Kollegal.

President.—The quantity will be reduced to that extent.

Mr. Roughton.—They will utilise to a certain extent Mysore cocoons.

President.—Is Kollegal using pure Mysore?

Mr. Khan.—I am not aware of that.

President.—You yourself say that the future lies with the filature silk. How will that be adjusted with regard to charkhas? I find as it is the number of charkhas is reduced from 4,000 to 2,000. Will they be taken over by the filatures that will be established?

Mr. Khan.—Of course, the charkhas will be displaced by the filatures and in the interests of the industry they must go because we have to compete against a superior grade of silk and charkhas cannot manufacture it.

Mr. Roughton.—There is no room for the actual people who have been working charkhas in the filatures. The labour they would take on would be not the present reelers.

Mr. Khan.—I would not do for the simple reason that the present charkha reeler has adapted himself to bad conditions and bad discipline. Of course, some of these reelers who are younger can be absorbed. It depends upon the age more or less.

Mr. Roughton.—The older people cannot be absorbed.

Mr. Khan.—Half of them could be absorbed. That is my general impression.

Mr. Anklesaria.—The other half should starve? What would you do with them?

Diwan Bahadur.—As a home industry we should not like charkhas to go out entirely. Considerable improvements will have to be effected. It is, I think, to that end the Department is giving some attention to the improvement of the quality and one would not like to see that the charkhas go away. Side by side with the introduction of filatures, we will have to improve the quality of the charkha silk. The charkha silk will not completely go out.

Mr. Khan.—I was just referring to the ideal. The ultimate aim of the industry would be to displace charkha silk.

Mr. Anklesaria.—Half the labour would have to starve then.

Mr. Khan.—Probably one half would be absorbed by filatures. The other half released could ultimately be absorbed in the general sericultural industry as brokers for cocoon purchasers. A little adjustment would be necessary and if the filatures to be established are a little more sympathetic, it would be possible to bring about the adjustment.

President.—With regard to the price of the filature silk, I find they are able to get more price than the Japanese silk. The price for Bangalore Filature silk 13/15 is quoted as Rs. 7-4 as against Rs. 6.

Mr. Khan.—These are quotations but actually probably they won't get more than Rs. 7 or Rs. 7-2.

President.—Even then it is more.

Mr. Khan.—The quality of the silk is very much superior. The waris made out of Mysore Filature silk last very much longer than those made out of Japanese filature silk.

President.—That means there is a distinct demand for such silk. Otherwise they cannot maintain that price.

Mr. Khan.—If we produce more filature silk, there would be an insistent demand.

President.—The price is more by a rupee than that of the quality which is coming from Japan.

Mr. Khan.—That is the price we demand and with difficulty we get it. So far as denier is concerned, it is the same but in regard to elasticity, tensile strength, durability, etc., being superior it commands a better price.

President.—Is it being appreciated by weavers?

Mr. Khan.—They know it very well, but it depends upon the consumers finally. If they want cheaper grade waris, they go in for those made out of Japanese filature silk.

President.—What is the bulk of the production? What deniers are being produced? You have given us different deniers.

Mr. Khan.—I have not got definite information regarding the quantities produced. We have got quotations as they are producing them but not the quantities.

President.—What deniers are wanted by the market at present?

Mr. Khan.—20/24, and 20/22.

President.—As regards spun silk, only one quality is coming 210 doubled.

Mr. Khan.—Largely it is that. Sometimes we get 30s doubled up.

President.—What would be the price?

Mr. Khan.—If former is Rs. 5-8 the latter would be Rs. 3-4 to Rs. 3-8.

President.—This is Rs. 3-6.

Mr. Khan.—The highest price for spun silk is Rs. 4-8 to Rs. 5-11.

President.—Is that for August or July?

Mr. Khan.—15th July.

President.—You might send us copies of that.

Mr. Khan.—Yes (handed in).

President.—That means the prices have all gone up.

Mr. Khan.—So far as spun silk is concerned, the price has gone up.

President.—Even the Japanese silk has gone up Rs. 6-3 instead of Rs. 6.

Mr. Khan.—I would like to bring to the notice of the Board that the imports of Japanese silk are relatively less than the imports of Canton silk now.

President.—Since which month?

Mr. Khan.—Since the last two or three months as will be seen from the Seaborne statistics. In the last three months out of the total imports of 402,000 lbs., 295,000 lbs. come from China.

President.—All this is coming evidently from Canton.

Mr. Khan.—Yes. One point I wish to make clear and that is this. The Association is only quoting the prices actually got from the owner

of the Filature but the rate at which it is being sold we are not informed. I am given to understand that the actual price realised is very much below Rs. 7-4.

President.—What is the use of these quotations then? Is this Rs. 7-4 a nominal quotation?

Mr. Khan.—It is quoted at that rate. Whether there are purchasers or not at that rate, we could not tell you. What I understand is that the prices actually realised are very much less.

President.—You say that the Mysore Silk Association maintains a separate agency to collect market rates for silk. By market rate we understand rates at which transactions take place. These bulletins do not contain market rates.

Diwan Bahadur.—This very question was discussed by us at one of the meetings with the owner of the Filature. The reply that we have been given is that only a small quantity of this quality is produced for which it is possible to get a better price on account of its superior quality. But if more quantity is produced, it may not be possible to get that price.

President.—He is not confining himself to one kind of denier. He is manufacturing 4 or 5 kinds of deniers.

Diwan Bahadur.—For a small quantity there is a local demand; that is what we have been given to understand.

President.—If you take the prices given by him with regard to filature silk, you will find that in every case it is higher than the price of the foreign silk sold in the Bangalore market.

Mr. Khan.—For a superior quality, they are prepared to pay a little more.

President.—You are supplying us figures of market rates, not as I understand them, but nominal quotations taken from private individuals. They may be filatures but they are private filatures. As far as the rates are concerned, you may say that the rate at which it is quoted is Rs. 3, but that does not mean that you should put down here as Rs. 3.

Mr. Khan.—That is because there is only one agency for that filature.

President.—After all, the market must come to know that. Those transactions must be reported. The production of the Bangalore Filature consists of various kinds of deniers. If I compare their prices with the prices of foreign silk, in every case the price is higher.

Mr. Khan.—We have made that point clear. We have said that prices for the Bangalore filature silks are quoted as such and such. But the actual prices realised we are very sorry we do not know. They are not given to us. With regard to the others, there is scope for general verification which we do.

President.—Do I understand that all these quotations regarding filature silk are from Silva's?

Mr. Khan.—Yes.

President.—What about the filature silk turned out by the Mysore Government Filature and the domestic basins?

Mr. Khan.—Practically more than 90 per cent. of the production of Mysore Filature Silk was being consumed by the Government Silk Weaving Factory.

President.—Is there no price fixed?

Mr. Khan.—They have got some sort of a formula adopted as between one concern and the other.

President.—It does not come into the market?

Mr. Khan.—It does not affect the market at all.

President.—With regard to the next statement that you have given us about Japanese dumping and various prices, I find a similar statement has been supplied to us by the Mysore Government.

Mr. Khan.—We have extracted this from the Published Journals and this question has been discussed between us and Government representatives and there is a common origin about it.

President.—I had better take up this question with the Government representatives. The only point I want to know is with regard to these exchanges. In 1929-30, you say, Japanese yen was 100=Rs. 135. When the Tariff Board reported it was 89; now it is Rs. 77=yen 100. It is practically half.

Mr. Khan.—Yes.

President.—With regard to the other quotation it was 117 taels and it has gone down to Rs. 49=100 taels; similarly Hong Kong dollar was Rs. 83=100 and at present it is Rs. 78=100 dollars. That has not varied very much.

Mr. Khan.—Not very much.

President.—These Yokohama rates that you have given are rates prevailing in Japan?

Mr. Khan.—In the Yokohama silk exchange for various classes of silk. These have been taken from authentic reports.

President.—And the export figures collected by you?

Mr. Khan.—They have been collected from the same report (handed in).

President.—What about these figures you have given showing the value of seed cocoons?

Mr. Khan.—These are from notifications as to where seed cocoons are available and the prevalent prices so that people who are interested may get into touch with those villagers who produce seed cocoons. (handed in).

President.—You have given us in answer to question 61 the percentage of silk waste. It is 75 per cent. of the raw silk produced in filatures. This is for pure Mysore?

Mr. Khan.—Yes.

President.—What will it be for cross-breeds?

Mr. Khan.—Probably 65; that is my impression.

President.—I think the Mysore Government has given 60.

Mr. Khan.—It is less than that in Mysore.

President.—What is the price you are able to get for silk waste outside India? I want to know about filature waste.

Mr. Khan.—It used to be exported a few years ago and we were getting very good prices then.

President.—If you take 1936-37 it was 3 lakhs of lbs. What was the price at that time?

Mr. Khan.—The minimum was 5 annas and the maximum about As. 6-3. That is for charkha silk waste. Filature silk waste is not quoted and almost all the filature silk waste that was available was purchased by the spun silk factories.

President.—With regard to tariff valuations your opinion is that the duty should be assessed on the invoice values?

Mr. Khan.—Yes. It covers a very long period and there are so many fluctuations.

Mr. Boughton.—Would it not be equally satisfactory to decrease the intervals for which tariff valuations are made, say 6 months instead of for a year?

Mr. Khan.—Even six months would be a very long period.

President.—With regard to the question of protection on what month have you taken the declared value as Rs. 2-8?

Diwan Bahadur.—June, 1938.

President.—Don't you take the average of the year or average of four or five years?

Diwan Bahadur.—In June, 1936, it was Rs. 2-11-3, Rs. 3-6-11 in 1937 and Rs. 2-10-4 in 1938 in the same month.

Mr. Roughton.—Is there any seasonal variations in prices?

Mr. Khan.—Yes.

Mr. Roughton.—It usually goes up in certain months of the year?

Mr. Khan.—Yes.

Mr. Roughton.—Which are usually the highest and lowest months?

Mr. Khan.—In September-November period prices are more favourable; prices are cheaper than in other months.

Diwan Bahadur.—The ex-duty price was Rs. 2-15-7 in March last and at the present day it is Rs. 2-8; calculated, at the present selling price, i.e., Rs. 3-15-6.

President.—If you take 31st July you will find that the denier mostly used was 20/22; therefore it will be Canton steam filature silk—that is Rs. 4-6, minus 14 annas and 25 per cent. will be the ex-duty price which is about Rs. 2-12.

Diwan Bahadur.—Yes. It varies from month to month.

President.—With regard to the price of Rs. 6-2-6, for charkha silk fixed by the last Tariff Board, the price of waste was taken at one anna and you have taken waste at As. 5-6. To that extent it has to be reduced.

Mr. Khan.—If this price can be maintained.

President.—Besides, as I pointed out, if I take the average for mulberry leaves, the price of cocoons will be slightly less because you have taken 2-7 in your calculation ignoring the 75 per cent. of the area.

Mr. Roughton.—On this question of 15 years, the ultimate factor in the price of silk is the price at which Japan is able to sell its silk in America. There may be fluctuations in the price of silk in the course of the next 15 years and I suppose you would agree that if such a long period was taken, there must be some method for altering the amount of protection in the course of the 15 years to suit fluctuations in prices which we cannot at present forecast. You will agree to that?

Diwan Bahadur.—We agree.

Mr. Anklesaria.—Mr. Srinivasan, I want to put some general questions to you as representative of the silk industry in Mysore, specially of the sericultural branch of it. You say in your memorandum that the last Tariff Board report on which you rely came to the conclusion that all the three conditions laid down by the Fiscal Commission were satisfied in the case of the silk industry?

Diwan Bahadur.—Yes.

Mr. Anklesaria.—You also agree with the findings of facts on which that opinion is based?

Diwan Bahadur.—Yes.

Mr. Anklesaria.—You will find that the Tariff Board came to the conclusion that unless and until the Government of India carried out certain measures which they recommended along with the protective tariff, the industry will not be able to stand on its own legs.

Diwan Bahadur.—I quite agree. There it is the Government of India and here it is the local Government.

Mr. Anklesaria.—They also came to the conclusion that if the then existing unfair competition was prevented, the industry would not require any protection at all.

Diwan Bahadur.—Yes, provided it was given sufficient time to develop so that it could bring down the cost of production to a certain stage.

Mr. Anklesaria.—If we could stop unfair competition that is all we could do to help the industry; Government have no control over your cost of production. What they can do is to stop unfair competition.

Diwan Bahadur.—I agree.

Mr. Anklesaria.—It is plain that the measure of protection granted last time has not been able to stop foreign competition; on the contrary foreign competition has increased.

Diwan Bahadur.—Yes.

Mr. Anklesaria.—And you want more protection?

Diwan Bahadur.—Yes. Even more than what was recommended by the Tariff Board at that time.

Mr. Anklesaria.—The present import figures do not take into account the large amount of smuggling that is going on.

Diwan Bahadur.—There must be but I cannot say anything about that.

Mr. Anklesaria.—You want 150 per cent. protection on raw silk.

Diwan Bahadur.—Unfortunately the difficulty is that the measure of protection that I want works out to 150 per cent. based on the present market prices.

Mr. Anklesaria.—Have you thought of the effect that it would produce on the revenues of the Treasury? Do you think that it will stop imports?

Diwan Bahadur.—I don't think by raising the duty to a reasonable figure, imports will stop completely.

Mr. Anklesaria.—I am talking of the 150 per cent. I am not talking of the reasonable figure.

Diwan Bahadur.—By taking the ex-duty price of Rs. 2-8, it works out to 150 per cent. What I would say is that if the price of Japanese silk or foreign silk goes up to Rs. 4, I don't think I would require 150 per cent. It is very difficult even to fix up a percentage.

Mr. Anklesaria.—We can only work on present conditions. We cannot anticipate the future.

Diwan Bahadur.—At the same time past experience has shown that prices vary to such an extent from time to time that it is very difficult to adopt a particular formula. I do not know what are the practical difficulties of the Customs Department.

Mr. Anklesaria.—I am on that 150 per cent. demand.

Diwan Bahadur.—According to to-day's rates, it works out to 150 per cent.

Mr. Anklesaria.—What effect it would have on the Government's revenue?

Diwan Bahadur.—That is a point on which it is very difficult for me to say. One thing I may say and that is there is such a large demand for silk in India that it may not be possible for many years to come for the local industry to supply all the demand. So a certain amount of silk must be coming in even with the increased duty, so that what may be lost by a little fall in imports will be made up by the increase in duty.

Mr. Anklesaria.—Raw silk is the basic material for lots of other allied industries and 150 per cent. duty on raw silk would require counter-balancing duty on all these industries.

Diwan Bahadur.—Yes, on silk goods.

Mr. Anklesaria.—You know that silk is useful for military purposes also.

Diwan Bahadur.—Yes.

Mr. Anklesaria.—And India is the only country except Cyprus which can produce silk fit for military purposes.

Diwan Bahadur.—Yes.

Mr. Anklesaria.—And on that ground it would be the duty of Government to protect the industry and develop it.

Diwan Bahadur.—That is what I have said in my memorandum.

Mr. Anklesaria.—If Government has to help the industry and if the development is for the purposes of the whole British Empire, it is fair that the whole British Empire should share the burden. I mean if it involves sacrifices—it does require sacrifice, it would be fair, if these sacrifices are to be borne by India for the sake of the whole Empire, the whole Empire should have a share in that burden.

Diwan Bahadur.—I do not know.

Mr. Anklesaria.—If the Government is to forego a crore of rupees for developing the silk industry and that development has to take place for the purposes of the whole Empire, not for India alone, I say the whole Empire should bear the burden and not India alone.

Diwan Bahadur.—It is going to benefit the whole British Empire which can draw its supply from one of its own countries instead of probably depending upon foreign countries for one of the most important materials of war. In that way no doubt the whole British Empire is interested. To what extent they will probably be prepared to share the burden, I do not know. As a matter of principle it is all right.

Mr. Anklesaria.—If you agree with me there, don't you think the system of bounties instead of protective tariffs would be more suitable?

Diwan Bahadur.—So far as our industry is concerned, whichever system is adopted, it does not make much of a difference. The point to be considered is which is more practicable.

Mr. Anklesaria.—I am just coming to that. The last Tariff Board did consider this question of bounties, but for certain reasons they didn't think that that was a better method of helping the Silk industry. I will deal with those reasons. They say that cottage industry is not suitable for bounties. Now can you point out one country in which the Silk industry has not been a cottage industry and has not been helped by bounties instead of by protective tariffs?

Diwan Bahadur.—I know in all countries where silk has formed an important cottage industry, it has received considerable assistance from Government.

Mr. Anklesaria.—For instance France and Czechoslovakia. Can you from your study of the Japanese conditions say whether the Japanese Government give bounty to the cocoon producer?

Diwan Bahadur.—Not in any specific manner—only indirect bounties.

Mr. Anklesaria.—Mr. Khan, you have been in Japan and you have studied the Japanese economic conditions of the Sericultural Industry and have made your recommendations to the Mysore Government. All those recommendations are being carried out or have already been carried out.

Mr. Khan.—They have taken action on almost all the recommendations.

Mr. Anklesaria.—The result has been that the cost of production of cocoons has been reduced by 30 per cent.

Mr. Khan.—As I have already submitted the cost of production has not been reduced. We have been able to supply a larger quantity of cross-breed layings which has to a certain extent improved the condition of the raiyat, but the cost of production has not been reduced in the State taken as a whole.

Diwan Bahadur.—For about 25 per cent. of the users, the cost is reduced.

Mr. Anklesaria.—Cocoon production is not susceptible to large scale production. You cannot have big factories and big establishments for producing cocoons. It has to be produced by individuals only.

Mr. Khan.—Quite so.

Mr. Anklesaria.—There is no scope for large scale production.

Mr. Khan.—No.

Mr. Anklesaria.—On all those grounds just mentioned would you agree with me that bounties would be a better way of helping the industry than the protective tariffs? If you read the Fiscal Commission's Report, you will find that on all these grounds bounties are preferred to protective tariffs.

Mr. Khan.—The difficulty is administrative.

Mr. Anklesaria.—If administrative difficulties are overcome, you would agree that bounty would be a preferable method of giving help than protective tariffs.

Mr. Khan.—That would also depend on the way in which bounties have to be distributed. I would like to make that point clear. In Italy they are guaranteeing the filatures any losses that they might incur by paying to the rajyat 6 annas 6 pies per lb., this year's price. If the price falls down below that, the filatures may pay it up and obtain the subsidy from Government. It means they are compelled to pay a certain price to the reeler. They have got a regular method and in France bounty is paid direct to the rearer himself. The French industry has dwindled to such a small extent that it does not require much attention to be paid by the departmental officers in distributing the bounty.

Mr. Anklesaria.—It has been working successfully in Italy. Is it possible to introduce that system here?

Mr. Khan.—Unfortunately there are no filatures here.

Mr. Anklesaria.—You say that if protection is granted, the cost of production would be reduced by 50 per cent. What would be the price on that basis?

Diwan Bahadur.—The fair selling price as it was assumed at the time of the last report was Rs. 6-2. It would work out probably to about Rs. 3-8.

Mr. Anklesaria.—Compared with the Japanese price?

Diwan Bahadur.—Ex-duty price is Rs. 2-8. With the duty as I said it works out to 150 per cent.

Mr. Anklesaria.—After 15 years you still require duty on Japanese silk if your price is Rs. 3-8 after 15 years and if the Japanese price is Rs. 2-8, your price is likely to go down rather than go up. As you improve, the Japanese industry may also improve. In that case even after 15 years you would require protection.

Diwan Bahadur.—It is very difficult to say what amount of protection will be required after 15 years. The various methods by which we expect to bring down the cost of production are improvements in mulberry cultivation and improvements in other directions.

Mr. Anklesaria.—Even after 15 years you would not be rid of protection.

Diwan Bahadur.—We hope we would not require any protection. After all you can only say that you expect a certain result. Can anybody guarantee what would happen? It is possible to bring down the cost of production.

Mr. Anklesaria.—Is there any appreciable production of filature *vij-waste*?

Mr. Khan.—Not now.

Mr. Anklesaria.—There is only one filature.

Mr. Khan.—Yes.

Mr. Anklesaria.—As regards the reelers who would be displaced by filatures, you said that they would become dalals and that sort of thing.

Mr. Khan.—Yes.

Mr. Anklesaria.—Can you tell me approximately the number of dalals at present?

Mr. Khan.—We have got 2,000 charkhas and there are about 500 charkhas in the cottages which are used by the rearers themselves for reeling their own cocoons, but the professional reelers we might put at about 3,000. There are also helpers and that sort of labour. They will find other occupations that would suit them. If the filatures are established, probably about half of them would be absorbed.

Mr. Anklesaria.—As reelers?

Mr. Khan.—Yes.

Mr. Anklesaria.—And the other half will have to seek some other employment.

Mr. Khan.—Yes.

Mr. Anklesaria.—Can they do it easily?

Mr. Khan.—As I submitted already with a little sympathetic consideration on the part of the filature establishments, it is possible to absorb them.

President.—If there is anything you would like to add to what has already been discussed, we would like to hear. Have you got any new point to urge?

Diwan Bahadur.—There is very little to add to the statement I have already made except practically reiterating and emphasising what has been said already. We have taken the finding of the last Tariff Board as practically the starting point and on that we have based all our proposals in our representations. At the time of the last Tariff Board Enquiry it was found that Rs. 6-2 was the fair selling price for charkha silk and Rs. 6-13 for the filature silk. On the basis of that and the then selling price the ex-duty of Japanese silk was calculated at Rs. 3-12, and the Tariff Board recommended a duty of Rs. 2-6 per lb. Subsequently the price fell to Rs. 2-12 so that was one rupee lower than the ex-duty price which the Tariff Board had taken as the basis of their recommendation. So we considered that the position was worse by one rupee. Even the duty of Rs. 2-6 recommended by the Board was not sufficient and we wanted Rs. 3-6. We went on deputation to the Government of India, and asked for Rs. 3-6 on the ground that the price had gone down by a rupee since the Tariff Board had reported. We have to reiterate this point now. Out of Rs. 6-2 you have taken, naturally we have to take into account the increased price which the waste now produced gets. Even after making that allowance, it will work out to very nearly the same figure we want. If the industry is to be protected, it must be protected adequately. Inadequate protection is not of much use. In fact if you want to stimulate the production of silk and encourage people to take up the industry, which is practically to revive the industry, protection must be adequate, otherwise they cannot take it up with any hope of making profit. During the last five years if protection had been adequate, the progress or revival of the industry would have been much more. The fact that there has not been adequate protection accounts for the fact that we have not been able to make much headway. It is no use giving protection merely for raw silk. Unless a corresponding protection is given to manufactured silk goods, the weavers will be thrown out of work. In order that the weaving industry may not suffer, we want protection to be given against imported manufactured goods. We also want the same measure of protection for spun silk. About a year ago Government gave the same protection for spun silk as for silk yarn and even now we want the same rate of protection for spun silk as for raw silk, otherwise the spun silk will displace the

raw silk. All the facts are before you. With regard to noils, we have no protective duty on noils. We are manufacturing noils for the first time in spun silk mills. In order to avoid unhealthy competition we want protection for noils.

President.—As far as spun silk and noils are concerned, I may point out that things have changed since the last Tariff Board reported. At that time we did not consider them because they were not produced in India. To-day both these kinds of yarns are being produced in India and therefore I told you that we would take up these points with the Mysore Spun Silk and Mysore Silk Filatures when they appear before us. It will all depend on the cost of production in India and the duty will have to be adjusted accordingly. It is not possible to agree to an automatic duty as in the past. I mean that we cannot agree that if the duty on raw silk is such and such, the duties on other things must be also the same.

Dewan Bahadur.—That question will have to be considered.

President.—As regards the question of protection I have already communicated to you that it will all depend upon the fair selling price which will be calculated on the basis of filature silk which is now going to be produced in Mysore Territory and the cost of filature silk in other places. You have given us a general idea of the Association's mind with regard to the duty, the period necessary and the kinds of duties on other articles of silk. The Board will take note of all that you have said. What I want to know is: Is there any new point? We have covered all the points raised in your various representations and the Board wanted to supplement that by asking a few questions with regard to cocoons and mulberry on which the Association is fully competent to give an opinion.

3. THE MYSORE CHAMBER OF COMMERCE, BANGALORE.

**Evidence of Messrs. NARAYAN RAO G. NAIK, Rajacharithavisarada
Rao Sahib C. HAYAVADANA RAO and K. SHAMA AYAR,
recorded at Bangalore on Thursday, the 11th August, 1938.**

President.—Rao Sahib Hayavadana Rao, you are the President of the Mysore Chamber of Commerce?

Rao Sahib.—Yes.

President.—Mr. Naik, you are one of the members of the Chamber?

Mr. Naik.—Yes.

President.—Mr. Shama Iyer, you are the Secretary of the Chamber?

Mr. Iyer.—Yes.

President.—You have sent us a memorandum as well as replies to the questionnaire and I will just run through the memorandum first before we take up the replies to the questionnaire.

Rao Sahib.—Yes.

President.—The bill for granting protection to the sericultural industry was passed in April, 1934, and the first representation was made with regard to the inadequacy of the duty on the 6th of October, 1934.

Rao Sahib.—Yes.

President.—Is that correct?

Rao Sahib.—Yes.

President.—Did you do anything when the Bill was under discussion in the Legislative Assembly? After the proposals of the Government of India were published with regard to their intention of granting protection by means of such duties 25 per cent. plus 1½ annas, did your Chamber make any representation?

Rao Sahib.—No, not at that time.

Mr. Iyer.—We protested that protection was inadequate and said that Government would have to reconsider the matter and give further protection.

President.—So your Chamber was active from the time the bill was published.

Rao Sahib.—Certainly.

President.—How many representations you have made upto now?

Rao Sahib.—Since the Government of India passed orders on the Tariff Board's recommendations we have been active with the object of getting them revised. Even with regard to the deputation it was organised by the Silk Association with the help of the Chamber?

President.—When did you go on deputation before the Hon'ble the Commerce Member?

Rao Sahib.—In 1936.

President.—Did you also press the claim of the Spun Silk Industry?

Mr. Naik.—Yes.

President.—At that time I suppose you didn't say anything about the thrown silk. Did you state that the recommendations of the Tariff Board should be accepted by Government in toto with regard to the various articles of silk?

Mr. Naik.—We didn't make any mention of thrown silk. We made a special representation in regard to spun silk as we had made a beginning.

Rao Sahib.—Even in the last Tariff Board enquiry, a special reference was made to the thrown silk.

President.—Before I take up your replies to the questionnaire, I would like to ask you one or two general questions. Are you still publishing prices?

Rao Sahib.—Yes.

President.—We have got copies from the Mysore Silk Association, but we have not received any from the Mysore Chamber of Commerce.

Rao Sahib.—Here are some. (Handed in).

President.—I would like to have some latest prices.

Mr. Iyer.—Yes. (Handed in).

President.—Are these weekly?

Mr. Iyer.—Yes. Since 1916 we are publishing these.

President.—The Mysore Silk Association is publishing fortnightly.

Mr. Iyer.—Yes.

Rao Sahib.—This circulates very widely in the State as well as outside.

President.—What agency do you employ to get the information?

Rao Sahib.—The important agency is our Secretary.

Mr. Iyer.—I myself personally go every Saturday and then verify the prices with the quotations

President.—With regard to the quotations for silk and with regard to the quotations for cocoons?

Mr. Iyer.—Only for silk.

President.—You are not publishing prices for cocoons?

Mr. Iyer.—No.

President.—What about the exchanges? Do you take them from the Banks?

Mr. Iyer.—Because there are variations I generally copy from the Indian papers such as the *Hindu* and other important papers.

President.—What is the Japanese exchange to-day? It is not given here. You have only given the exchange for Shanghai. I think that is an omission.

Mr. Iyer.—I will include that also.

Mr. Naik.—Rs. 77 is equal to 100 yen.

President.—Don't you publish prices of Canton and Japanese filature silk?

Mr. Iyer.—No. I have no agency to get reliable information and therefore we don't publish.

President.—When you publish these prices of Mysore Silk in various centres, I suppose the price from so and so to so and so represents the fluctuations during the week.

Mr. Iyer.—Yes, minimum and maximum rates.

President.—You know the last Tariff Board stated that there were three qualities in existence in Mysore as far as charkha silk is concerned.

Rao Sahib.—Yes.

President.—I want to know whether you are publishing prices according to the qualities or simply according to the places where they are produced.

Mr. Iyer.—According to the places.

President.—It does not give a correct idea to the Board as regards to price of first quality of charkha silk except in one or two places like Sidlaghatta and Kempanhalli which produce better silk but one cannot be sure what these prices would represent.

Mr. Naik.—Charkha silk cannot be graded like that. It is only thick and thin depending on sizes.

President.—I wish you had been here yesterday afternoon. There were several handloom weavers who said that there was some sort of grading with regard to charkha silk. That means they were able to distinguish qualities.

Mr. Naik.—There also you will find evenness and unevenness.

President.—Could you supply us with the prices of first, second and third quality charkha silk?

Rao Sahib.—The place is identified with silk.

President.—As far as Sidlaghatta is concerned, it will be 100 per cent. first class silk?

Rao Sahib.—Yes.

President.—Are there any other places about which you can say the same?

Rao Sahib.—Chennapatna—2nd quality 70 to 75 per cent.

President.—Which is the third quality?

Mr. Naik.—Malvalli and other places.

President.—You will give a little more information later.

Rao Sahib.—Yes.

President.—How do you get the Kollegal prices?

Rao Sahib.—From the Kollegal dealers in Bangalore.

President.—In answer to question 1, you state: "There has been no progress in the Sericultural industry in Mysore since protection was granted in 1934".

Rao Sahib.—Yes.

President.—Is that statement based on simply the acreage?

Rao Sahib.—Largely on acreage. Of course the time too was of a short duration and the ups and downs of the markets are responsible. Unfortunately the prices fell again. All the old gardens came to be neglected and the newly planted gardens did not receive the attention required. To-day the area may be taken as about 26,000. The whole trouble was that protection granted was insufficient. That was the real complaint. The whole gravamen of our complaint is that.

President.—Have you made any recommendation as to what the protection should be for the industry in the future?

Rao Sahib.—We have.

President.—I don't think you have dealt with that question.

Rao Sahib.—We have stopped with our reply to question 67.

President.—You have left that to Mr. Naik who is now the Managing Agent of the Mysore Silk Filature, Limited.

Rao Sahib.—Yes.

President.—You have given the price of Canton and Japanese filature silk in answer to question 53. How have you been able to obtain these prices?

Rao Sahib.—About duties I may add we have given in the memorandum which we supplied in the earlier stage.

President.—I am now talking about prices.

Mr. Naik.—We get the prices locally from merchants who get silk from Bombay and Madras Ports.

President.—What about the first quality of charkha silk? What places have you taken into consideration?

Mr. Naik.—Sidlaghatta and Kampanhalli—No. 1 quality; something in Closepat also. It depends upon the reelers.

President.—I find the variation very wide from Rs. 3-15 to Rs. 8.

Mr. Naik.—It also depends upon the failure of the crops. There is a certain amount of continuous demand for charkha silk in Bangalore and they specially use it for weft to give the sari a good finish in preference.

to imported ones.

President.—The first quality of charkha silk gets as high as Rs. 6 per lb.

Mr. Naik.—The crops have failed.

President.—There was a temporary boom and the price went up from 1937 to early 1938, but if you look at the price of 1936, I find that the price of Canton filature silk was Rs. 4-12 to Rs. 5-11 whereas your charkha silk was Rs. 3-15 to Rs. 6.

Mr. Naik.—There was no silk owing to the failure of the crops.

President.—In 1936?

Mr. Naik.—Yes, the particular quality No. I.

President.—The production had not declined.

Mr. Naik.—Not throughout the year. Particularly for a season the price was low. The prices have been taken from time to time.

Rao Sahib.—In 1936-37 the quantity of Mysore silk used locally was 169,942 lbs. as against 427,950 lbs. in 1932-33. There was an enormous decrease.

President.—I am talking of the production figures, because prices are governed by production. In answer to question 47 you have given us the exports. You sent out 4 lakhs of lbs. of Mysore silk outside the territory, upto end of December, 1937. Can you give me a complete year's figures?

Rao Sahib.—Yes, I will give them to you later.

President.—I want to compare them with the imports, because I find imports are 5 lakhs of lbs. Is that also upto the end of December?

Mr. Iyer.—Yes, upto the end of December.

President.—This is also till the end of December?

Mr. Iyer.—Yes.

President.—You had better give me for the whole year.

Mr. Iyer.—Yes.

President.—Can you tell me why the Bangalore people are unable to use the Mysore charkha silk? Is it because the quality is not good? The bulk of the production of Mysore silk is being used outside India whereas you are importing into the State about an equal quantity.

Mr. Naik.—It is mostly coming for the throwing mills. The same is exported. It comes under other heads.

President.—That won't come under this head. Raw silk is being exported.

Mr. Naik.—Yes.

President.—There can be two reasons for this: either you find that the raw silk produced in the Mysore territory is not good enough for throwing and therefore it goes out in the shape of raw silk or that the inherent defects of the quality prevent it from being used locally and therefore you are using so much of imported silk.

Mr. Naik.—The throwing mills in Bangalore are not able to use so freely the country charkha silk. They are the main sources of supply.

President.—That means the quality produced is not fit for wearing purposes.

Mr. Naik.—No. They use for weft. For tram they use the local product and for organizing the imported product.

President.—It is rather strange that your Chamber should ask for protection for silk which is not a marketable commodity. You go so far as to say that it is not in a condition to be thrown.

Mr. Naik.—As a matter of fact Kollegal and Mamballi factories only use country charkha silk. They rewind it and use it.

President.—What was the production in Mysore in 1936-37?

Rao Sahib.—7 lakhs of lbs.

President.—7 lakhs of lbs. was produced here and 532,500 lbs. went out.

Rao Sahib.—Yes. There is a market for that. It is largely dependent upon this silk.

President.—Mr. Naik will be able to tell me whether raw silk as such cannot be used for winding purposes.

Mr. Naik.—It cannot be used. It must undergo further treatment before use.

President.—For winding purposes it must be thrown.

Mr. Naik.—Yes, either by hand or by machine.

President.—The machine is generally preferable because it goes to big mills producing manufactured goods. The hand thrown silk is not used by the power loom factories.

Mr. Naik.—No.

President.—That is correct.

Mr. Naik.—Yes.

President.—Therefore the future of the industry must depend upon filature silk.

Mr. Naik.—Yes.

President.—The Mysore charkha silk is useless.

Mr. Naik.—It is useful for the handloom industry.

President.—I am now talking of the industry with which you are concerned. As far as you are concerned, you are definitely of opinion that Mysore silk as it is produced to-day is practically useless for the power loom factory.

Mr. Naik.—Yes.

President.—That is the main reason for its going out.

Mr. Naik.—Yes.

President.—Can you tell me out of the 5 lakhs of lbs. how much goes out?

Mr. Naik.—More than 75 per cent.

President.—After it is thrown?

Mr. Naik.—Yes.

President.—It goes out of the Mysore territory, is it not?

Mr. Naik.—Yes.

President.—And the rest is utilised in Mysore?

Mr. Naik.—Yes, and in adjoining districts also. It is sent through huses. At Dharmavaram there is a very big market. Salem is a very big market for us. The bulk of the production goes to Bombay Presidency and Northern India.

President.—The difficulty is this. Can you tell me what is the freight to these places? Is it about an anna a lb.?

Mr. Naik.—Yes.

President.—What is the freight for thrown silk? Is it also the same?

Mr. Naik.—Yes.

President.—There is no difference between raw silk and thrown silk.

Mr. Naik.—No.

President.—The prices prevailing in Bombay are the same as those prevailing in the Bangalore market.

Mr. Naik.—There is an octroi duty.

President.—That is at Doddaballapur. I am now talking of the difference due entirely to freight. Is that noticeable in the market?

Mr. Naik.—It is noticeable to the extent of a couple of annas. Now-a-days we are getting from Madras.

President.—Not from Bombay?

Mr. Naik.—No. They are now importing from Madras. After the last Tariff Board enquiry, they are importing large quantities in Southern India.

President.—The bulk of the imports are from Japan?

Mr. Naik.—Yes.

President.—Except during the last three months?

Mr. Naik.—During the last three months, Chinese silk is coming more.

President.—Do you know anything about the artificial silk?

Mr. Naik.—I do not know.

President.—It does not come here to be thrown.

Mr. Naik.—No.

President.—You have stated that artificial silk competes with indigenous silk and restricts the demand. That is only a general statement and you have not gone into details.

Mr. Iyer.—No. It is only a general statement.

Rao Sahib.—Artificial silk goods do compete with finished silk goods.

President.—In reply to question 50, you say that the prices at which Mysore silk has been sold do not differ from those in distant markets. I do not quite follow that.

Mr. Naik.—Profits and other things are not added.

President.—There must be a difference because of the freight.

Mr. Naik.—Yes, there must be.

President.—I do not know why the statement is worded like that because you cannot sell it at the same price all over India.

Mr. Naik.—Please see the question in the General Questionnaire.

President.—Even then there will be a slight difference. You cannot sell at the same price.

Rao Sahib.—I should like to qualify the statement by saying that the difference will not be material.

President.—Even then on account of freight there will be a difference.

Rao Sahib.—Yes, but the difference will not be very material.

Mr. Anklesaria.—You want protection not for raw silk alone but for all products in which raw silk enters partly or mainly.

Rao Sahib.—Yes.

Mr. Anklesaria.—You want protection even against art silk goods.

Rao Sahib.—Yes.

Mr. Anklesaria.—You will admit that real silk goods are mostly consumed by rich people. Poor people have no share in it.

Rao Sahib.—It will always be like that.

Mr. Anklesaria.—It is only the poor man who consume art silk goods and mixture goods.

Rao Sahib.—But there are occasions in which even poor men buy real silk goods.

Mr. Anklesaria.—The consumption by poor men of real silk goods is very limited as compared with their consumption by the rich.

Rao Sahib.—Yes.

Mr. Anklesaria.—In order to help the rich man to get his article of luxury cheap you would not mind imposing a burden on the poor man's article of consumption.

Rao Sahib.—No.

Mr. Anklesaria.—You say that you would impose tariffs not only on raw silk but on all articles in which raw silk enters partly or mainly.

Rao Sahib.—Yes.

Mr. Anklesaria.—And also on artificial silk goods which will compete with pure silk goods.

Rao Sahib.—Yes.

Mr. Anklesaria.—The latter category of goods are consumed by poor men.

Rao Sahib.—Yes.

Mr. Anklesaria.—While the former category of goods are consumed by the rich.

Rao Sahib.—Yes.

Mr. Anklesaria.—In order therefore to protect the article of consumption of the rich men you would not mind taxing the article of consumption of the poor

Rao Sahib.—We do not approach the question from that point of view. This is a national industry and it is a home industry. It must be protected in order that it may exist and that those who are depending on it may not be thrown back on the community. The point is that artificial silk goods do not compete directly with real silk goods.

Mr. Anklesaria.—Still you would ask Government to impose duties on art silk goods.

Rao Sahib.—I don't think that except in an indirect way that question enters into the calculation.

Mr. Anklesaria.—That is for us to consider. In your representation you say that tariffs should be imposed on artificial silk goods.

Rao Sahib.—Certainly.

Mr. Anklesaria.—Would you think it fair to impose burdens on the poor in order to facilitate consumption by the rich? I put a general question to you.

Rao Sahib.—It is a general question. It can only be answered subject to certain material factors.

Mr. Anklesaria.—I understand your argument that it is for the national benefit. From the national point of view, the poor man must suffer.

Rao Sahib.—I don't see that he suffers at all. When a lakh of families are thrown out of employment, the burden of maintaining them will fall on the community. The larger consideration would have to prevail. It is a question of choosing between two evils.

Mr. Anklesaria.—You have been telling before us and Government that the raw silk industry is purely a subsidiary industry.

Rao Sahib.—Yes, subsidiary to agriculture.

Mr. Anklesaria.—The main occupation of the sericulturist is not sericulture but other agricultural industry.

Rao Sahib.—Yes.

Mr. Anklesaria.—Can you say—take the sericulturists whom you know—what is his main occupation?

Rao Sahib.—Agriculture.

Mr. Anklesaria.—What agriculture? Any crop?

Rao Sahib.—Partly dry and partly wet. It all depends on the area.

Mr. Anklesaria.—Sericulture is only his subsidiary occupation.

Rao Sahib.—Subsidiary in one sense. His main occupation is agriculture. He belongs to the agriculturist class.

Mr. Anklesaria.—I am talking of the occupation.

Rao Sahib.—We have used that word 'subsidiary' popularly. We must not be taken literally. What we mean is that he depends partly on agriculture and partly on sericulture for his living. If there is a failure in either, he suffers.

Mr. Anklesaria.—Which part is the bigger part? I was told by Mr. Rama Rao whom we examined yesterday that while the sericulturist got an income of Rs. 100 from his main occupation namely agriculture, he got an income of only Rs. 10 from sericulture.

Rao Sahib.—I would not put it that way.

Mr. Anklesaria.—Are you prepared to contradict him?

Rao Sahib.—I should say generally speaking it must be a correct statement.

Mr. Anklesaria.—If you don't want to give a general answer, you may give a specific answer.

Rao Sahib.—33 per cent. on either side.

Mr. Anklesaria.—I am talking of the average income from sericulture.

Rao Sahib.—In the areas in which both these go together, one is as material as the other. I would not go further than that.

Mr. Anklesaria.—You will also admit that if sericulture does not pay, the sericulturist can easily turn to his main occupation.

Rao Sahib.—Not at all because it all depends upon the season.

Mr. Anklesaria.—Please explain further.

Rao Sahib.—Agriculture engages him for a particular number of months in a year. For the rest of the year he does not depend on agriculture. In those areas he is largely dependent upon sericulture which industry has come down to him through generations.

Mr. Anklesaria.—The main item in the cost of production of raw silk is the cost of the mulberry leaf—75 per cent. to be exact.

Rao Sahib.—Yes.

Mr. Anklesaria.—You will admit that if sericulture does not pay, he almost immediately turns to his main occupation.

Rao Sahib.—I don't think it may be possible.

Mr. Anklesaria.—I shall show you figures. From 54 thousand acres under mulberry cultivation in a certain year, the acreage under mulberry goes down if the prices fall and he utilises the land set free for agriculture.

Rao Sahib.—That is not incompatible.

Mr. Anklesaria.—Please explain.

Rao Sahib.—Because it is quite possible that he would be losing more. There is no fun in losing in cultivation. I would not draw the inference that he has found it easier to turn to agriculture. Probably he wants to avoid further loss.

Mr. Anklesaria.—I understand that every statement that you have made in your representation is based on exhaustive personal enquiries.

Rao Sahib.—It is backed by figures.

President.—With regard to prices and not with regard to others.

Mr. Anklesaria.—I understand. Can you tell me why Japan is able to compete so very successfully in sericultural industry?

Rao Sahib.—That is a question which may be partly answered by the reason that the Japanese Government have been wide-awake. They have put heavy import duties and stopped all silk coming into their country.

Mr. Anklesaria.—You will contend that there is a lot of dumping of Japanese goods and you want protection against that. Was there any dumping by Kashmir lately?

Rao Sahib.—When they had accumulated stock.

Mr. Anklesaria.—You say in your representation that Kashmir was selling at an uneconomic price in the Mysore market. Would you claim protection against Kashmir also?

Mr. Naik.—We can adjust ourselves. When the price of Japanese silk was low they had no other go but to sell it and the production is not so large as to admit of dumping permanently as is the case with Japan. Their production comes to about 2 to 3 lakhs of pounds. For the time being when price of Japanese and Chinese silk fell to a very low level they had to seek a market for their product and sell it.

Mr. Anklesaria.—Kashmir has one very big advantage over you, namely that it gets its mulberry leaf free.

Mr. Naik.—Do they not pay something for the leaf?

Mr. Anklesaria.—They get the leaf free because mulberry grows wild. In a scheme of protection which seeks to protect Mysore and Kashmir equally, Kashmir which has not got to pay anything for its mulberry leaf will surely be able to dump its goods on you.

Mr. Naik.—We are not afraid of Kashmir at all. At present their production is so low that that they have got a large market outside our jurisdiction. And we also can develop as they develop.

Mr. Anklesaria.—But you won't get your mulberry leaf free?

Mr. Naik.—But we can develop.

Rao Sahib.—As they develop we develop also during the 15 years we have protection. So far as mulberry leaf is concerned we have a big programme and given time it will be difficult for them to compete even with free mulberry leaf supply. That is a proposition which I am prepared to defend.

President.—The Tariff Board grants protection to the industry of the whole country irrespective of the costs or price of individuals or individual States and if one province is able to manufacture at a lower cost it does not mean unfair competition.

Rao Sahib.—We will be glad if Kashmir sells more.

President.—The object of your Chamber ought to be to ask for protection to the industry as a whole.

Rao Sahib.—Quite right. We will adjust ourselves and will be glad if Kashmir sells more.

President.—You have given us a very interesting memorandum. The Board will go through it carefully.

Rao Sahib.—I thank you.

4. THE MYSORE SILK FILATURES, LIMITED.

Evidence of Mr. N. RAMA RAO and Mr. N. G. NAIK, representing the Mysore Silk Filatures, Limited, recorded at Bangalore on Wednesday, the 10th August, 1933.

President.—You are the Chairman of the Mysore Silk Filatures, Limited.

Mr. Rama Rao.—Yes.

President.—Mr. Naik, you are the Managing Agent of the Mysore Silk Filatures, Limited.

Mr. Naik.—Yes.

President.—I had better run through your replies to the questionnaire before I take the cost of production and the capital expenditure given by you for the filature which you propose to set up. I suppose it is not yet in a working condition.

Mr. Rama Rao.—Not yet in a working condition, but we have made a start with it already.

President.—Have you?

Mr. Rama Rao.—Yes.

President.—Have you installed any basins?

Mr. Rama Rao.—Yes, reeling basins for training work. That is the first thing we have to do.

President.—How many basins are being worked now?

Mr. Rama Rao.—We have now 34 basins working in Mysore and we have 20 basins in T. Narasipur.

President.—The 34 basins in Mysore once belonged to the Mysore Government.

Mr. Rama Rao.—Yes.

President.—They have now been handed over to this Company.

Mr. Rama Rao.—Yes.

President.—I will discuss your reply to Question No. 26 which is the first question that you have replied. Am I right?

Mr. Rama Rao.—Yes.

President.—With regard to the figure of production in Mysore I find it slightly differs from that given by the Mysore Government.

Mr. Rama Rao.—Yes, it does.

President.—What is your explanation? How have you arrived at this figure?

Mr. Rama Rao.—These figures are worked out arithmetically and on certain assumptions. My figures at any rate have no claim to be absolutely accurate. The way in which I have arrived at my figure is this. The area under mulberry I took at 28,000 acres and the production of cocoons per acre at somewhere about 260 lbs. The average rendita on charkha silk was 13 to 1. I arrived at the figure of raw silk production on this calculation. I forgot that a part of the mulberry area was irrigated and I ought to have taken a slightly higher average. My figures make no claim to be absolutely correct.

President.—With regard to the cost of production by charkha which you have given, is that from personal knowledge or enquiry?

Mr. Rama Rao.—From several enquiries made by me. These are average figures reached from a number of cases—I cannot tell you exactly how

many—but I thought these figures were fairly accurate before I gave them to you.

President.—By average figures do you mean the second quality?

Mr. Rama Rao.—As a matter of fact, I think the charkha production comes under three qualities. The first quality is very good except in respect of winding. The defect in winding quality is common to all charkha silk. The last quality is very poor indeed and it competes with Japan dupion. What I call the average quality you may probably call the second quality.

President.—Because the *rendita* given here is 13.

Mr. Rama Rao.—Yes.

President.—So I thought that this might be the second quality.

Mr. Rama Rao.—Yes, I think you are right. In the best quality the *rendita* would be 14 and in the worst quality it would be somewhere about 11.

President.—That was so on the last occasion. What would it be this time? I would prefer to discuss these questions with the Government representatives because they are directly concerned with these matters. I shall now confine my attention to the costs given by you.

Mr. Rama Rao.—Quite all right.

President.—In reply to Question No. 30 you have given us the disadvantage under which the Indian industry is suffering.

Mr. Rama Rao.—Yes.

President.—The main point that you make is that it is an infant industry in India.

Mr. Rama Rao.—Yes.

President.—By that am I to take that the filature industry is an infant industry or the sericultural industry?

Mr. Rama Rao.—I mean the filature industry. When we speak of the sericultural industry, we have to understand it in terms of the filature industry because I think without a stable filature industry, without an efficient filature industry, the sericultural industry as such does not come into the economic field at all. There is no demand for cocoons as cocoons. The demand is for raw silk. So, when I say that the industry is in jeopardy, I mean the filature industry; because if the filature industry is in danger, the whole sericultural industry is really involved.

President.—I do not know if you can call the filature industry an infant industry. Manufacturing of silk out of filatures is nothing new to India.

Mr. Rama Rao.—I understood the question in the questionnaire to be whether I considered that Indian filatures were at any disadvantage. My reply is with reference to that question.

President.—This is a general statement you have made. The defects that we were pointing out with regard to Indian filatures principally were in respect of the quality of silk turned out and in respect of labour. Those were the two main points about which we wanted to have information. As far as those two points are concerned, according to the statements submitted by you, the Indian industry does not suffer any disadvantage.

Mr. Rama Rao.—No.

President.—And it can only be so if the industry has been firmly established for some years past.

Mr. Rama Rao.—Shall I explain my answer?

President.—Yes.

Mr. Rama Rao.—I understand you wished to know whether the filature industry—what there is now and what we hope to establish in future—would be handicapped by all these defects. My answer was that there

was no need for any such apprehension. We did not suffer any natural handicap in these respects. That was my answer.

President.—The only handicap under which you suffer at the present moment is the cost of cocoons.

Mr. Rama Rao.—Comparatively. It is not a very serious handicap, and it is in the course of being removed. So, I have not worded that statement very strongly.

President.—The statement about the cost of cocoons is at the latter portion of your answer.

Mr. Rama Rao.—"Perhaps" I said in regard to the cost of cocoons Indian filatures are at a disadvantage because the price of cocoons as compared with the quality is at present high. I have not worded it very strongly. If there is any disadvantage at all, it is only this. Even that disadvantage I believe is in the course of being removed.

Mr. Anklesaria.—The main point you insist upon is want of organisation.

Mr. Rama Rao.—Yes.

President.—With regard to your reply to Question No. 51, you say "The sorting and grading required will have to be on (a) colour (b) State or Province of production . . ." What exactly do you wish to convey? Do you want to put on labels to show that this silk belongs to Mysore and that silk to Kashmir?

Mr. Rama Rao.—We will have to give each characteristic quality its local name. There are three distinct colours of silk. A certain amount of white silk is available. It is not very important but still it is available. There is the yellow silk from Kashmir and Bengal. Then we have the greenish silk of Mysore and Kollegal. After all, the colour classification is merely descriptive and superficial. A more important classification would be according to the conditioning house tests which I have mentioned later on.

President.—With regard to unfair competition from Japan, it has been dealt with by the Mysore Silk Association and also by the Mysore Government. I propose to take this question up with the Mysore Government representatives when they appear before us because they will be able to deal with this question more comprehensively.

Mr. Rama Rao.—I have also some information on the subject. I have no doubt that Government and the Silk Association have full information. But what information I have is also at your service if you want it.

President.—The information you have given is practically the same as that given by them.

Mr. Rama Rao.—I am glad to hear that I have been corroborated by them. It is a very strong point.

President.—Every question that is coming up has relation to the cost figures and I would therefore take the cost statements first. May I refer you to the additional note that you have submitted? The very first page contains the details of costs per pound of silk. The first statement shows the fixed capital as well as the total cost of production. Now I would like to ask Mr. Naik first of all how this idea of forming this company came into being.

Mr. Naik.—I was thinking of this since the last Tariff Board enquiry. The time was not opportune and in the meantime I went to Japan. There I was much more inspired to start an industry here though on a smaller scale in the beginning but with an idea to expand at greater length later.

President.—We were told by Mr. Silva yesterday that the reason why Mr. Silva's scheme was not preferred by the Mysore Government was because the Mysore Government were of opinion that they would not allow a company to be formed with a Managing Agent. But now I find that

you have been allowed to become a Managing Agent of the Mysore Silk Filatures, Limited. Has the policy of Government undergone a change? What has happened? Some explanation is necessary.

Mr. Rama Rao.—Would the President permit me to intervene because I had something to do with the formation of the Mysore Silk Filatures, Limited? Mr. Naik has told you that the idea was an old one with him. Both he and Mr. Silva had an intention of starting a filature. Mr. Silva approached the Mysore Government, but before he got a definite reply, he seems to have approached the Madras Government, and his efforts reached fruition there. Meanwhile Mr. Naik came to me. He thought that I was in a position to give some useful suggestions in regard to his enterprise. I told him that the best organisation for a filature would be one which included rearers in its scope. A filature might or might not make money according as there were good cocoons to reel or not. I said that unless the filature was planted in the midst of the rearers, and had as one of its objects the improvement of rearing, and of the lot of rearers, it would not be a stable industry; and I gave him a constructive scheme with which he approached Government. That scheme found favour with Government because it was the natural extension of the work of the Department itself. That was the reason why the scheme received favourable consideration from Government. It was, so to speak, a continuation of the work that the Government themselves had been doing.

President.—Before Mr. Silva could get a final reply from Mysore Government, he started negotiating with the Madras Government. Is that what you wish to convey?

Mr. Rama Rao.—I do not know when Mr. Silva started negotiating with the Madras Government. Before the question whether a filature should be started and if so on what terms was decided by the Mysore Government, he had got a favourable reply from the Madras Government and therefore I think he did not pursue the matter further with the Mysore Government.

President.—Before he got a reply from Mysore Government he got favourable terms from Madras Government.

Mr. Rama Rao.—That was how I understood the situation.

President.—Will you tell the Board as to why T. Narasipur was selected for the establishment of your filature?

Mr. Rama Rao.—I submitted to the Board just now that the central idea in our scheme was improvement of the rearing industry, which was essential to the success of any filature. To succeed in this scheme, concentration on a definite area is absolutely necessary. Otherwise our energies would be frittered away. We thought that the best area to select was T. Narasipur because it is a compact area and contains a very large portion of the sericultural population which we knew to be responsive to any efforts at improvement. We selected that place because we wanted to have a definite area on which we could concentrate our efforts and that seemed to us to be the best area.

President.—You will admit that the cost of leaves in a dry area like T. Narasipur is higher than in places like Sidlaghata.

Mr. Rama Rao.—There was also another consideration and it was this. In other areas, charkha reeling is practised and we found that we would be creating local problems of unemployment and that we would also have to compete with charkha reellers for cocoons, whereas in the T. Narasipur area charkha reeling industry is not prevalent to such an extent as in Channapatna. It is more or less a virgin field.

President.—You have selected a place where the cost of cocoons is high compared to other places.

Mr. Rama Rao.—To some extent it is true, but the slightly higher prices of cocoons are compensated by the slightly better quality of cocoons. The cocoons that we get in that area, being a dry area, are slightly richer

in silk than the cocoons that we got in the irrigated area. That has been the experience of the Mysore Government Filature, I believe, and that was the impression I certainly got in the course of my connection with the sericultural industry.

President.—It means that you are getting more silk out of these cocoons.

Mr. Rama Rao.—Yes.

President.—That is rather news to us. So far we have not been told that dry areas can produce better cocoons and more reelable silk can be obtained from them. Does this area contain cross-breeds or not?

Mr. Rama Rao.—Cross-breeds form a very large portion of the rearing done there.

President.—How many aided grañāges are there in that area?

Mr. Rama Rao.—Seven or eight. With the idea of helping the rearing industry and it is our intention to start a few more of our own with the help of Government.

President.—Three grounds have been stated by you for selecting this area, besides the quality of the cocoons, namely, abundant supply of water as you are very near the river, skilled rearers and competent labour. So far as labour is concerned you are very well off?

Mr. Rama Rao.—Yes; it is a very thickly populated taluq.

President.—If you will remember, last time when the Tariff Board was enquiring into the sericultural industry they had asked the then Director of Industries (who happened to be yourself), to submit to them statements of an economic unit of 200 basins at that time and you were good enough to supply to the Board a statement as to what it would cost to produce a pound of silk on that basis; I find that the costs submitted by you at that time and the costs now submitted by you vary very much and I would like to have some explanation with regard to the various items. For instance the total expenditure given to us was Rs. 1,09,500. Yours now is Rs. 1,60,000. I want to know what has happened to increase the capital expenditure when the unit is identically the same.

Mr. Rama Rao.—That was more or less hypothetical; and this is accurate, because we are grappling with the real problem so we had to have accurate estimates prepared of the various items. Buildings were then expected to cost Rs. 52,000; now we find our buildings cost us Rs. 85,000. Water supply is an item which we did not provide for there as we contemplated taking water from the municipality; here we have to arrange for water supply of our own.

President.—I do not think what you say is correct so far as my recollection goes because the estimates supplied to the Board were for 72 basins and 200 basins. You wanted those estimates to be treated as confidential and the practice of the Board is not to publish anything which is confidential but from such evidence as I have been able to read and recollect I think you went into the minutest details at that time.

Mr. Rama Rao.—My difficulty is that it is so long ago that I cannot recollect the contents of the estimates I then presented?

President.—We must have satisfactory explanation otherwise it would be difficult for the Board to accept this additional Rs. 50,000.

Mr. Rama Rao.—I think buildings have been put down at Rs. 52,000 in that estimate. That is the building that we have placed at Rs. 52,000 in the estimate.

President.—Buildings means all structures, and then again if you take the figure for plant and machinery it is practically double.

Mr. Rama Rao.—The filature industry has undergone some improvement; for cooking and stifling, new machinery has been invented and we have been thinking of taking advantage of all improvements. Here buildings will be factory buildings, stores and godowns; that would be Rs. 56,000

and it is Rs. 52,000 there. Now our water supply will cost us Rs. 15,000, and we have also to provide offices and laboratories.

President.—What do you mean by water supply?

Mr. Rama Rao.—We have to pump up water from the river to the site.

President.—That is not building?

Mr. Rama Rao.—Reservoirs, pump house, high service reservoirs. Anyhow it is fixed capital.

President.—When you are situated near the river this additional expenditure seems to me to be high.

Mr. Rama Rao.—It is necessary for the reason that the river is liable to floods; the high flood level is 23' above the river bed level and we have to pump up water from the river in all seasons. Then we have to make arrangements for settling the water to get rid of suspended impurities.

President.—What kind of building you intend to put up that would cost you as much as Rs. 55,000?

Mr. Rama Rao.—We require for 200 basins a building approximating 60' x 140' with provision for north light in order to give as much light as possible to the reclus. We had plans prepared for us and the estimates are fairly accurate.

President.—As regards the item of machinery the figure works out to Rs. 200 per basin if you take the total expenditure as Rs. 40,000. Last time you gave us to understand that the cost will be Rs. 175 per basin. Are these basins all Indian?

Mr. Rama Rao.—Very many of them are Indian. We have taken over some machinery from the Government filature. This contains 24 Italian basins; there are a number of Indian basins also and we wish to see if the latest Japanese basins have any new features which we can copy. So we have made provision for a certain number of foreign basins also. If we had intended taking only foreign basins, our estimate would have been double of what it is at present. Ours will be predominantly an Indian filature.

President.—That is what you have said in one of your replies, but the costs seem to me to be rather high.

Mr. Rama Rao.—I do not think an efficient basin can be made under Rs. 200. Our experience has been that Rs. 200 is a very fair price.

President.—Let us take the other machinery. What about tools and scientific appliances? Which items are referred to in that?

Mr. Rama Rao.—Testing appliances.

President.—Last time the figure was Rs. 8,000, shall we take workshop into consideration?

Mr. Rama Rao.—Here we have separated out the tools. We have put tools under workshop.

President.—What machinery is there in the workshop?

Mr. Rama Rao.—Vice, drills, lathes; that will be Rs. 5,000.

President.—Then we had motor vans and now you have got lorries—Rs. 7,000 as against Rs. 10,000. The rest of the items will go under machinery?

Mr. Rama Rao.—Yes.

President.—So the machinery will cost Rs. 63,000?

Mr. Rama Rao.—Yes.

President.—Rs. 63,000, Rs. 5,000 and Rs. 7,000.

Mr. Rama Rao.—That is really a recalculation of the items we have given here in Table L.

President.—There is a slight variation with regard to overhead charges. Last time we had allowed 2 per cent. on buildings for depreciation and you ask for 2½ per cent.

Mr. Rama Rao.—Yes.

President.—Last time you had agreed to the original figure of 2 per cent.?

Mr. Rama Rao.—I think 2½ per cent. is necessary.

President.—What about motor vans? You say 25 per cent.; last time we allowed 20 per cent.

Mr. Rama Rao.—Lorries depreciate very rapidly because they have to do a lot of service on rough tracks.

President.—I think 25 per cent. is rather high.

Mr. Rama Rao.—I don't think their working life is more than four years since they have to transport fuel, machinery, etc., on bad roads.

President.—From the experience we have in Bombay a life of four years is very short.

Mr. Rama Rao.—I will accept your decision.

President.—Take item (b) Interest at 8 per cent. on a capital expenditure of Rs. 1,60,000. The figure 8 per cent. has got to be revised in view of the present financial position in the country. The Reserve Bank rate is only 3 per cent. During the five years the money market has become much more easy.

Mr. Rama Rao.—A better test will be the prevailing rate in any industrial bank because it is rather difficult for industries to get finance and the bank rate is not a very safe criterion.

President.—Usually good company can borrow at 1 or 1½ per cent. above the bank rate and we have allowed 6 per cent. in the recent enquiries of the Board and we don't think we could allow you more for the capital expenditure.

Mr. Rama Rao.—Yes.

President.—Again similar is the case with regard to the rate of interest on working capital. I do not think that we can allow more than 5 per cent. for the same reasons. We shall now examine the detailed cost. The cost of cocoons is the first item. If you are getting the bulk of your production from cross-breeds then we don't know whether you will require 16 as rendita.

Mr. Rama Rao.—We do; that has been our experience. It is not a matter of opinion but a fact.

President.—It cannot be a fact because last time we adopted 16 as the rendita for pure Mysore.

Mr. Rama Rao.—I can only tell you on the experience of the Government filature which is using mostly cross-breed cocoons. 16.3 is the average rendita worked out for the last three years so taking the rendita at 16 seems to be on the conservative side.

President.—The Government figure is 15.9. But we have got figures from another Company also and we were told that much depends upon the reellers.

Mr. Rama Rao.—I would appeal to you to take the figures of actual experience with cross breed-cocoons.

President.—Last time there was one other filature which was existing in Bangalore and they gave us 15.5 as the rendita for pure Mysore.

Mr. Rama Rao.—I cannot accept the figure given by the Bangalore filature.

President.—You yourself gave 16 for pure Mysore on the last occasion?

Mr. Rama Rao.—If the Board does not agree to accept figures got from actual experience

President.—The figure you gave on the last occasion was also based on actual experience; that was not a hypothetical figure.

Mr. Rama Rao.—The rendita is based on actual experience.

Mr. Anklesaria.—Then your last figure was wrong?

Mr. Rama Rao.—This is right.

President.—After five years this also may go wrong. You are raising it gradually and after another five years it may become 18!

Mr. Rama Rao.—If the cocoons get worse, it might?

President.—With regard to the price you have taken 5 annas for a lb. of cocoons, I think this is a question which I had better tackle with the Mysore Government.

Mr. Rama Rao.—I am vitally interested in that question. The price of cocoons has a vital bearing on the establishment of filatures.

President.—Why I say that is that, as you are perfectly aware, the cost of cocoons depends upon the cost of mulberry and also upon various items that go to make the cost of leaves, namely seed, appliances, labour and so on.

Mr. Rama Rao.—I have got details also. I will refer you to page 3 of my memorandum.

President.—You have not given similar details.

Mr. Rama Rao.—They are on page 3.

President.—I have gone very carefully into that; there you are only discussing what is the reasonable price which should be paid to the rearers, in order to induce them to continue to rear. But you have not discussed the cost of mulberry leaf and other items. You have not replied to question 23. You have not dealt with that question to enable me to compare it with the statement given by the representatives of the Mysore Government.

Mr. Rama Rao.—If you want it I can give it to you.

President.—Unless you submit them to us, it is not possible to elucidate any useful information in the oral examination.

Mr. Rama Rao.—This is the average taken from 9 typical cases of the T. Narasipur area including adjacent parts of Kollegal. I have got signed statements from the cultivators of mulberry. They are at your service if you want them. The cost of recurring expenditure per acre (average of 9 typical cases) is Rs. 54-5. That comes to 2-7 pias.

President.—Will you tell me where these places are?

Mr. Rama Rao.—The names of places are:—

Hiriyur

Doddaballapur

P M

T. Narasipur

Alhalli

Kollegal

T/

"

Chilkwadi

"

President.—Is not that Mugur area?

Mr. Rama Rao.—T. Narasipur and Kollegal adjoin each other. So we took a few typical instances on this side of the border and a few typical instances on that side of the border. Geographical borders have nothing to do with it. We find that there is very little divergence between conditions in T. Narasipur and in Kollegal and the average is 2-7 pias per pound of leaf. That is the basis on which we start.

President.—This was the basis which the Tariff Board adopted on the last occasion. So according to you there has been no change with regard to the cost of cultivation.

Mr. Rama Rao.—No. The average mulberry growing per rearing family is 2 acres in that dry area.

President.—The cost given other areas is much lower. It is 2-36 in one area.

Mr. Rama Rao.—These are actual figures. These averages have been worked out from 9 typical cases.

President.—It is not a happy area that you have selected.

Mr. Rama Rao.—I think it is. It is this part of the State that really produces more than 50 per cent. of the silk of the Mysore State.

President.—What is the production of leaves you have given?

Mr. Rama Rao.—4,000 lbs.

President.—That is much lower than the estimates given on the last occasion.

Mr. Rama Rao.—For dry area.

President.—Yes, for rainfed area the quantity was 6,000 lbs. and the cost was Rs. 84. That worked out exactly to 2-7 pies. Then the Mysore Silk Association on the last occasion gave us Rs. 63-4 and 5,000 pounds of leaves, so that instead of advancing, you are going backwards. You are having 4,000 lbs. of leaves and maintaining the same cost per pound of leaf, i.e., 2-7 pies per lb.

Mr. Rama Rao.—Nobody weighs the quantity of leaves. We work back to the leaves from the probable quantity of cocoons produced.

President.—You know that it is important to weigh the leaves in order to get the cost per pound, because the consumption of leaves per ounce of seed has got to be taken into consideration.

Mr. Rama Rao.—We know the quantity of cocoons produced in that area, and we know from the averages taken over a very large number of cases that 16 pounds of leaves are required to produce a pound of cocoons.

President.—You must also take a certain percentage of cocoons which cannot be reared.

Mr. Rama Rao.—The consumption of leaf for worms which die prematurely is not very considerable.

President.—Still it is something.

Mr. Rama Rao.—When I said in my calculations I got 4,000 lbs. it may be 4,500 lbs. or 3,500 lbs.

President.—Or it may be 5,000 lbs.

Mr. Rama Rao.—I don't think the variation would go to that extent.

President.—I am really not satisfied that 4,000 lbs. can be a correct figure with a similar cost. Last time the Mysore Silk Association gave me a figure of Rs. 63-4 and the Mysore Government to-day give me a figure of Rs. 56-12 and 1,000 lbs. of leaves less.

Mr. Rama Rao.—My figures are Rs. 54-5. I do not know about the poundage of leaves. I only calculate it from the quantity of cocoons and the return in the shape of cocoons varies from 260 to 275 lbs. per acre and that gives a cost of 4 annas 5 pies to 4 annas 7 pies per lb.

President.—If you base differently, it will be less.

Mr. Rama Rao.—I don't see how it can be based differently, because my basis is on actual facts collected carefully.

President.—As you yourself said there may be a certain amount of discrepancy with regard to the poundage.

Mr. Rama Rao.—There is no discrepancy about the cost.

President.—I am not finding fault with the cost, but I am finding fault with the poundage of leaves given by the Government and also given by you. Why I say you have selected a wrong site is because the Mysore Government state that the figures for irrigated areas are less. If you

look at the last Tariff Board's Report, page 52, you will find that for Mysore dry land the figure was 2·4 per lb.

Mr. Rama Rao.—In my area this certainly is the cost.

President.—This was also a dry area given by the Mysore Silk Association at that time.

Mr. Rama Rao.—I am not saying that this is the most favourable area for the production of leaf or anything of the kind. Cocoons are being produced in this area. There may be other areas which are more favourable. Since this area has also got to produce cocoons, we will be perfectly entitled to take this as the cost of production of cocoons.

President.—You may take it as the marginal cost of production.

Mr. Rama Rao.—Yes.

President.—You are able to get more silk out of pure Mysore and still the rendita is the same. The rendita ought to be less, because you get more silk. This area you have selected, because you get more silk from pure Mysore.

Mr. Rama Rao.—When we are talking of good quality or ordinary quality, the difference is not very great. It does make a lot of difference in regard to the locality to be selected, but the difference is not so staring as that.

President.—Everything must count.

Mr. Rama Rao.—We have selected this area rather than another, because here we get enough cocoons and we are always sure of getting a uniform quality of cocoons. These are the factors that decide an industrialist to select one place rather than another.

Mr. Anklesaria.—You have selected this site on a balance of convenience.

Mr. Rama Rao.—Yes.

President.—We shall take the other items. The stifling and transport charges are the same as given on the last occasion. With regard to the question of labour, you give a figure of Rs. 45,000 as the cost of labour, it includes all charges.

Mr. Rama Rao.—I have received plenty of guidance from the estimate prepared by the Tariff Board. It is based on the data I have given in my reply to question 34 of the questionnaire.

President.—I want to know about the wages. You require one cooker for two basins and one reeler for one basin. All these are included?

Mr. Rama Rao.—Yes.

President.—You have put down 8 annas as the wage for a reeler in answer to question 35.

Mr. Rama Rao.—As a matter of fact I have since discovered that in the Government Filature at Mysore they were being paid 9 annas. It comes to Rs. 15 a month at 8 annas a day, but it is really 9 annas.

President.—The neighbouring area pays very much less. They employ women labour.

Mr. Rama Rao.—We intend employing women labour also.

President.—Therefore 8 annas is high.

Mr. Rama Rao.—Having regard to the nature of the work, I think 8 annas is not too much.

President.—8 annas for women labour is very much on the high side.

Mr. Rama Rao.—Conditions of work in a filature are very exacting.

President.—Women reelers employed by a similar organisation are paid 2½ annas to 4 annas.

Mr. Rama Rao.—For actual reeling?

President.—Yes.

Mr. Rama Rao.—That is not an example I am anxious to emulate.

President.—That is the agricultural wage.

Mr. Rama Rao.—The agricultural wage is different from the industrial wage.

President.—This is the wage which is actually paid to a reeler in a similar organisation in a similar area.

Mr. Rama Rao.—I hope the Board would not like me to get a number of poor women, some of them mothers, for work for 8 hours under very exacting conditions and then pay them 3 annas.

Mr. Anklesaria.—We want facts.

Mr. Rama Rao.—As a fact we are paying 9 annas a day and I find that it is difficult to get trained labour even on that wage.

Mr. Anklesaria.—You don't give 8 annas from humanitarian motives?

Mr. Rama Rao.—No.

President.—What wages are you paying to a cooker?

Mr. Rama Rao.—6 to 8 annas. We have to pay a slightly higher wage, because we want workers to specialise in cooking.

President.—Examiner?

Mr. Rama Rao.—8 annas.

President.—Skein maker?

Mr. Rama Rao.—8 annas.

President.—Is Rs. 45,000 based on all these figures?

Mr. Rama Rao.—And on some additional figures.

President.—Will you kindly send me the details?

Mr. Rama Rao.—I shall send them to you.

President.—With regard to supervision, your figure is slightly high.

Mr. Rama Rao.—Yes.

President.—With regard to the items about the cost of power, lighting and fuel?

Mr. Rama Rao.—They are rather less than the figures you took last time.

President.—It ought to be less. According to the agreement arrived at between you and the Mysore Government, you are getting water free.

Mr. Rama Rao.—We have to pump it.

President.—But it costs less.

Mr. Rama Rao.—That accounts for the provision of Rs. 15,000 under buildings.

President.—I am talking about the actual cost of water which ought to be very much less.

Mr. Rama Rao.—It is less.

President.—You have not included here the item 'Repairs and renewals'.

Mr. Rama Rao.—I have not, for the reason that depreciation at 5 per cent. would enable us to cover that to a large extent.

President.—If you don't think it is necessary, it is all right.

Mr. Rama Rao.—We don't think it is necessary. 5 per cent. depreciation would cover it.

President.—About production, your point is that 1.25 lbs. per basin is the correct figure to be taken this time and your main contention I understand is that to-day the bulk of the production is 20/24.

Mr. Rama Rao.—We may take 20/22. Just now the demand is more for 13/15. The demand is for very fine silk.

President.—Personally I think this demand has been created because of Japanese competition.

Mr. Rama Rao.—Yes.

President.—Japan, came in with finer yarns and lesser prices.

Mr. Rama Rao.—Yes, she has created quite a lot of problems for us.

President.—On page 1, you have given us the details. Those details are worked out according to the statements given here. This is the cost of 75,000 lbs. of silk and this is identical to the other. If you work out the one, you will get the other. So I need not go into the details at the present moment. This reminds me that your fair selling price is Rs. 7-8 per lb.

Mr. Rama Rao.—Yes, allowing for profit.

President.—The fair selling price which the Tariff Board calculated allows for profit. Therefore this Rs. 7-8 also includes profit.

Mr. Rama Rao.—Yes.

President.—What about the value for waste?

Mr. Rama Rao.—I have allowed for waste.

President.—I find you have allowed only 5 annas 6 pies. What is the price per lb. that you have taken into consideration?

Mr. Rama Rao.—I have taken 7/10th of a pound of waste as the by-product in getting one pound of silk, and 5 annas 6 pies is the price of this quantity. I think it works out to 8 annas a pound.

President.—Do you think that 8 annas is a fair price for the silk filature waste.

Mr. Rama Rao.—I am getting slightly more than that. It would be safe to take it at 8 annas. Because the filature waste is very much better than the charkha waste, it might command a better price. But when a large quantity of filature waste is available

President.—I don't think there would be a large quantity of filature waste available.

Mr. Rama Rao.—Next year we shall be able to supply filature waste.

President.—What would it be?

Mr. Rama Rao.—About 50,000 lbs.

President.—That is not very large in comparison with the export figures.

Mr. Rama Rao.—It is not very much. It is only about a sixth.

President.—May I remind you in this connection of the statement which you have submitted on behalf of your filatures to the public in the shape of a prospectus? I find that on page 4 of the prospectus some interesting figures are given. The cost of the raw material given there is Rs. 3,15,000 and the production is 75,000 lbs. of silk. If you take 16 as the rondita, it will give you that much of silk. What is the price you have calculated for cocoons?

Mr. Rama Rao.—The price which actually obtained. In a prospectus we could only take existing market conditions. We could not take a price of 5 annas per lb. which we could assume only on certain conditions, viz., after the grant of adequate protection. "

President.—Only when the Tariff Board is making an inquiry?

Mr. Rama Rao.—In an industrial prospectus, we could only take things as they existed.

President.—Is it not giving wrong information to the public? Ultimately you would not be able to get cocoons at 4 annas a lb. You must pay more for better quality of cocoons.

Mr. Rama Rao.—It is exact truth. If the definition of truth is a statement of fact, it is the exact truth.

President.—If that is the truth, then I must raise the fair selling price on 4 annas per lb.

Mr. Rama Rao.—I gave that to the public because that was the state of things at the time the prospectus was issued.

President.—That was not so. I have got January 1938 prices. They are about 4½ annas per lb.

Mr. Anklesaria.—I suppose you say in a prospectus what you expect to get.

Mr. Rama Rao.—The prospectus is based upon the average and the expectation.

Mr. Anklesaria.—That was not a fact. That was what you expected.

Mr. Rama Rao.—Yes.

President.—It is neither a statement of fact nor a statement of expectation. In January the figure was very much higher.

Mr. Rama Rao.—4 annas to 4 annas 2 pies.

President.—This comes to a little less than 4 annas.

Mr. Rama Rao.—It was 3 annas 3 pies in previous September and 3 annas in previous October.

President.—Look at another statement. Your total cost of production exclusive of profit is Rs. 5,27,495. Is that correct?

Mr. Rama Rao.—Yes.

President.—The cost of cocoons is Rs. 3,75,000. Is that correct?

Mr. Rama Rao.—Yes, exclusive of transport and stifling.

President.—If you deduct the second figure from the first, you get Rs. 1,52,495.

Mr. Rama Rao.—Yes.

President.—But the figure given by you in the prospectus is Rs. 1,05,000, for works costs including depreciation and other charges. But now you have given Rs. 1,54,000.

Mr. Rama Rao.—The two estimates are different from one another. The higher one includes items which had been omitted in the other. Here we have included a stifling machine, a cooking machine and some other things. I shall compare the two more at leisure and give you a note.

President.—This is rather a serious matter. You tell half truths to the public. You say that this is the total cost. Then you base the profit at 6½ per cent. and tell the public that you are going to make a net profit of Rs. 61,250. You have calculated on the basis of the total cost of Rs. 4,20,000 which is equal to Rs. 5-10 per lb. of silk and you want the Board to base the protective duty on Rs. 7-8. Then, with regard to waste you want me to consider 8 annas whereas you have calculated at one rupee per lb. in the prospectus.

Mr. Rama Rao.—I believe you have followed my reply to that. The prospectus has been based upon the price of cocoons which is reasonably expected and the state of things existing at that time.

President.—It is less than the actual price, which was ruling at that month.

Mr. Rama Rao.—Reasonable expectation is different from the actual of that month.

Mr. Anklesaria.—You will get into more difficulties by pursuing the matter further. You have based your prospectus as you say on reasonable expectations of the future.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—You expect that the progressive improvements which are taking place would materialise in a reduction of price.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—If you see the estimate given by the Mysore Government, at present the cocoon price is 4 annas 3 pies for the area in which your filature is situated.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—And they expect that in course of time their cocoon price would be 3 annas 4 pies which is much below what you have given in your prospectus.

Mr. Rama Rao.—Yes. May I say that for a few months preceding January the cocoon prices ranged about 3 annas 2 pies.

Mr. Anklesaria.—If you had only stated to the President that it was only an expectation instead of beating about the bush, it would have saved a lot of trouble.

Mr. Rama Rao.—I am sorry I did not say it. I thought I had said it. On page 19 of the Mysore Government memorandum, you will see that the prices were round about 3 annas for a long period prior to the date on which the prospectus was issued.

President.—I don't think that that has made the position clearer but I won't pursue it further. As far as the question of formation of company is concerned, I have got more experience. The figures given by you do not speak well of the filature.

Mr. Rama Rao.—It is not a detailed statement.

President.—It contains a detailed statement. You have given sale prices and all.

Mr. Rama Rao.—That much profit on the data we assumed at that time.

President.—With regard to the question of competition dealt with in your reply to Question No. 54, you say "The best grades of Japanese and Chinese steam filature silks compete with Indian filature silk". I would like to understand this a little more in detail. At present the imports are Canton filature silk and the Japanese filature silk. The Board is not at present aware of the different kinds of qualities of filature silks which come into this country so as to differentiate the competition.

Mr. Rama Rao.—I say here that the best grades of Chinese and Japanese silk compete with Indian filature silk. Do you want to know what kind of silk I am speaking of? I am referring to white silk, yellow silk and silks of various deniers.

President.—How many kinds of silks are coming into the country which are competing with the filature silk as compared with the first quality charkha silk?

Mr. Rama Rao.—Charkha silk as well as Chinese compete with Indian filature silk.

President.—You say "the second and lower grade of foreign filature silks as well as Chinese re-reeled silks compete with Indian charkha silk". You talk of best grades of Chinese and Japanese silk and second and lower grades of foreign filature silks. What do you call the former and what do you call the latter?

Mr. Rama Rao.—I shall be able to give you the names later?

President.—It is rather important in view of the proposal which was put forward before the Board yesterday by Mr. Silva. I find that the best grades of foreign filature silks compete with the Indian filature silk and that the second and lower grades of foreign filature silks compete with the first quality charkha silk. I have made that much difference and I want to know whether further difference is to be observed. If you give me more details, it would be better. I think in your memorandum you have raised the question of the price of the thrown silk. Do you know what quantities are at present coming in? I was told that up to now under the head silk yarn, noils and warps the bulk of importation

was spun silk. Mr. Naik told us the other day that recently there had been an increase in the quantity of thrown silk coming into the country—chiefly organzine.

Mr. Naik.—It has spread all over India.

President.—I would like to see the quantities and the prices if you can kindly supply.

Mr. Naik.—The present price is Rs. 6-10 per lb.

Mr. Govinda Rao.—It is difficult to get the quantity.

President.—I think Mr. Naik would be able to give us the approximate quantity.

Mr. Naik.—About 100 bales a month (1 bale=133 lbs.).

President.—Tram is not coming in.

Mr. Naik.—No. Only organzine—single twisted thread—is coming in from China.

President.—Since when?

Mr. Naik.—For a long time.

President.—What is it competing with?

Mr. Naik.—Our single thread piece.

President.—What is the price?

Mr. Naik.—Rs. 4-10.

President.—Is it coming in in large quantities?

Mr. Naik.—Yes.

President.—Under what head is it coming?

Mr. Naik.—Under "other heads".

President.—Rs. 3-7 is the tariff value and Rs. 4-10 is the market value.

Mr. Naik.—Yes.

President.—What is the duty?

Mr. Naik.—25 per cent. plus 14 annas. I shall submit to you the c.i.f. prices to-morrow.

President.—Regarding the duty proposed on thrown silk, I think I had better deal with that when the representatives of thrown silk factories come before us.

Mr. Naik.—Yes.

President.—You urge that the tariff value should be abolished as it is hindering the trade.

Mr. Naik.—Yes.

President.—According to you second grade and the best grade Japanese silks are coming in. Are they all grouped as Japanese filature silk?

Mr. Rama Rao.—Yes, it is grouped under Japanese filature silk whatever the quality. I do not think much low grade Japanese silk is coming in.

President.—What do you think about the present classification?

Mr. Naik.—It is now quite all right.

Mr. Rama Rao.—We need some additional special heads.

President.—As regards silk piece-goods and others you want protection for a period of ten years?

Mr. Rama Rao.—Yes.

President.—Would it be correct to say that if conditions were normal in China and Japan, Indian filature silk will not require any protection after a period of ten years, if protection is granted this time?

Mr. Rama Rao.—That is my belief.

President.—I want to understand something with regard to charkha silk. As regards filature silk there is a belief that it is equal to the re-reeled silk, but our information is that even filature silk is difficult to wind.

Mr. Rama Rao.—That is not a fact.

President.—What about charkha silk?

Mr. Rama Rao.—With regard to charkha silk the main difficulty is that it is lacking in winding quality; it is unclean and full of loose ends.

President.—By re-reeling can we get the proper winding quality?

Mr. Rama Rao.—We can remove the glaring defects but the unevenness remains.

President.—Is it inherent in the cocoon?

Mr. Rama Rao.—No, it is entirely due to bad reeling. Bad winding quality is essentially a defect of bad breeding. Mysore cocoons can be reeled into the best silk there is in the world; there is nothing wrong with the cocoon.

President.—I was told by some people that they prefer white silk to yellow silk and that is why Kashmir silk which is yellow is not much preferred.

Mr. Rama Rao.—One reason is that the loss in degumming is more in yellow silk than in white silk.

President.—About 3 per cent. more?

Mr. Rama Rao.—23 per cent. in one and 20 in the other. There is another, and perhaps a more important, point in favour of white silk. White silk can take all colours, light and delicate as well as rich and deep. This is also the case with green silks like Mysore silk; but yellow silk can only take the deeper dyes.

President.—Is there a great variation between the two prices?

Mr. Rama Rao.—Not very much, and sometimes, I do not know why, the yellow silk is sold at one or two annas higher in the market. Generally white silk is 2 to 4 annas more expensive.

President.—When you were Director of Industries I wanted to know whether you have done any experiment with regard to univoltine cocoons.

Mr. Rama Rao.—I took up this experiment when I was Superintendent of Sericulture, and when I was Director of Industries I was in touch with the continuation of those experiments. They showed that univoltines could only be reared for special purposes, such as for purposes of preparing hybrid seed. We tried to rear univoltines under all conditions and found that even in the most favourable circumstances we could get only about 20 to 25 lbs. for 100 layings. They are difficult to rear, and are so delicate that they require special care, and the least unfavourable variation in the circumstances proves fatal. The generality of raiyats can never rear them.

President.—For how many years did you conduct these experiments?

Mr. Rama Rao.—About 15 years. We discussed this question recently before the Board of Sericulture. There it was proposed that univoltines might be got for experimental purposes. One member said that the Government of Madras were importing univoltine races from France for experimental rearing. I submitted to the Board that the least variation in temperature and humidity conditions would spoil the crop of univoltine races, that pebrine disease which has been kept under control would again become rampant as pebrine developed very easily in the univoltines specially in a tropical country, that uncontrolled handling of univoltines would give rise to mongrels of uncertain and undesirable characters and that after long period of experiments I was convinced that it would be unwise to import univoltine worms. The Board accepted my opinion.

President.—The point is rather important because it reduces the cost substantially.

Mr. Rama Rao.—It is important also from another point of view. The most important thing about Indian sericulture is that it gives steady occupation all the year through to the people practising it. If we reared univoltines this advantage would go. The rearing of multivoltines fits in better with our agricultural economics.

President.—You think it is not feasible to rear univoltines?

Mr. Rama Rao.—It is not possible and it is not desirable.

President.—Personally I do not quite agree that it is not desirable. You say charkha silk has definitely lost favour and is maintaining a slippery foothold only by a ruinous sacrifice in prices, and for future protection we should not take charkha silk into consideration at all, though 90 per cent. of the silk produced at present in Mysore is charkha silk.

Mr. Rama Rao.—It is not on the basis of the charkha continuing that we are asking for protection. Our belief is that if sericulture is to exist at all, it will have to be on the strength of filature silk; so if you want to save the silk industry you have to protect filature silk.

President.—What will happen to these people who are engaged in producing charkha silk?

Mr. Rama Rao.—They will be gradually absorbed in the filature industry; some will probably drop off, especially the older workers who cannot adapt themselves to changed conditions. But as the transition will take time, there will be no sudden dislocation. As I have submitted, the protection you give to filature silk will apply to the charkha silk industry during the time it exists; the dwindling number of workers in it will find employment.

President.—I suppose it will suffer on the ground of quality because the cost of production is definitely cheaper.

Mr. Rama Rao.—Yes, but the loss in price is so great that in spite of the lower cost of production, the charkha silk cannot sell at a profit.

President.—What qualities do they generally turn out?

Mr. Rama Rao.—No quality at all. In the same skein you will find 28/30, 20/25, and so on.

President.—That is why it cannot be graded?

Mr. Rama Rao.—Yes. It cannot take the place of filature silk because it is uneven.

Mr. Anklesaria.—The flatures buy cocoons in a lot; they do not separate bad cocoons from good cocoons?

Mr. Rama Rao.—Not at the time of the purchase but later on they do.

Mr. Anklesaria.—What will they do if charkhas did not exist: what will they do with the bad cocoons?

Mr. Rama Rao.—Bad cocoons will not be altogether unrecusable.

Mr. Anklesaria.—Don't you think bad cocoons will provide work for the charkha?

Mr. Rama Rao.—But then my idea is that every filature would need to have an annexe, not charkha, but something better than charkha, for reeling cocoons not up to grade.

Mr. Anklesaria.—You think there will be no work at all for the charkha?

Mr. Rama Rao.—I am afraid there will be no work at all for the charkha as it is at present. We will need to have a superior kind of charkha if its product has to be marketed.

Mr. Anklesaria.—Is that possible?

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—You will admit that protection involves a burden on the consumer and the tax-payer?

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—You will also admit that silk is an article of luxury?

Mr. Rama Rao.—It is largely an article of luxury.

Mr. Anklesaria.—Except for military purposes and, religious purposes generally it is the rich people who use silk.

Mr. Rama Rao.—Comparatively rich people.

Mr. Anklesaria.—Poor people who form a very large majority in India do not use silk?

Mr. Rama Rao.—Not generally: not except for ceremonial purposes.

Mr. Anklesaria.—Would it be fair for anybody to propose to tax the poor man in order to provide luxury for the rich?

Mr. Rama Rao.—Other things remaining the same, it would not be fair to tax the poor man for the benefit only of the rich man.

Mr. Anklesaria.—If that is not fair, is there any other reason why silk industry should be developed by Government aid?

Mr. Rama Rao.—Because a number of poor men are engaged in the industry and a large number of poor men—lakhs and lakhs of them—are depending upon this industry for a living.

Mr. Anklesaria.—You say 1,02,000 families.

Mr. Rama Rao.—What about weavers and reelers?

Mr. Anklesaria.—They are certainly not 300 millions.

Mr. Rama Rao.—But it is not the 300 millions that have to pay duty.

Mr. Anklesaria.—In order to give employment to the sericulturist you would tax 300 million general consumers?

Mr. Rama Rao.—No, the comparatively rich consumer of silk only is taxed, and too only during the period of protection.

Mr. Anklesaria.—When you protect silk then you tax the whole industry.

Mr. Rama Rao.—Only the consumer of silk. If I protect silk I tax only consumers of silk goods.

Mr. Anklesaria.—You have to tax the corresponding industries.

Mr. Rama Rao.—How would protection of silk tax a man who does not use a stitch of silk?

Mr. Anklesaria.—Poor people now use artificial silk goods; in order to protect silk you have got to tax art silk goods.

Mr. Rama Rao.—I am not sure of that. I would tax only silk goods and goods which would be an immediate substitute for silk goods.

Mr. Anklesaria.—You yourself say that artificial silk goods have been displacing and have already displaced silk goods.

Mr. Rama Rao.—No. I think I have said the contrary.

Mr. Anklesaria.—Before 1929 our sericultural industry was very prosperous.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—You had 54,000 acres under mulberry?

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—At that time foreign competition had no effect on the prosperity of our industry.

Mr. Rama Rao.—No.

Mr. Anklesaria.—In 1916 you had a talk with Maxwell Lefroy and I think you must have told him about the prosperity of the silk industry and the prospects of the silk industry in Mysore.

Mr. Rama Rao.—I remember I had several conversations with him, but it was so long ago that I am afraid cannot remember the details now.

Mr. Anklesaria.—But you must have reported to him that improvements were going on as regards the methods and in course of time the silk industry would develop very much.

Mr. Rama Rao.—I remember that.

Mr. Anklesaria.—Then came the year 1929.

Mr. Rama Rao.—Yes, and then our troubles began. I remember having mentioned in my report as Superintendent of Sericulture in 1927 that we were feeling the effects of competition from abroad and that we must have some protection.

Mr. Anklesaria.—You would be satisfied in 1929 with 15 per cent. in addition to the revenue duty of 15 per cent.

Mr. Rama Rao.—Probably.

Mr. Anklesaria.—When you made that claim for 15 per cent., you also stated in your memorandum that improvements were taking place and in course of time you would not require that additional duty.

Mr. Rama Rao.—I don't remember.

Mr. Anklesaria.—But you expected that the duty was not going to be permanent. You expected that your improvements would fructify within a reasonable period of time.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—Then in 1933 you again demanded protection and also stated that in course of time improvements would give results. So you have been promising results from 1916 right up to date.

Mr. Rama Rao.—It is not a question which admits of an answer 'Yes or No'. I didn't make an unconditional promise. I said: "Granted adequate protection, we shall arrive at a stage when we shall not require protection any longer".

Mr. Anklesaria.—When you wanted 15 per cent. additional duty in 1929, you thought that 15 per cent. was an inadequate protection.

Mr. Rama Rao.—At that time.

Mr. Anklesaria.—Please tell me how have the conditions of competition changed from 1929 to to-day?

Mr. Rama Rao.—There has been a good deal of dumping.

Mr. Anklesaria.—Dumping is a very general word. Just explain what you mean by dumping. Analyse dumping. For instance depreciation of exchange is one factor.

Mr. Rama Rao.—The general feature of dumping is that foreign silk is offered for sale in India at a price lower than its cost of production and that it competes with Indian silk. Dumping may be resorted to for one or more or several reasons. One such reason may be that the foreign producer wants to secure this market for himself even at an immediate, but temporary sacrifice. He may consent to loss in order to kill an inconvenient industry.

Mr. Anklesaria.—That you have put down in your answers to the questionnaire.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—I take it that the material condition of competition which is at present prevalent is that foreign silk is offered at a lower price than the cost of production.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—Is it offered at a price lower than the cost of production in foreign countries?

Mr. Rama Rao.—That also happens to be the fact.

Mr. Anklesaria.—It is the essential thing for dumping that the cost of production in the country of origin must be higher than the selling price in foreign countries.

Mr. Rama Rao.—What I mean to say is that it is not only lower than the cost of production here, but also lower than the cost of production in the country in which it is produced.

Mr. Anklesaria.—That is, the foreigners are selling to you silk goods at a great loss to themselves.

Mr. Rama Rao.—The loss may not be to themselves personally, but to their country. Their Government bears it to help them.

Mr. Anklesaria.—And that process has been going on from 1929 till to-day.

Mr. Rama Rao.—My belief is that it has been going on from 1929, but I know for certain that it has been going on from 1934.

Mr. Anklesaria.—Dumping began in 1929 according to you and I am saying that it still continues.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—From 1929 up till to-day the foreigners have been bearing all the losses by trading in silk with India.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—Can you give me approximately the total import of silk goods from 1934 to 1938?

Mr. Rama Rao.—Approximately 11½ millions up till now.

Mr. Anklesaria.—You can tell me approximately the loss which these people have suffered.

Mr. Rama Rao.—I cannot tell you even approximately because I have not the necessary data.

Mr. Anklesaria.—You would certainly admit that by this time they are dead tired bearing these losses. They ought to, if human nature is the same everywhere.

Mr. Rama Rao.—I am not in a position to answer that question. They may be tired but they are persistent.

Mr. Anklesaria.—You will admit that they cannot afford to bear losses for an indefinite period.

Mr. Rama Rao.—For an indefinite period nobody can afford to bear losses.

Mr. Anklesaria.—But as a reasonable man I think you would admit that they have suffered enough losses by this time, for a number of years they have been dumping to discourage them.

Mr. Rama Rao.—I don't think there is any indication of their being discouraged. We have definite information that they have been going on with this campaign for some years now, and they have the wherewithal to carry it on for a very long time. The Government of Japan have launched on a policy of going on with this campaign even at considerable expenditure to them.

Mr. Anklesaria.—Do you agree with the last Tariff Board's statement that these bounties and other dumping devices cannot possibly go on indefinitely? They must end soon.

Mr. Rama Rao.—They cannot go on indefinitely, understanding the term 'indefinite' in its largest sense.

Mr. Anklesaria.—How many years you mean by 'indefinite'?

Mr. Rama Rao.—How can I give a definite period to an indefinite period?

Mr. Anklesaria.—You will admit that if this dumping is done away with, your cost of production would be very nearly the same as the foreigners' cost of production and you won't require protection.

Mr. Rama Rao.—It requires time for us to bring our cost of production down to the same level as the foreigners' cost of production and we don't want protection beyond the period required and necessary to enable us to do this.

Mr. Anklesaria.—You have ascertained on reliable information the cost of production of raw silk is Rs. 6 in Japan per lb.

Mr. Rama Rao.—The figures that I have given are reliable. In 1935 the average price *ex-duty* in India works out to Rs. 2-14-6 per lb. In 1936 when the cost of production in Japan was Rs. 6-5-0 per lb. the average *ex-duty* price of Japanese imported silk was Rs. 3-9-2.

Mr. Anklesaria.—When do you expect from the improvements which you have instituted to reach that figure in India?

Mr. Rama Rao.—May I refer you to the last paragraph of my replies to the questionnaire? I expect that in about 10 years we will reach a figure very much lower than that mentioned.

President.—According to the prospectus it is Rs. 5-10-0.

Mr. Naik.—It would be Rs. 3-12-0 in 10 years.

Mr. Anklesaria.—By that time if you reduce your costs, is there any further reduction possible in Japan from the conditions you have studied?

Mr. Rama Rao.—The methods of reduction of cost are well known. We might get better cocoons, and also better technique in reeling. When Japan gets these they will be the property of the whole world, and cannot be preserved as a monopoly of Japan. We shall also be doing our best to reduce the costs all the time. Whatever is possible in the case of Japan is also possible for us. We shall have reached a degree of organisation capable of sustained effort.

Mr. Anklesaria.—Whatever is possible for Japan is also possible for you.

Mr. Rama Rao.—Yes if we organise sufficiently to reach the same level of efficiency.

Mr. Anklesaria.—What do you mean by organisation?

Mr. Rama Rao.—I mean by organisation proper co-ordination of the various sections of this industry. You know how a filature in Japan is organised. It touches the rearer's life at every point. A Japanese filature has got grainages. It employs experts to advise the rearer how to rear cocoons.

Mr. Anklesaria.—You are doing that in Mysore?

Mr. Rama Rao.—Yes.

President.—I want to ask you one or two questions about costs. On page 2 of your annexure to the memorandum, you have given a figure of Rs. 5,000 for power and lighting (including pumping water). If we separate water, what would be the figure for power and lighting?

Mr. Rama Rao.—Rs. 2,000 to Rs. 2,500. I have included that.

President.—Last time we separated that and we also want to separate it this time.

Mr. Rama Rao.—Rs. 2,000 to Rs. 2,500.

President.—What is the rate for electricity?

Mr. Rama Rao.—65 pies.

President.—For lighting?

Mr. Rama Rao.—We have to pay 4 annas per unit.

President.—It is stated in the prospectus that electric power will be made available at rates applicable to large industrial concerns. I want to know what the rates are.

Mr. Rama Rao.—55 pies.

President.—For lighting?

Mr. Rama Rao.—Factories are allowed a certain number of lights.

President.—The same charge is for both.

Mr. Rama Rao.—Yes.

President.—With regard to fuel what rate have you taken?

Mr. Rama Rao.—Rs. 6 to 7 per ton.

President.—How many tons per day approximately?

Mr. Rama Rao.—It will probably be 7 to 7½ tons.

President.—I find that Rs. 2,000 to Rs. 2,500 for power and lighting is rather on the high side. Last time we took 9 pies per unit.

Mr. Rama Rao.—There we didn't provide for pumping water.

President.—For power and lighting last time we took Rs. 1,400. There is a very big difference in spite of the fact that we took 9 pies per unit.

Mr. Rama Rao.—I must look into it and see. I will be able to account for the difference. This estimate has been carefully calculated. I think the bulk of our power will be required for pumping water. I think in the distribution of Rs. 5,000 it will probably have to get a big share.

President.—With regard to the other point about the Central Office Overhead, what exactly do you mean by that?

Mr. Rama Rao.—The idea of the Mysore Silk Filatures is to establish ultimately a number of filatures of which that at T. Narasipur is to be the first. There is a Central Office, the cost of which will have to be distributed over a number of filatures.

President.—Now you are putting it on one filature.

Mr. Rama Rao.—We have to begin with one. In the beginning it will have to be borne by one filature.

President.—That includes management. I understand Mr. Naik as Managing Agent will draw about Rs. 400 a month or round about Rs. 6,000 a year. Therefore that is included in the provision for supervision and management.

Mr. Rama Rao.—The management of the filature is different from the management of the Company. There will have to be a Works Manager.

President.—Will that not be covered by Supervision and Management?

Mr. Rama Rao.—It is only a question of exhibition of figures. Mr. Naik is the Managing Agent of the Company and the filature which is one of the concerns of the Company will require a Works Manager.

President.—That comes under supervision.

Mr. Rama Rao.—Yes. There will have to be a number of supervisors and a manager. That is why I have suggested Management and Supervision.

President.—The additional figure is not correct for this filature.

Mr. Rama Rao.—We might reconsider that question. Since we have one filature, the whole of it will fall on that. Supposing you take a third of it.

President.—It depends upon the number of filatures you intend establishing. It may be 8. You have not decided it yet.

Mr. Rama Rao.—You may take it as 4. There will have to be a number of branches and supervisors and central offices. We might reconsider that. Just now we have only one filature.

President.—Until I know the details of the central office and the number of filatures you are going to establish, I am not prepared to accept this figure.

Mr. Rama Rao.—I will give you all the information you require.

President.—Apart from one at T. Narasipur, you will have four other filatures. Will all these be in dry area?

Mr. Rama Rao.—Yes. The conditions in those places are very similar to those in T. Narasipur.

President.—The interest on working capital allowed on the last occasion was Rs. 2½ lakhs.

Mr. Rama Rao.—Yes.

President.—Whereas you want only Rs. 1,30,000. Is that correct?

Mr. Rama Rao.—Yes.

President.—Last time we allowed it on three months' output of cocoons and silk.

Mr. Rama Rao.—On the same basis we have calculated the working capital now too.

President.—Tell me how.

Mr. Rama Rao.—The cost of production is Rs. 5,27,000 and we have divided that by four.

President.—You have not taken it as we have done. We have taken the cost of cocoons separately and the cost of silk separately and then arrived at the figure for three months' output.

Mr. Rama Rao.—I think that the figure given by us ought to be sufficient.

Mr. Anklesaria.—I understand from your memorandum and answers that the main grievance of the sericultural industry is that the sericulturist does not get a fair selling price for his produce.

Mr. Rama Rao.—Yes, or that he does not get an adequate return. From the sericulturist's point of view, it is not the selling price but the return that matters.

Mr. Anklesaria.—That is the technical phrase used.

Mr. Rama Rao.—I accept it.

Mr. Anklesaria.—It is the same as you said. Can you point out to me one industry in India which does get a fair selling price today?

Mr. Rama Rao.—I do not know enough about Indian industries in general. I have not devoted the same attention to other industries as I have devoted to the sericultural industry.

Mr. Anklesaria.—The cotton cultivator complains in the same manner as the sericulturist.

Mr. Rama Rao.—Perhaps he does.

Mr. Anklesaria.—All of them do.

Mr. Rama Rao.—I dare say many industries do.

Mr. Anklesaria.—I dare say that you would not allow the claim of these industries to protection.

Mr. Rama Rao.—Why not? If they had a strong case, I would certainly admit their claim to protection.

Mr. Anklesaria.—The sericultural industry is specially obnoxious to Japanese competition.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—It is one of those industries which are specially obnoxious or open to Japanese competition.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—Can you point out to me any one country in the world which has not suffered from Japanese competition in the same manner as the Indian sericultural industry suffers today?

Mr. Rama Rao.—I do not know. I think that Japan has been trying to undersell most goods in most countries.

Mr. Anklesaria.—If that be so, there must be some reason. We may be inefficient.

Mr. Rama Rao.—The Japanese Government protects the silk industry. That is the one reason. I can give you the details of that protection.

Mr. Anklesaria.—That is what I want.

Mr. Rama Rao.—To stabilise silk prices, the Japanese Government bought 112,000 bales and every year they provide in their budget a fairly large sum for meeting trade losses in silk. Whenever any filature comes up before them for succour, it is never in vain.

Mr. Anklesaria.—Any other thing?

Mr. Rama Rao.—In China they give bonuses.

Mr. Anklesaria.—They do not give now.

Mr. Rama Rao.—Probably not. They did at one time. Japan is actually supporting the sericultural industry. She has a vast organisation to support the sericultural industry.

Mr. Anklesaria.—May I point out that on my reading of the situation it is the large scale production that Japan has adopted that is responsible for this?

Mr. Rama Rao.—In sericultural industry?

Mr. Anklesaria.—In every thing.

Mr. Rama Rao.—I shall confine myself to sericulture, if you will permit me.

Mr. Anklesaria.—That makes Japan a formidable competitor.

Mr. Rama Rao.—It is quite possible for us to organise large scale production in the same manner as Japan is doing.

Mr. Anklesaria.—That is what I want to know.

Mr. Rama Rao.—It is quite possible for us to adopt large scale production in reeling.

Mr. Anklesaria.—Do you mean large scale production?

Mr. Rama Rao.—As to what is the best scale of production, there is an optimum scale in every industry. Because up to a certain limit large scale production is better than small scale production, it does not follow that the advantage is in arithmetical proportion to the scale *ad infinitum*. We believe that the optimum scale for the filature industry is 200 basins. If you make the filature twice as big, it will certainly not be twice as good. It may even be too big for good management, and therefore worse. I think that the average Japanese filature is somewhere between 200 and 300 basins, though there are filatures of more basins.

Mr. Anklesaria.—There are filatures having as many as 3,000 basins.

Mr. Rama Rao.—There is one filature of 3,000 basins. But in Mysore it is quite possible to have a number of optimum sized filatures. Though there may be more of them in Japan than there can ever be in Mysore, it is quite possible, filature for filature, to secure for ourselves all the advantages that Japan is securing from large scale production. We are not at a disadvantage there.

Mr. Anklesaria.—What other disadvantages have you except this dumping business? The Government of Japan is suffering losses.

Mr. Rama Rao.—Dumping is the main disadvantage.

Mr. Anklesaria.—I would like you to point out another instance.

Mr. Rama Rao.—Another disadvantage is that their sericultural industry is much older than ours. It has received the assistance of the State. It is perfectly organised. Though in each several item our industry may be as good as theirs, our organisation is not so good as theirs. While we are seeking to organise we are exposed to their attack. Our organisation has been interrupted in mid-course. If we were given sufficient time to organise we will be able to meet Japan on level terms. That is why we have come up to you for protection.

Mr. Anklesaria.—How much silk can you produce in India?

Mr. Rama Rao.—In Mysore we can produce about 4 or 5 times the quantity of silk that we are producing now.

Mr. Anklesaria.—That is how much?

Mr. Rama Rao.—I would say that we can produce about 3,000,000 lbs. of silk.

President.—That is 30 lakhs of lbs.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—Would Mysore be able to compete against Japan which is producing 9 crores of lbs? Do you think that Mysore can claim all the large scale economies which Japan has?

Mr. Rama Rao.—Certainly, in the sericultural industry, it can. After all, you will have to divide it into units—optimum units. We are capable of organising the silk industry into such optimum units.

Mr. Anklesaria.—Do you consider that a 3,000 basin unit is a mistake?

Mr. Rama Rao.—I do not know enough of it to be able to hazard an opinion. But a 300 basin unit can hold its own against a 3,000 basin unit, as you can see from the fact that there are 300 basin units in Japan working side by side with larger units. The one has not extinguished the other.

Mr. Anklesaria.—Do you know that Japan has recently passed a law penalising very small units?

Mr. Rama Rao.—That is, units which are uneconomic. I grant that a very small unit can be very uneconomical but I cannot grant that a mammoth unit is necessarily any better. The aim should be to secure the optimum size.

Mr. Anklesaria.—I take it that the size of a filature would depend much on the assured supply of cocoons in the area and the market for its produce?

Mr. Rama Rao.—That goes without saying.

Mr. Anklesaria.—Can you have a market for 30 lakhs of lbs. of silk in India?

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—Besides Mysore, have you got other sericultural areas?

Mr. Rama Rao.—Yes, there are.

Mr. Anklesaria.—If they produce silk on the scale of Mysore, do you think that there would be a demand for it in India?

Mr. Rama Rao.—When we are imagining an expansion of the silk industry, we can also imagine an expansion of the demand for silk.

Mr. Anklesaria.—No.

Mr. Rama Rao.—You asked for the limit of expansion and I gave you the extreme limit. But this expansion may not take place. The actual pace of expansion will be set by the demand for silk.

President.—The demand will depend upon the price.

Mr. Rama Rao.—Yes. And there is a certain minimum price below which there will be no production.

Mr. Anklesaria.—You have explained what the effective demand of the cocoon is. If the cocoon producer gets Rs. 10 a year, there would be an effective demand.

Mr. Rama Rao.—I say that that is the margin, with the hope of better things to come, and in the absence of something else to turn to.

Mr. Anklesaria.—At present Rs. 10 is sufficient to keep him going.

Mr. Rama Rao.—That seems to be our experience. He is hoping for better things.

Mr. Anklesaria.—Cocoon producing is a subsidiary industry.

Mr. Rama Rao.—Yes, generally.

Mr. Anklesaria.—And the cocoon producer depends mostly on his main occupation for his subsistence.

Mr. Rama Rao.—Not mainly, but to a very large extent.

Mr. Anklesaria.—It would not be a subsidiary industry then.

Mr. Rama Rao.—I do not say that cocoon producing is his main occupation. I say to a large extent he is dependent upon agriculture for his subsistence.

Mr. Anklesaria.—You have studied the economic conditions here and you have studied the budgets of the sericulturists so far as it concerns you. What is the average total income of a sericulturist?

Mr. Rama Rao.—I was not prepared for this. So, you will have to take my answer to this question as only approximate.

Mr. Anklesaria.—Yes.

Mr. Rama Rao.—From agriculture ordinarily he has no surplus income at all. Agriculture keeps him alive and gives him food.

Mr. Anklesaria.—That must be taken as his income.

Mr. Rama Rao.—Yes. You may take it like that, but he has no surplus. I would take the ordinary family as consisting of 5 members.

Mr. Anklesaria.—Take the sericulturist's family.

Mr. Rama Rao.—Yes, if he has two acres under mulberry

Mr. Anklesaria.—He does not have two acres under mulberry.

Mr. Rama Rao.—In the area I am thinking of, he has two acres. I believe the Mysore Government memorandum will be found to support that. He has probably 6 acres under field crop. That supports his family. From 6 acres of field crop he gets about Rs. 100.

Mr. Anklesaria.—Plus Rs. 10 from sericulture.

Mr. Rama Rao.—No, that would be the net income.

Mr. Anklesaria.—In that Rs. 10 you don't include his own labour charges.

Mr. Rama Rao.—No.

Mr. Anklesaria.—Tell me what he gets from sericulture.

Mr. Rama Rao.—I have said that he gets about Rs. 10 net. The people at home who would not otherwise be getting anything at all help him to get it.

Mr. Anklesaria.—What would be the income from his main occupation? Would it be Rs. 100?

Mr. Rama Rao.—About that. As I had already told you I was not prepared for those questions. I am giving you my belief on such information as I possess.

Mr. Anklesaria.—If those filatures start forming and displace charkha, do you think the cocoon producers would be better off?

Mr. Rama Rao.—I do think so. I think filatures will be able to give cocoon rearsers a better price than the charkhas ever can give them and I think filatures will continue to exist when charkhas have disappeared.

Mr. Anklesaria.—How many filatures do you think can be started in Mysore just now?

Mr. Rama Rao.—If we take 200 basins Mysore will be able to start 15 filatures just now.

Mr. Anklesaria.—You will admit that combination among the 15 filatures is more possible than combination among the 3,000 reolers to lower the price of cocoons.

Mr. Rama Rao.—Yes, but they will not do it because they will be killing the goose that lays the golden egg.

Mr. Anklesaria.—As you say, they will go on producing at a loss.

Mr. Rama Rao.—I do not say so.

Mr. Anklesaria.—In hope of better times?

Mr. Rama Rao.—Would you permit me to read what I said? I say "For cocoons, as for any other article, there is a price below which the producers will not consent to produce".

Mr. Anklesaria.—The main difference between cocoon producing and other commodities is that while cocoon producing is only a subsidiary occupation which can safely be carried on at "a loss".

Mr. Rama Rao.—It cannot be carried on at a loss, for any length of time.

Mr. Anklesaria.—Supposing my income from the main occupation is Rs. 100 and from my subsidiary occupation it is only Rs. 10, in times of depression I may be satisfied with Rs. 9 from my subsidiary occupation.

Mr. Rama Rao.—Your question was 'would he continue to produce at a loss': my answer was 'no'.

Mr. Anklesaria.—I do not mean the total capital loss but say if he lost one or two rupees.

Mr. Rama Rao.—If the results of his labours show a negative quantity then he will not produce at a loss.

Mr. Anklesaria.—I say for a temporary loss he would go on because he has got the main occupation to depend on.

Mr. Rama Rao.—He would not go on; I do not think anybody would put in work for a loss.

Mr. Anklesaria.—You say Rs. 10 is the income from the subsidiary industry and since he gets Rs. 2 less he would give up sericulture.

Mr. Rama Rao.—Some might give up.

Mr. Anklesaria.—Is it not possible for 15 filatures to combine and lower the price of the cocoon producer?

Mr. Rama Rao.—They cannot lower it below the minimum which would be an inducement to produce cocoon.

Mr. Anklesaria.—Can they not temporarily lower it?

Mr. Rama Rao.—I doubt very much whether they can. If they lower it, it would be suicidal; there is too much at stake to pursue that course.

Mr. Anklesaria.—In 1933 when you gave evidence in regard to the cost of production of cocoons you admitted that the price of leaf was a negligible quantity.

Mr. Rama Rao.—That is not the cost: that is for plucking of leaves.

Mr. Anklesaria.—Plucking of leaves is the only item of expenditure after mulberry cultivation comes into existence.

Mr. Rama Rao.—No, there is manuring, digging, etc.

Mr. Anklesaria.—We find that the cost of a pound of leaf from tree mulberry after the plantation is once established would be about 1½ pies per lb.

Mr. Rama Rao.—At the end of five years.

Mr. Anklesaria.—I take it that five years after planting you would expect the price of leaf would be 1½ pie per lb.?

Mr. Rama Rao.—It depends very much upon the soil and upon the climate, but after the trees are well established it ought to be about 1½ pies per pound.

Mr. Anklesaria.—Leaf forms 75 per cent. of the cost of producing cocoons, does it not?

Mr. Rama Rao.—It forms a very large proportion.

Mr. Anklesaria.—What is the present price of leaf?

Mr. Rama Rao.—27 pies; I am only speaking of the dry area.

Mr. Anklesaria.—Therefore, they would begin to give leaves within four or five years' time and the price of that leaf would be 1½ pies?

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—So the main cost of production of cocoons would be reduced within the course of four or five years by 100 per cent.?

Mr. Rama Rao.—No. Only the production from the trees we have already planted now would be reduced. A very small area is under tree mulberry: out of 26,500 acres we have only about 100 acres under tree mulberry—not even so much I should imagine.

Mr. Anklesaria.—As regards bush leaf the cost of production is continuously being reduced by the improvements effected?

Mr. Rama Rao.—Not very appreciably to my knowledge. It has been improved in some places by sowing seedlings instead of cuttings, but that again is a very small part of the area under mulberry. There has not been time to do much.

Mr. Anklesaria.—Do you expect to reduce the cost of leaves within the next ten years?

Mr. Rama Rao.—Yes. I think it is quite possible, given ten years, to substitute tree mulberry in place of bush mulberry.

Mr. Anklesaria.—Did you not say the same thing in 1933?

Mr. Rama Rao.—Perhaps I did.

Mr. Anklesaria.—What guarantee is there that you would not say the same thing again?

Mr. Rama Rao.—We did not have adequate protection and not over a sufficiently long period. The Government did not give what the Tariff Board recommended. We wanted 15 years and we got five years.

Mr. Anklesaria.—The Mysore Government has given the cost of production of leaf as 2·4 pies per pound while for the contiguous Kollegal area the cost is given as 1·5 pies. You think both are correct?

Mr. Rama Rao.—I think the Mysore Government figures which agree with the figures which I independently collected are more likely to be correct. I do not know whether in the Kollegal figures were included the charge for ploughing and agricultural labour. If they have been omitted, that might account for the difference.

President.—There is one point with regard to your flature. I find you have put down capital expenditure as Rs. 1,60,000 and based your profit on that.

Mr. Rama Rao.—Yes.

President.—You have based your profit at 8 per cent. on that valuation.

Mr. Rama Rao.—Yes.

President.—That is inclusive of Rs. 4,000 for the site, whereas I find that the site has been granted free to you by Government.

Mr. Rama Rao.—It was acquired at our cost, not granted free to us.

President.—What is conversion fine?

Mr. Rama Rao.—Conversion fine means the amount that will have to be paid to Government for agricultural land which pays a land tax and which is converted into building sites and won't pay any land tax, or the capitalised value which Government charge in lieu of land tax.

President.—You won't be charged any land tax?

Mr. Rama Rao.—I think we will be charged land tax on the portion in which we are going to have mulberry plantation, but not for the land on which we actually build.

President.—Is there any other point which you would like to put before us?

Mr. Rama Rao.—I am afraid I have not explained the statement in the prospectus.

President.—You have based your profit on the cost of filature silk at Rs. 5-12 per lb.

Mr. Rama Rao.—Which was the actual price which obtained at that time.

President.—And one rupee was the actual price of waste?

Mr. Rama Rao.—Some waste was bought at that price, by the Spun Silk Mills.

Mr. Anklesaria.—In your overheads you charge interest at 8 per cent. on capital expenditure. You have not borrowed your capital. It is a shareholders' company.

Mr. Rama Rao.—Which is borrowed money.

Mr. Anklesaria.—You have also charged 8 per cent. on working capital. That is not borrowed. That would not be all right. You add that and it comes to Rs. 23,200 as interest.

Mr. Rama Rao.—Yes.

Mr. Anklesaria.—That would be on a capital expenditure of how much?

Mr. Rama Rao.—Rs. 8 lakhs.

Mr. Anklesaria.—Can you tell me of any industry which gets 8 per cent. now?

Mr. Rama Rao.—Sugar, Textile industry, Porcelain.

5. THE MYSORE SPUN SILK MILLS LIMITED, CHANNAPATNA.

**Evidence of Dewan Bahadur K. R. SRINIVASAIENGAR and
Mr. K. SHAMSUDDIN KHAN recorded at Bangalore on
Friday, the 12th August, 1938.**

President.—Mr. Srinivasaingar, you are the President of the Mysore Spun Silk Mills?

Dewan Bahadur.—Yes.

President.—Mr. Shamsuddin Khan, you are the Manager of the Mills?

Mr. Khan.—Yes.

President.—I had better run through first your memorandum and then your replies to the questionnaire. You have submitted your costs as confidential.

Mr. Khan.—Yes.

President.—It is necessary that some of it should be discussed at a public sitting, because we want to utilise it for our report purposes and therefore I would like to know how far you think that is confidential, so that that part of it may be left for subsequent oral examination.

Dewan Bahadur.—In the course of the examination as you put questions, I will tell you which is confidential.

President.—For the present we treat nothing as confidential.

Dewan Bahadur.—If there is anything confidential, I will mention it to you in the course of the examination.

President.—I am taking the memorandum first. You started this spun silk factory because there is abundant supply of raw material and a large home market.

Dewan Bahadur.—Yes.

President.—You have got also adequate labour and same protection as Raw Silk.

Dewan Bahadur.—Yes.

President.—According to you about 3 lakhs of pounds of silk waste can be obtained from the charkha silk.

Mr. Khan.—Yes.

President.—In the prospectus you state about 3 to 5 lakhs of lbs. of silk waste. Where do you expect to draw the additional supply?

Mr. Khan.—Charkha silk waste is the bulk and it forms about 3 lakhs and we not only utilise charkha silk waste, but also use throwsters' silk waste and pierced cocoons. We expect, according to our estimate, in the country round about Mysore about 2 lakhs from these directions.

President.—How much waste does a throwster get per pound of silk?

Mr. Khan.—It is estimated to be between 1 and 1.5 per cent. as throwster's waste.

President.—Generally, a throwster gets one tola silk of waste out of one lb. of Twisted Silk.

Mr. Khan.—30½ tolas.

President.—At present your estimates are all confined to the Mysore territory?

Mr. Khan.—Practically, yes.

President.—What is the basis on which you have estimated 3 lakhs of pounds?

Mr. Khan.—About 50 per cent.

President.—Another reason why you started this mill, I understand, was to help the raw silk industry.

Mr. Khan.—Yes.

President.—What induced you to have 3,000 spindles? Is that considered to be an economic unit?

Mr. Khan.—We have had detailed investigations conducted in Japan and the experts there advised that the minimum number of spindles we should have with reference to spun silk was 3,000 and anything below that would not be economical.

President.—Though in Japan itself the smallest unit is 6,000 spindles.

Mr. Khan.—Yes, because their industry is very widespread.

President.—I was just talking of the economic unit. I was comparing that with the statement you submitted to the Board on the last occasion where you said that the smallest size in Japan was 6,000 spindles.

Mr. Khan.—For our conditions they have worked out a data of 3,000 spindles.

Deewan Bahadur.—We got quotations both from the Japanese and from the English manufacturers in regard to the price of the whole machinery and from it we worked out the capacities and determined the economic unit. We found that unless we had a unit of 3,000 spindles it would not be economical, and we would not be able to make any profit at all.

President.—3,000 spindles you have installed and you will be able to get about 80,000 lbs. of spun silk.

Mr. Khan.—Yes.

President.—Will that be the maximum production?

Mr. Khan.—Yes.

President.—And with that you will get 50,000 lbs. of noil yarn.

Mr. Khan.—Yes.

President.—The most important point that the Board has to consider is the price of the raw material, because that affects not only your mill, but the whole of the raw silk industry. I find from your statement here that you have given various prices for the various kinds of silk-wastes.

Mr. Khan.—Those are the prices that we have taken for next year. That is the market condition which we expect.

President.—I am coming to that. My point is this, when the prospectus was issued, you naturally expected to get the silk waste practically very cheap, because at that time the price of silk waste was very negligible and you estimated at that time a price of 4 annas and on that basis you thought you would be able to get Rs. 90,000 as profit.

Mr. Khan.—Yes.

President.—After that in the subsequent note of yours you state that the conditions have changed and that you expect now to get the raw material at 8 annas a pound.

Mr. Khan.—Yes.

President.—For next year the price seems to me on the high side.

Mr. Khan.—For charkha silk waste I have given the waste at 8 annas. We are not going to purchase the ordinary kind of waste. We are going to purchase the assorted charkha or improved charkha waste. That means the reeler have to remove some organic material. Also they will have to give it in loose condition. All these things cost extra. So we have provided 8 annas per lb. of assorted or improved charkha silk-waste.

President.—When you say that, how much of the waste would practically fetch nothing to the reeler?

Mr. Khan.—That depends upon the degree of assortment and it is difficult to fix up any percentage.

President.—You will realise our difficulty in the matter. When you ask for protection, it is necessary for me to find out what the bye-product will cost and if you are not utilising 100 per cent. of the bye-product which is being turned out today, you will notice that I cannot get the basis for my calculation.

Mr. Khan.—If that is the case I should give about 12 per cent. on the basis of the prices. 12 per cent. would be rejections.

President.—You reject 12 per cent. of the silk waste produced?

Mr. Khan.—Yes.

President.—What about throwsters' waste?

Mr. Khan.—We have carried on more extensive work in respect of that and we find that about 15 per cent. will have to be rejected, and the cost of the labour in separating the cotton threads, the twisted threads and so on and grading it according to different classes will cost us 13 annas a pound, if we have purchased it at 7 annas.

President.—As far as throwsters' waste is concerned you buy 100 per cent. and do the sorting, am I right?

Mr. Khan.—Yes.

President.—You pay to the throwster 7 annas a lb.

Mr. Khan.—We have based it at 8 annas.

President.—For throwsters' waste also you would be able to pay 8 annas.

Mr. Khan.—8 annas for the ordinary throwsters' waste and it costs us an additional 6 annas on rejection and sorting.

President.—I want to know the price the raw silk industry is able to realise for its bye-products. As far as your raw material is concerned, I am coming to that afterwards. You told me that 12 per cent. of the charkha waste you are not purchasing on account of rejection?

Mr. Khan.—We are rejecting about 12 per cent.

President.—You are asking the reeler to sort it out and reject 12 per cent. of the waste. I want to understand about the position of the throwsters' waste.

Mr. Khan.—We have actually paid an average of 7 annas 2 pies per lb.

Dewan Bahadur.—We started with a smaller figure and went on increasing. This is the average for the quantity so far purchased.

Mr. Khan.—For filature silk, we have paid an average price of 10 annas 9 pies per pound.

President.—You purchase 100 per cent. of that waste?

Mr. Khan.—Yes.

President.—What is the position with regard to pierced cocoons?

Mr. Khan.—We have actually paid 14 annas per pound.

President.—Here it is 12 annas.

Mr. Khan.—We expect a decrease. I find that the market for pierced cocoons is easier.

President.—What is the production of various kinds of cocoons?

Mr. Khan.—I might roughly put it at 30,000 lbs. under the present conditions of the industry.

President.—That is for Mysore.

Mr. Khan.—Yes.

President.—Is there a definite market from where you purchase these pierced cocoons?

Mr. Khan.—The producers of eggs sell it to the brokers and the brokers gather it in larger quantities of 250 lbs. or so. There are a number of them spread all over the State. We get into contract with them in advance and purchase these cocoons.

President.—Since when have you started purchasing these raw materials for your mills?

Mr. Khan.—Early in April, 1937.

President.—I want to know what fluctuations have taken place in the purchases with regard to the prices of these different raw materials.

Mr. Khan.—Taking the filature silk waste, it has fluctuated between 8 annas and 12 annas, the charkha waste has fluctuated between 6 annas and 8 annas 6 pies, throwstors' waste has fluctuated between 6 annas 6 pies and 9 annas and pierced cocoons between 12 annas and 14 annas.

President.—These are the maximum and minimum which you have actually paid from time to time.

Mr. Khan.—Yes.

President.—Having regard to the fluctuation of prices that you have given me, I want to know whether these prices have been actually paid by you.

Dewan Bahadur.—Yes. We started with a lower price and went on gradually increasing.

President.—That means you have paid as much as 12 annas per lb.

Mr. Khan.—Yes.

President.—What quantity of silk filature waste did you buy at 12 annas?

Mr. Khan.—We have purchased only one consignment of 390 lbs. in February 1938 at As. 10 and another consignment in April 1938 of 2,087 lbs. at As. 11-6. In April last year in 1937 we have purchased 14,200 lbs. at As. 8 and in May 1937, 3,000 lbs. at As. 12-6, in November 1937 we have purchased 3,666 lbs. at As. 11-6 per lb., and in May 1937, 3,000 lbs. at As. 12-6 per lb.

President.—All this is filature silk-waste?

Mr. Khan.—Yes.

President.—What about double Cocoons?

Mr. Khan.—According to our classification we took it along with pierced cocoons. We did not give a separate classification. For double Cocoons we have paid an average price of As. 8. At present there is no market for double Cocoons, and that is why we were able to obtain it cheap.

President.—As against As. 12 to 14 for pierced Cocoons?

Mr. Khan.—Yes.

President.—You purchased these Cocoons in a dry state.

Mr. Khan.—Absolutely.

President.—Mr. Silva informed us that on double cocoons he is realising practically nothing.

Mr. Khan.—Recently, if I may inform the Board, we had an offer from him and we actually booked at As. 8 and we were prepared to pay As. 10 if there was a larger quantity. But for the spun silk mills Mr. Silva would not have found any demand for his double cocoons and waste. I beg to submit that what I said was about double conditioned cocoons, not double pierced cocoons. Some of the suppliers have given us pierced double cocoons and we have paid them As. 14 for it. They are known as pierced double cocoons (Statement of prices banded in).

President.—You require 3 lakhs of lbs. of silk waste to produce the maximum quantity of spun silk under your present conditions.

Mr. Khan.—Yes.

President.—If I may turn to the statement supplied by Mysore Government which I have been able to prepare showing the average price of silk waste exported from Mysore and also exported from British India to other countries, I find for charkha waste the value 2 pies per lb.

Mr. Khan.—I perfectly understand that, but I do not know how they have arrived at the figure. It is not certainly the Sericultural Department but it is some other department that has valued that. I think there must be a terrible mistake about the figure somewhere.

President.—One thing which I don't understand is this. What reason has led you to pay such high prices for the silk waste when you are the only purchaser in the market?

Mr. Khan.—No, we are not the only purchaser. Messrs. Volkart Brothers, Wilson and Company are on the market and are purchasing for some Swiss firm. They are purchasing very briskly. They have paid just the same price as we have.

President.—To what countries do they export?

Mr. Khan.—Switzerland.

President.—So, prices have been raised by people other than yourself and you have to pay increased prices because of this factor.

Mr. Khan.—Yes.

President.—Do you think there is going to be a general demand of this sort? Will these prices continue?

Mr. Khan.—I expect a little rise in the Charkha silk waste as well as in other wastes.

President.—That means from your point of view that Markets outside India are wanting to purchase silk waste.

Mr. Khan.—Yes.

President.—I have compiled also a statement for British India. The value I find here for 1936-37 is As. 10 whereas the Mysore Silk Filature as well as Mr. Sylva's expect to get a Rupee.

Mr. Khan.—That is their anticipation.

President.—I want to know how they can possibly get it under these circumstances when you have paid only As. 12.

Mr. Khan.—Yes.

President.—The average export price works out to As. 10 per lb. Your figure is just correct. I want to know the anticipations. Do you think there is any likelihood of their anticipations coming true.

Mr. Khan.—I am afraid we may have to pay higher prices than we originally thought. Probably they may not realise one rupee but they may realise As. 14 in some cases.

President.—So that if I take As. 14 as the future cost I would not be wrong.

Mr. Khan.—It is very difficult for me to say about that.

President.—You are one of the big buyers. Therefore the price must depend upon you.

Mr. Khan.—We cannot afford to pay under any circumstances a higher price than As. 13 to 14.

President.—To be on the safe basis I would calculate it on As. 12.

Dewan Bahadur.—The question is what the foreign exporters are prepared to pay. The foreign exporters were getting it for a song. As soon as we started a factory and wanted to purchase, they put up the price. If we are not prepared to pay the price we would not get it at all. So, as they went on raising the price, we had also to pay a much higher price. Even in regard to filature silk waste it more or less depends upon the price the foreign exporters are prepared to pay. They were getting it for a song and one of our chief objects of starting the factory was to get a proper price for these wastes so that the sericultural industry would be developed.

President.—With regard to other materials that you have put down here, (item No. 2) how much of that can be obtained in India?

Mr. Khan.—Soap we can obtain locally but in practice I have actually found that the soap that is manufactured by a particular company in England, Messrs. John Drury of Brighthouse, gives very much better results than any Indian Soap that we have so far used.

President.—Therefore at present it is imported.

Dewan Bahadur.—We have used Indian Soap but generally it did not come up to our requirements. Our idea is to get all the soaps we want locally. The only thing is the local soap factories have not attained the standard and they do not know our requirements. What we propose to do is to get English samples and supply these to the local soap factories in order to enable them to manufacture to our specification. We started trying with our local soap but they did not give satisfactory results. We hope to get as the soap locally.

President.—Have the Soap Factories in India given you any hope in the future?

Mr. Khan.—We have obtained samples and given them to Government Soap Factories, e.g., The Calicut Soap Factory and the Mysore Government Soap Works and asked them to produce according to the specification we have given.

President.—If you look at the percentage of yield from the raw material you will find that the Charkha Silk waste gives you the minimum yield whereas the price you are paying is higher compared to the yield.

Mr. Khan.—That is the main basic raw material that we have to use.

President.—Even the revised figure for Silk waste is Rs. 2-7 (i.e., the value of Silk waste exported).

Mr. Khan.—It is a very wrong valuation.

President.—You think that the revised figure also is wrong.

Mr. Khan.—If you want figures of expert and values they can be obtained from Messrs. Volkart Brothers and compare them with the figures under reference.

President.—My reason for asking you this is that unless you are forced to pay a fixed price, the price which you are paying, looking to the yield you are able to obtain, is not remunerative.

Dewan Bahadur.—At present it is not remunerative.

President.—The bulk of your raw material is practically waste.

Dewan Bahadur.—The Manager is doing all he can to keep down the price but he finds that it is not possible on account of the foreign competition to lower the rate.

President.—What is the capital expenditure you require for a Mill of this capacity.

Dewan Bahadur.—Originally we estimated for a capital expenditure of 71 lakhs and working expenses 1 lakh making 8½ lakhs of rupees but as I have pointed out in the memorandum we have to exceed the capital expenditure as also the working expenses both by nearly 1½ lakhs of rupees because the capital expenditure has increased on account of the rise in the price of steel.

President.—I find that you have put down the capital expenditure as Rs. 7,35,000.

Dewan Bahadur.—Yes. We took it approximately at Rs. 7,50,000.

President.—Rs. 7,35,000 is the correct figure? The mill is now working. Everything is installed.

Dewan Bahadur.—I will give you the actual figures. Here is the statement brought upto 30th June from which I can give you all the figures.

President.—I don't want the details. I want to know whether Rs. 7,35,000 is the correct figure.

Dewan Bahadur.—It is not correct because we have exceeded that amount. Rs. 8,67,500 is for land, buildings, plant and machinery and water-supply.

President.—You might send the correct figure later on because I want to get the depreciation rates fixed.

Dewan Bahadur.—Yes.

President.—With regard to borrowed capital are you paying 8 per cent?

Dewan Bahadur.—We are paying 4½ per cent.

President.—What is the rate you are paying to the Mysore Bank?

Dewan Bahadur.—4½ per cent. (Compound Interest quarterly or half-yearly.)

President.—What is the rate at which you are able to get Electricity?

Mr. Khan.—55 of an anna in the day and 35 of an anna during night.

President.—I want to understand a little about noils. Your production consists of 3 things, spun silk of two qualities and noils and the expenditure that you have given here is for all these three.

Mr. Khan.—It is very difficult to separate all the three, but I have given an indication in the confidential note. It is very difficult to allocate with any exactitude.

President.—How was the allocation made?

Mr. Khan.—This allocation is on the basis of the confidential note we have given you and also from the experience with regard to mills elsewhere. I have taken the analogy more or less from England.

President.—The prices that you have given me here on the next page are the prices at present ruling in the market.

Mr. Khan.—The market prices ruling are a little higher. It is a temporary phase. This statement was prepared before the prices went up. The quality that competes with us fetches a price of Rs. 5-8.

President.—It has gone up by As. 8.

Mr. Khan.—Yes, because I am told that the Bombay merchants are trying to put up prices and make a little more money, because the imports are diminishing to a certain extent.

President.—Imports have diminished, because spun silk has been substituted by staple fibre. If you look at the imports of staple fibre, it has gone up tremendously and Surat, the biggest market which was utilising spun silk, is now using staple fibre. What is the Bombay price of 60s?

Mr. Khan.—Generally in Northern India, in Lulbiana, Amritsar, etc., there is a regular market for 60s. It is not coming at any rate in the Bangalore market. It is more or less a hypothetical figure.

President.—Can't you get the price from Bombay? What is the lowest price that you have been able to get? Please send it to me later.

Mr. Khan.—Yes.

President.—What is the present price of noils?

Mr. Khan.—Round about Rs. 1-2-0. The present price is merely a temporary phase. For instance till very recently, between 15th and 30th April, the price was only Rs. 4-15-0 for the highest grade spun silk, and suddenly from 31st May the price went up to Rs. 5-2-0, and Rs. 5-3-0, from 30th June to Rs. 5-7-0 and on 31st July it was Rs. 5-7-0.

President.—Please give us prices before protection and after protection.

Mr. Khan.—We will obtain them from Bombay and send you later on.

President.—Which are your markets where you usually sell your products?

Mr. Khan.—We have an abundant home market at Bangalore and Doddaballapur. We are importing 2½ lakhs of lbs. both in Doddaballapur and Bangalore and our production is only 80,000 lbs.

President.—Have the imports remained stationary?

Mr. Khan.—The collection of statistics from Doddaballapur is very recent. We began to get figures only after the Municipalities began to levy a tax.

President.—What is the present octroi duty?

Mr. Khan.—2 per cent. in Bangalore and Rs. 1-0-0 per cent. in Doddaballapur.

President.—Is that a fixed duty?

Mr. Khan.—Yes, fixed *ad valorem* duty.

President.—What about noils? You have also a home market for noils.

Mr. Khan.—Not much in Bangalore. In Ludhiana people are already asking for agencies for the sale of noils. Imports is over 450,000 lbs.

President.—Supposing you take the price of first quality as Rs. 5-8-0 and exclude the duty, what will be the *ex-duty* price?

Mr. Khan.—Rs. 3-12-0.

President.—The cost as given by you is Rs. 4-4-10.

Mr. Khan.—Yes. That is the average cost of production for 210s and 60s together.

President.—You have excluded from the total cost Rs. 56,171-12-4 for noils?

Mr. Khan.—Yes. We have calculated on 210s and 60s. It comes to round about Rs. 4.

President.—We have got to add to that depreciation.

Mr. Khan.—Depreciation is included.

President.—What have you taken as interest on capital?

Mr. Khan.—6 per cent. We were negotiating when we submitted the note. The interest will have to be reduced by half per cent., since we have obtained the loan at 4½ per cent.

President.—For machinery we generally allow 5 per cent. So Rs. 6,000 will go from there. That would come to Rs. 4.

Mr. Khan.—Yes. There is one point I would like to suggest as regards depreciation on machinery. We have considered that factor and have been advised by our makers to raise the percentage of depreciation, because we are having double shifts.

President.—We can only consider the income-tax rates. The rate for machinery is 5 per cent. and 2½ per cent. for buildings.

Dewan Bahadur.—It would depend upon the nature of the machinery.

President.—The cotton and woollen machinery is the same.

Mr. Khan.—The first two departments of Spun Silk Mills would be entirely different from the cotton and the woollen mills.

President.—We can say 6 per cent. on that and the balance at 5 per cent. Most of the machinery is the same as in a cotton mill.

Mr. Khan.—No. The working is different. The life of the machinery is also different. Cotton is a very different material. Silk waste is a long staple material.

President.—The only thing you have not allowed is profit.

Mr. Khan.—We have not allowed profit.

President.—The difference between the *c.i.f.* price and your price is 4 annas. That is correct?

Mr. Khan.—Yes. that is taking Rs. 5-8-0 as the present market price.

President.—If you take Rs. 5, *ex-duty* price would be Rs. 3-5-0. You require 11 annas duty plus profit.

Mr. Khan.—Yes.

President.—You have put down the noil cost as Rs. 1-2-0?

Mr. Khan.—That is the apportionment we have made out of the total cost.

President.—Noils have got only 25 per cent. duty?

Mr. Khan.—Yes.

President.—Their present price is practically the same as your cost of production. So 25 per cent. duty will be your profit.

Mr. Khan.—That is correct.

President.—With regard to your labour charges I find that you are paying from 5 annas to 4 annas, but I don't understand what you mean from As. 3 to As. 10 in the spinning frames and in the preparatory department.

Mr. Khan.—In the preparatory department there are girls who handle only gill spreaders and gill setters and those people who work on the drawing are experienced people brought from outside mills in India. They take up the work of teaching other people and therefore we are paying them As. 10.

President.—You have given me the number without giving me the details. You have given the factory labour as 227, and I can't get the wages properly allocated.

Mr. Khan.—We will supply you the information later.

President.—For what kind of reeling you pay As. 4.

Mr. Khan.—Reeling by women.

President.—In answer to question 36 (c) you have given a figure of Rs. 28,250 as other assets. Please send me the details for this amount.

Mr. Khan.—Yes.

President.—Why such a big sum was necessary for working capital?

Mr. Khan.—It was not merely working capital, but we had to pay the first instalment on the machinery purchased amounting to about £8,000.

President.—That is part of the capital. What is the working capital required?

Mr. Khan.—We want to stock six months' supply of waste, fuel and so on.

President.—We calculate on three months' stock of silk waste. Can you tell me what use is made of spun silk? Generally it is used for coatings and shirtings?

Mr. Khan.—In Mysore it is mostly used for sarrees. In Doddaballapur markets it is used for sarrees. In India it is used for shirtings and coatings, tapestry coverings, embroidery, pillow covers, sewing thread and practically for all the purposes to which the raw silk is put except the highest grade Georgette and taffetas, etc.

President.—In the Mysore market principally spun silk is used by handloom weavers.

Mr. Khan.—In Doddaballapur there are also power looms. Both in power looms and handlooms spun silk is used.

Mr. Anklesaria.—Before I put you any question, I would request you to please clearly understand that I am speaking for myself alone. As at present advised I am not quite sure that under our terms of reference your industry has any right to come before this Board for protection. I understand that your main object in starting the Spun Silk Mills was to help the sericulturists of Mysore.

Devan Bahadur.—Yes.

Mr. Anklesaria.—You expected at the start that the sericulturist was not getting even one anna for his silk waste. Now he would be getting more than As. 4 for his silk waste and thereby he would be benefited.

Devan Bahadur.—Yes.

Mr. Anklesaria.—You found that after the mill was started the sericulturist somehow got more than As. 4 for his silk waste and therefore your expected profits could not materialise in your estimation.

Dewan Bahadur.—Yes.

Mr. Anklesaria.—I understand that though your object is to help the sericulturists, the action by which you want to help the sericulturists is to lower the price for his silk waste. The lower the price of the silk waste, the more beneficial it is for you to work your mills.

Dewan Bahadur.—Yes.

Mr. Anklesaria.—It is in the interest of the sericulturists that he should get as high a price as possible for his silk waste. Your interest is diametrically opposite.

Dewan Bahadur.—Yes in a way.

Mr. Khan.—Only after we pass the limit of optimum conditions for the silk waste, we will be diametrically opposed to those people, otherwise if we are going to pay a lower price for the silk waste, the silk industry is not likely to thrive and we are not likely to obtain any material for our mill.

Mr. Anklesaria.—I can quite understand that so far as the local demand is concerned, you will be benefiting the sericulturists, but you forget that there is a huge external market which is open to the sericulturists and which is prepared to pay a higher rate than you would.

Mr. Khan.—I would agree to that provided our mills were not in existence. Immediately we stop purchasing, the price of the silk waste would go down. That is the trend of the market.

Mr. Anklesaria.—The price of the silk waste I understand rose from about one anna to As. 7 before your mill started.

Dewan Bahadur.—I am not prepared to endorse that statement. It is because of the starting of the mills that the price rose. Perhaps there might be an occasional fluctuation, but the chief reason why the price of the waste rose is on account of the starting of the spun silk mills.

Mr. Anklesaria.—You began working in 1937?

Dewan Bahadur.—We began purchasing silk waste in April 1937.

Mr. Anklesaria.—Do you mean to say that at that time the price of silk waste obtainable by the Sericulturists was one anna?

Dewan Bahadur.—I do not know whether it was exactly one anna, but I will find it out.

Mr. Khan.—On the 15th April, 1936, silk waste and pierced cocoons fetched Rs. 4 to Rs. 4-4-0 per maund of 29 lbs. Rs. 4-4-0 means 2½ annas per lb.

Mr. Anklesaria.—When did it rise?

Mr. Khan.—The price in October 1936 was Rs. 5-8-0. From October onwards there has been a gradual increase and in January 1937 the price went up to Rs. 8 for 29 lbs. or As. 5 per lb. I may inform you that by November 1936 people and the foreign purchasers knew that a company had already been formed because before the present estimates were sanctioned, Government had given certain concessions and sanctioned a subsidy of Rs. 25,000. People had come to know of this already and we had therefore to revise the estimates.

Mr. Anklesaria.—I am prepared to concede that you have done a service to the sericultural industry by coming into the market and making the foreigners pay more for the silk waste they purchased from the sericulturists. Supposing you get a reasonable rate of profit, in that case would you be prepared to give to the sericulturists higher prices for the waste than that fixed by others?

Dewan Bahadur.—As I said before, our object is not to pay a low price. The object of the company is to help the sericulturists. It is to the interests of the company, no doubt, to pay as low a price as possible to the sericulturists. The object of the Company is to improve the position of the sericulturists by enabling them to get as high a price as possible. Our

object is not to give huge dividend to the shareholders, but to give as much of it as possible for the benefit of the sericulturists.

Mr. Anklesaria.—In your Prospectus have you stated this as your main object?

Dewan Bahadur.—We have not promised huge profits. We wanted that a reasonable amount of dividend should be assured to the shareholders. It has all along been understood that in the absence of a factory in India to deal with the large quantity of waste produced in the country, the whole of it has had to be exported to foreign countries where it is converted into spun yarn and other manufactured articles and re-imported into India. It is the aim of this company to prevent this and to afford a profitable outlet for all the silk-waste produced in the country by utilizing it for conversion into spun silk and other finished articles in its factories.

Mr. Anklesaria.—I quite concede that you have done a service to the sericulturists by coming into the field to compete with the foreign buyer of silk waste, but my point is that the interests of your shareholders conflict with your ability to carry out that object. The interest of your shareholders is to make as big a profit as possible and that is by getting your raw material as cheap as possible. While you carry out that policy, you will be cutting down the price to the sericulturist for his silk waste as much as possible.

Dewan Bahadur.—It is no doubt to the interests of the shareholders to make as huge a profit as possible. The biggest shareholder in this business is the Government and the object with which they started the industry was not to make huge profits nor to run at a loss.

Mr. Anklesaria.—How many shares do the Government hold?

Dewan Bahadur.—They hold 10 per cent. of the shares.

Mr. Anklesaria.—You admit that spun silk would compete with raw silk?

Dewan Bahadur.—If the spun silk is sold at a very low price, it will have a tendency to some extent to deflect the market for raw silk.

Mr. Anklesaria.—At present the prices of spun silk saris are much lower than the prices of Mysore pure silk saris and if more and more of such spun silk saris are put on the market, it will replace the Mysore silk saris.

Dewan Bahadur.—If the difference is greater, it will replace raw silk goods.

Mr. Anklesaria.—I understand that yours is the only spun silk mill in the whole of India?

Dewan Bahadur.—Yes.

Mr. Anklesaria.—If protection is granted to you, you will be the only spun silk mills company to be benefited at the expense of millions of people who consume spun silk goods.

Dewan Bahadur.—Yes for the time being, but the sericulturists will be benefited and the consumers will be benefited and not only the company.

Mr. Anklesaria.—You have not understood me. I say there are millions of people who are consumers of spun silk goods to-day. If you raise the price of their goods by means of protection, the only sole beneficiary in India will be yourselves.

Dewan Bahadur.—It is not the company alone and the shareholders who will be benefited but also so many millions of sericulturists.

Mr. Anklesaria.—Have the sericulturists got elsewhere to go to for the sale of their silk waste or not?

Mr. Khan.—They will not be getting the price that we are now paying.

Mr. Anklesaria.—How much?

Mr. Khan.—From 2 As. 6 pice it has risen to As. 8.

Mr. Anklesaria.—The foreigners pay the same.

Mr. Khan.—Because in competition with us they cannot pay less.

Mr. Anklesaria.—I quite admit that by starting this mill you have done a service to the country, but your interests conflict. In your demand for protection you have not stated for what period you would like the protection to be supposing it is granted to you.

Mr. Khan.—At least for ten years we must obtain higher grade material by having filatures all over.

Mr. Anklesaria.—Do I take it that it would be impossible for you to reduce your cost of production within 10 years' time?

Mr. Khan.—We may reduce the cost under certain heads. We cannot do without ten years, because we want higher grade raw material.

Mr. Anklesaria.—I understand you have studied outside conditions and perhaps you know that the outside market for silk waste is extensive and is growing. So long as other mills do not come into existence, the sole buyer in India would be yourself.

Mr. Khan.—Yes for the present.

Mr. Anklesaria.—Supposing your silk waste price goes up to As. 14, in that case the protection which you have demanded would be insufficient.

Mr. Khan.—Yes.

Mr. Anklesaria.—You would not be able to compete with the foreigner at all.

Mr. Khan.—You are referring to charkha silk waste.

Mr. Anklesaria.—I mean both.

Mr. Khan.—Yes.

Mr. Anklesaria.—My point is that if the price of silk waste rose to As. 14, whatever protection you have demanded would be absolutely useless.

Mr. Khan.—Yes, the present protection we have asked would not be helpful.

Mr. Anklesaria.—Would you double the rate which you have demanded or treble it?

Mr. Khan.—We would need As. 10 more protection per lb.

Mr. Anklesaria.—Take the protection which you have asked as 100 and calculate on that.

Mr. Khan.—If this is 100, we will want 115.

Mr. Anklesaria.—Would you require protection against staple fibre also?

Mr. Khan.—I don't think we would require protection against that.

President.—Last time when you submitted the estimate, I find that you mentioned a plant of 3,000 spindles as an economic unit for India, but the cost that you gave was only Rs. 3 lakhs.

Mr. Khan.—I will submit the explanation as to why it has risen. That was for a Japanese plant. A committee was formed to investigate as to whether it would be desirable to go in for a French or German plant. When we went into the details, our Engineers said that the Japanese plant would produce the material, but its life would be less than the life of a plant built in Europe. That is one point and also steel prices rose.

President.—It is stated that on an average 10 lakhs of lbs. of silk will give 3 lakhs of lbs. of silk waste, so that with your 3 lakhs of lbs. of waste, you ought to get 90,000 lbs. of spun silk.

Mr. Khan.—To arrive at that percentage people require a very long period of training.

President.—What is the period you will put down?

Mr. Khan.—It will take 3 years.

President.—Therefore your maximum production will be 90,000 lbs. and not 80,000 lbs.

Mr. Khan.—We have taken the optimum conditions. I have given 30 per cent. recovery.

President.—And the maximum obtainable on your present spindles ought to be 90,000 lbs.

Mr. Khan.—When we base everything correctly. Subsequent to that we have conducted investigations in England and we have found that the expectation of 30 per cent. recovery would not be feasible.

President.—30 per cent. is being realised by Japan.

Mr. Khan.—Japan uses filature silk waste and that is a different material from this.

President.—I am saying the maximum attainable under present conditions.

Mr. Khan.—If we use filature silk waste, we would.

President.—I am taking 6 per cent. which is the usual rate for profit which the Tariff Board allows under present conditions. That is on Rs. 7½ lakhs investment.

Mr. Khan.—Rs. 10 lakhs.

President.—Rs. 10 lakhs is not invested on building and machinery.

Mr. Khan.—If you had asked about our entire capital, we would have said Rs. 8½ lakhs.

President.—How do you get that?

Mr. Khan.—Land and buildings—Rs. 147,302-0-7, Plant and machinery—Rs. 617,944-0-0, Water supply and pipe line—Rs. 20,633-0-0, Office furniture—Rs. 3,000-0-0. Preliminary expenses. It comes to Rs. 8 lakhs.

President.—I make it Rs. 773,000 and I asked you to give me details about Rs. 28,000.

Mr. Khan.—Subsequent to that we have had to make provision for hydrants that were necessary, and we have made a provision of Rs. 20,000. That comes to Rs. 48,000. Inclusive of that it will be round about Rs. 8 lakhs.

President.—Your production is 128,750 lbs.

Mr. Khan.—Yes that is inclusive of noils.

President.—On one lb. it will be 6 annas.

Mr. Khan.—Yes.

President.—15 per cent. of that goes away for noils.

Mr. Khan.—Yes, it comes to 11 pies.

President.—That means 5 As. 1 pie.

Mr. Khan.—Yes.

President.—If I add that to As. 11, it comes to Rs. 1-0-1 so that on c.i.f. price of Rs. 3-5-0 per lb. the duty you require is 25 per cent. plus As. 3.

Mr. Khan.—Yes.

President.—So that much protection you want.

Mr. Khan.—Yes.

President.—What is the octroi duty in Bangalore?

Mr. Khan.—2 per cent.

President.—With regard to noils your cost would be Rs. 1-3-0. The present price is Rs. 1-2-0. Is there an octroi duty on noils?

Mr. Khan.—Nothing here. A very small quantity is coming now and then.

President.—The present duty is 25 per cent. Therefore you require only one anna more.

Mr. Khan.—According to the calculation it is so.

President.—You take the statement which you just now gave me. You have given me the various qualities of spun silk. You have stated that these are the superior grades. I want to know whether all these compete.

Mr. Khan.—Our quality is practically the same as the superior grade. That is up to Rs. 5-6-0.

President.—What is Star Malan?

Mr. Khan.—It is a mixture between spun silk and staple fibre like Nitto.

President.—Which is the country which is sending the bulk?

Mr. Khan.—Japan.

President.—Your competition is only with Japan?

Mr. Khan.—Yes for the present.

President.—Is any Italian spun silk coming in?

Mr. Khan.—Yes, but it is more costly. It is almost negligible in the Bangalore market.

President.—Can you manufacture noils for military purposes?

Mr. Khan.—Yes we can.

President.—About these different kinds of silk waste last time you were good enough to give us different kinds of silk wastes with their prices. Can you give me the names of silk wastes that you can use or can you use all of them?

Mr. Khan.—Those referred to on page 98 of the last Tariff Board Report are all Kashmir wastes. We have now got various kinds of silk waste on our list.

6. THROWING MILLS AND WEAVING FACTORIES, MYSORE.

**Evidence of Messrs. N. G. NAIK, KHODAY ESHWARSA,
G. HANUMANTHAPPA and R. S. MANI, recorded
at Bangalore on Thursday, the 11th August, 1938.**

President.—Mr. Naik, is there any Throwsters' Association?

Mr. Naik.—No.

President.—You have been to Japan?

Mr. Naik.—Yes.

President.—Did you see any throwing factories there? What was the capacity of those factories?

Mr. Naik.—I saw a factory of about 5,000 spindles, the same as mine.

President.—What production can it give?

Mr. Naik.—They only twist organzine and the production was 200 lbs. a day of 13/15.

President.—Working 300 days in a year?

Mr. Naik.—Yes.

President.—That means 60,000 lbs. yearly capacity?

Mr. Naik.—Yes.

President.—You are manufacturing both tram and organzine?

Mr. Naik.—Yes, our capacity is about a lakh of pounds of tram and organzine: about half and half.

President.—You manufacture according to demand?

Mr. Naik.—Yes.

President.—Is the demand for tram large?

Mr. Naik.—Yes.

President.—Your factory has 3,000 spindles, Mr. Eshwarsa?

Mr. Eshwarsa.—The maximum is 45,000 lbs.

President.—How many kinds of doniers are you turning out?

Mr. Eshwarsa.—Only 20/22.

President.—And trams?

Mr. Eshwarsa.—Everything.

President.—What about you, Mr. Naik?

Mr. Naik.—The same, only 20/22.

President.—That is the present demand?

Mr. Naik.—Yes.

President.—What about the raw silk of 13/15 donier?

Mr. Naik.—Yes. For single twist they will use it or for adding along with others.

President.—Do you twist it or not?

Mr. Naik.—We twist but only a very small quantity because the competition of the foreign article does not permit us to do it.

President.—What happens to the 13/15?

Mr. Naik.—Somebody will single twist it by hand.

President.—Can you not do it?

Mr. Naik.—If there is demand we do at times but the cost is prohibitive.

President.—In reply to question 20 you have given the cost of production for a pound of silk. I will now confine myself to twisting. You have given the cost of labour as As. 3-3 per lb.

Mr. Eshwarsa.—For both tram and organzine.

President.—The total cost is As. 7 per lb. over and above the cost of material. Is there any other thing?

Mr. Eshwarsa.—There is the wastage.

President.—What is the wastage?

Mr. Eshwarsa.—One tola a lb.; 39 tolas make one pound, so the wastage is 2 annas.

President.—How much waste do you get per lb. of silk?

Mr. Eshwarsa.—One tola. Waste per lb. is sold at As. 4 to 5.

President.—Spun silk mills have purchased it at as much as As. 14 a lb.?

Mr. Eshwarsa.—Not so much; then there is the middleman.

President.—Why should you have middlemen?

Mr. Naik.—If it is winding waste they would have paid that price.

President.—Let me understand the position. You buy one pound of silk and out of one pound of silk you do get 39 tolas of twisted silk.

Mr. Naik.—Yes.

President.—39 tolas cost you about As. 4-14-0 in 1937-38.

Mr. Naik.—Rs. 4-12-0 was the tariff value.

President.—Are you using only Japanese raw silk?

Mr. Eshwarsa.—Chinese and also Kashmir.

President.—The Chinese price on 31st July 1938 was Rs. 4-7-0 to Rs. 5-13-0; that makes the average about Rs. 5-0-0.

Mr. Naik.—Yes.

Mr. Eshwarsa.—Yes.

President.—Two annas would have to be added to the cost. It comes to As. 9. How much waste do you get?

Mr. Eshwarsa.—One tola.

President.—Therefore you lose As. 2 and you gain 4 pice; that means As. 9-4 or As. 8-8.

Mr. Eshwarsa.—Yes.

President.—What is the capital expenditure required?

Mr. Eshwarsa.—I will send you a statement later on.

President.—Will you supply the cost statement?

Mr. Naik.—Yes.

President.—You say building will cost Rs. 25,000 and machinery Rs. 90,000. These are the present costs. Your cost for machinery was Rs. 1,00,000 so the price has gone down?

Mr. Eshwarsa.—Yes, by Rs. 10,000.

President.—Rs. 90,000, that is Rs. 30 per spindle. Your capital expenditure is Rs. 1,15,000. Working capital you have taken as Rs. 1,00,000; that is too high.

Mr. Eshwarsa.—We have to give credit and we have to maintain 6 months output.

Mr. Naik.—Three months output.

President.—The working capital you would require would be about Rs. 60,000. Mr. Naik, if you could supply us with figures for the last five years it would give us an idea of the cost.

Mr. Naik.—I will send you.

President.—What is the price of organzine at present?

Mr. Naik.—The market price for Japanese organzine is Rs. 7. It varies from Rs. 6-10-0 to Rs. 7.

President.—If organzino silk is selling at Rs. 7 per lb. today and the average price of foreign raw silk is Rs. 5, there is a margin of Rs. 2?

Mr. Eshwarsa.—The present price of Japanese silk is Rs. 5-12 in Bombay.

President.—During the last six months the price has gone up.

Mr. Eshwarsa.—Then the price of thrown silk was also less.

President.—Since when did the competition start?

Mr. Naik.—Since the last two years they have begun to come in larger quantities.

President.—Have you collected the prices for the last two years?

Mr. Naik.—I will send them to you later on.

President.—And the competition is only from Japan?

Mr. Naik.—Yes; single twisted from China also comes in. It competes with our charkha single twisted yarn also.

President.—You do not throw that?

Mr. Naik.—We can throw single twisted yarn also but on the price quoted for *katha* we can't throw.

President.—What is the price for that?

Mr. Naik.—About Rs. 4-10-0—*Katha* box comes from China and it comes at the rate of about 50 boxes a month.

President.—How many lbs. in a box?

Mr. Naik.—100 lbs. in each box. Organzino is mostly competing with us just now.

President.—I do not think that is competing when you say only 13/16 is coming and which you find difficult to twist.

Mr. Naik.—I will explain Rs. 6-10-0 was the price sometime back, about 8 days ago and the duty is 25 per cent. plus As. 14. If you deduct As. 14 it is Rs. 5-12-0 and 25 per cent. duty will be Rs. 1-7-0. So Rs. 4-5-0 will be the c.i.f. price of organzino but the tariff value is Rs. 4-12 for raw silk now but organzino is Rs. 4-5-0 and our cost for the silk is Rs. 4-12-0 plus Rs. 1-8-0.

President.—Rs. 4-12-0 has been put down by the D. G. C. I. for the purpose of assessing the duty but that is not the present market price.

Mr. Naik.—Our cost comes to As. 8-0; that includes the cost of trams also. One lb. of tram costs As. 6 but organzino is more expensive.

President.—You have given the average cost for the whole of your production and that production of tram and organzino is 50 to 50?

Mr. Eshwarsa.—Our cost comes to As. 8-0; that includes cost of trams also. In the next page I have given you the total figure.

President.—You have given the cost of producing 50 per cent. tram and 50 per cent. organzino. If you want me to consider the two separately we will have to take two separate mills producing organzino and tram. You must have an economic unit; if you take this, it does not give you a correct idea of the economic cost of a pound of organzino or a pound of tram. I am taking your present mill as it is, but if you want me to take organzino separately or tram separately we must have two economic units. If you tell me to divide this 3,000 and take the costs separately, that will not give a correct picture. How many pounds of tram make a pound of organzino?

Mr. Naik.—4 lbs. of tram will give 1 lb. of organzino; that is the working cost.

President.—To that extent this As. 7 must be reduced, because As. 7 is the combined cost.

Mr. Naik.—For organzino it will be Rs. 1-8-0.

President.—If it is Rs. 1-8 then the cost of tram will be As. 8?

Mr. Naik.—Yes.

President.—The bulk of the imports, you say, is 13/15 and the price is Rs. 7?

Mr. Naik.—They have started exporting 20/22 now the price for which is Rs. 7-2-0. But their production of 13/15 is very high.

President.—How have you calculated the difference of As. 12 to a rupee between raw silk and thrown silk?

Mr. Naik.—Rupees 6 will be the price of our raw silk including railway freight in Bangalore and the other is Rs. 7-2-0.

President.—Therefore Rs. 1-2-0 is the difference and not As. 12 to a rupee?

Mr. Naik.—The prices have gone up now.

President.—I have not got the price of tram and organzine separately. You give me the price of tram and the price of organzine and the cost of production of each. My difficulty is that there is not a single mill in the whole of India which is only doing organzine.

Mr. Naik.—We can give you the data, what is the winding cost, what is the double twist, what is the single twist cost. There are five processes for organzine.

President.—My point is this: if I base the cost on a mill only producing organzine and nothing else, the cost of production will be high whereas in reality I find that throwing mills in India manufacture not only organzine but also tram and cost of production being lower your actual cost is lower.

Mr. Naik.—We can give you separately the cost of all the processes, the cost of winding, power and so on and we can give you separate costs for organzine also.

President.—You try and give us information and we shall see what we can do about it. What is the price of tram at present?

Mr. Naik.—As. 6 to 7 a lb.

President.—What is the procedure of doing business. As far as your factories are concerned, do you buy raw silk in the market?

Mr. Naik.—Yes.

President.—And then you sell the product?

Mr. Naik.—We throw the silk and sell it.

President.—Do you buy it on account or at just the market price?

Mr. Naik.—Market price.

President.—That means you buy the raw silk, twist it and send it to the different markets?

Mr. Naik.—Yes.

President.—Can a raw silk merchant or a charkha man come to you and ask for his silk to be twisted?

Mr. Naik.—Yes.

President.—What is the charge?

Mr. Naik.—Rs. 1-8-0 for organzine and As. 6 for tram.

President.—These are your selling prices and not your cost price?

Mr. Eshwarsa.—These are the twisting charges.

President.—It must include some profit.

Mr. Eshwarsa.—We give them at this price. It does not include any profit. Before the imports of foreign thrown silk we used to charge Rs. 2-8-0.

President.—Formerly you were making more profit and now you are making less. I am not satisfied with the position unless I can get figures: As. 6 is your selling price for tram and not cost price. Let us take another point, the rates of wages. You pay As. 4 for the reeler, As. 4 for the

winder and As. 5 for the doubler. Is not reeling the same as reeling in raw silk?

Mr. Eshwarsa.—No.

President.—What is the difference between reeling in your mill and reeling raw silk?

Mr. Naik.—On the machine reeling means only hank making; simply the machine turns. In their reeling they have to take out the cocoon thread and join; that is more laborious. We employ small boys for reeling.

President.—It coincides with the reeling charges paid by Mr. Silva, for his filature. He is employing women and boys and paying As. 3½ to 4.

Mr. Naik.—That is what we pay in Bangalore.

President.—Capital investment has also to be considered. You have given Mr. Eshwarsa Rs. 1,00,000 for plant and machinery, lands Rs. 10,000 and buildings Rs. 30,000, and present day cost you give as Rs. 90,000 for plant and machinery and Rs. 25,000 for buildings, that is Rs. 1,15,000 and Rs. 60,000 is the working capital. What rate of interest do you expect?

Mr. Eshwarsa.—10 per cent.

President.—I will give you an instance of another man who has not come here today; his mills capacity is 15,000 lbs. and he wants only Rs. 45,000 as working capital. Do you twist China silk?

Mr. Eshwarsa.—It depends upon the market.

Mr. Naik.—For the present it will be about half and half.

President.—Does the buyer know whether it is Chinese or Japanese?

Mr. Naik.—Yes.

President.—Does he insist on getting any particular kind of silk?

Mr. Naik.—Yes.

President.—Do you twist any Indian silk?

Mr. Naik.—We twist Kashmir silk.

President.—What is the price of Kashmir silk in the Bangalore market now?

Mr. Naik.—Rs. 5-12-0.

President.—In the last report we have given figures of cost of Indian raw silk twisted in mill and twisted by hand. What quantity of silk is twisted by hand?

Mr. Naik.—Do you mean locally?

President.—And outside.

Mr. Naik.—In the Central Provinces, in Hubli and other places all silk is twisted by hand.

President.—Raw silk which is consumed there is twisted by hand?

Mr. Naik.—Mostly by hand.

President.—Is it twisted by the weavers?

Mr. Naik.—No. It is done by others. Twisting is a cottage industry.

President.—Is that the case in Madras also?

Mr. Naik.—Yes, in Kumbakonam, Salem and other places. It is almost all hand twisted in the Central Provinces. There are merchants who import the silk from Bombay, Bangalore or Kashmir and get it twisted by ryots in their spare time.

President.—Is Jivanlal Chinai selling it?

Mr. Naik.—No. In Belgaum and Hubli they are doing it. In the Central Provinces lakhs of people are dependent on that. Before the import of thrown silk they used to be paid very high. They were getting very good wages.

President.—On the last occasion we said the cost was Rs. 2 for twisting in mill and Rs. 1-9-0 for twisting by hand. Do you have anything like boiling off?

Mr. Eshwarsa.—After twisting we boil off. Since the import of thrown silk the charge for hand twisting has been reduced to As. 12.

President.—Will you give me separately the four processes and their costs preferably in this form:—Raw material, Cooking, Twisting and winding charges, Dyeing charges, Weaving charges, and Boiling off.

Mr. Naik.—Yes.

President.—Is dyed yarn coming to India from Japan?

Mr. Eshwarsa.—No, only white raw.

President.—How many spindles are there in the state.

Mr. Naik.—We have got 21,400 spindles in the Mysore State.

President.—What is the number of people employed?

Mr. Naik.—About 10,000.

President.—How many concerns do these comprise?

Mr. Naik.—About 15 concerns. The investment of machinery and equipment will be about Rs. 6½ lakhs and on buildings about 5 lakhs.

Mr. Anklesaria.—Mr. Naik, you have been to Japan and I suppose you keep yourself well informed of the Japanese conditions. Have you been able to ascertain the cost of throwing in Japan?

Mr. Naik.—I could not get correct information about costs. As regards labour they got about the same—As. 8 to 12 but they were not prepared to give details.

Mr. Anklesaria.—Can we say that the cost of throwing in Japan is greater than the Indian cost?

Mr. Naik.—It must be the same taking into account the labour condition and other things.

Mr. Anklesaria.—Suppose the price of Japanese silk is Rs. 8 in India; what will be the price of the same silk thrown in Japan and sold here?

Mr. Naik.—They are selling at Rs. 7 today.

Mr. Anklesaria.—Throwing charges would be about a rupee?

Mr. Naik.—Yes.

Mr. Anklesaria.—And yours Rs. 1-8-0?

Mr. Naik.—Yes, and even charging Rs. 1-8-0 we are not making any profit. We have to sell in face of this competition. We cannot do with anything less than Rs. 2.

Mr. Anklesaria.—How does their silk compare to Indian thrown silk?

Mr. Naik.—As a matter of fact with Kashmir silk there is no difficulty. But it must be flature silk.

Mr. Anklesaria.—In Japan is it a fact that the weaving mills do their own throwing?

Mr. Naik.—Some have their own throwing also but generally they do their throwing separately.

7. MESSRS. P. SUBBARAMA SETTY & BROS.

**Evidence of Mr. R. S. MANI, recorded at Bangalore on Thursday,
the 11th August, 1938.**

President.—Mr. Mani, you have not given us the costs. Last time the Tariff Board assessed the amount of protection on a certain basis. This time things have changed. This time we find that we have got to take the cost in the filatures, we have got to take the cost of spun silk of the mill at Bangalore and we have got to take the cost of thrown silk, all separately, because all these concerns are existing to-day. Therefore to say that protection should apply to all articles automatically will not do. If you can send us a reply to question 29 and onwards then we will decide this matter. Mr. Naik, you have also not answered the questions relating to weaving sheds. If there is time we will examine you on Tuesday after we get your replies.

Mr. Naik.—I will send you the replies.

8. SERICULTURISTS OF MYSORE AND AIDED GRAINEURS.

Evidence of Messrs. G. AHMADULLA KHAN, M. N. NANJUNDAIYA, A. NARASINGA RAO and G. NARAYANA REDDI, recorded at Bangalore on Thursday, the 11th August, 1938.

- President.*—Mr. Reddi, are you an aided graineur?
Mr. Reddi.—Yes.
President.—Which is the place where you are doing the work?
Mr. Reddi.—In the Kolar district.
President.—How many ounces are you rearing?
Mr. Reddi.—I do not rear, I prepare and distribute to the ryots.
President.—Where do you buy your cocoons?
Mr. Reddi.—From Kunigal and Bidadi.
President.—What is the price you pay?
Mr. Reddi.—Twelve annas to a rupee for 1,000 cocoons of pure Mysore.
President.—Have you taken to crossbreeds?
Mr. Reddi.—Yes. At times we have to prepare pure Mysore also. But I am taking mainly crossbreeds.
President.—What is the cost of production of 100 layings?
Mr. Reddi.—As. 15 to Rs. 1-0-6.
President.—How do you arrive at this figure? You have put down Rs. 1-4-3 for 1937. Has it gone down since?
Mr. Reddi.—Since the last six months it has gone down.
President.—What is the present cost of producing 1 oz. of seed?
Mr. Reddi.—Rs. 1-4-0 to Rs. 1-6-0.
President.—How many seed cocoons do you require to produce 1 oz. of seed?
Mr. Reddi.—I can give you for 100 layings. It is as follows:—

	As. p.
Seed cocoon	12 0
Transport charges	1 0
Labour	0 6

- President.*—What labour do you employ and what wages do you pay?
Mr. Reddi.—Coolies who sort out the moths are paid As. 3 for females and As. 4 for males. Then we have, Miscellaneous 9 pies, Contingencies A. 1.
President.—House rent, power, crop inspection charges are included in this?
Mr. Reddi.—The total comes to about a rupee for 100 layings.
President.—To whom do you sell these seeds?
Mr. Reddi.—To the sericulturist.
President.—Are you able to get Rs. 1-6-6 for all your layings?
Mr. Reddi.—Yes, that is fixed by Government.
President.—What is the cost for 140 layings?
Mr. Reddi.—Rs. 1-6-5.
President.—That is the Government rate?

- President.*—You cannot sell below that rate?
- Mr. Reddi.*—Neither below nor above.
- President.*—Do the Government give you any assistance?
- Mr. Reddi.*—They pay Rs. 5 per 1,000 disease-free layings.
- President.*—Do they give assistance with regard to the preparation of seed?
- Mr. Reddi.*—They have staff who come and give us advice; they survey the cocoons, see how many seeds we prepare in a year and give us advice whenever we want it.
- President.*—How much profit do you make?
- Mr. Reddi.*—This year I have got about Rs. 140 excluding the bonus.
- Mr. Anklesaria.*—You are getting Rs. 5 per 1,000 disease-free layings, that is As. 8 for 100 layings?
- Mr. Reddi.*—Yes.
- Mr. Anklesaria.*—That is supposed to be your profit?
- Mr. Reddi.*—Yes. My labour, interest on working capital and depreciation are not included.
- Mr. Anklesaria.*—What is the capital required.
- Mr. Reddi.*—We require Rs. 1,000.
- Mr. Anklesaria.*—For how many layings?
- Mr. Reddi.*—For nearly 4 lakhs of layings.
- Mr. Anklesaria.*—What other charges have you got to take into consideration?
- Mr. Reddi.*—My own labour and that of my own people who assist in this.
- Mr. Anklesaria.*—You are preparing 4 lakhs layings and you are getting As. 8 for 100 layings; that means you get Rs. 2,000 for the year.
- Mr. Reddi.*—Yes.
- Mr. Anklesaria.*—In that you have got to include interest, depreciation, and your own labour, unforeseen expenses, postal expenses and so on?
- Mr. Reddi.*—Yes.
- Mr. Anklesaria.*—Will you tell me why crossbreed seed production is so very costly compared to the production of pure Mysore?
- Mr. Reddi.*—Because we have to purchase foreign race cocoons.
- Mr. Anklesaria.*—The price of seed cocoons for crossbreeds is higher than for pure Mysore?
- Mr. Reddi.*—Yes.
- Mr. Anklesaria.*—What is the price?
- Mr. Reddi.*—About As. 12 for 1,000 cocoons for pure Mysore and Rs. 1-4-0 for foreign.
- Mr. Anklesaria.*—These you purchase from the market?
- Mr. Reddi.*—Pure Mysore seed cocoons from Kompanahalli and foreign race cocoons from selected rearers of Government.
- Mr. Anklesaria.*—Apart from the price of seed is there any other charge which makes the cost higher, because the cost of the other is very much lower, nearly less than half for 140 layings which is 1 oz. of seed, and the price is As. 11-2 against Rs. 1-1-6. Why is there such a big difference?
- Mr. Reddi.*—We have to purchase foreign race cocoons and we have to disinfect the rearing houses. In the case of pure Mysore there is very little disease but in the case of foreign races we have to disinfect the rearing house.
- Mr. Anklesaria.*—We were told that there is no disease with regard to crossbreed.

Mr. Reddi.—In addition to the cost of white cocoons we have got to employ more labour because we have to take special care with regard to the female moths. We must see that they do not couple; we must carefully take out the male moths and keep the female moths. That means extra labour and that adds to the cost of production.

Mr. Anklesaria.—It requires more labour for crossbreeds?

Mr. Reddi.—Yes.

Mr. Anklesaria.—I want to make a difference between pure Mysore and crossbreed.

Mr. Reddi.—If it is pure Mysore no special care is needed; we leave them as they are in the trays: we take away all in a lot. But with regard to crossbreeds we have to watch every tray when the moths emerge and do not allow them to couple and we therefore require extra labour.

Mr. Anklesaria.—Mr. Narasinga Rao since how many years have you been doing this production business?

Mr. Narasinga Rao.—I have been doing grainage work since the last three years but as regards crossbreed I am dealing with it only since the last three months.

Mr. Anklesaria.—Before you took up this business did you get any assistance from Government as to how to produce or what precautions to take?

Mr. Narasinga Rao.—I was trained in the department and after I started the grainage I was given assistance by the officers of the department and whenever any assistance is required I approach them and they help me.

Mr. Anklesaria.—Is there any inspection by Government officers?

Mr. Narasinga Rao.—They inspect my place. As soon as I get cocoons I intimate to them that there are so many thousands of cocoons and when moths emerge again I have to intimate to them. When I get the cocoons I inform them and their officer comes to see how many thousands I have got and when they emerge and I get the layings they come and survey if the seeds are good.

Mr. Anklesaria.—It is necessary because they pay a bonus.

Mr. Narasinga Rao.—In the interest of the industry they do all that not just to watch over us.

Mr. Anklesaria.—But apart from the interest of the industry they must also look to the finances of the Mysore Government and they must know how much money they have got to pay to the aided graineurs.

Mr. Narasinga Rao.—You might also take it in that sense but we are honest enough.

Mr. Anklesaria.—No one doubts your honesty, but it is to see that the efficiency is not impaired. Is there any Government control with regard to the purchase of seed cocoons?

Mr. Reddi.—We get our seed cocoons from the seed areas controlled by Government. That is from Kunigal and Bidadi where the Government supply free disease-free layings to the rearers and the area also is best suited. They rear only in small quantities. We take advantage of that, go to those places and watch the crop when worms come out of the fourth moult. We watch until it ripens. If we are satisfied, we purchase, otherwise we leave it and go to other places.

President.—If they are controlling it, they must be fixing the price of seed cocoons.

Mr. Reddi.—At the usual market rate it is purchased there.

President.—There is no market rate if the whole area is controlled.

Mr. Reddi.—They control the disease and not the price of seed cocoons.

President.—Is there a fluctuation in the price of seed?

- Mr. Reddi.*—If there is more demand, the price goes up.
- President.*—What is the fluctuation?
- Mr. Reddi.*—Between As. 12 to one rupee.
- President.*—For crossbreed?
- Mr. Reddi.*—For pure Mysore cocoons.
- President.*—For crossbreed?
- Mr. Reddi.*—We don't take crossbreed as seed. We only take pure Mysore and get it crossed with foreign moths, prepare layings and distribute.
- President.*—Who gives you moths?
- Mr. Reddi.*—We get white race seed from the Government.
- President.*—You can't get it from the market?
- Mr. Reddi.*—No. We get it from Government.
- President.*—In addition to the bonus Government are giving you free white race seed.
- Mr. Reddi.*—Yes.
- President.*—You have given us also the cost of rearing?
- Mr. Reddi.*—Yes.
- President.*—Are you doing rearing?
- Mr. Reddi.*—At times we do. When there is no demand for mulberry leaves, we do rearing.
- President.*—You are also a mulberry cultivator?
- Mr. Reddi.*—Yes, I have two acres.
- President.*—What is the cost of mulberry there and how many pounds of leaves you get?
- Mr. Reddi.*—10,000 lbs. per acre.
- President.*—Are you in a dry area?
- Mr. Reddi.*—Deep well irrigated area.
- President.*—Have you given us your cost of cultivation?
- Mr. Reddi.*—Yes, on page 4.
- President.*—About 2.5 pies per lb. Is that correct?
- Mr. Reddi.*—Yes. At times it may slightly go up to 2.6 pies.
- Mr. Anklesaria.*—Yours is bush or tree?
- Mr. Reddi.*—Bush.
- Mr. Anklesaria.*—How many pounds of leaves are required for food for worms for an ounce of seed. You have given here Rs. 15-4-0 as the cost of food.
- Mr. Reddi.*—About 15 lbs. per lb. of cocoons.
- Mr. Anklesaria.*—You have given me the price of the crossbreed layings?
- Mr. Reddi.*—Yes, please see page 5, answer to question 22 where I have given a figure of Rs. 22-4-0.
- Mr. Anklesaria.*—You have put down the cost of food for worms as item No. 3?
- Mr. Reddi.*—Please see my answer to question 15 on page 4.
- Mr. Anklesaria.*—1,200 lbs. is too much for an ounce of seed.
- Mr. Reddi.*—We give more feedings if we can.
- Mr. Anklesaria.*—There may be an indigestion.
- Mr. Reddi.*—It stands.
- Mr. Anklesaria.*—How many pounds of stem do you get?
- Mr. Reddi.*—2,000 to 3,000 pounds of stem we get out of 10,000 lbs. of leaves.
- Mr. Anklesaria.*—Out of 1,200 lbs. how much will be stem?

- Mr. Reddi.*—About 300 lbs.
- Mr. Anklesaria.*—900 lbs. cost you Rs. 15-4-0.
- Mr. Reddi.*—About that.
- Mr. Anklesaria.*—You are a cocoon producer.
- Mr. Reddi.*—Yes.
- Mr. Anklesaria.*—For seed purposes or for reeling purposes also.
- Mr. Reddi.*—Only for seed purposes.
- Mr. Anklesaria.*—You irrigate your crops by drawing water from the deep well.
- Mr. Reddi.*—Yes.
- Mr. Anklesaria.*—I suppose you water for 5 days.
- Mr. Reddi.*—Once in 4 days.
- Mr. Anklesaria.*—Throughout the year?
- Mr. Reddi.*—Not in rainy season.
- Mr. Anklesaria.*—What are the charges for repairs to the moat?
- Mr. Reddi.*—Rs. 15 per year. Rs. 4 has to be paid for repairs and there are other implements.
- Mr. Anklesaria.*—What are your total costs of repairs to the moat during the year?
- Mr. Reddi.*—You mean leather buckets.
- Mr. Anklesaria.*—How much do you spend on repairs?
- Mr. Reddi.*—If the leather is good, it lasts for some time.
- Mr. Anklesaria.*—On an average?
- Mr. Reddi.*—About Rs. 10.
- Mr. Anklesaria.*—What does the moat cost?
- Mr. Reddi.*—Rs. 15.
- Mr. Anklesaria.*—Rs. 15 for the moat and Rs. 10 for repairs?
- Mr. Reddi.*—Yes.
- Mr. Anklesaria.*—How much does the manure cost you per year per acre?
- Mr. Reddi.*—20 cartloads at Rs. 1-8-0. Manure is applied once.
- Mr. Anklesaria.*—Another man says 6 months.
- Mr. Reddi.*—First we apply manure and then silt.
- Mr. Anklesaria.*—What would be the cost of manuring?
- Mr. Reddi.*—About Rs. 30.
- Mr. Anklesaria.*—Does not the silt cost you anything?
- Mr. Reddi.*—My own people are doing it. Therefore I do not show it.
- Mr. Anklesaria.*—Where is your area situated?
- Mr. Reddi.*—Between Sidlagatta and Chikkaballapur.
- Mr. Anklesaria.*—How far from Chikkaballapur?
- Mr. Reddi.*—7 miles.
- Mr. Anklesaria.*—Not very far from that?
- Mr. Reddi.*—No.
- Mr. Anklesaria.*—In Chikkaballapur the expenditure must be the same.
- Mr. Reddi.*—Little more than this, because mine is a village.
- Mr. Anklesaria.*—How much more?
- Mr. Reddi.*—I have no idea about that.
- Mr. Anklesaria.*—1 per cent. or 2 per cent. or 50 per cent. If you spend Rs. 100, at Chikkaballapur what would it be? Would it be Rs. 150 or Rs. 110?
- Mr. Reddi.*—I can't give you any idea. Mine is a village and Chikkaballapur is a town. So conditions differ.

Mr. Anklesaria.—Outside the town you carry on cultivation.

Mr. Reddi.—Certainly.

Mr. Anklesaria.—Land costs the same?

Mr. Reddi.—Land also costs more.

Mr. Anklesaria.—Leave aside the question of land. The expenses of manuring, digging, planting, etc., would be the same as in your place.

Mr. Reddi.—May be.

Mr. Anklesaria.—Is there any difference to your knowledge?

Mr. Reddi.—Not to my knowledge.

9. MR. M. N. NANJUNDAIYA, SERICULTURIST, MUGUR.

Evidence of Mr. M. N. NANJUNDAIYA, recorded at Bangalore on Thursday, the 11th August, 1938.

President.—You are a sericulturist.

Mr. Nanjundaiya.—Yes.

President.—You are carrying on your work in Mugur in T. Narasipur Taluk.

Mr. Nanjundaiya.—Yes.

President.—How many acres have you got?

Mr. Nanjundaiya.—3 acres.

President.—How many pounds of leaves are you able to get out of 3 acres?

Mr. Nanjundaiya.—My case is a special one. My garden is a seedling plantation. It is in a tank bed. The soil is very fertile. Therefore I am getting more yield. I am getting 15,000 lbs. in all.

President.—How many pounds more?

Mr. Nanjundaiya.—5,000 lbs. per acre or 500 lbs. more.

President.—You have stated in paragraph 2 : " Sometimes, if he has no adequate supply of leaves in his garden, he purchases the leaves and the money is obtained as advances from cocoon reeler." What is the price that he pays for the leaves?

Mr. Nanjundaiya.—Do you mean myself?

President.—No. Here you are talking generally. I want to know what is the price which this particular reeler pays for obtaining his leaves?

Mr. Nanjundaiya.—About 2·7 pies.

President.—How does he calculate that?

Mr. Nanjundaiya.—That is my own calculation.

President.—Is it a market price?

Mr. Nanjundaiya.—That differs sometimes.

President.—From what?

Mr. Nanjundaiya.—The price that he pays for the leaves is different from what he calculates for the leaves for his own use. In the former case, the quantity may be less and in the latter the quantity may be more.

President.—If he is able to sell at this price, the cost must be less.

Mr. Nanjundaiya.—It is the same.

President.—Why should he sell it at cost price when he gets no benefit out of it.

Mr. Nanjundaiya.—There are no purchasers of leaves always. It is only on some special occasions when the quantity of leaves is more than what is required that they are sold. Supposing a party has 200 layings. He may have food for 160 layings and the food for the balance of 60 layings has to be purchased. But generally there are no sales.

President.—Whenever there are sales, he won't sell it at cost price. He will sell it at a higher price.

Mr. Nanjundaiya.—At the market price. We cannot calculate like that. People do not pay us the price we want. According to particular circumstances, we might be able to sell it at a loss or at a profit.

President.—It depends upon seasonal conditions.

Mr. Nanjundaiya.—Yes.

President.—Your land is situated in a dry area.

Mr. Nanjundaiya.—Yes.

President.—What is the cost you have given per acre? I don't find it here.

Mr. Nanjundaiya.—Rs. 50. It is given in paragraph 15.

President.—About 2·5 pies per lb. of leaf?

Mr. Nanjundaiya.—Yes, that is in my garden.

President.—The figures you have given are for your garden.

Mr. Nanjundaiya.—Yes, for my own garden.

President.—That comes to 2·5 pies per lb.

Mr. Nanjundaiya.—Yes. The yield will be only 4,000 lbs.

President.—You have just now told me 15,000 lbs. in your area.

Mr. Nanjundaiya.—That is for my own garden.

President.—Is this an average cost of leaves in T. Narasipur area?

Mr. Nanjundaiya.—Yes.

President.—Would you consider this as the average cost?

Mr. Nanjundaiya.—Yes.

President.—What is the average number of pounds of leaves which they got?

Mr. Nanjundaiya.—4,500 to 5,000 lbs. of leaves per acre.

President.—Can we take that as the average?

Mr. Nanjundaiya.—There are seedling plantations and cutting plantations. Therefore we can only take an average of 4,000 lbs.

President.—You said just now that the average was 4,500 to 5,000 lbs.

Mr. Nanjundaiya.—My lands are situated in a very fertile land—in a tank bed.

President.—From your land you just now told me that you were able to get 15,000 lbs.

Mr. Nanjundaiya.—That is seedling plantation. These figures relate to cuttings.

President.—How many persons have seedling plantations?

Mr. Nanjundaiya.—I am the only exceptional case.

President.—Why don't they have seedling plantations?

Mr. Nanjundaiya.—They do not have them. On the advice of the Department I have taken this up.

President.—In future it will be only seedling plantations. Therefore it would be fair to take an average of 5,000 lbs.

Mr. Nanjundaiya.—Yes.

President.—It would not take long to introduce seedling plantations. Could it be done in two to three years?

Mr. Nanjundaiya.—Yes.

President.—Have you details of this Rs. 50? How have you arrived at this figure?

Mr. Nanjundaiya.—I have not got them worked out.

President.—How much is the cost of digging?

Mr. Nanjundaiya.—We do not dig. We plough with deep ploughs.

President.—What is the cost of ploughing?

Mr. Nanjundaiya.—About Rs. 12.

President.—What about manuring?

Mr. Nanjundaiya.—About Rs. 18.

President.—What about pruning?

Mr. Nanjundaiya.—About Rs. 3.

President.—Have you to pay any land revenue?

Mr. Nanjundaiya.—Rs. 2.

President.—What about irrigation charges?

Mr. Nanjundaiya.—I have not to pay anything.

President.—Any other item?

Mr. Nanjundaiya.—Harrowing.

President.—How much will it be for harrowing?

Mr. Nanjundaiya.—About Rs. 24 and weeding will be about Rs. 2. Putting fresh cuttings for failed pits will be about Rs. 3. I have not got exact figures.

President.—What exactly do you mean by 45 to 50 head loads of leaves?

Mr. Nanjundaiya.—One head load is 100 lbs.

President.—When you say that you were getting 500 lbs. more, it means that the average you would consider for a dry land would be 4,500. You are now getting 5,000 lbs. due to seedling plantation but when you were planting with ordinary cuttings you were getting 4,500 lbs.

Mr. Nanjundaiya.—Yes.

President.—Therefore it is not 4,000 but 4,500 lbs. which would be the average.

Mr. Nanjundaiya.—It may be so.

President.—It is not a question of 'may be'. This is what you have said.

Mr. Nanjundaiya.—I have not got a copy of the statement.

President.—How much time does it take you to convert a cutting plantation into a seedling plantation.

Mr. Nanjundaiya.—It takes time.

President.—Supposing you are planting ordinary cuttings?

Mr. Nanjundaiya.—Sowing seeds you mean?

President.—You said that your land being situated in an old tank bed could give a comparatively better yield and that allowing for this special advantage you were getting about 500 lbs. more than what you would get by planting ordinary cuttings.

Mr. Nanjundaiya.—Yes.

President.—Instead of planting ordinary cuttings, if you plant seedlings, it does not take much more time.

Mr. Nanjundaiya.—Seedlings we must get.

President.—Yes.

Mr. Nanjundaiya.—We must sow the seed, transplant and raise it to bush and then wait for two years for the plant to grow to the proper height and proper condition and then prune it.

President.—Would it take about 2 years?

Mr. Nanjundaiya.—More than that.

President.—The whole thing can be changed from cutting into seedling plantation.

Mr. Nanjundaiya.—People who have already planted with cuttings must root them out and again replant them with seedlings. People who planted last year and the year before could not root them out immediately.

President.—Could they not do it in two or three years?

Mr. Nanjundaiya.—More time will be required.

President.—How much time would you require?

Mr. Nanjundaiya.—5 years for changing the whole plot from cutting to seedling plantation. Seedling plantation is very difficult to raise.

President.—If you don't prune your bush, would it not grow into trees?

Mr. Nanjundaiya.—We cannot allow every plant to grow into a tree. In the same plot, it is not possible.

President.—You have to reduce it for space.

Mr. Nanjundaiya.—In order to give more space, if we remove the tree and plant it again, we must water it and we have no watering facilities.

President.—How many bushes have you?

Mr. Nanjundaiya.—4,000.

Mr. Anklesaria.—You can plant 200 trees in an acre.

Mr. Nanjundaiya.—Yes.

Mr. Anklesaria.—You eliminate all bushes above 200 and keep only 200 bushes and allow them to grow into trees. Is that possible or not?

Mr. Nanjundaiya.—During summer, we must water them.

Mr. Anklesaria.—Of course, you must.

Mr. Nanjundaiya.—But we have no watering facilities at all.

Mr. Anklesaria.—My point is this. Instead of getting fresh seedlings, you can allow your bushes to grow into trees. Is that possible or not?

Mr. Nanjundaiya.—It is possible.

Mr. Anklesaria.—If you get the seedlings established in the soil, it would save a number of years. Instead of planting fresh seedlings if you allow your bushes to grow into trees, it would save some time.

Mr. Nanjundaiya.—It would take at least 5 years for the trees to grow to proper height. Till then we shall have to wait without any yield at all.

Mr. Anklesaria.—If you don't prune your bush and allow it to grow into a tree, in a couple of years won't it grow into a tree?

Mr. Nanjundaiya.—It will grow. What about the bush? We will have to remove it. We will not get any yield for 5 years.

Mr. Anklesaria.—I did not say 5 years. I said 2 years. Supposing you have plants bearing leaves enough to feed your worms, you eliminate all bushes except 200 with proper spacing. These 200 bushes if allowed to remain and grow without being pruned for leaves would grow into trees within a space of how many years?

Mr. Nanjundaiya.—3 to 4 years.

Mr. Anklesaria.—Have you tried that experiment?

Mr. Nanjundaiya.—Yes.

Mr. Anklesaria.—The bush will grow into a tree within 5 years.

Mr. Nanjundaiya.—The yield will be very small even after 4 years. It takes 7 to 10 years to get the full yield.

Mr. Anklesaria.—We have got the evidence of your own Director of Industries saying that tree plantation can be brought into leaf bearing condition within a space of 5 years. You have got your bush ready. The tree is already established. So far as the root system is concerned it is in the soil. Still you say that it will take 7 years. Your Director of Industries stated that if you planted seedlings, it would take only 5 years for them to grow into trees and give leaves.

Mr. Nanjundaiya.—I do not know about that.

Mr. Anklesaria.—By the Director of Industries, I don't mean Mr. Ramchander Rao but Mr. Rama Rao.

President.—Let us take another point. You say that the recurring cost of maintaining an acre of bush mulberry would be about Rs. 50. If I take 4,500 lbs. of leaves, it would come to 8·2 pies per lb.

Mr. Nanjundaiya.—I have said that only with regard to my garden. Rs. 50 will not be the general cost.

President.—You are now going back on what you said. I cannot examine you at this rate. You must stick to what you say.

Mr. Nanjundaiya.—It is only my own statement.

President.—I am asking you about your statement. I don't think you should be influenced by other people.

Mr. Nanjundaiya.—No.

President.—I want straight answers. When you once say a thing, you must stick to it. Take your reply to question 23. The cost you give there, is it for cross-breed?

Mr. Nanjundaiya.—Yes.

President.—Now you get 75 lbs. of cocoons and the cost is Rs. 16-6-0.

Mr. Nanjundaiya.—Yes.

President.—That comes to As. 3-7 per lb.

Mr. Nanjundaiya.—Yes.

President.—You have said that the cost of leaves is Rs. 11-8-0. How many lbs. of leaves do you require for an ounce of seed?

Mr. Nanjundaiya.—700 to 800 lbs.

President.—Have you given that figure anywhere?

Mr. Nanjundaiya.—I am sorry. It should be 800 to 900 lbs.

President.—If I take 800 lbs. which is given by Government as the pounds of leaves required for an ounce of seed then your cost at present works out to about 2 pies?

Mr. Nanjundaiya.—Yes.

President.—Therefore it comes to 1,600 pies which is Rs. 8-5-4 and you have given a figure of Rs. 11-8-0. That means your total cost will be Rs. 13-3-4 and the cost of 1 lb. of cocoon will be 3 annas. Is that correct?

Mr. Nanjundaiya.—I will verify and tell you.

President.—You say one ounce of seed costs Rs. 1-6-6; we were, also given the same figure. You are doing no reeling?

Mr. Nanjundaiya.—No.

President.—The prices given in answer to question 24 are the prices that you have realised?

Mr. Nanjundaiya.—Yes.

President.—It is 4 annas 2 pies as against your cost of 3 annas per lb. You produce 75 lbs. of cocoons per acre and you have 3 acres of land. That comes to 225 lbs. When you talk of protection what exactly do you mean? You find difficulty in selling your cocoons?

Mr. Nanjundaiya.—We do not get as much money as we should get for our cocoons.

President.—For your cocoons you are getting a good price.

Mr. Nanjundaiya.—This is an individual case.

President.—You leave aside the general question. You are appearing before us as an individual and as far as you are concerned there is no grievance.

Mr. Nanjundaiya.—I was replying to the questionnaire issued by you. If you take my own individual case that is a different thing.

President.—I shall put it the other way; you want the whole of the mulberry cultivation in the Mysore State to be helped.

Mr. Nanjundaiya.—As far as that is concerned the amount I am getting is not sufficient to maintain garden and have home labour and all that.

President.—You are getting a price that covers all your expenses. I have calculated the price which covers the whole of the cost of mulberry cultivation, the cost of seed and cost of cocoons and even then you get a net profit of 1 anna 2 pies per pound of cocoon.

Mr. Nanjundaiya.—That is because in my case I have planted on beautiful soil.

Mr. Anklesaria.—Mr. Nanjundaiya, you talk of your individual cost. As a matter of fact your statement refers to the average sericulturists; whatever question the President has put to you and you have answered refers to the average sericulturist in your area. Please tell me: sericulture is not your main occupation?

Mr. Nanjundaiya.—That is so

Mr. Anklesaria.—What is your main occupation?

Mr. Nanjundaiya.—Dry agriculture; jowari, ragi, etc.

Mr. Anklesaria.—Would you tell me what would be the average income of a sericulturist in your area from his main occupation. Take an average agriculturist having 3 acres; what is his income from his main occupation?

Mr. Nanjundaiya.—We get about Rs. 30 per acre.

Mr. Anklesaria.—What do you get from sericulture?

Mr. Nanjundaiya.—About Rs. 150.

Mr. Anklesaria.—You get Rs. 150 from your subsidiary occupation and Rs. 30 from your main occupation?

Mr. Nanjundaiya.—I have not included manure and so on. I have got 20 acres out of which I raise mulberry on 3 acres.

Mr. Anklesaria.—How much do you get from the 17 acres?

Mr. Nanjundaiya.—Rs. 30 per acre.

Mr. Anklesaria.—The income from your main occupation is Rs. 510 on 17 acres of land, and Rs. 150 per acre from your subsidiary occupation. If sericulture does not pay, there is nothing to prevent you from transferring your activities from sericulture to agriculture?

Mr. Nanjundaiya.—For our maintenance we want cash. There we only get fodder and grains.

Mr. Anklesaria.—Suppose you do not get enough money out of mulberry cultivation then you can immediately transfer these 3 acres to the cultivation of your main crop?

Mr. Nanjundaiya.—Sericulture is an industry which our ancestors were carrying on and we are following them. Out of jowar or ragi we get only one crop in a year; here we will be getting 4 or 5 crops a year and we will be getting money in cash. To meet our other expenses it will be helpful so that we must have this industry.

Mr. Anklesaria.—There is no other reason why you stick to mulberry plantation even though mulberry plantation does not pay?

Mr. Nanjundaiya.—We cannot give up sericulture; we will have to continue it because it is a cash crop.

Mr. Anklesaria.—Supposing a seedling becomes a tree within five years, how much time would a bush already established and already bearing leaf take to become a tree?

Mr. Nanjundaiya.—A year or two less. I have planted a tope out of seedlings and there is already a bush garden. There are certain bushes which I allowed to grow into trees and these will take three years instead of five. These were planted two years ago and will take another three years.

Mr. Anklesaria.—Can you tell me what would be the price of leaf per lb. which that bush which is grown into a tree would give you?

Mr. Nanjundaiya.—I have no idea.

Mr. Anklesaria.—You remember that before the Mysore Government carried out the improvements which you have enumerated you used to lose two crops out of five crops?

Mr. Nanjundaiya.—Yes.

Mr. Anklesaria.—Now there are no such losses?

Mr. Nanjundaiya.—No.

Mr. Anklesaria.—So you must be getting an yield of cocoons on that basis at present?

Mr. Nanjundaiya.—Yes.

Mr. Anklesaria.—Your cocoons are not bad compared with other cocoons?

Mr. Nanjundaiya.—That is so.

Mr. Anklesaria.—They are of the first quality?

Mr. Nanjundaiya.—I cannot say. I have not compared my cocoons with that of others.

Mr. Anklesaria.—You are satisfied with the price you now get for your cocoons?

Mr. Nanjundaiya.—I am satisfied.

Mr. Anklesaria.—Your position is the same as that of an average cocoon producer?

Mr. Nanjundaiya.—Yes.

Mr. Anklesaria.—When I visited your place I did not go into the details but the net result of all the improvements which the Mysore Government has enabled you to carry out is that your production has increased by 80 per cent.?

Mr. Nanjundaiya.—Yes.

10. GOVERNMENT OF MADRAS.

- (1) Evidence of Mr. L. B. GREEN, Director of Industries, Mr. K. T. ACHAYA, Sericultural Expert, and Mr. D. M. AMALSAD, Principal, Government Textile Institute, recorded at Bangalore on Thursday, the 18th August, 1938.

President.—Before I proceed with the discussion, I would like to say that my attention has been drawn to press reports that have appeared to the effect that I granted an interview to newspapers in Bangalore. I therefore wish to publicly contradict it. I have never granted any such interviews. Mr. Green, you are the Director of Industries, Madras.

Mr. Green.—Yes.

President.—Mr. Amalsad, you are the Principal, Government Textile Institute, Madras.

Mr. Amalsad.—Yes.

President.—Mr. Achaya, you are the Sericultural Expert attached to the Industries Department.

Mr. Achaya.—Yes.

President.—I understand that the Government of Madras are in general agreement with the views that have been placed before the Board in reply to our questionnaire.

Mr. Green.—That is so.

President.—For the purposes of our discussion, I would like to suggest that we might first take the replies to question concerning the sericultural part of the enquiry and leave those regarding the handloom industry for to-morrow because that would facilitate work and would give us an idea as to the cost of production first and then the market.

Mr. Green.—I think that that would be a convenient procedure.

President.—I would like to go through each question and take such items which have a bearing on the conditions prevailing in Madras.

Mr. Green.—Yes.

President.—First of all I would like to know whether the sericultural industry is supposed to be a subsidiary industry or the main occupation of the cultivator in your province.

Mr. Green.—The position is that the sericultural industry is subsidiary to the extent that the cultivation of mulberry and the rearing of silk worms do not constitute the exclusive occupation of the people in 41 sericultural villages of the Kollegal Taluk. But sericulture is undoubtedly the main occupation and affords the only cash income derived by the mulberry cultivators and silkworm rearers. The average extent of cultivation in these 41 villages is about three acres, of which approximately one acre is devoted to mulberry cultivation and two acres to ragi first and then cholam. The two acres devoted to cholam and ragi are just sufficient to provide food for the mulberry cultivator—rearer and his family. It provides them only with food. It does not provide them with any income and there is no doubt that the sericultural industry in the Kollegal taluk is, and has been for a very long time, the main occupation of the people of the Taluk. It has been inaccurately described as a subsidiary occupation, for as I say it is their only source of cash income.

President.—Suppose protection is not granted to the industry and as a result of it mulberry cultivation goes down, will the land under mulberry be utilized for the cultivation of ragi or cholam?

Mr. Green.—Yes.

President.—Therefore the Board will have to consider, as you yourself have pointed out in your later answers, the question as to what the cultivator gets as a sort of income from these two crops.

Mr. Green.—Yes.

President.—With regard to the number of people dependent upon the industry, you have given me the number of families. What is your estimate of the people? Will it be about 33,000?

Mr. Green.—If you take a family as consisting of four people which is the very minimum, it would represent about 30,000 people. I should say that this is, if anything, a slight under-estimate. I would take the figure of 30,000 as the very minimum.

President.—With regard to acreage, I find that it has risen since 1934-35.

Mr. Green.—No. It has risen only during 1937-38.

President.—It was 6,742 acres before: now it is 7,060.

Mr. Green.—Yes.

President.—How do you account for this increase? Is that due to better price?

Mr. Green.—The increase can hardly be regarded as appreciable. The price of cocoons has risen but very slightly. For a part of the year 1937-38, prices of silk were high but they have since reacted. If they remain at their present level or go down, I think the acreage will again decline.

President.—Suppose adequate protection were granted, what would be the maximum acreage you can get under mulberry in the Madras Presidency? I find that the highest figure attained in 1924-25 was 15,387 acres.

Mr. Green.—Yes. The former level attained in 1924-25 could easily be reached again. 25,000 acres probably constitute the maximum area that could be brought under mulberry cultivation in Kollegal.

President.—The decrease in the area is due to the inadequate protection granted to the industry on the last occasion.

Mr. Green.—Yes, and the fall in the price of imported silk.

President.—In Kollegal taluk, it is a dry crop.

Mr. Green.—Yes.

President.—You have got no facilities for irrigation there.

Mr. Green.—It is essentially a dry area and the only possibility of cultivating mulberry under irrigation is to put down borings with a view to tapping subterranean sources of water supply. Whether that is practicable or not, I cannot definitely say. But I would like to conduct a few experimental borings.

President.—On the last occasion, I was told that it was a dry crop and I wanted to know whether Government had made to get mulberry under irrigation.

Mr. Green.—The position remains exactly the same.

President.—At present you are thinking of doing something in that direction.

Mr. Green.—It is in my mind.

President.—I will just describe so to say the procedure from the seed down to the production of silk in order that we may understand the problem better. The mulberry cultivator is also the rearer.

Mr. Green.—Yes.

President.—The rearer either buys seeds or eggs or buys seed cocoons and rears himself.

Mr. Green.—Yes.

President.—If he buys seeds, the eggs are hatched after a certain number of days—about 10 days—and he has mulberry leaves as food for worms in their various stages of life.

Mr. Green.—Yes.

President.—I want to know how many thousands of worms are hatched from an ounce of seed. You have given me a figure of 34,000 to 35,000.

Mr. Achaya.—That is for pure Mysore.

President.—In the case of cross-breed, it is 34,000 to 36,000.

Mr. Achaya.—Yes.

President.—Pure Mysore means those reared in the Mysore area.

Mr. Achaya.—Yes, including Kollegal.

President.—The Mysore people have given us a figure of 42,000. You will agree that the position of the Board becomes very difficult when it finds that though the same worms or eggs are being utilised in both places there is such a big difference in the number of worms from the ounce of seed. I want to know what figure the Board should adopt.

Mr. Achaya.—That is the figure that we have been able to get in our farm. We have got a farm in the Kollegal area and these are the average hatchings that we have been getting. We have put down that as the average for the rearers also.

President.—Do you think that the maximum would be 35,000?

Mr. Achaya.—Yes, for pure Mysore.

President.—And the wastage you have calculated as 15 to 20 per cent.

Mr. Achaya.—20 per cent. for pure Mysore and 15 per cent. for cross-breed.

Mr. Anklesaria.—Have you kept any statistics about that? Have you kept any record to show in support of your statement?

Mr. Achaya.—I shall send it from Kollegal. (Handed over a note in person).

President.—After the worms feed on leaves, they produce cocoons.

Mr. Achaya.—Yes.

President.—What is the moulting period?

Mr. Achaya.—I have prepared a statement. (Handed over.)

President.—The first stage is 4 days and then one day rest or moult. Is that correct?

Mr. Achaya.—Yes.

President.—Then you have taken 3 or 4 days.

Mr. Achaya.—3 to 4 days.

President.—And one day moult.

Mr. Achaya.—Yes.

President.—And then 4 days and one day moult.

Mr. Achaya.—Yes.

President.—Again 5 days and 1 day moult.

Mr. Achaya.—Yes.

President.—Last stage is 8 to 9 days.

Mr. Achaya.—Though they begin on the 8th day, it is practically the 9th day.

President.—That means 29 days in all.

Mr. Achaya.—Yes, 29 to 30 days.

President.—For the cross-breeds?

Mr. Achaya.—It would be about 23 to 28 days.

President.—Where does the big difference come in?

Mr. Achaya.—In the last stage.

President.—Instead of 9 days, how many days does it take?

Mr. Achaya.—It finishes in 4 days.

President.—The 4th stage will be 4 days.

Mr. Achaya.—There is a difference of only one day in the first 4 stages. In the last stage, there is a big difference of 5 days.

President.—There is a difference of 8 days.

Mr. Achaya.—Yes.

President.—There is a difference of one day in the 3rd and 4th stages.

Mr. Achaya.—Yes.

President.—I understand you have got two kinds of crops, summer and winter.

Mr. Achaya.—Yes.

President.—As regards the winter crop, the period will probably be greater.

Mr. Achaya.—Yes.

President.—Can you tell us where the difference will come in.

Mr. Achaya.—Instead of producing cocoons on the 9th day, it will do on the 10th day.

President.—That will mean 30 days.

Mr. Achaya.—I have prepared a statement in regard to that (shown).

President.—Is this for cross-breeds?

Mr. Achaya.—No, this is for pure Mysore.

President.—I want to get an idea about cross-breeds.

Mr. Achaya.—I shall prepare a note this afternoon.

President.—Can you tell me how many pounds of leaves are being consumed per period?

Mr. Achaya.—I have prepared a note on that.

President.—It means during the 4th and 5th stages as many as 3,122 lbs. of leaves are consumed out of 3,450 lbs.

Mr. Achaya.—Yes.

President.—That means practically 90 per cent.

Mr. Achaya.—Yes.

President.—Would I be right if I divide this by the number of days of each moult? I shall give you an instance. According to you, the last stage is 9 days for pure Mysore. Will I be right if I divide 2,500 lbs. by 9 days and get the average per day?

Mr. Achaya.—Consumption increases progressively because the worm eats more and more as it grows.

President.—The reason why I am asking this question is that I want to find out the extra labour charges which are put for the 4th and 5th ages as the additional cost over and above the family labour. Why I want to know how many lbs. of leaves can an ordinary person pick per day? If it is not possible to give details of this 2,500 lbs. at the moment, you may let us know in the afternoon.

Mr. Achaya.—Yes.

President.—If you deduct the wastage you get the number of cocoons per acre.

Mr. Achaya.—Yes.

President.—Each worm produces one cocoon.

Mr. Achaya.—In the case of cross-breeds, two worms produce sometimes what are called double-cocoons.

President.—What is the percentage?

Mr. Achaya.—4 to 5 per cent. That has been our experience.

President.—Is that confined only to cross-breeds?

Mr. Achaya.—Yes. Pure Mysore worms do not produce double cocoons.

President.—After cocoons are produced, you weigh them and find out how many lbs. of cocoons are produced from an acre of land.

Mr. Achaya.—Yes.

President.—Out of 12 months in a year, two months are I understand the pruning period. Whatever yield you are able to get is got out of the 10 remaining months.

Mr. Achaya.—Yes.

President.—I understand you are able to get 7 crops in a year.

Mr. Achaya.—Yes.

President.—We have been told by the Mysore representatives that they can only get 5 crops in a year. What is that due to?

Mr. Achaya.—It is probably due to the higher rainfall in Kollegal.

President.—Your practice is that the seed cocoons that are reared by cultivators are inspected by the Government authorities.

Mr. Achaya.—We have got a few seed rearing areas. In fact, most of our seed cocoons come from Kunigal, and Bidadi. Our own seed areas are controlled by the Department.

President.—Your present production of disease free seeds is in the neighbourhood of 93 per cent. of which I find cross-breed is a very small percentage?

Mr. Achaya.—We are now producing only 5 per cent. cross-breeds.

President.—I want to know whether you have made any efforts to increase it.

Mr. Achaya.—Our endeavour is to see that only cross-breeds are reared, and in five years time we hope to reach cent. per cent. limit.

President.—I had better take the cost of cultivation first and then the cost of cocoons in order to arrive at the cost of a pound of silk.

Mr. Achaya.—Yes.

President.—You state in reply to question 15 that 744.8 lbs. of leaves are required for an ounce of seed in the case of pure Mysore. We have been given a figure of 800. Which is a correct one?

Mr. Achaya.—This is based on our farm figure.

President.—I would just like to make a distinction between farm figure and the actual cultivator's figure.

Mr. Achaya.—There was no means of getting at the cultivator's figure. This is the most representative data that we could get.

President.—Don't you think it would be slightly higher in the cultivator's field?

Mr. Achaya.—They never keep proper accounts.

President.—But on the last occasion you gave us a figure.

Mr. Achaya.—Last time, most of our figures were got from the ryots. This time we had the additional advantage of the farm where we keep all the accounts.

President.—That is why I am asking whether in actual condition the figure should not be slightly more than in the ideal condition in which you keep all your data?

Mr. Achaya.—A rearer if he can help it, will never underfeed his worms.

President.—It is a matter of importance as to what should be the correct food.

Mr. Achaya.—Scientific method consists in keeping the rearing houses clean, avoiding moisture and other minor defects.

President.—What diseases are due to overfeeding?

Mr. Achaya.—Diseases are not brought about by overfeeding alone, but by other causes. I think this is a fairly correct estimate.

President.—This is lower than what Mysore has given. They give 16 lbs. to a pound of cocoon.

Mr. Achaya.—And ours is 15·2.

President.—It makes a difference.

Mr. Achaya.—Yes.

President.—For cross-breeds you give 966 lbs. of leaves: that works out to about 14 lbs.

Mr. Achaya.—Yes.

President.—Take page 18 where you have given the initial cost for an acre of mulberry in Kollegal taluk. The figure comes to Rs. 35. Whereas if you refer to page 277 of the oral evidence the figure is lower. It was somewhere near Rs. 25.

Mr. Achaya.—It was Rs. 10 less.

President.—The figure of Rs. 25 was given; now you give Rs. 35.

Mr. Achaya.—That was the figure we were able to get at that time.

President.—What is the increase principally due to?

Mr. Achaya.—Carting manure, watering, etc., are included.

President.—Some other items have been added this time.

Mr. Achaya.—We had made no provision for certain items which have been included this time.

President.—What figure should we take?

Mr. Achaya.—I would take Rs. 35 because after the last Tariff Board we have been collecting statistics better than we did before.

President.—What exactly do you mean by watering? What are the facilities provided?

Mr. Achaya.—The only sources of supply are the village tank and well. The cuttings are generally planted after one or two good showers. If the cultivator finds after cuttings are planted that the rains have completely stopped, he gives two or three waterings when he finds that the rain prospects as judged by the clouds, etc., are good.

President.—What is the rate you have calculated for this water?

Mr. Achaya.—Ten women at 2 annas which is equal to Rs. 1-4.

President.—Wages you have put down as 2 annas for women and 4 annas per man whereas we are told that in the neighbouring place it is 6 annas per man and four annas per woman.

Mr. Achaya.—In Kollegal it is definitely 2 annas and 4 annas. In fact labour is plentiful and people are migrating to the Nilgiri plantations.

President.—With regard to the recurring cost the first is with regard to the Government Silk Farm and the second is that of the villager.

Mr. Achaya.—Yes, for villagers bordering on the Mysore Province.

President.—You have put down here Rs. 25-9 whereas on the last occasion you gave Rs. 19. There it was 10 cartloads of manure and here you have put down as 12.

Mr. Achaya.—I must say that we have been collecting better statistics now.

Mr. Green.—On the last occasion the statistics were hastily compiled. We did not have a staff on the spot. The head-quarters of Mr. Achaya were transferred from Madras to Kollegal in 1935 and since then every detailed of the industry has been subject to intensive study and we have much more confidence in the figures which we are now placing before the Board.

President.—There is one thing I want to ask you. Suppose I take Rs. 25-9 as the cost at present, why have you not deducted cost of twigs and litter as you did on the last occasion?

Mr. Achaya.—These mulberry twigs and litter are not sold; but we had given a value to it.

President.—Just as you have given a value for family labour for mulberry cultivation it is necessary that you should do it in the other case also. In order to have correct accounting, when you are assessing family labour which is never paid in the shape of cash, you must also assess the value of these two items to find out what is the correct cost of an acre of mulberry.

Mr. Achaya.—Even the figure given on the last occasion is on the high side.

President.—May I know what it should be then?

Mr. Achaya.—I think one rupee on the two items would be a fair value.

President.—I was definitely told that the cost of litter was higher than that of farmyard manure.

Mr. Achaya.—Litter is fed to the cattle and then it becomes manure to the ryot. So, it is nothing but farmyard manure.

President.—Can I take it as Rs. 24 roughly, deducting Rs. 1-9 instead of Rs. 3. That, I think, would be fair.

Mr. Achaya.—I would not value it so high.

President.—With regard to yield, last time the yield was given as 3,500; this time you have given 3,450. Shall I take the present figure as the correct figure?

Mr. Achaya.—Yes, because this is actually what we got from our farm.

President.—How many headloads do you get from an acre?

Mr. Achaya.—It is very difficult to say. A headload may be 60, 70, or even 100 lbs. It all depends upon the man or woman who carries the load. To assess the weight of a headload is a very difficult thing.

President.—Last time there was a good deal of discussion with regard to the number of headloads to an acre.

Mr. Achaya.—We have given the actual figure by weighing the leaves. We can as well take it in pounds.

President.—How have you arrived at this pound figure? I was told by several people that it is very difficult to find out the pound of leaves to an acre.

Mr. Achaya.—We are weighing it every day in our farm; I have got four years figures on pound basis.

President.—When you are feeding the worms do you take the branches into consideration?

Mr. Achaya.—No; only the leaves. We just remove the leaves only for feeding the worms. The leaves only are weighed.

President.—With regard to eri worms what progress have you made?

Mr. Green.—We have not made any further progress owing to the difficulty in finding a market for the cocoons. We hope that when the Mysore Silk Spinning factory gets into full operation they will be able to buy our eri pierced cocoons and in that event there will be great possibilities of developing the eri silk industry in the Madras Presidency.

President.—Do you not spin yarn out of these cocoons?

Mr. Green.—We do spin yarn and manufacture cloth to a limited extent but unfortunately there is only a very limited demand for eri silk cloth.

President.—May I say that it is still in an experimental stage?

Mr. Green.—Yes. We have been waiting for the advent of the Mysore waste silk spinning factory.

President.—Do you think they will be able to take the whole of your production.

Mr. Green.—If Mysore takes an appreciable quantity, that will admit of a considerable development of the industry.

President.—At what price do you think they will be able to buy it?

Mr. Green.—They should be able to buy our cocoons at 8 annas a lb.

President.—Can you let me have the silk content of the eri worm?

Mr. Green.—Seven pounds of green eri cocoons make one lb. of dry eri pierced cocoons (Variable factor).

President.—And mulberry?

Mr. Green.—It is 12.4 per cent.

President.—I understand at the present moment the Mysore Spun Silk Mills are paying 14 annas for pierced cocoons and therefore there is a very big market if you can sell them at 8 annas; but it will always depend upon the amount of silk they will get out of it. You know pierced cocoons are not reeled because they contain silk as well as waste.

Mr. Green.—Yes.

President.—Can you tell me what is the present acreage under castor?

Mr. Green.—About 250,000 acres. The acreage in 1936-37 was 268,870.

President.—That means the acreage has gone down. On the last occasion it was 373,400 acres.

Mr. Green.—That is so.

President.—For what purpose is the castor seed used?

Mr. Green.—The castor seed is mostly exported. There is a certain amount of pressing of castor seed, but the greater part of the seed is exported as such.

President.—Therefore it would be a paying proposition if the leaves could be utilised.

Mr. Green.—Yes, it would.

President.—What is the cost of one acre under castor?

Mr. Achaya.—It is grown for seed and so we have not given you the cost.

President.—I would like to have it.

Mr. Green.—Yes, I will send you a statement.

President.—Also the quantity of leaves that you get per-acre.

Mr. Green.—About 6,150 lbs. if the leaves are removed from the beginning and 4,500 lbs. if they are picked after the seeds are formed and fairly matured.

President.—How many pounds of leaves you require per ounce of worms?

Mr. Achaya.—10 lbs. of leaves are required to produce one lb. of eri green cocoons, as against 15.3 lbs. for mulberry silk cocoons, because the leaves are thicker.

Mr. Green.—I might perhaps put in a statement regarding the economics of eri silk worms.

Mr. Anklesaria.—Are you experimenting on eri cultivation?

Mr. Achaya.—Yes, worm rearing.

President.—Another point is with regard to manures. I wonder whether you have made any experiments as stated here. I find that farmyard manure is costlier and also the leaves that you obtain are very much less compared to groundnut manure or horse gram green manure as pointed out by you. In answer to question 16, page 20, for 1936-37, you have given the farmyard manure as 875 lbs. and for 1937-38 as 1,225 lbs. as against 1,408 lbs. of horse gram green manure. I was told that the cost of groundnut and sulphate of ammonia is less than the farmyard manure.

Mr. Achaya.—Yes per unit. Of course these manures are difficult to apply in a dry area. The value of it is not so important. In a dry area

these chemical manures are very difficult to apply. We have no experience of groundnut manure.

President.—What is the reason?

Mr. Achaya.—Because of the absence of rain, it is not so effective. The rain is either abundant or does not come in the right season.

President.—It is a very great drawback.

Mr. Achaya.—It is.

President.—It not only costs more, but the results are better.

Mr. Achaya.—These are drawbacks of a dry area.

President.—You don't think it can be remedied in any other way except by plentiful supply of water.

Mr. Achaya.—Water is the most important factor.

President.—Mr. Groom has told us that the Government is alive to this question and they will be able to do something.

Mr. Green.—When I visited Kollegal recently it occurred to me that the possibilities of tapping underground water supplies might repay investigation, although I may say that the prospects are not particularly hopeful. I propose to submit proposals to my Government for putting down a few experimental borings.

President.—Your answer conclusively proves that the cultivator is definitely losing. If we grant protection to the industry, we must always be assured that the industry will be able to do all it can to reduce its cost and this is one of the important directions in which it can be achieved without any research. As far as experiments are concerned, they are all successful and we were told even by the Mysore Government representatives that they have been definitely able to get a better yield.

Mr. Achaya.—In irrigated land.

President.—And also in dry land.

Mr. Achaya.—We shall gain by their experience.

President.—Another point arising out of this is whether you have tried seedlings.

Mr. Achaya.—No, we have not tried seedlings.

President.—Will you please tell me why you have not been able to make the experiments in Kollegal? If you try seedlings, it costs you less and you get about 15 per cent. more yield.

Mr. Achaya.—If they have been benefited, we shall utilize their experience.

President.—My point in drawing your attention is that advantage must be taken of all the experiments that have been proved successful in the neighbouring place to reduce costs as you yourself know that the cost of food is practically 75 per cent. of the cost of cocoons. Page 23 deals with the costs of other crops. Here again you will find that the costs given on page 218 of the written evidence are slightly lower. What is meant by kandagam?

Mr. Achaya.—75 Madras measures or 100 scers of Mysore is called kandagam.

President.—For comparison purposes we must know its relation to pounds.

Mr. Achaya.—I shall let you have the information later.

President.—The subsequent question deals with the rearing of cocoons and the yield from foreign races. Owing to this low yield of leaves you are not able to get as many ounces of seed reared as in the case of Mysore. In Mysore the yield of leaves is 5,000 lbs. and therefore they are able to get more ounces reared than you have been able to do under present conditions. 600 disease-free layings would be about 4½ or 4¾ ounces.

Mr. Achaya.—About 4¾ or 4·3 ounces.

President.—Your production is 49 lbs. of cocoons (pure Mysore).

Mr. Achaya.—Yes.

President.—If we take 500 disease-free layings of cross-breed, it would be 3.5 ounces.

Mr. Achaya.—Yes.

President.—That means about an ounce less, because the cross-breeds eat more leaves.

Mr. Achaya.—Yes, for the same quantity of seed reared.

President.—It is 966 lbs. as against 744.8 lbs. That means 222 lbs. less for pure Mysore.

Mr. Achaya.—Yes.

President.—Mysore Government representatives have given me 5½ ounces for the pure Mysore, 5½ ounces for cross-breed for an acre yielding 4,400 leaves. I suppose that cannot be correct.

Mr. Achaya.—On what basis of leaves?

President.—4,400 lbs.

Mr. Achaya.—That divided by 16=250 lbs. as against 210 lbs. cocoons (pure Mysore).

President.—I am talking of the difference. They have given me here leaves as 16 lbs. and 14 lbs. per lb. of cocoons. Therefore the ounces for cross-breed ought to be less. I want you to work out the figures with me. 16 lbs. of leaves to a pound of cocoon.

Mr. Achaya.—Yes, for pure Mysore. It is their figure.

President.—They say out of an acre of land with 4,400 lbs. of leaves they are able to get 5½ ounces. That is to say one ounce will consume 600 lbs.

Mr. Achaya.—Yes.

President.—They have given me 14 lbs. for the cross-breed.

Mr. Achaya.—Yes.

President.—Your figure is also the same.

Mr. Achaya.—Yes.

President.—That means 966 lbs.

Mr. Achaya.—Yes.

President.—966 lbs. and 4,400 lbs. will rear many ounces? Will it not be less than 5 ounces?

Mr. Achaya.—Yes, it will be less than 5 ounces.

President.—So that 5½ is not a correct figure because that would require 5,162 leaves.

Mr. Achaya.—You are right.

President.—You state here the cost of food for worms.

Mr. Achaya.—Yes.

President.—I do not know how you can get the same figure for both. If you look at the figures given for pure Mysore and cross-breed it is practically the same.

Mr. Achaya.—The cost of food for worms is the same.

President.—The only difference is you get less ounces for pure Mysore.

Mr. Achaya.—Yes.

President.—So the cost is covered by the first item.

Mr. Achaya.—Yes.

President.—The first item is Rs. 3 and Rs. 5 in the other. That will be difference. You are able to rear 3½ and 4.3 ounces. That will compensate the cost of food. You are utilizing 3,450 lbs. of leaves in both cases.

Mr. Achaya.—Yes.

President.—Cost of labour you are able to differentiate.

Mr. Achaya.—Because of the number of days taken for rearing. The two are different—less number of days and so cheaper labour for cross-breed than for pure Mysore.

President.—You are able to get 7 rearings.

Mr. Achaya.—Yes.

President.—If I take 49 lbs., it is practically the same yield given by the Mysore people. They have given me also 50 lbs. and in the other case they have given 70 lbs. You have given 49 and 60.

Mr. Achaya.—Yes.

President.—You also got the same yield as they got in Mysore.

Mr. Achaya.—Yes.

President.—The cost of producing cocoons from an ounce of seed is Rs. 10-15-6 and Rs. 13-7-7. That works out to 3 annas 7 pies per lb. of Mysore cocoon and 3 annas 2 pies for the other.

Mr. Achaya.—Yes.

President.—In answer to question 24 you have given the price per lb. of cocoons maxima and minima from 1933-34 onwards. The gap is so big. What I want to know is this. Will I be right in taking the average of the two?

Mr. Achaya.—Yes.

President.—In every case it is above the cost.

Mr. Achaya.—It is.

President.—And especially in 1936-37 they were doing infinitely better.

Mr. Achaya.—Yes. In 1937-38 the acreage went up.

President.—It went up in only one year.

Mr. Achaya.—Yes.

President.—Are there any indications that the mulberry cultivation will remain the same or will go down? What are the present tendencies?

Mr. Green.—It entirely depends upon the price of silk. If the price of silk advances, the area under mulberry will undoubtedly expand. If silk prices continue to fall, the area under mulberry will inevitably decline. That has been our experience in the past.

President.—Therefore the price of cocoons will depend upon the price of silk.

Mr. Green.—Yes.

President.—In order to induce the cultivator to grow mulberry and rear worms, you want that the Tariff Board should provide certain allowance for the family labour and also a certain amount of depreciation and interest. It is very difficult to work out the depreciation and interest to a decimal figure, because it depends upon the price of cattle and various other things connected with it. It is very difficult for me to provide either for the price of cattle (Rs. 150 to Rs. 200) or assess the life of the cattle. Therefore we will first try and see whether we can assess the family labour. That is not very difficult, because you have already assessed similar labour when you talk about the extra labour for picking leaves.

Mr. Achaya.—Yes.

President.—Mulberry cultivation labour has already been provided, because we have taken 4 annas as the wage for a man and 2 annas for a woman, but nothing has been provided for rearing. That is why I asked you about the number of days.

Mr. Achaya.—I have given you that.

President.—Shall we say for the 4th and 5th ages about 12 or 13 days are excluded?

Mr. Achaya.—Yes.

President.—For these 12 or 13 days, are these worms fed exclusively by extra labour.

Mr. Achaya.—There is no extra labour for feeding. Feeding is done by the rearer's wife and children.

President.—What is this extra labour for?

Mr. Achaya.—For picking leaves.

President.—As regards the other ages of the worm, family labour is employed for picking leaves. The cost can more or less be similar.

Mr. Achaya.—Yes.

President.—If you can give me the pounds of leaves, a person can pick in a day, it will give me an idea as to what value should be assessed to family labour.

Mr. Achaya.—After pruning, leaves are abundant. I think a woman can easily pick about 50 lbs.

President.—That is per day.

Mr. Achaya.—Yes. But in the dry season I think 30 lbs. will be the maximum. Leaves are very thin in the bushes and are not so big. Soon after pruning, there is a better yield of leaves.

President.—In this connection I want to ask you one more question. Do you pick only the leaves that are necessary to feed a day?

Mr. Achaya.—Yes.

President.—Do you have any storage?

Mr. Achaya.—He might pick up in the night and store it for the first feeding in the day. Otherwise the leaves ferment and get spoilt.

President.—How many feeds are given from the 1st to 3rd stage and for the 3rd to 5th stage.

Mr. Achaya.—I have already given that information.

President.—I find they are on the high side.

Mr. Achaya.—In the night time, they feed twice.

President.—It will be 950 (38 × 25) times.

Mr. Achaya.—Yes, for pure Mysore.

President.—Every time how many lbs. of leaves are fed? Will you work it out and give me? I shall then be able to assess the family labour.

Mr. Achaya.—Yes. I shall take into account the cleaning of the litter and the time taken.

President.—Exclude from that the picking of leaves by extra labour.

Mr. Achaya.—Yes.

President.—On an average do you think that about an anna per lb. would cover? 225 lbs. at one anna a lb. will be about Rs. 14.

Mr. Achaya.—We have given a figure in reply to question 69.

President.—It is on page 89.

Mr. Achaya.—Rs. 12-1 per acre.

President.—What would he get?

Mr. Achaya.—Rs. 2-3 per rearing or Rs. 15-5 per annum more than what he gets from ragi at As. 5 per lb. of cocoon.

President.—Therefore if he gets about 4 annas 6 pies, he ought to be quite happy according to costs supplied by you. The cost varies from 3 annas 7 pies to 3 annas 2 pies. If I take the average it will be 3 annas 3 pies and it will be less after 5 years as you intend to rear only cross-breed by them. So, he will get more than one anna if he gets 4 annas 6 pies.

Mr. Achaya.—There is one item left out, viz., something for his land. He gets Rs. 8-3-6 from ragi which is only a 3 months crop. Here he

works for full 12 months in a year. Therefore apart from his labour devoted entirely for silk worm rearing, he must also get something for his land in comparison with ragi.

President.—He is definitely getting a figure that you think is a correct figure.

Mr. Achaya.—In the case of mulberry as against ragi, he must get something for his land.

President.—You yourself say that nobody sells leaves of mulberry and that cultivator of mulberry is also the rearer. Therefore the two things must go together. He gets wages for his mulberry cultivation and if he gets something for family labour for rearing I think he ought to be quite happy.

Mr. Achaya.—Yes.

President.—You have assessed the family labour as Rs. 15-5.

Mr. Achaya.—The wages for mulberry cultivation should not be taken to include profit or rental value on land.

President.—In reply to question 17, you have given the income from each of the crops on page 23.

Mr. Achaya.—Yes.

President.—He gets Rs. 8-3-6 from ragi, Rs. 7-8-6 from cholam and Rs. 12-1 from mulberry.

Mr. Achaya.—Yes. My contention is that this Rs. 12-1 should not be disturbed. This is what he gets for his land as rental value.

President.—I am taking your costs as Rs. 47 which you have given on page 27. I am taking that and arriving at the cost of cocoons. As a matter of fact the cost of cocoons on an average is 3 annas 3 pies per lb.

Mr. Achaya.—The present market rate for one lb. of cocoons is 4 annas 8 pies.

President.—The prices of cocoons fluctuate. As a matter of fact the Mysore Silk Filatures have calculated the price as 4 annas 8 pies.

Mr. Achaya.—At the time when we wrote out the replies to the questionnaire, the price was that.

President.—I am not discussing what the price was. My only point is: what is the fair price which would induce a cultivator to keep the mulberry and produce cocoons. I am not finding fault with what is stated on page 23.

Mr. Achaya.—That basis does not take into account the land rental value.

President.—I am giving him 1 anna 8 pies per lb. more.

Mr. Achaya.—That is for his labour for rearing.

President.—That is more than for his labour for rearing. If I give 1 anna 8 pies, it comes to 4 annas 6 pies.

Mr. Achaya.—That is the bare labour.

President.—I don't think it will be so high as that.

Mr. Achaya.—For cleaning the litter and feeding, etc.

President.—At present, I don't think that the figure can be so high. Mr. Green, do you follow?

Mr. Green.—Yes.

President.—As regards your reply to question 23, I do not quite follow why your cost should be as high as 5 annas 9 pies when the cost given here is 3 annas 7 pies. Obviously that price cannot be taken into consideration when the actuals are different.

Mr. Achaya.—We feed the worms with leaves from leased lands and purchased leaves. This brings up the figure rather high. We have also

included expenditure incurred on experimental rearings, preparation of chawki worms, etc.

President.—When you say that the cost is 5 annas 9 pies per lb., I want to tell you that the Board can only take the figures given as actuals.

Mr. Achaya.—Yes. This is only for the information of the Board.

President.—How much silk waste do you get per pound of silk?

Mr. Achaya.—Half a pound.

President.—Another point arising out of this is: how many lbs. of green cocoons are equal to a lb. of dry cocoons?

Mr. Achaya.—3 to 1 is the general average.

President.—What is the system of selling cocoons—green or dry?

Mr. Achaya.—Green. In the Kollegal area, they are sold on the 3rd day.

President.—Can you not make arrangements to provide the filature with 5th day cocoons? We have been definitely told by Mr. Silva that 5th day cocoons contain more silk. Therefore he will require less rendita.

Mr. Achaya.—We cannot dictate to the rearers.

President.—In Japan we have been told that there is a system of dry house and that is controlled by Government. Therefore they are able to give to give the required quality of cocoons.

Mr. Achaya.—The difference between Japan and our conditions in Kollegal is that in Japan they have fixed time for rearings. They have a spring crop, a summer crop and an autumn crop. The cocoons come in such abundance that it is easy to keep a drying house there for conditioning cocoons. Here the cocoons are coming in such small quantities that it is very difficult to make any arrangement for a system of drying.

President.—I would like you to consider this question because it reduces the cost of raw silk considerably. The figures given by Mr. Silva are that in the case of 5th day cocoons he requires 15.5 lbs. whereas if they are 3rd day cocoons he requires 17.8 lbs. of cocoons. There is a difference is 1.8 lbs. of cocoons to a lb. of silk. As far as Mr. Silva is concerned, he has definitely lost by going to Madras from Mysore. The future of the industry depends upon the filature and it is very important that the rendita should be reduced as much as possible. Let us take another point. Can you tell the Board whether you will be able to reduce the wastage to some extent?

Mr. Achaya.—Do you mean the waste on hatchings?

President.—You have said that the wastage is 15 to 20 per cent.

Mr. Achaya.—When we provide cent. per cent. cellular seeds, we shall be able to reduce the wastage a good deal. Beyond that it will be possible to reduce the wastage to a slight extent only.

President.—Apart from pebrine—I mean those things which you have stated in reply to question 24 on page 29.

Mr. Achaya.—To a certain extent, we can.

President.—We have been told that pebrine has been controlled and can be controlled to a great extent. It has been controlled in Mysore. At present most of the wastage is due to dryage and damage by rats and ants.

Mr. Achaya.—The villages in Mysore and the villages in Kollegal do not differ very much.

President.—The Board asked for as much information as possible with regard to rearing houses. No improvement has been done with regard to that.

Mr. Achaya.—Nothing. That is a very difficult problem.

President.—Improvement can be done in the houses to a certain extent.

Mr. Achaya.—They were constructed years ago. Even to put up a window is so difficult.

President.—What is your experience with regard to univoltine worms?

Mr. Achaya.—We carried out a number of experiments on univoltines in Coonoor and other places. Of course, Coonoor is a better place than others. There, we did a lot of experiments during the last 4 or 5 years and the results were fairly hopeful but we had to use more mature leaves for the univoltines than for pure Mysore or cross-breeds. With the success we had, we thought that we would do it on a large scale. We ordered for 1,000 univoltine seeds. We got 700 ounces from France and 300 ounces from Kashmir. When they came here we had to put them under hibernation which we did in Guindy near Madras and in Coonoor in the Pasteur Institute because we have cold storage rooms there. We had no other way of doing it. In February last I released 100 ounces of seeds to see how they fared. I wanted to go stage by stage and see which of the months in the year would suit better. Unfortunately during the whole of February and March 1938 we had no rain and the leaves had not much nourishment and the quality of leaves was very poor. The result was that we did not have any success. After that there was no rain until very recently and it was only when the Board was in Mysore that the rains began. Now, this is the period for pruning and I have not released any more seed out of that. We have got 900 ozs. of seed.

President.—I want to know whether it is still in an experimental stage or whether you can hold out hopes for the future.

Mr. Achaya.—We can only say that it is still in an experimental stage.

President.—What are the chances? If you can do it successfully, you will reduce the cost considerably?

Mr. Achaya.—We had hopes of success, that is why we ordered for 1,000 ozs. Even to-day we think there is a chance of success.

Mr. Green.—There are possibilities but we cannot pronounce any definite opinion at this stage.

President.—Are you rearing any foreign races?

Mr. Achaya.—The Chinese, the Japanese and the Italian.

President.—And French.

Mr. Achaya.—That is the 100 ozs., of univoltine that we took up.

President.—You have given the total production of silk in Kollegal taluk reeled by hand as roughly 1,11,000 lbs.

Mr. Achaya.—Yes. During 1937-38.

President.—That is based on the number of cocoons you have been able to produce in that year?

Mr. Achaya.—That is so.

President.—I have been working it out and find that the rendita you have taken is 13·4; shall we say that is the average for the whole of the taluk?

Mr. Achaya.—Yes.

President.—As regards price you have put down Rs. 5 as the average for 1937-38.

Mr. Achaya.—Yes.

President.—Was that the average price ruling for silk that year?

Mr. Achaya.—That was the average taken out at a time when the price went up high.

President.—I want to compare this price with the price ruling at that time for foreign silk and to see whether you are getting for your silk a price about equal to the imported silk or something less or something more. We were told by Mr. Silva that he was able to get a higher price than that of the imported article.

Mr. Achaya.—Ours is the average for the year.

President.—I want to see what was the price ruling at the time for foreign silk. If you look at the prices given by the Mysore Chamber of Commerce, is that for Mysore charka silk?

Mr. Achaya.—It is all for charka silk.

President.—And the Kollegal prices are your prices?

Mr. Achaya.—Yes.

President.—I have not got here the prices of foreign silk but as far as your silk and Mysore silk are concerned I find that you are able to get a higher price than Mysore silk?

Mr. Achaya.—It sometimes happens that in the Kollegal market you are able to get a little higher price.

President.—What quantity of raw silk is being consumed in Kollegal market out of the 1,11,000 lbs.?

Mr. Achaya.—Kollegal is the place of the silk merchants: the silk is sent out from there.

President.—As far as the charka reeler is concerned, he sells it to the merchants so this price given by you is the price realised by the charka reeler?

Mr. Achaya.—Yes.

President.—What quantity of silk is consumed in Kollegal taluk? As far as the charka reeler is concerned he has sold his silk in Kollegal and, as you say, he has been able to realise a higher price. If you look at the figures—in July it was Rs. 4-8-8 against Rs. 4-18; in July 1938 it is Rs. 4-8 against Rs. 5-6-5; it is practically one rupee higher than Mysore silk.

Mr. Achaya.—Yes. That is for the first quality silk. I am not so sure that the figures given by the Mysore Chamber of Commerce are for first quality. They have not stated that anywhere.

President.—Take Siddlaghata and Kemponahalli where there are first quality silks produced. The prices there are Rs. 4-2 to Rs. 4-5 per lb. in August. The Siddlaghata price is Rs. 4-5 to Rs. 4-10 per lb. so even this year your price of Rs. 5-6-5 is a definitely good price.

Mr. Achaya.—There is one man in Kollegal who is reeling first class silk.

President.—What is the quantity of first class silk reeled in Kollegal?

Mr. Achaya.—About 20 per cent.

President.—And all of it is sold in Kollegal?

Mr. Achaya.—Yes. This Rs. 5-6-5 which the first quality silk obtains in Kollegal is for a special quality.

President.—Siddlaghata silk I am told is the best silk produced in Mysore.

Mr. Achaya.—This first quality silk has always been getting Rs. 10 more per maund than any other silk. It is the best reeled charka silk (sample shown).

Mr. Green.—It is quite possible that the silk represented by this price covers only a small part of the production.

President.—With regard to silk waste you are able to get As. 5-6; that is the price ruling in Kollegal?

Mr. Achaya.—Yes. During 1937-38.

President.—The merchant gives you that but the merchant is able to get a better price because we are told that for clean waste the price is 6 annas per lb.

Mr. Achaya.—I have got some reeling machines and from the spun silk mills I think we got 6½ annas for clean waste. That was about 10 months ago.

President.—With regard to the proposal about clean waste in answer to 69 of our questionnaire, I am not able to understand it.

Mr. Green.—That suggestion was put forward because we have experienced very great difficulty in getting reelers to clean their waste. They will not clean it and it was thought that some inducement was necessary in order to get them to produce clean waste.

President.—Is it a fact that clean waste will be fetching a higher price?

Mr. Green.—Yes.

President.—To-day's prices are very encouraging in that direction.

Mr. Green.—One would think that an increase in price would in itself afford sufficient inducement but it has not.

President.—From where do you want this 2 annas cess to be paid? Do you want that the Government of India should pay this 2 annas out of the protective duty?

Mr. Green.—That was the intention.

President.—There was no spun silk mill them but conditions have changed. I don't think you would like to press this point?

Mr. Green.—No. It was only a tentative suggestion.

President.—With regard to the 1st, 2nd and 3rd qualities of silk you have given the number of cocoons to a pound of raw silk. How many cocoons does it work out for pure Mysore? Is it 575?

Mr. Achaya.—Yes.

President.—Have you taken the average of the three?

Mr. Achaya.—I have not taken the average.

President.—I do not understand why there should be an increase in the first quality and decrease in the third quality?

Mr. Achaya.—Because for the first quality we require more number of cocoons as the *renditta* for 1st quality is 15-3 as against 12 for III quality.

President.—Does this 575 given in answer to question 7 relate to pure Mysore?

Mr. Achaya.—Yes.

President.—With regard to cross-breed, from the figures you have given the average works out to 450. The Mysore representatives have given a figure of 550 to a lb. for pure Mysore against 600 previously because their present cocoons contain more silk and therefore they weigh more.

Mr. Achaya.—Ours is 575 for pure Mysore.

President.—For cross-breeds you have been able to get 450?

Mr. Achaya.—Yes.

President.—I now come to the next question with regard to the cost of producing one pound of silk, as given by you in answer to question 28. How are those details collected?

Mr. Achaya.—That is the actual spent by a man in a village called Thimarajapuram who has recently opened a charka silk reeling establishment and we thought that would be the best figure to take for our purpose.

President.—Which is better, mud basins or copper basins?

Mr. Achaya.—Of course copper basin lasts longer but they say mud basin gives better silk. At least that is their impression: I do not know whether that is actually true.

President.—It is rather interesting, less cost and better silk! The next point is with regard to the amount of silk produced in a day. Why does it differ with the three qualities? What is the percentage of the third quality?

Mr. Achaya.—The production is about 20 per cent. first quality, 50 per cent. second quality and 30 per cent. third quality.

President.—In answer to question 29, page 33, you have given us the cost of producing the first, second and third quality of silks and you have taken the present price of cocoons. The third quality of cocoons would be about 4 annas. If the first quality is 4 annas 6 pies, there is a difference of about 6 pies.

Mr. Achaya.—It is not always necessary that the third quality charka man should buy third quality cocoons. He buys also first quality cocoons.

President.—Then it cannot pay him, if he buys first quality cocoons and produces third quality silk.

Mr. Achaya.—Very little difference is made of the quality of cocoons in Kollegal.

President.—But it must make some difference.

Mr. Achaya.—Very little. It is negligible.

President.—You won't be able to sell your third quality silk at all. Taking 6 pies less, you are able to get 4 annas higher—Rs. 7-12 as against Rs. 8. If I take Rs. 8, it will be definitely unsaleable. Who will buy the third quality if he gets the first quality cheaper.

Mr. Achaya.—Third quality is used for a definite purpose for cheaper sarrees. The difference in daily production of I and III quality silks accounts for the extra 4 annas.

President.—If I get the first quality silk at the third quality price, who will pay more for third quality silk?

Mr. Achaya.—It is not more.

President.—It is more. Look at the total cost. It is Rs. 7-12 as against Rs. 8.

Mr. Achaya.—Yes, but it is less per lb.

President.—I find you have practically taken the same rendita which the Tariff Board took on the last occasion.

Mr. Achaya.—These are the rendita that we took in Kollegal.

President.—You have not taken into consideration the cross-breeds at all.

Mr. Achaya.—We have given the rendita for cross-breeds.

President.—If I work out the rendita on the cross-breed system, the cost would be definitely cheaper.

Mr. Achaya.—Yes.

President.—Having regard to the fact that Mysore is producing such a large quantity of cross-breeds and you intend to use 100 per cent. cross-breeds by the end of 5 years, the Board must also take that cost into consideration. Can you work it out therefore on that basis, because I find that the other charges that you have taken are practically the same as those taken by the Tariff Board on the last occasion? If you look at the last Tariff Board's report, page 155, you will find that the cost of fuel, cost of water, selling expenses, and cost of supervision are the same. I find that the cost of reeler and turner is put down as 6 annas and 2 annas. Mr. Silva told us that in Kollegal the wage for a reeler was 2½ annas to 4 annas whereas you have taken 6 annas.

Mr. Achaya.—In the country reeling charkas men are employed and not women. Mr. Silva is employing more women and he pays 4 annas for women, but the men would always expect a little more.

President.—But the Mysore people say 8 annas.

Mr. Achaya.—In Kollegal the wage is 6 annas.

President.—On the whole I find from the figures submitted by you and the Mysore Government that the wages are slightly lower in Kollegal than in the Mysore area.

Mr. Achaya.—Yes.

President.—Will you prepare a statement on the basis of the cross-breed rendita? I will work it out with you so that you will understand what I mean 575 cocoons weigh one pound (pure Mysoro) and 450 cocoons weigh one pound (cross-breed). That means 575 x 15.8 will give you one pound of silk first quality. Therefore what rendita 450 cocoons will give you. That you will have to work out for the three qualities. What rendita will be required if we take cross-breeds.

Mr. Achaya.—We shall have to deduct double cocoons in the case of cross-breeds.

President.—4 to 5 per cent. I understand that double cocoons are able to realise a fair price. Will you please tell me what they are realising?

Mr. Achaya.—We have always separated them and sold them.

President.—You must assess a price.

Mr. Achaya.—Yes.

President.—I want you to take the cost of waste as 8 annas a pound.

Mr. Achaya.—Yes, charka waste.

President.—Clean charka waste, because in spite of the fact that you lose about 12½ per cent. from a pound of silk waste you are able to get 8 annas instead of 6 or 5½ annas. So it pays them to have the waste cleaned, because they get a better price for it.

Mr. Achaya.—Yes.

President.—With regard to the Japanese foot reeling machine given on page 34 of your replies to the questionnaire, is that the cost in Japan or is that the cost in Kollegal with a Japanese foot reeler?

Mr. Achaya.—It is the cost in Kollegal. Instead of two reels, we have put down 4 reels. A man reels 4 threads instead of two.

President.—This silk fetches a better price?

Mr. Achaya.—Yes.

President.—Because you have taken 16 lbs. as the rendita.

Mr. Achaya.—Yes it is really a good silk (samples shown).

President.—It is definitely a better quality.

Mr. Achaya.—Yes and it is also re-reeled.

President.—What is the re-reeling charge?

Mr. Achaya.—Here there is no turner. The woman who turns usually does the re-reeling. There is no extra cost.

President.—Last time the Tariff Board had allowed about 3 annas per lb. for re-reeling for the first quality.

Mr. Achaya.—This re-reeling is slightly different. It is just removing it from the smaller reel to the bigger reel as in Japan.

President.—Don't you re-reel charka silk?

Mr. Achaya.—That is done by the weaver.

President.—Supposing you have to do it on foot reeling machine, you say it costs about 2 annas.

Mr. Achaya.—Yes that particular kind of re-reeling.

President.—That particular kind of re-reeling resembles re-reeling done in Japan.

Mr. Achaya.—Yes.

President.—How many pounds of silk and how many pounds of waste do you get per 100 lbs. of cocoons for 1st quality.

Mr. Achaya.—6½ lbs. for first quality. ¼rds of silk is waste for first quality.

President.—In answer to question 30, you say: "Indian filatures are at a disadvantage in reeling silk from cocoons of inferior silk contents". Can you tell me what is the silk content in a Japanese cocoon?

Mr. Achaya.—In pure Mysore it is 12·4 per cent. For the Japanese cocoons that we rear here, the silk contents are very much more.

President.—I have been reading the Japanese Silk Year Book and it is stated that 2·75 lbs. of dry cocoons is equal to one pound of silk which will be about 8½ to 9 lbs. of green cocoons.

Mr. Achaya.—One kamme, i.e., 8·26 lbs. or 9 lbs. of green cocoons give one lb. of silk.

President.—They have been able to reduce it from 4½ lbs. to 2·75 lbs. of dry cocoons.

Mr. Achaya.—4½ lbs. was the old rendita and now it is 2·75 lbs.

President.—Of dry cocoons?

Mr. Achaya.—Yes.

President.—That was about 14 lbs.

Mr. Achaya.—The rendita was 13½ lbs. green cocoons before and now it is about 9 lbs. (the silk contents of Japanese cocoon is almost 18).

President.—That was the point I wanted to get at. Compared to 12 (pure Mysore) it is definitely superior.

Mr. Achaya.—Yes the silk content is decidedly superior.

President.—What about cross-breed?

Mr. Achaya.—14·6.

President.—Even that is inferior.

Mr. Achaya.—Yes.

President.—You have given us the cost of producing 100 kin of white raw silk of ¼ denier size in Japan. This is for 1932 or 1933?

Mr. Achaya.—1933.

President.—How do you work out per pound?

Mr. Achaya.—133 lbs. we may take as the average.

President.—And the exchange is Rs. 77½

Mr. Achaya.—Yes.

President.—Will it be about Rs. 4·9?

Mr. Achaya.—Yes.

President.—What is the present cost?

Mr. Achaya.—A little more for cocoon. It is 4·75 yens now.

President.—The cost of silk will be definitely higher to-day.

Mr. Achaya.—Yes.

President.—The present cost of producing one pound of silk will be about Rs. 5 at the present exchange.

Mr. Achaya.—Yes.

President.—And the price of cocoons will be somewhere about 4·75 yens per 8·26 lbs.

Mr. Achaya.—It will be about 8 annas per pound of cocoons.

President.—I want to know how the present price would work. From 9 lbs. of cocoons they get one pound of silk, whereas even if we take cross-breeds, we would require 13 lbs. to get one pound of silk.

Mr. Achaya.—Yes.

President.—It will be less than 13 according to your calculation. I have based it on 13, so that we require 4 pounds more.

Mr. Achaya.—Yes.

President.—And their price will be Rs. 4·8 at 8 annas per lb. of cocoon.

Mr. Achaya.—Yes.

President.—If we take 4 annas 8 pias per lb., it comes to Rs. 8·10.

Mr. Achaya.—Yes.

President.—So that if we take the price of 4 annas 6 pies per pound of cocoon, we are able to meet the superior silk content of Japanese cocoon as compared to Japan. What will it be now if we take the pure Mysore 15 lbs. If we take the Mysore cocoon, it comes to Rs. 4-4.

Mr. Achaya.—We are comparing our 1st quality with a very high quality of Japanese silk.

President.—Our filature silk will be of good quality.

Achaya.—You must take more than 15-5.

President.—Let us take it at 16. That is for pure Mysore.

Mr. Achaya.—Yes.

President.—Therefore 4 annas 6 pies is the correct figure to take having regard to the silk content of the Japanese cocoon.

Mr. Achaya.—Yes.

President.—On page 37 of your replies, you have given us figures of silkworm rearing families. Those engaged on mulberry cultivation and silkworm rearers are one and the same.

Mr. Achaya.—Yes.

President.—On page 38 you have given the wages of a charka reeler as 5 annas. Is it for 3rd quality?

Mr. Achaya.—Yes.

President.—In that very page you say "The Japanese labourer wastes no time when picking leaves and therefore gathers a larger quantity of leaves per day". What quantity does he gather?

Mr. Achaya.—I have not got the exact figures.

President.—Can you give me later on?

Mr. Achaya.—Yes. The quality of leaf there is better and thicker.

President.—I want to compare the conditions in Japan with ours. You had been recently to Japan and you could help us.

Mr. Achaya.—Yes.

President.—As regards your reply to question No. 40, I need not go into the question of expenditure on throwing because you have said in a subsequent letter addressed to the Board that you have no express views with regard to the amount of protection required for thrown silk.

Mr. Green.—The position is that we feel that the duty on thrown silk should be higher than the duty on raw silk. But we have made no specific recommendation as to the duty.

President.—There are so many throwing factories in existence in Bangalore and there are no less than four in your area.

Mr. Green.—Yes.

President.—Therefore the position is this. The Tariff Board asked the representatives of the throwing factories to meet the Board. They appeared before the Board but they were not ready with costs. Then we asked Mr. Silva and Mr. Naik to submit to us the cost of production of a pound of thrown silk. Mr. Silva replied to us expressing his inability to supply us costs and Mr. Naik has also so far not responded to our request. In these circumstances it is difficult for the Board to assess the amount of protection required for a pound of thrown silk (both or Organzine and Tram).

Mr. Green.—I shall see whether we can put some figures before the Board.

President.—If you can, the Board will be grateful. The difficulty of the Board is want of information. We are therefore unable to tackle that question satisfactorily. With regard to buildings and machinery for the throwing mill, I need not take that question up now. As regards

twisting and winding, last time we took the charge for winding and twisting of charka silk as Rs. 2 in a mill and Rs. 1-6 by hand.

Mr. Achaya.—Yes.

President.—Now the charge for the same in a mill is Rs. 1-5.

Mr. Achaya.—Yes.

President.—What will it be if it is done by hand?

Mr. Achaya.—Rs. 1 or As. 12.

President.—So the cost is reduced.

Mr. Achaya.—Yes.

President.—The boiling off charge we took on the last occasion as 3 annas and now it is 2 annas.

Mr. Achaya.—Yes.

President.—Therefore the cost on an average for three qualities will be how much?

Mr. Achaya.—Rs. 1-0-8 by hand. (Please refer to question 41.)

President.—And the other is Rs. 1-5.

Mr. Achaya.—Yes.

President.—We can say it is practically the same in both cases. Is that correct?

Mr. Achaya.—The difference is annas 4 pies 4.

President.—The difference between the present price of raw silk and twisted silk is about a rupee.

Mr. Green.—Yes.

President.—Therefore you are practically covered by the present duty. The present duty is the same on silk yarn as well as on raw silk, viz., 25 per cent. plus 14 annas per lb.

Mr. Achaya.—The duty on the yarn is on the invoice value.

President.—The duty is the same. In the case of raw silk the duty is on tariff value whereas on the yarn it is on the invoice value.

Mr. Green.—Yes.

President.—The proposal put forward before us is that the duty on raw silk should be on the invoice value. Your proposal also amounts to the same thing. If both of them are put under the same category, it will meet your point.

Mr. Green.—Yes. There is at present no tariff value for thrown silk, prices having fallen, the imports of thrown silk are increasing.

President.—That is what I notice.

Mr. Green.—That is the tendency, and the result is that our weavers are thrown out of employment.

President.—Therefore you would like that the thrown silk proposition should be considered independently of raw silk.

Mr. Green.—Yes.

President.—Do you want that the thrown silk should be protected on the basis of these costs?

Mr. Green.—Yes.

President.—I think that these are only bare costs.

Mr. Green.—Yes.

President.—They do not include profit.

Mr. Green.—No.

President.—Four annas more ought to be necessary in order to protect them. It means 25 per cent. plus Rs. 1-2 instead of 25 per cent. plus 14 annas. That would be your proposal for thrown silk.

Mr. Green.—Yes.

President.—On page 156, we allowed on the last occasion 2 annas as the profit for raw silk per lb. or charka.

Mr. Green.—Yes.

President.—I have not taken into consideration at present the price of raw silk, because the price of raw silk varies. I have only taken at present the difference between the price of raw silk and twisted silk. If I give 25 per cent. plus Rs. 1-2 protection, then I must make some allowance with regard to thrower's waste. At present the cost of twisting in factories is about 12 to 14 annas per lb.

Mr. Achaya.—Yes.

President.—I want to know whether you can give me the percentage of thrower's wastage.

Mr. Achaya.—4½ per cent. (see our answer to question 40).

President.—Have you got any figures for the handloom industry?

Mr. Amalsad.—Wastage in hand twisting is about half an ounce per lb.

President.—How much will that be?

Mr. Amalsad.—About ½ tolas or 3½ per cent.

President.—The waste spinning factory will take the twisted waste. I have got figures from the Spun Silk Mills, Ltd. They are paying 14 annas per lb. They use four kinds of raw materials for their purpose, viz., charka waste, flature waste, thrower's waste and pierced cocoons. They have given us different prices. In this note, Mr. Amalsad, I don't think you have taken into consideration the two qualities of twisted silk, single and double twist. One is called tram and the other organzino. Is this for organzino?

Mr. Amalsad.—It is.

President.—For tram, the wastage will be less.

Mr. Amalsad.—Yes.

President.—Will you give me the cost for organzino in cottages.

Mr. Amalsad.—About 12 annas but the rate varies in different localities.

President.—Instead of As. 14 which we have taken in the case of factory it will be 12 annas in cottages.

Mr. Amalsad.—Yes.

President.—Can you tell me what quantity is being produced of each?

Mr. Achaya.—100 lbs. of tram out of 1,000 lbs.

President.—The bulk is organzino.

Mr. Achaya.—Yes.

President.—Is that a correct figure to take? Are there any mills which are purely on organzino?

Mr. Achaya.—There is another mill just on the other side of the river in the Mysore territory and I think that that is the proportion there.

President.—I take it that there is no mill purely on organzino. A certain quantity of tram is also produced.

Mr. Green.—That is so.

President.—Can you tell me about charka silk being re-reeled? You say in reply to question 44 "None".

Mr. Achaya.—That is by the charka reoler himself. The weaver does it. It is part of the weaver's work.

President.—He buys raw silk as it is.

Mr. Amalsad.—Yes.

President.—Is it not a fact that raw silk cannot be used for weaving purposes as it is?

Mr. Amalsad.—It is so. This chart will explain how it is done (shown).

President.—Cost of winding and twisting by charka is not given here.

Mr. Amalsad.—It is about one rupee.

President.—One rupee would be correct for organzine?

Mr. Amalsad.—Yes. I have got some twisted silk (shown).

President.—On page 44 you raise an important point with regard to silk worm guts. What are the possibilities: Have you considered the costs? I would like to have a fuller note on the subject because it has been a definite success. The only thing is that the Mysore cocoon does not produce the length which is required for surgical purposes.

Mr. Green.—Yes. Everything depends upon whether we are able to introduce a univoltine race of worms.

President.—You do not think cross-breeds would serve for guts?

Mr. Green.—I do not think so? it is very doubtful.

President.—What is required exactly?

Mr. Achaya.— $\frac{1}{4}$ " for surgical purposes.

President.—What is the maximum you are able to get.

Mr. Achaya.—Pure Mysore 12" and cross-breeds about 13".

President.—There is a very big market if it can be manufactured.

Mr. Achaya.—Yes.

Mr. Govinda Rao.—We tried it out here in Mysore but it was not a success. I made enquiries in Japan and we were informed that they were artificially manufactured and not made from silk at all.

President.—Will you send us whatever information you have?

Mr. Achaya.—Yes. We submitted a paper on the subject to the Industrial Research Council.

President.—Can you give me a copy of that?

Mr. Achaya.—Yes with the permission of the Council. It has not yet been released by them.

President.—In answer to question 48 you state about the exports of raw silk. Was it Kollegal silk that was exported?

Mr. Achaya.—It was all Kollegal silk.

President.—With regard to the system of sorting and grading you say it is not possible with the Mysore cocoon.

Mr. Achaya.—It is not possible.

President.—Have no attempts been made?

Mr. Achaya.—It is not possible because of the loss; it is very difficult to say which is first, second, or third quality.

President.—What about cross-breed?

Mr. Achaya.—In cross-breeds we remove double cocoons and a certain amount of grading is done.

President.—What about the railway freight? Is the railway freight on imported silk lower than the freight charged for Indian silk in different markets?

Mr. Achaya.—It is a bit cheaper. If imported silk comes to the Madras market, from Madras to Kumbakonam, the freight is only 12 annas for one bale of raw silk.

President.—What is the distance from Kumbakonam to Madras?

Mr. Achaya.—We will let you know.

President.—Take two or three markets in Madras and also two or three markets in the Bombay Presidency and let us know the freight rates.

Mr. Achaya.—We will send you a statement.

President.—You have given statistics on page 53 with regard to imports. I suppose these are taken from the Customs? Is there any point that you wish to bring forward with regard to this? Take 1936-37 figure: It

has jumped up to 469,935 under-“other sorts”. The Board is unable to make out exactly what “other sorts” mean.

Mr. Achaya.—For Customs purposes “all other sorts” are Canton flature silk.

President.—Canton flature silk is not shown separately?

Mr. Achaya.—It is in “other sorts”.

President.—The price of Canton flature silk to-day is Rs. 3-7 ex-duty?

Mr. Achaya.—Yes.

President.—The price of Canton flature silk according to the Mysore Silk Association on the 15th August, the latest, we have got was Rs. 4-5 to Rs. 4-9. We took Rs. 4-0 which is the declared price. 25 per cent. plus 14 annas works out at Rs. 5-2, so it is less.

Mr. Achaya.—Yes.

President.—What other kinds of silk apart from these three?

Mr. Achaya.—I think even Japanese dupion is included in “all other sorts”.

President.—There is another point. I find there is a difference of about 4 annas between the price ruling in Bombay and the price ruling in Bangalore. Is that freight or quality difference?

Mr. Achaya.—It is purely quality, I think.

President.—Freight to Bangalore market comes to 1 to 1½ annas, but the price is definitely 4 annas higher in the Bangalore market. Will you kindly look into this?

Mr. Achaya.—Yes.

President.—I would like to know the reason for supplying all these elaborate invoices? Take invoice for silk shipped by M. Pestonjee and Co. The price for Minchow flature silk is 635 yen per picul in Shanghai.

Mr. Achaya.—Yes, the price is 635 and 41-16-0 are extra charges.

President.—We have to arrive at the cost of production of one pound of silk in Japan. Will you tell me what are the expenses which they incur before it is landed in India.

Mr. Achaya.—Take the invoice on the next page. The c.i.f. price includes freight 608 yen, insurance premium 73-50 and other shipping charges 240 or a total of 921-59.

President.—What I want is the average shipping cost for 100 kins of silk net weight.

Mr. Achaya.—We shall work it out and give you the figures.

President. The Tariff Board has got to satisfy themselves whether the third condition of the Fiscal Commission is satisfied and I want to know at what price Japanese silk can be landed in India ex-duty in order to find out the cost of silk plus other charges. I find recently imports from Canton have increased. You may give me details about Chinese silk landed in Bombay or Madras.

Mr. Achaya.—And Tuticorin.

President.—You have given a list of both merchants and importers.

Mr. Achaya.—Yes.

President.—You have given all Shanghai qualities, but Shanghai imports have ceased.

Mr. Achaya.—Even recently a man has imported five bales (invoice shown).

President.—This is 28th July, 1938.

Mr. Achaya.—Yes. This was sent from Shanghai.

President.—I will now take up your answer to question 54. On the last occasion the Tariff Board in arriving at the duty or the measure

of protection necessary divided the imports of silk into 4 categories. In your reply you say Japanese steam filature re-reeled silk. There is no class of Indian silk comparable to this quality.

Mr. Achaya.—All the steam filature silk in Japan are re-reeled. In filature in India none of the silk is re-reeled. In Japan it is taken on a small reel and then transferred to a standard size reel suitable for the American market.

President.—I wonder whether you have been aware of the reasons why it has not been found necessary for the Indian filature silk to be re-reeled. Both Mr. Silva and the Mysore Silk Filatures say that Indian filature silk does not require to be re-reeled and it is equal if not superior to the Japanese filature silk which is being imported into India.

Mr. Achaya.—I do not quite agree there because moisture may be one of the reasons for it, but it is not the full reason. In a moist country they have got hot chambers to make the reels warm so that the raw silk can dry up as quickly as in Indian conditions. The American Silk Association insist that all raw silk must be re-reeled.

President.—Can you tell me what it will cost to get this silk re-reeled as is done in Japan?

Mr. Achaya.—3.50 yens for a bale of silk (133 lbs.), I have stated this in my Japan report.

President.—I want you to work it out on to-day's exchange.

Mr. Achaya.—Yes.

Mr. Anklesaria.—Why do Americans insist upon this silk being re-reeled?

Mr. Achaya.—Re-reeled silk has better winding quality. It is the winding quality that counts. The American labourer is paid very much higher wages and they would not like to see that the machine is stopped by frequent breakages.

President.—It comes (to 5 annas) to $4\frac{1}{2}$ pies per lb.

Mr. Achaya.—Yes.

President.—What will be the capital outlay to get this silk re-reeled in filature?

Mr. Achaya.—You will have to change the reel. The small reel will replace the big reel first of all, and for each basin they would require a set of 12 small reels. Each wooden frame would cost not less than 8 annas and for each basin they require about 16. There are now four skein reebers. In Japan there is a machine which reels 23 skeins.

President.—Here we have got 8.

Mr. Achaya.—4 in Mysore and in Kashmir they have got 8. $4 \times 3 = 12$ reels for each. That means about Rs. 6. These big reels can be transferred to the re-reeling machine because that is the standard size.

President.—Can I take it at Rs. 3,000 or Rs. 4,000?

Mr. Achaya.—The cost would be about Rs. 4,000.

President.—If re-reeling is done by a filature in India, the silk will be about equal to the Japanese filature silk. There is no other difficulty of manufacturing that quality as compared with the Japanese silk.

Mr. Achaya.—No.

President.—The recurring cost will be an addition of only $4\frac{1}{2}$ pies (5 annas) per pound.

Mr. Achaya.—Yes.

President.—At present there is no class of silk that could be compared to the Japanese steam filature silk.

Mr. Achaya.—No.

President.—As far as the Japanese steam filature silk is concerned the Indian industry does not deserve protection, because you are not producing that quality. There is no competition?

Mr. Achaya.—There is no competition with this flature silk.

President.—This silk forms the bulk of the imports.

Mr. Achaya.—But the question is whether this is the only silk that Indian looms can use.

President.—Can I say this much that this intrinsic quality of Japanese steam flature silk is (4½ pies) higher.

Mr. Achaya.—Yes.

President.—Therefore if you make good this difference then quality will be equal.

Mr. Achaya.—Yes.

President.—If I give them ½ anna less than what is calculated on the basis of their cost that will bring up the cost of the Japanese steam flature. The quality difference should be ½ anna after arriving at the cost of production.

Mr. Achaya.—Yes.

President.—With regard to steam flature silks, first quality and Chinese silk corresponding to Indian quality, will you tell me the names of the first quality of Chinese silk. Canton is one.

Mr. Achaya.—Minchow used to come very largely.

President.—Is that first quality?

Mr. Achaya.—Even in Minchow, there are many qualities.

President.—What about Cantons?

Mr. Achaya.—It is second quality.

President.—Is there any other quality which you can let me know?

Mr. Achaya.—Yes.

President.—I want to know the corresponding prices in order to compare them. If you will kindly give me a note with regard to the classification, it will be helpful.

Mr. Achaya.—Yes.

President.—You personally are of opinion that natural silk is not in any way affected by the artificial silk.

Mr. Achaya.—I would not like to go as far as to say that it is not affected in any way. I think the direct competition between the natural silk and the artificial silk is limited.

President.—Why I am asking you this question is in reply to question 55 it is stated that the consumers have been able to detect the defects of the artificial silk and they don't prefer sarrees made out of this silk except the lower middle class. The difference is very great. The artificial silk yarn is about 12 annas per lb. as against Rs. 6 per pound of raw silk.

Mr. Achaya.—That is a substantial difference in price which would go far to prevent confusion.

President.—Do you think that there is some sort of indirect competition?

Mr. Achaya.—Yes, there is.

President.—That people here have also taken to manufacture goods out of artificial silk, because it is much cheaper to manufacture than even out of imported raw silk.

Mr. Achaya.—I don't think there is any competition between raw silk and staple fibre. Competition is with cotton.

President.—I am told that staple fibre is competing with spun silk, because in Surat we have been told that spun silk is being replaced by staple fibre. The price of staple fibre is Rs. 1-6 as against Rs. 4-8 to Rs. 5 for spun silk.

Mr. Amalsad.—Yes. (Samples shown.)

President.—We have been supplied by Mr. Foulchand Chinoy the prices of Noon yarn. Is this used in large quantity in Madras?

Mr. Amalsad.—They are just importing.

President.—What is the price?

Mr. Amalsad.—Firms have not given the price.

President.—We have also seen coloured staple fibre yarn.

Mr. Amalsad.—Here are samples of dyed staple fibre yarn.

President.—They are very attractive to look at. The next point is with regard to Japanese dumping which is rather important and I wish to take it up after Lunch. I had better take question 56 where we left this morning. Mr. Green, you know what is meant by dumping.

Mr. Green.—I understand by dumping, exporting goods to countries below the cost at which they are produced in the country of manufacture.

President.—I want to know whether you have any evidence to show that it is so. That is what you have stated here. You say "It would appear that raw silk imported from Japan and China are at times placed on the Indian market at prices which do not cover the cost of production".

Mr. Green.—I do not think that I have any further data to adduce other than that contained in answer to question 56.

President.—You have given 5.60 Yen as the cost of producing one pound of silk. That was in 1933. It is very difficult to base it on that price. What would be the present cost of producing one pound of silk?

Mr. Green.—The price of cocoons has appreciated. So it must be more now.

President.—There might have been reductions in other costs.

Mr. Achaya.—That I am not able to say.

President.—The present data supplied are not very reliable, because it is rather old.

Mr. Achaya.—Yes.

President.—I find that your cost of cocoon is about 80 per cent., whereas the cost of cocoons in Japan is only 40 per cent. We might discuss this point to-morrow when we discuss the question of protection. Take the second point with regard to markets. These are all in yens?

Mr. Achaya.—In dollars.

President.—What is the dollar yen exchange rate?

Mr. Achaya.—2 yens to one dollar before the war. Now it is changing.

President.—If you take two yens to a dollar, that means 4 yens should be the price in January, 1933.

Mr. Achaya.—Japanese yen has depreciated.

President.—That is why I am asking you. You have given me 1938 price as 1.82 dollars. It will depend upon the dollar exchange.

Mr. Green.—We could probably get it from the Madras Mail or the Hindu.

President.—In the meantime we shall come to the next question whether imported silk is superior or inferior. I want to know the percentage of degumming of imported and Indian silk. Mr. Amalsad may be able to give us figures about the loss in degumming.

Mr. Amalsad.—In the Textile Institute we found that in the case of Mysore silk it was about 25 per cent. and in the case of Japanese silk about 22.5 per cent.

President.—Roughly speaking about 3 per cent. difference.

Mr. Amalsad.—2.5 per cent. Apart from that there is one other factor which we observed and that is difference in contraction in cloth from the use of Mysore and Japanese raw silks.

President.—Can I get this changed into value?

Mr. Amalsad.—The difference in degumming is 2.5 per cent. As regards contraction in length, it is 5 per cent. in the case of Mysore and 4 per cent. in the case of Japanese silk and in width it is 6 per cent. in the case of Mysore and 4.5 per cent. in the case of Japanese silk.

President.—What kind of cloth is woven out of Mysore silk?

Mr. Amalsad.—That depends upon the merchant who supplies the yarn to the weaver.

President.—It all depends upon the price of silk.

Mr. Amalsad.—Yes.

President.—The next point is with regard to exchange. I asked the Mysore representatives to work out figures for me to show how far the price of foreign raw silk has been depreciated purely due to exchange irrespective of other considerations. Take the exchange of April, 1934, and take the present exchange and say how far it has depreciated with regard to the Shanghai dollar, Japanese Yen and Hongkong dollar. You have stated in your reply, but it is not quite clear.

Mr. Green.—What should be taken as the datum line?

President.—1934 exchange.

Mr. Green.—Yes.

President.—Suppose it was Rs. 5 a lb. for silk, I want to know how much it has depreciated purely on the ground of exchange.

Mr. Green.—I might say that we intended to institute some sort of comparison, but we were unable to get the exchange rates from the banks.

President.—The exchange rates are given here. It is 117 taels for Rs. 100. Rs. 89 to 100 yen, that were the exchanges when the Board submitted its report. The silk waste we have already dealt with.

President.—As regards the classification given in the Tariff Schedule, I think we have already discussed this and you have promised to send me a classification on a more correct basis.

Mr. Achaya.—Yes.

President.—The other point you have raised is about re-reeled silk. If you will give me a note I will consider the question.

Mr. Achaya.—Yes.

President.—The next question is the amount of protection required by the Sericultural Industry if the Board finds that the three conditions laid down by the Fiscal Commission are satisfied and that the industry deserves protection. I suppose it will not be possible to deal with this question until I get the costs worked out by Mr. Achaya with regard to charka and filature silk. I think you will be able to give me by to-morrow the cost of producing one pound of silk. At present you want protection to the extent of Rs. 8-10 per lb. on the data supplied by you regarding costs. That will have to be slightly changed. We shall discuss that to-morrow.

Mr. Green.—Yes.

President.—With regard to duties on various classes of piecegoods I had better discuss that when I am discussing the question of handloom weaving industry because we must ascertain the position of the weaver. But so far as the sericultural industry is concerned I think your point of view is that if we increase the duty on raw silk, the silk goods should have the compensating duty in order that the handloom weaving industry and the goods manufactured in India may not be affected in any way.

Mr. Green.—Yes, otherwise they would be very badly affected.

President.—Now I would like to ask you what has been done with regard to research and the possibilities of reduction of costs in the future. At present how many silk farms have you got?

Mr. Achaya.—Four.

President.—Coonor, Hosur, Thadaguni and Palmaner. There was some farm in Madras.

Mr. Achaya.—The Government Textile Institute is doing some work in regard to both theory and practice.

President.—Is it continued?

Mr. Amalsad.—Yes. Sericulture is part of the course. We have a small section for rearing silkworms.

President.—How much money is being spent?

Mr. Green.—The actual figures for 1937-38 are:—Expenditure by the Provincial Government Rs. 32,920 and Expenditure from the Government of India subvention grant Rs. 15,484.

President.—Roughly Rs. 50,000?

Mr. Green.—Yes, against which there were receipts of Rs. 7,100.

President.—From what?

Mr. Green.—From sale of seeds. The budget provision for 1938-39 is Rs. 37,200 by the Provincial Government and Rs. 16,900 from the Government of India grant. That is about 54,000.

President.—If you take the two years, it would be roughly Rs. 50,000.

Mr. Green.—Yes. We anticipate a receipt of Rs. 10,000 in 1938-39.

President.—You are a member of the Imperial Sericultural Committee. May I know what are its activities?

Mr. Green.—As you know, when the Government of India subvention scheme was launched, the conditions under which the amount should be spent were restricted by the Government of India. It was decided that the amount should be spent for the most part on the production and distribution of disease-free seed and to a smaller extent on the investigation and conduct of research into silk worm diseases. By far the greater part of the grant in all the provinces is spent on the production and distribution of disease-free seed, so that the Provincial governments have not had a free hand.

President.—Was it a proposal from the Government of India or was it done with the consent of various provinces concerned?

Mr. Green.—The proposal emanated from the Government of India and the various provinces acquiesced.

President.—I suppose they did not put forward any scheme with regard to research.

Mr. Green.—There was no opportunity of putting forward a definite scheme. There was a feeling that a certain amount of the grant should be spent on research.

President.—What is the total grant at present sanctioned by the Government of India?

Mr. Green.—Rs. 5 lakhs. That is for the whole of India. It extends over a period of five years.

President.—About a lakh a year?

Mr. Green.—Yes.

President.—That is distributed to British Indian provinces and Indian States.

Mr. Green.—Of the Indian States, only Mysore is getting a grant, I think.

President.—Yes, I don't think that Kashmir is getting it.

Mr. Green.—No. The grant for the production and distribution of disease-free layings is confined to British Indian provinces. Mysore has put forward one or two schemes of research and the Government of Mysore have been given a grant. Speaking from memory, I think that Mysore is the only Indian State which has been given a grant from the Government of India subvention scheme, but it can be said that the Indian

States do not participate in the grant for the production and distribution of disease-free layings.

President.—Does this Committee meet once a year?

Mr. Green.—Yes, immediately following the Annual Industries Conference.

President.—Is the money spent by the local Government also mainly confined to the supply of disease-free seeds?

Mr. Green.—For the most part in maintaining farms where seed cocoons for the production of disease-free seeds are reared.

President.—Could you not spend part of the money on water borings?

Mr. Green.—We would have to ask for an additional grant for that because we cannot curtail the existing expenditure.

President.—What are the experiments conducted with regard to tree mulberry? Has anything been done by your Department?

Mr. Green.—It is very difficult to introduce tree mulberry in the Kollegal area which is dry.

President.—You don't think then that it is a proposition which is worth considering?

Mr. Green.—I doubt whether the possibilities of tree mulberry are as great as was at one time thought. It is said that Japan is reverting to bush mulberry.

President.—For univoltine worms you want tree mulberry. We have been told by the Mysore Government if you take the cost of tree mulberry leaf in comparison with bush mulberry leaf, after a certain number of years, it is practically 50 per cent. less.

Mr. Achaya.—But I know that the mulberry tree in Kashmir is like a banyan tree.

President.—It grows wild and no expenditure is incurred for its maintenance.

Mr. Achaya.—The size of mulberry tree is like a banyan tree. It is not a small tree. The number of trees required to feed the worms is very much less. The quantity of leaves obtainable is very much more. But the Mysore trees—I have seen some in the Channapatna farm—have never grown to any big size. The mulberry trees in the Mysore plateau seem to grow to a limited size.

President.—I don't think they have investigated the question about the yield of leaves. When they worked out the cost per pound, the cost of bush leaves came to 2·7 pies per lb, and the cost of tree leaves was 1·3 pies. That is a very big reduction.

Mr. Green.—Yes. But our costs for bush mulberry, leaves is only 1·2 pies per lb.

President.—Do you intend to do anything in that direction?

Mr. Green.—We have no definite programme before us at present.

President.—With regard to bush mulberry how many bushes per acre?

Mr. Achaya.—5,600. We have actually counted that.

President.—How far away is one bush from another?

Mr. Achaya.—2½ feet apart.

President.—You have never tried seedling?

Mr. Achaya.—No.

President.—Do you intend trying?

Mr. Achaya.—Seedling won't come up so quickly without water. In order to take root, seedlings require watering. The rainfall in that area is not sufficient for that purpose.

President.—What does one seedling cost?

Mr. Achaya.—We have information.

Mr. Green.—The suggestion will be borne in mind, but it is somewhat difficult to introduce tree mulberry into a dry area.

President.—The Mysore Government have introduced it in the dry area and one man has made a great success of it. He gave evidence before the Board. Another point which might engage the attention of your Department is about the rearing house to eliminate the wastage in silkworms. If something could be done, it would be of great help.

Mr. Green.—I am afraid that that would be difficult.

President.—Does the grant of Rs. 37,000 include the amount subscribed in the shape of share capital to the Kollegal Silk Filatures of Mr. Silva?

Mr. Green.—No, that comes under another head altogether.

President.—You have already told us the benefit derived by the industry as a result of the headquarters of the Sericultural Export being changed from Madras to Kollegal?

Mr. Green.—Yes. It has enabled much closer contact to be established between the Sericultural section and the villages than was possible before the transfer was effected.

President.—Will you tell me what sericultural education is being given in Madras?

Mr. Amalsad.—Sericulture is only taught in the Institute to those who undertake the artisan course. It also forms part of the training for the supervisor's course. The artisan course in sericulture extends for a period of one year.

President.—Are there any text books? How is the education imparted?

Mr. Amalsad.—In the artisan course instruction is mainly in practical work.

President.—I am thinking of the way in which worms are reared.

Mr. Amalsad.—We are rearing worms.

President.—Have you any text books?

Mr. Amalsad.—No. We have books on sericulture. But the students do not generally purchase them.

President.—Are the students admitted free?

Mr. Amalsad.—Yes.

President.—Is there any restriction on admission?

Mr. Amalsad.—People from outside the Province have to pay Rs. 500 per annum or Rs. 50 per mensem for 10 months in a year. As regards admission, we generally give representation to each district. There is also communal representation. There are scholarships awarded to weaver boys and candidates from backward communities.

Mr. Ankleeria.—Do you mean any racial discriminations or distinctions?

Mr. Amalsad.—At the time of admission selection of candidates is made from various communities and districts.

President.—What do you mean by standardisation of weights and measures? What exactly have you in your mind?

Mr. Achaya.—Even as between Mysore and Madras we have different weights and measures. 100 Mysore soers are equal to 75 Madras measures. Close neighbours like Mysore and Kollegal have different weights and measures. In respect of Bengal and Madras we have the same difficulty. This is more an All-India question than a provincial question.

President.—You want uniform rates for the whole of India.

Mr. Achaya.—Yes.

President.—What would you recommend? Do you suggest that the railway maund equal to 82 lbs. should be adopted?

Mr. Green.—Yes,

President.—I understand that a bill has been introduced in the Indian Legislative Assembly. You will probably get a copy if it has been introduced.

Mr. Green.—I have not received an advance copy of the draft bill for criticism or remarks.

President.—Do you get it generally?

Mr. Green.—If the Government of India had drafted a bill in the ordinary course it would be circulated to the Provincial Government for remarks. A copy would be sent to me.

President.—With regard to the reduction of costs, when you say that there will be a reduction of 40 per cent. can we take the future cost of cocoons as 4 annas?

Mr. Achaya.—It would be 40 per cent. less.

President.—When you are sending me the cost of production you may also give us future cost of production at 4 annas and on the basis of cross-breeds.

Mr. Achaya.—Yes.

Mr. Anklesaria.—This morning we were discussing the question of sericulture being a subsidiary occupation. I wish to be quite clear as to what you mean by "subsidiary". You have described it as subsidiary in your replies. I do not want you to say "yes" or "no". If you like you may describe at length. Suppose I am a mango cultivator and I derive my subsistence from my mango orchard. Along with mango trees I also grow flowers just for pleasure and derive some little profit also from that. I take it that you would call that business of raising flowers a subsidiary occupation.

Mr. Green.—I should describe the flower raising operation as subsidiary to mango growing, mango growing being the main occupation of the grower.

Mr. Anklesaria.—It is in that sense that you have applied the word subsidiary to sericulture.

Mr. Green.—I am afraid the term "subsidiary" does not adequately describe the character of the industry.

Mr. Anklesaria.—I gave you an instance. If you could give me another instance which would clear up your meaning better, I should feel obliged.

Mr. Green.—As I said this morning, the sericulture industry is undoubtedly and unquestionably the main industry of 41 villages in the Kollegal taluk. The mulberry cultivator carries on the work of rearing and he also grows ragi or cholam for the needs of his family.

Mr. Anklesaria.—That was what you said this morning.

Mr. Green.—Yes. The word "subsidiary" seems to have been copied from some earlier reports and repeated. I have said that in the Kollegal taluk the sericultural industry is an important rural occupation.

Mr. Anklesaria.—We have been talking about hush and tree mulberry. You told us that in Japan they are reverting to bush mulberry.

Mr. Green.—I have no first hand information, but that is my impression.

Mr. Achaya.—In the report that I wrote about Japan after my return in 1933 I have clearly stated that in Japan in all the plain lands bush mulberry is being cultivated and tree mulberry has been removed. In the sub-montane districts they are still having tree mulberry.

Mr. Anklesaria.—Is it a big tree?

Mr. Achaya.—No, it is a dwarf tree.

Mr. Anklesaria.—As regards costs you have not put down any costs for cuttings.

Mr. Achaya.—No.

Mr. Anklesaria.—Cuttings do not cost anything?

Mr. Achaya.—No. What happens is this: the pruning season and the planting season are identical so the man who has got the prunings gives them away to his neighbour or uses his own prunings for his own use.

Mr. Anklesaria.—Are conditions the same in your neighbouring province?

Mr. Achaya.—I do not know. I was specially deputed to Japan to study this industry but I was not specially deputed to go to Mysore.

Mr. Anklesaria.—You do not feel yourself interested in what happens in Mysore? I suppose the conditions are the same in both places.

Mr. Achaya.—I am not fully acquainted.

Mr. Anklesaria.—You keep yourself informed of conditions in Japan which is thousands of miles away from here and you mean to tell me that you do not keep yourself in touch with your next door neighbour?

Mr. Achaya.—I have read of the improvements they have made.

Mr. Anklesaria.—Do they have cuttings free in Mysore also.

Mr. Achaya.—I do not know about that.

Mr. Anklesaria.—As a sericultural expert what have you to say about the possibility of seedlings in preference to cuttings?

Mr. Achaya.—In the absence of experience in raising plantation of seedlings, I would not hazard an opinion.

Mr. Anklesaria.—I take it that the cost of production of cross-breeds in Kollegal is 3 annas 2 pies per pound and the price would be about 4 annas 6 pies. The difference is 1 anna 4 pies.

Mr. Achaya.—Yes.

Mr. Anklesaria.—So for an investment of 3 annas 2 pies the cocoon producer gets 1 anna 4 pies.

Mr. Achaya.—Yes.

Mr. Anklesaria.—Do you think it is a fair remuneration?

Mr. Achaya.—No.

Mr. Anklesaria.—For an investment of 3 annas 2 pies if he gets 1 anna 4 pies it is a very good remuneration.

Mr. Achaya.—But this 3 annas 2 pies does not include all the labour he puts into it and so it is not a fair remuneration.

Mr. Anklesaria.—Let us see what labour he puts in it. How many days does he work?

Mr. Achaya.—He and his family work for about 16 days for rearing, and there are 7 rearings. That makes 112 days.

Mr. Anklesaria.—For 112 days he gets a remuneration on an investment of so much which you say is not fair.

Mr. Achaya.—I do not call it fair knowing the amount of intelligent labour that the rearer and his family members put into it.

Mr. Anklesaria.—I understand for bullocks, watering and everything else he has not got to make any special arrangements, his main occupation being ragi and cholam.

Mr. Achaya.—He has to make some extra arrangements according to seasonal conditions. One pair of bullocks can only do a certain amount of work, but if he has got more land he has got to engage more bullocks.

Mr. Anklesaria.—The sericulturist is an agriculturist and he has not got more than three acres of land or so and we have to judge the remuneration on the land in his possession.

Mr. Achaya.—In Kollegal the agriculturist requires a plough for 3rds of an acre of land. If he has got 3 acres he must provide himself with more ploughs and more bullocks.

Mr. Anklesaria.—A pair of bullocks for three acres of land is sufficient. He can employ it on his mulberry plantation without any detriment at all to his main occupation.

Mr. Achaya.—Not during all seasons; when the ragi season is on one pair of bullocks is not sufficient.

Mr. Anklesaria.—I take it you do not admit that. I myself have been an agriculturist and I know how much a pair of bullocks can plough. Have you kept yourself informed about the experiments carried on in the Mysore State with regard to univoltine worms?

Mr. Achaya.—Not fully.

Mr. Anklesaria.—Have you ever enquired about it?

Mr. Achaya.—I had no occasion. We had our own results.

Mr. Anklesaria.—In answer to question 69 you talk about a bonus. Can you suggest any other method except the one suggested by you which would induce the reeler to produce cleaner waste?

Mr. Achaya.—I had thought that a higher price for clean waste would by itself bring about the desired result.

Mr. Anklesaria.—Have you thought of any administrative difficulties as regards given this bonus?

Mr. Green.—No, not in any detail. It was a tentative suggestion.

Mr. Anklesaria.—If a competing producer gets his leaf free, do you think the Madras sericulturist has any chance of beating his competitor?

Mr. Achaya.—It all depends on wherefrom the supply is made.

Mr. Anklesaria.—Naturally if the leaf supply was not near the place where worms are reared it will be useless. I am talking of two sericulturists, one in Madras and another in another area where leaf is supplied free.

Mr. Achaya.—A great deal depends on the conditions under which the other man works. There may be favourable factors or unfavourable factors.

Mr. Anklesaria.—All conditions being equal.

Mr. Achaya.—It will be very difficult for the Madras man to compete if in an adjoining area the sericulturist gets his leaf free. It is obviously difficult if other conditions are equal.

Mr. Anklesaria.—About the the reeling of silk you said, Mr. Achaya, that the Japanese re-reel their silk partly on account of humid climate and partly because they insist upon it for the American market.

Mr. Achaya.—Yes.

Mr. Anklesaria.—Can you tell me as a sericultural expert if there is any branch of the silk industry in which Japanese first quality flature silk is necessary, and in which Indian flature silk would not be used?

Mr. Achaya.—I do not think there is any. Actually after the advent of the Mysore Silk Reeling Factory it has been proved that the best quality of silk cloth can be manufactured from Mysore flature silk.

Mr. Anklesaria.—You have read the three conditions laid down by the Fiscal Commission?

Mr. Green.—Yes.

Mr. Anklesaria.—The three conditions laid down must be satisfied by an industry which claims protection. Will you please tell me briefly how the sericultural industry satisfies these three conditions? I understand the first condition is perfectly satisfied.

Mr. Green.—Yes. Raw materials are available; there is a sufficient supply of labour and there is a considerable home market. The first condition is thus satisfied.

Mr. Anklesaria.—As regards the second condition I would just remind you that the sericultural industry is an old industry in India, which has

never had protection before 1932. It did not need protection at all and developed all right.

Mr. Green.—Yes.

Mr. Anklesaria.—What are the circumstances which necessitated the industry claiming protection? Is it unfair Japanese competition?

Mr. Green.—That is the dominant factor, and it has been intensified by the depreciation in the yen exchange.

Mr. Anklesaria.—And bounties by foreign Governments to producers?

Mr. Green.—Yes.

Mr. Anklesaria.—If the competition is fair I suppose you would not claim protection?

Mr. Green.—It is very difficult to say, without knowing the price at which the silk would be sold.

Mr. Anklesaria.—I am putting a general question that if the competition was fair, the silk industry has got such natural advantages in India that it would not require protection?

Mr. Green.—I cannot say definitely whether a measure of protection would still be necessary.

Mr. Anklesaria.—It was found by the last Tariff Board when they enquired into the silk industry that this unfair competition did exist. They mentioned bounty by the Chinese Government; they mentioned depreciation in exchange and to these two causes they ascribed the failure of the industry to stand foreign competition.

Mr. Green.—Yes.

Mr. Anklesaria.—The effect of these two factors they assessed for protective purposes at Rs. 2.

Mr. Green.—I have summarised the Tariff Board's recommendations in my answer to question 69.

Mr. Anklesaria.—It is because I am not satisfied with your answer, that I am asking you this question.

Mr. Green.—The first part of the answer is actually a recapitulation of the recommendations of the Tariff Board.

Mr. Anklesaria.—They assessed these two factors constituting unfair competition for protection purposes at Rs. 2. Do you agree with that?

Mr. Green.—Yes.

Mr. Anklesaria.—That is the value for protection purposes to be assigned to these two factors, viz., depreciation of exchange and bounties.

Mr. Green.—Yes, under the conditions obtaining at the time.

Mr. Anklesaria.—You agree that they recommended a substantive protection of 6 annas.

Mr. Green.—I think it was fairly adequate.

Mr. Anklesaria.—Unfortunately the Government of India gave much less than that.

Mr. Green.—They did to the great disappointment of the industry.

Mr. Anklesaria.—I think the unfair competition of which the Tariff Board spoke in 1933 exists to-day. Do you claim that it exists to-day?

Mr. Green.—Yes.

Mr. Anklesaria.—How do you make out the case that unfair competition exists to-day just as you did in 1932? Have you got any materials on which you rely for the statement that unfair competition described by the Tariff Board in 1933 exists to-day.

Mr. Green.—The yen exchange has further depreciated.

Mr. Anklesaria.—You will find from 1934 to this day the only difference between the exchange rates is from 77 to 78. My point of view is to

strengthen the case of protection. I am not asking in a hostile spirit or critical spirit. Unfair competition does exist to-day. What is the material on which you base this opinion. Are there bounties given to the foreign producer by their Governments?

Mr. Green.—It is very difficult to say whether bounties are given by the Japanese Government or not.

Mr. Anklesaria.—Yen has depreciated by Rs. 12 since 1934. These are the two grounds.

Mr. Green.—Yes. I have also mentioned in one of the answers that there is a quantity of distress silk coming into India.

Mr. Anklesaria.—Have you heard of large scale smuggling going on regarding silk piecegoods?

Mr. Green.—I have heard of it, but have no information as to its extent.

Mr. Anklesaria.—Did you make any enquiries about it?

Mr. Green.—No.

Mr. Anklesaria.—There must be smuggling on a very large scale, because the Government of India had taken substantial steps to check it.

Mr. Green.—That is so. I think the Collector of Customs would be able to give you information in regard to that.

Mr. Anklesaria.—You want Rs. 3-10 protection?

Mr. Green.—Yes.

Mr. Anklesaria.—Would you be surprised if it is found that on a data supplied by a neighbouring producer of silk, we have come to think that Rs. 2-10 is a reasonable amount of duty.

Mr. Green.—I cannot say whether I should consider it reasonable or not without seeing their costs.

Mr. Anklesaria.—You will admit that the higher the duty the greater is the inducement to smuggling.

Mr. Green.—Yes. I think that must be the case, but I have no information as to the importance and extent of the smuggling.

Mr. Anklesaria.—Can you tell me that raising duty on raw silk would involve raising duty on numerous other articles?

Mr. Green.—It would.

Mr. Anklesaria.—Articles which are mainly consumed by the poor man are distinguished from the rich man. Artificial silk goods are used by common labourers, because they are so cheap.

Mr. Green.—That may be the general effect of protection. It has not prevented the grant of protection to various other industries.

Mr. Anklesaria.—Whether it prevents the grant of protection, it is for the Legislature and the Government of India to decide that. My point is the poor man consumes artificial silk goods far more than the consumer of raw silk who is generally a rich man and raising the price of raw silk by putting protective duties on it must necessitate raising duties on the poor man's goods also correspondingly. You have claimed that.

Mr. Green.—The effect of protective duties must necessarily be to increase the price to the consumer.

Mr. Anklesaria.—Is it fair to raise the price of the poor man's goods for providing an article of luxury.

Mr. Green.—I think that is a very large question.

Mr. Anklesaria.—Would you think it fair?

Mr. Green.—In the case of some industries, it may be necessary from the stand-point of broad national interests.

Mr. Anklesaria.—Would you consider it fair in the interests of the whole country?

Mr. Green.—I think that the Sericultural industry is such an important rural industry that it should be stimulated and not allowed to go out of existence, even if this necessitates some sacrifice on the part of the consuming community.

Mr. Anklesaria.—May I know whether it is more important than the cotton industry?

Mr. Green.—No.

Mr. Anklesaria.—Is it more important than the Jute industry?

Mr. Green.—No.

Mr. Anklesaria.—What industry is less important than the sericultural industry?

Mr. Green.—I am not instituting a comparison between the sericultural industry and other industries.

Mr. Anklesaria.—There are certain industries which are less important and certain industries which are more important.

Mr. Green.—Yes.

Mr. Anklesaria.—On what grounds do you say that the Sericultural industry is an important industry. It is now found that silk is very useful for military purposes. Have you heard of that?

Mr. Green.—I am aware of that.

Mr. Anklesaria.—On that ground if the silk industry is allowed to die out, I think the whole Empire would suffer, because India is the only country producing silk.

Mr. Green.—Yes.

Mr. Anklesaria.—You have studied this question about the Sericultural industry, I suppose very carefully.

Mr. Green.—Yes.

Mr. Anklesaria.—Can you tell me what particular advantages the foreign competitor as against the Indian sericulturist has which the Indian sericulturist has not?

Mr. Green.—I think one advantage possessed by Japan is that labour in that country is more efficient.

Mr. Anklesaria.—I was given to understand that the Indian labour both considering the quantity and quality available is as efficient as the Japanese. We have more labour though perhaps less efficient.

Mr. Green.—Mr. Achaya will be able to deal with that question since he visited Japan and studied the industry on the spot.

Mr. Achaya.—First of all they have got a variety of mulberry which gives them 16,000 lbs. of leaves per acre and this 16,000 lbs. of leaves give them about 1,100 lbs. of cocoons.

Mr. Anklesaria.—They have got a better variety of mulberry?

Mr. Achaya.—Yes.

Mr. Anklesaria.—Do you hope to equal Japan in that respect within a reasonable time?

Mr. Achaya.—I think under Kollegal conditions it is difficult.

Mr. Anklesaria.—Tell me what you know about the place with which you are fully acquainted.

Mr. Achaya.—I am fully acquainted with Kollegal.

Mr. Anklesaria.—So far as Kollegal is concerned, you think it is not possible for the Sericultural industry in Kollegal to come to a level with the Sericultural industry in Japan.

Mr. Achaya.—As far as the mulberry production is concerned.

Mr. Anklesaria.—What is the second advantage which Japan has?

Mr. Achaya.—They have got a better variety of worm which is univoltine.

Mr. Anklesaria.—Do you think that India can come up to that within a reasonable time?

Mr. Achaya.—If our experiments with univoltine are successful, it would.

Mr. Anklesaria.—Till the experiments are successful, you cannot say.

Mr. Achaya.—No, I cannot say.

Mr. Anklesaria.—As regards the second advantage, you cannot say anything.

Mr. Achaya.—No.

Mr. Anklesaria.—What is the third advantage?

Mr. Achaya.—A regular rainfall of 80 inches spread equally over the 12 months.

Mr. Anklesaria.—This of course is a matter of nature which India cannot possibly hope to have.

Mr. Achaya.—No.

Mr. Anklesaria.—What is the fourth advantage.

Mr. Achaya.—Government are spending a large amount of money on research work.

Mr. Anklesaria.—Is it not crores of rupees?

Mr. Achaya.—Yes.

Mr. Anklesaria.—Whereas our Government is hesitating to spend lakhs.

Mr. Achaya.—Yes.

Mr. Anklesaria.—If the Indian Government chooses, it can come up to Japan in that respect.

Mr. Achaya.—Yes.

Mr. Anklesaria.—Proportionately to the importance of the industry here.

Mr. Achaya.—Yes.

Mr. Anklesaria.—What is the fifth advantage?

Mr. Achaya.—She has a rich neighbour in America which consumes 80 per cent. of her raw silk.

Mr. Anklesaria.—She has got a ready huge market.

Mr. Achaya.—Yes.

Mr. Anklesaria.—Don't you think that India is nearly as big as the United States of America?

Mr. Achaya.—It is.

Mr. Anklesaria.—It would provide a market which would be more than sufficient for the production which you can expect in India within a reasonable period of time. That is the market available to us.

Mr. Achaya.—The market is there.

Mr. Anklesaria.—What is the next advantage?

Mr. Achaya.—The rearer and the mulberry cultivator are literate and whatever research is brought to their doors, they readily accept it and put it into practice.

Mr. Anklesaria.—India could come up to this standard within a reasonable time.

Mr. Achaya.—Yes; provided illiteracy is done away with.

Mr. Anklesaria.—What is the seventh advantage?

Mr. Achaya.—Another great advantage is the use of artificial manures.

Mr. Anklesaria.—Can you not use artificial manures?

Mr. Achaya.—As I have explained this morning, in dry areas it is very difficult to use artificial manures.

Mr. Anklesaria.—Use of manure is what is called intensive cultivation and Japan is forced to resort to intensive cultivation, because the area is limited.

Mr. Achaya.—Yes.

Mr. Anklesaria.—On the contrary the availability of land is unlimited in India.

Mr. Achaya.—Yes.

Mr. Anklesaria.—What the Japanese can do with intensive cultivation, we can do by extensive cultivation.

Mr. Achaya.—Yes, the cost will go up very high.

Mr. Anklesaria.—This is a representation from people who are supposed to be in the know of things. They have studied the comparative advantages and disadvantages of India and Japan. The only advantage which Japan has, is that Indian silk is always dearer because of small production. The difference between the prices of Indian silk and foreign silk is attributed to the fact that Japan is the greatest producer of silk in the world and that she produces it on a mass production scale. Don't you think that we lack this great factor which would enable us to compete successfully with the Japanese silk?

Mr. Achaya.—As far as rearing of worms is concerned, large scale production is not possible. It is only in respect of reeling that large scale production can be adopted.

Mr. Anklesaria.—I agree with you that mass production is possible only in respect of reeling.

Mr. Achaya.—Intensive rearing also is necessary.

Mr. Anklesaria.—First of all you require a big market at home.

Mr. Achaya.—Yes.

Mr. Anklesaria.—Big markets you cannot have unless you keep out the competitor for sometime.

Mr. Achaya.—Yes.

Mr. Anklesaria.—Mr. Green, I understand from what has been stated and from what I have read that the main reason why artificial silk influences to a great extent the demand for raw silk is that people do not understand the distinction between artificial silk and pure silk. People are given articles called silk articles which are really artificial silk articles and they have no means of distinguishing the two kinds of articles. That is the main reason why the artificial silks are displacing pure silk goods.

Mr. Green.—I am inclined to agree.

Mr. Anklesaria.—I will give you my authority for that. If you agree with me, then I would ask you whether you could suggest legislation such as has been recently instituted in Brazil.

Mr. Green.—I think that that would be an excellent thing.

Mr. Anklesaria.—You would also suggest legislation for ensuring the use of disease-free seed.

Mr. Green.—Yes, I would, but I do not know whether the time is quite ripe for this.

Mr. Anklesaria.—Will you be surprised to know that the Mysore Silk Association is engaged in the preparation of a draft bill?

Mr. Green.—I shall watch its progress with interest.

Mr. Anklesaria.—You would agree with them.

Mr. Green.—Yes.

Mr. Anklesaria.—The last Tariff Board on Sericulture recommended certain manures which were considered essential if the industry was to

develop, and which the Government of India and the provincial Governments should take. I understand that the Government of India took steps to give effect to some of the recommendations but not all. What further action do you think the Government should take in the direction indicated by the last Tariff Board?

Mr. Green.—One of the best ways would be in stimulating the introduction of cross-breeds. We have not got really efficient organisation for this as yet.

Mr. Anklesaria.—That could be done only by the Government of India giving subvention to the provincial Governments.

Mr. Green.—Such a grant would be of great assistance.

Mr. Anklesaria.—They cannot themselves administer it.

Mr. Green.—No. It will have to be done in the same way as the production and distribution of disease-free layings is effected at present.

Mr. Anklesaria.—Is there any other direction in which you want the Government to take action?

Mr. Green.—The conduct of research into silk worm diseases might be developed and carried on more rapidly if funds could be made available.

Mr. Anklesaria.—Do you not consider that some steps should be taken to ensure co-ordination of efforts made by the different provincial Governments as well as Indian States.

Mr. Green.—I agree that co-ordination is very desirable.

Mr. Anklesaria.—I shall give you one instance. You in Kollegal do not know what they are doing in Mysore, and *vice versa*. This is a state of affairs absolutely deplorable from the point of view of sericulture.

Mr. Green.—I agree that greater co-ordination is desirable and necessary between the various provinces and States.

President.—Especially when the industry is enjoying protection.

Mr. Green.—Yes. There might well be a greater interchange of views between the various provinces and Indian States.

Mr. Anklesaria.—That is co-ordination.

Mr. Green.—The Imperial Sericultural Committee holds its meeting at the end of the Industries Conference and the business has to be hurried through. There is little time available except to transact the routine business of allocating the grants. If a further day could be allotted for the meeting of the Imperial Sericultural Committee, I think it would lead to useful results, since it would enable the different provinces to interchange their information and experience.

President.—The reason why my colleague wants this question to be carefully considered is this. In spite of the fact that both Mysore and Kollegal are rearing the same kind of worms and having bush mulberry cultivation, their replies are so different.

Mr. Anklesaria.—Is that all? Have you anything more to say?

Mr. Green.—No.

President.—As we have some time at our disposal, I think we might go through your replies to the Handloom Questionnaire and to-morrow we might go into the question of protection and alternative crops.

Mr. Green.—Yes.

President.—In your reply to question 1, you say that the last census figure regarding the number of handlooms was an underestimate.

Mr. Green.—Yes.

President.—The present figure is 314,959.

Mr. Green.—These figures were disclosed as a result of a census carried out by the revenue authorities in 1936.

President.—The present number of looms engaged in weaving silk goods is 23,236 out of 314,959.

Mr. Green.—Yes.

President.—I want to understand the position with regard to the weaver. I was told that the weaver was an independent person.

Mr. Green.—Yes.

President.—Since the depression set in the weaver has been hit very hard. The weavers are now working under the owners of handlooms. They are no longer independent and they have become wage-earners. Would that be a correct position to describe as far as silk is concerned?

Mr. Amalsad.—Even previously the silk weavers were classed under three categories. In recent years the number of weavers under the class of independent weavers has decreased whilst the number of those dependent on sowcars or merchants has increased. That has been the change in position. Recently figures were collected regarding the percentage of independent weavers in the silk trade. Here is a statement containing the figures for Conjeevaram (handed in). I wish to point out that in Tanjore the percentage of independent weavers is only 2 and in Dharmavaram 7.

President.—Can you tell me what is was before.

Mr. Amalsad.—I have not got figures for the previous years. In Conjeevaram, the largest weaving centre, the percentage is about 25 per cent. In Kollegal which is a silk producing area, we have about 30 per cent. A number of weavers have ceased to be independent weavers and have become weavers working in the homes of master weavers or merchants.

President.—Another reason for the change in the position of weavers is that at present owing to the use of artificial silk and staple fibre, the cost of making a cloth has become very much cheaper than what it was before.

Mr. Amalsad.—Yes.

President.—In consequence, we are informed, the weaver's wages have been considerably reduced because the silk merchants are no longer able to pay the same rates as before, and the rate has come down from 8 annas to 4 annas per day. Is that the position in Madras?

Mr. Amalsad.—That is also the position in Madras. So far as silk weavers are concerned, I may state that the last Tariff Board gave a figure of 14 annas 9 pies for a man weaving a plain sarco.

President.—This is a bordered sarco (shown).

Mr. Amalsad.—Yes. To-day a weaver, weaving a bordered sarco would get about 9 annas per day. The drop is about 39 per cent. as compared with the figure given by the last Tariff Board.

President.—We have heard of a drop of 50 per cent.

Mr. Green.—There has been a drop of 50 per cent. in the case of some handloom weavers.

Mr. Amalsad.—Last time, we took the actual wages paid to weaver as Rs. 3-8 and divided it by the number of days the weaver was actually engaged in weaving. But it must be remembered that whilst he was actually weaving for 6 days, he had to spend 3 days in preparing the warp twisting, etc. So, it was not 6 days but 9 days over which the wages have to be divided. It is there that the difference has come in.

President.—That is correct. At present the system is that the silk merchants buy the required quantity of raw or spun silk, give it to the handloom weaver, take back the cloth and pay him his wages.

Mr. Amalsad.—Yes, certain fixed charges.

President.—They take the cloth and sell it at whatever price they can get.

Mr. Amalsad.—Yes.

President.—On page 3, you have given us certain prices for raw silk. I want to know what is the denier which is generally in use for silk cloths by the weavers.

Mr. Amalsad.—If a sari of 14 ozs. or 35 tolas is required, they will take a finer denier—13/15. Supposing saris are made of 48 to 52 tolas, the denier used is coarser.

President.—I want to know whether people are now using coarse denier as a rule or whether they are using finer deniers.

Mr. Amalsad.—The tendency is to go in for finer deniers.

President.—Therefore if I take the average for future production in India based on 20/24, would it be correct?

Mr. Amalsad.—20/22 would be correct.

President.—And not 28/30?

Mr. Amalsad.—No.

President.—On page 4 you have given prices for twisted silk in warp form. Is that a recent thing?

Mr. Amalsad.—It first began to come from Japan in undyed state. The price was Rs. 7 per lb. Then Surat began sending dyed warps to Madras markets.

President.—What would be the dyeing charge?

Mr. Amalsad.—If we take thrown silk at Rs. 6-12, degumming would cost Rs. 1-6, warping 4 annas and dyeing 12 annas. Thus Surat warp is imported at Rs. 9-2 per lb.

Present.—If it is Japanese warp, what additions would you make?

Mr. Amalsad.—Rs. 2-6 in all.

President.—Therefore the present price of Japanese warp is not very low.

Mr. Amalsad.—It is sufficiently low to induce people to take to Japanese warp.

President.—If Japanese warp is taken, he has to incur an expenditure of Rs. 2-6. Therefore it is better to take Surat warp and pay Rs. 9-2 instead of buying Japanese warp and paying Rs. 2-6.

Mr. Amalsad.—Yes.

President.—Is that the price of the twisted silk of Kollegal?

Mr. Amalsad.—No. I have taken this as the average.

President.—Of Indian thrown silk?

Mr. Amalsad.—Yes.

President.—For organzino it is Rs. 7-8.

Mr. Amalsad.—Yes.

President.—Is it your opinion also that the use of spun silk by the handloom weavers has been declining after protection has been granted?

Mr. Amalsad.—Imports have declined in 1936-37.

President.—Formerly spun silk was being classed under silk yarns, warps, and noils and it was only after 1934-35 that silk yarn was separated and noils and spun silk are shown separately. But the bulk of the import formerly under the head silk yarn consisted mainly of spun silk and it was 25 to 30 lakhs of pounds, whereas it is now 18 to 20 lakhs. So you have not taken that into consideration in your chart. What have you taken for spun silk before 1934-35?

Mr. Amalsad.—The difficulty in our province is that we have no railborne trade statistics.

President.—Even the imports have shown a decline. I was told that the handloom weaver was suffering because the provincial Governments and the Indian States have not devoted sufficient attention to the question of designs and have not got export designers to bring forward

such new designs which would suit modern taste and could not be manufactured on a mass production scale by mills. Have you considered the question of manufacturing such designs that it would not be possible to imitate?

Mr. Amalsad.—We have a designer for our cotton trade who supplies designs to our co-operative societies. As regards designs in silk, the weavers are capable of producing any designs given to them by merchants who travel all over India and collect the latest designs. Unfortunately the weaver's difficulty is that he has to change his harness on his loom every time.

President.—Does that involve additional cost?

Mr. Amalsad.—To the extent of buying additional thread and a few days wasted every time the weaver changes the design. I do not think there is any difficulty about getting designs.

President.—Another direction in which they are suffering is with regard to marketing. They produce the cloth but do not get a ready market and sometimes the merchant does not pay the wage until he is actually able to sell the stuff.

Mr. Amalsad.—That is not our experience. Here in fact the weaver sometimes takes advance beforehand and he is invariably paid the moment he delivers the sari.

President.—With regard to doubling and preparing the warp, that is generally done by the weaver's family?

Mr. Amalsad.—Yes.

President.—You do not take into consideration the wages for the weaver's family when you give the costs.

Mr. Amalsad.—In the costs given in answer to question 23, I have shown separate items of expenditure, for example for twisting Re. 1, dyeing annas 12 and so on. The weavers who buy silk carry out these operations with the help of the family members.

President.—Have you got any new articles which are now manufactured? I am told that the tendency now-a-days is to have light material.

Mr. Amalsad.—Yes, in order to reduce the weight and the cost of the cloth and also because women like light sarees.

President.—You are unable to give us the value of production of hand-woven goods.

Mr. Amalsad.—It is extremely difficult to compile it. But in order to find out approximately the figure of raw silk consumed by handloom weavers, we have been calculating the approximate consumption of raw silk at the rate of 45 lbs. per weaver per year working for about 240 days and we have estimated a consumption of 10 lakhs lbs. of raw silk.

President.—How are the co-operative societies working?

Mr. Amalsad.—We have about 85 societies in the cotton trade but hardly 2 or 3 in the silk trade.

President.—Is there a tendency to take to 6 yds. saris in place of 9 yds. as was originally the case?

Mr. Amalsad.—On the last occasion we gave you calculation based on 9 yds. This year we have gone on 8 yds.

President.—Would it be fair to take an average of 6 yards?

Mr. Amalsad.—Women generally use 7 yds. and girls 6 yds.

President.—What is the bulk of the production?

Mr. Amalsad.—It varies in different districts and with classes of people.

President.—What would it be in the Madras Presidency?

Mr. Amalsad.—I think 8 yds. may be taken as a fair average.

President.—Did the Madras handloom weaver use to have any Bengal silk?

Mr. Amalsad.—Malda silk was used in the Andhra Districts (Berhampur) which is nearer Bengal. But during my recent visit to Northern Circars, I was not able to find any Malda silk used.

President.—Is spun silk used to a large extent in the Province?

Mr. Amalsad.—It is used. The majority of power looms are taking more of spun silk because it dispenses with twisting and sizing operations and can be readily used.

President.—I suppose it is a recent growth.

Mr. Amalsad.—I think for the last two or three years they are using it.

President.—We noticed big imports last year.

Mr. Amalsad.—A number of handloom concerns took to spun silk, since spun silk was remunerative to them.

President.—You say the introduction of the system of sorting and grading is likely to result in an increased consumption of Indian silk.

Mr. Amalsad.—Yes. It may not be possible to grade cocoons, but with regard to reeled silk there are good workers who can sort out certain qualities of silk.

President.—Mr. Acharya told us that even with regard to silk it is difficult to sort.

Mr. Acharya.—Silk can be graded, not cocoons.

Mr. Amalsad.—Even now it is graded in certain villages, doing good work.

President.—Filature silk can be graded according to deniers and according to the rules laid down by the conditioning houses but I think it is not possible with charka silk. Why is Indian charka silk not preferred by the handloom weavers?

Mr. Amalsad.—The reason is that charka silk contains a lot of floss and other defects. In the first process of winding, the women find a good deal of difficulty in handling the silk. The wages of 5 annas shown is for this first process which is one of the most tedious of all processes she has to undertake. There are gum marks left on the hanks and the silk threads stick to each other and there are a lot of loose ends. All these difficulties have to be corrected in the first operation of winding. That is the reason why they employed a Pervatam (cone shaped bamboo stand) for unwinding the thread slowly from the hanks.

President.—I was told that charka silk is not suitable for throwing in power loom factories.

Mr. Amalsad.—There are considerable breakages of thread in the first operation.

President.—You think it is troublesome and leads to additional expenditure to the weaver.

Mr. Amalsad.—Yes. In some cases hand throwsters are not paid 5 annas per lb. for winding operation when they use filature silk.

Mr. Acharya.—Also when first quality charka silk is used.

President.—You say the duty on spun silk is inadequate in answer to question 24.

Mr. Amalsad.—Yes.

President.—Are you in possession of the cost of manufacturing a pound of spun silk?

Mr. Amalsad.—I have got before me the cost of weaving a spun silk sari as well as a raw silk sari. I find that the production of the spun silk sari comes to 4½ yards a day as against the production which I have given in answer to question 28 of 13rd yards a day. It is somewhat difficult for the public to distinguish spun silk sari from a real silk sari.

President.—Is not spun silk real silk?

Mr. Amalsad.—Yes, but there is a wide difference in quality and cost.

President.—As far as the Tariff Board is concerned, it can only go by the cost of production of the article in India. I do not know whether taking the cloth made out of the two into consideration would give any indication.

Mr. Amalsad.—It is the raw material that enables the weaver to weave faster because it is spun silk.

President.—Which raw material does the weaver prefer?

Mr. Amalsad.—He would prefer raw silk as he gets a higher wage although he can produce more cloth by using spun silk yarn.

President.—I don't think you would like to press this point?

Mr. Amalsad.—No. We have no spun silk mills in this Province.

President.—Would you leave it to the spun silk mill to place before the Board the case for protection?

Mr. Amalsad.—Yes.

President.—As regards your reply to question 27, you say that a few new warp and weft preparation factories have been started. I would like to know about this. This was not the case on the last occasion.

Mr. Amalsad.—I have stated in answer to question 2 that Japanese warps first came into the market and subsequently the Surat, Peddapuram and Dharamavaram factories have taken to the supply of twisted silk in warp form.

President.—Some silk merchants make warps.

Mr. Amalsad.—Instead of selling raw silk, they get warps prepared in the power throwing factories and sell them.

President.—What is the price?

Mr. Amalsad.—It is given in answer to question 2.

President.—I don't think you have got any specific recommendations to make with regard to silk goods.

Mr. Amalsad.—That question was not asked.

President.—It has been asked here whether you would like protection for the silk goods if the duty on raw silk is to be increased.

Mr. Green.—The duties will have to be raised proportionately.

Mr. Amalsad.—There are large varieties of cloths and it is very difficult to definitely assess the duty.

President.—Have you any definite suggestions to make with regard to the handloom weaving industry or the handloom weavers as to how they should be protected and how their position could be bettered?

Mr. Amalsad.—This is a very important question. I find that the wages of cotton weavers have come down. They receive from Rs. 7 to Rs. 16 a month according to class of fabrics woven. Amongst the silk weavers, as I have already indicated, the wages have also fallen. Some get about 8 annas, others get 9 annas. Others who get one rupee per day have to employ outside labour for help. Therefore the wages of the cotton weavers and the silk weavers have generally come down in our province in the last few years.

President.—What would you suggest?

Mr. Amalsad.—The handloom weaver has to compete against the foreign cloth as well as the cloths produced by the power looms in India. External protection and internal adjustment would seem to be necessary. With a view to protect the handloom weaving industry including silk weaving, the Government of Madras have recently passed a Cloth Shops Licensing Act by which those dealing in power products have to take out a license by payment of a graded fee of Rs. 2 or Rs. 5 per year. If the internal competition between the power products and the handloom products increases, then we have no other alternative but to increase the license

fee and thereby give protection to the silk weavers. As regards foreign cloths they are a class by themselves. Recently, people have taken to fine sarrees and printed sarrees. That is an attraction for the middle class people. Amongst the bulk of the Indian population, and particularly for marriage ceremonies and on religious occasions, preference is given to handwoven cloth.

President.—I don't think you have any concrete suggestions to place before the Board with regard to helping handloom weavers. The only way, I understand, from Mr. Amalsad is to find out some method to increase his wages. That could only be done if we put in a very high duty on cloth. That would enable the silk merchant to be able to pay a higher wage to the weaver. On the other hand we have to consider the question of the consumer. The Board cannot increase the duty more than the compensatory duty under the terms of reference.

Mr. Amalsad.—We cannot ask for more than that. I think it would be helpful if the Government of India could institute a subvention scheme as they have done in the case of cotton weavers.

President.—What is the subvention you are getting at present?

Mr. Amalsad.—This year we are getting about Rs. 68,000 from the Government of India.

President.—What is the basis for that?

Mr. Amalsad.—The basis was originally the consumption of cotton yarn by handloom weavers in the several provinces, partly, and partly the amount spent by the Provincial Governments during the preceding 5 years in connection with the cotton handloom weaving industry.

President.—Suppose they have a similar thing with regard to silk, what would be the amount you are entitled to? We would like you to consider this question and let us know.

Mr. Green.—It would first have to be decided what would constitute a reasonable and equitable basis for the allocation of the subvention, if one was forthcoming.

President.—If you could give a note on the subject, it would be very helpful to the Board.

Mr. Green.—Yes.

(2) Evidence of Mr. L. B. GREEN and Mr. K. T. ACHAYA, recorded at Bangalore on Friday, the 19th August, 1938.

President.—I had better take one or two points which we discussed yesterday in order to complete the examination before I take the question of protection. One of them is with regard to the number of worms that you have given me.

Mr. Achaya.—I have worked it out in the new note that I gave you.

President.—I wanted to ask you this very point in a different form. You told me that about 5 per cent. of the worms form into double cocoons.

Mr. Achaya.—In cross-breeds only. I have worked out for pure Mysore.

President.—In pure Mysore, there are no double cocoons?

Mr. Achaya.—No.

President.—How will I calculate on that basis? You have got now 35,000 worms. I should first deduct 15 per cent. out of that for wastage and then deduct further 5 per cent. for double cocoons and whatever I get will be the balance which form the cocoons.

Mr. Achaya.—Yes, that will be correct.

President.—Pure Mysore—you have given as 20 per cent. wastage and 575 cocoons to a lb. We say on page 87 of our Report: "It is most desirable that as many of the eggs as possible should hatch on one day; otherwise the rearing of two lots of worms hatched on successive days will deprive the rearer of the respite he would otherwise have during the moulting periods."

Mr. Achaya.—Mysore seed practically hatches on one day. There is not much difference.

President.—They all hatch on one day.

Mr. Achaya.—Yes.

President.—Formerly it was two days and sometimes 3 days. I want to find out the variation between 35,000 and 42,000 given by Mysore. Another point I would like to discuss with you is with regard to eri silk. I would like the Government to give me a considered note on the subject, because I still think that it would be very advisable for the Government to consider the question about silk made out of eri apart from the sale of eri pierced cocoons about which we will ask the spun silk mills. There is a very big market for this cloth.

Mr. Achaya.—I shall prepare a note. Because the rearers have not been able to find a market for the cocoons they produce, it has discouraged the development of the industry.

President.—The rearer might be able to spin the cocoon.

Mr. Achaya.—That has been done in a number of areas. But there again real difficulty was experienced in finding a market for eri spun silk and cloth. Assam is in a much more advantageous position than we are in South India and there is an entire absence of demand for this kind of cloth.

President.—How does the cloth look like?

Mr. Achaya.—The eri cloth is rough as the yarn spun by beginners is coarse.

President.—Our information is that it can be spun.

Mr. Achaya.—It needs a lot of experience.

President.—I want you just to consider this question. I think there is a very big future for the industry.

Mr. Amalsad.—We obtained one charka from Assam and we brought a man also from there. He was accompanied by his wife. I evolved a new charka on the basis of the cotton spinning wheel. They got our

improved charka. We can spin, but in the early stages, the tension is not uniform. The yarn is not regular in diameter. That presents a great deal of difficulty in weaving. While there are people willing to spin yarn, there are no buyers. Even the Assam yarn samples of which we obtained was only slightly better. Eri-spinning requires prolonged experience. It is like the Khadi industry. It will take years before the spinners can be expected to work well on eri cocoons.

President.—We have received a representation on this subject which we are asked to keep confidential. I won't divulge the name, but I was told that eri cocoon silk was a very successful production. Therefore I am very anxious to know the details as the cost of food is practically nil and therefore in India this ought to be a great advantage in comparison to the mulberry silk.

Mr. Green.—I will send you a full note from Madras in regard to our experience with eri cocoons and the possibilities of development of the industry.

President.—I would like to have some information with regard to Japan. Mr. Achaya, the Board, as you know, this time particularly is concentrating on the cost of production in Japan, because of the alleged dumping, and it is difficult for us to write anything unless we know the real facts. I would like to know whether you have kept yourself in touch after your return from Japan with the conditions existing there.

Mr. Achaya.—Except the Silk Year Book I have with me, I have no correspondence with Japan Sericulturists.

President.—How many days does the filature work in a year?

Mr. Achaya.—300 days.

President.—What is the production per basin per reeler?

Mr. Achaya.—1½ lb. per basin per day.

President.—That is for 13/15 denier.

Mr. Achaya.—Yes.

President.—Which season cocoons are they?

Mr. Achaya.—Spring cocoons.

President.—What about winter cocoons? I suppose that production is a little lower.

Mr. Achaya.—Half the entire production is spring cocoons. Then comes the summer crop. Summer cocoons are a little inferior and so production is less than 1½ and the autumn cocoons are superior to summer cocoons but inferior to spring cocoons.

President.—So the average would be a little less than 1½ for the whole year. There are three seasons in a year.

Mr. Achaya.—Yes.

President.—Shall we take 1½ lbs. as the average per reeler per basin?

Mr. Achaya.—Yes. I mean the entire production.

President.—I am taking raw silk.

Mr. Achaya.—1½ lbs. is for spring and autumn cocoons and 1½ lbs. for summer cocoons would be a fair average.

President.—What are the wages paid?

Mr. Achaya.—50 sens per reeler.

President.—Half a yen?

Mr. Achaya.—Yes. They are provided with food by the management.

President.—And other facilities are also given.

Mr. Achaya.—There are night schools, cinemas, radio, playgrounds and other amenities. They are provided with free quarters also, i.e., free board and lodges.

President.—The reeler's wage comes to 6 annas 3 pice.

Mr. Achaya.—Yes.

President.—We have received a memorandum from the Trade Commissioner in Japan giving us the 1938 costs and we find that at to-day's exchange, the cost of cocoons comes to 7 annas and the cost per pound of raw silk is Rs. 4-6-1.

Mr. Achaya.—That would be fairly correct.

President.—Do they work 9 hours a day?

Mr. Achaya.—Yes.

President.—Now I had better discuss the costs given by you for Madras. But before I do that, I shall take the statement about the consumption of leaves. I find that you have 7 crops a year, and during the 5th age, the worms consume 2,500 lbs of leaves.

Mr. Achaya.—Yes.

President.—That is picked entirely by the extra labour.

Mr. Achaya.—Yes.

President.—We are not talking of feeding. We are now talking of picking of leaves.

Mr. Achaya.—Yes.

President.—The consumption is 625 lbs. during the 4th age.

Mr. Achaya.—Yes.

President.—What is the wage you have put down for that? I will take the whole output for an acre. 3,450 lbs. is for 4½ ounces.

Mr. Achaya.—Yes.

President.—The number of days is about 29.

Mr. Achaya.—Yes.

President.—That leaves roughly about 325 lbs. for the family.

Mr. Achaya.—Yes.

President.—If I take your calculation of 50 lbs. of leaves per day, it comes to roughly 8 days.

Mr. Achaya.—Yes.

President.—Leaves are picked generally by women.

Mr. Achaya.—By women and also by men.

President.—At 3 annas per day it comes to Rs. 1-2.

Mr. Achaya.—Yes.

President.—What about rearing? Rearing is for 16-2 days. If I take the same wage, it comes to Rs. 3.

Mr. Achaya.—Yes, for one rearing.

President.—For 7 rearings or 7 crops, it is Rs. 21.

Mr. Achaya.—Yes.

President.—If I take the cross-breeds it will be Rs. 15; say Rs. 16 against Rs. 22. If I take the average, it will be Rs. 19.

Mr. Achaya.—Yes.

President.—The production is 210 and 245 lbs.

Mr. Achaya.—Yes.

President.—We will take it as 225 lbs. It comes to roughly one anna and four pies per lb.

Mr. Achaya.—No. It is roughly 1 anna 6 pies. There is one thing to be taken into account over and above this. When we are considering the leaf question, we must bear in mind that he is giving the leaf at cost price leaving nothing for the agricultural profit or rental value on land.

President.—I am coming to that afterwards. I have asked you to supply me that information. As far as this is concerned it comes to

one anna, and four pies extra. The wages for picking leaves and for rearing worms including the cost of cocoons will be 4 annas 6 pies if I take cross-breeds.

Mr. Achaya.—Yes, but our production is only 5 per cent.

President.—As regards your reply to question 17 about the income derived from respective crops raised in Kollegal area, what is the point which you want to make?

Mr. Achaya.—He has charged only the actual cost.

President.—For producing 3,450 lbs. of leaves, you have given me the actual cost. Does it not include wages?

Mr. Achaya.—It includes the actual wages.

President.—You mean the actual wages of the family?

Mr. Achaya.—Yes, but then he must get an agricultural income as he gets for ragi.

President.—What is the agricultural income?

Mr. Achaya.—Rs. 12-1.

President.—How do you get this figure? Will you please refer to your reply to question 17?

Mr. Green.—He would get an additional income over and above the amounts given there.

President.—Therefore the first question I would like to ask you is whether the mulberry cultivator is an independent man and sells his leaves or is he also a rearer?

Mr. Achaya.—For all practical purposes he is one and the same person.

President.—The profit is in the shape of income to the family. Sale price minus the cost is what you have put down here as Rs. 8-3-6. If you look at question 17, you will understand what I mean. It means that mulberry cultivation and the cultivation of ragi and cholam cannot be compared. Ragi and cholam are sold as they are whereas mulberry leaf is not sold. Mulberry leaf is sold to the rearer who is the cultivator himself. We have given him the cost of leaf and we are giving him profit on account of rearing and picking the leaves.

Mr. Achaya.—It is the bare cost of leaves.

President.—I have allowed Rs. 19 for picking leaves and feeding.

Mr. Green.—Yes, but not for cultivation.

President.—If he could get an independent price, it would be different. Here it is all one operation.

Mr. Green.—Our point is that he should be given some credit for his cultivation.

President.—Does he not derive more money from mulberry cultivation and rearing than by the sale of ragi and cholam?

Mr. Green.—He puts in more labour when he engages himself in mulberry cultivation and rearing than in cultivating ragi and cholam.

President.—We have taken labour into consideration by allowing him Rs. 19.

Mr. Achaya.—Suppose, he removes the mulberry and puts in ragi in its place does he not get Rs. 8-3-6 over and above his wages?

President.—That is true. But there is another point which you must not forget. If he goes over to cross-breeds, he will get more. At present I am taking half and half and he gets Rs. 8-8-9. It will make a big difference if it is all cross-breeds. Therefore it is in the interests of the mulberry cultivator to concentrate all his attention on cross-breeds.

Mr. Green.—The mulberry cultivator realises that, but there is always the possibility of his losing a crop.

President.—That risk is also in the case of the other agricultural crops. He may not get the same price for ragi or cholam.

Mr. Green.—There is always a price for a food crop.

President.—What is the profit of this crop as compared with the alternative crop.

Mr. Achaya.—There is no profit. It is only wages.

President.—This Rs. 8-3-6 is supposed to be his profit.

Mr. Green.—Yes, on ragi.

President.—At the rate of 4 annas 6 pies he will get Rs. 3-8-9 more. As compared with Rs. 8-3-6, if he concentrates on cross-breeds, he is bound to get more. Besides you must not forget that you are competing against a very big rival. Four annas six pies just works out to be equal to the price of the Japanese cocoon if we take the silk contents of both Indian and Japanese cocoons. We shall now deal with the next point which is the cost of producing a pound of silk. I am glad you have supplied us with the information as to what "all other sorts" include. That is a very important question as far as the Madras market is concerned.

Mr. Achaya.—We have taken that from the invoices.

President.—The other question that you have replied to is question 4. What is the railway freight advantage?

Mr. Achaya.—The railway freight advantage from Bombay to Bangalore is 1 anna a pound.

President.—What is it from Madras to Bangalore?

Mr. Achaya.—Tuticorin is the port to Kumbakonam and Madras is the port to Conjeevaram.

President.—Your randita is 14, 13 and 12 instead of 15, 13 and 12.

Mr. Achaya.—Yes.

President.—The average is 13.

Mr. Achaya.—Yes.

President.—But you state as 12-4.

Mr. Achaya.—Yes. But we have deducted double cocoons.

President.—I did not deduct them. What is the price you are able to get?

Mr. Achaya.—1½ annas per lb.

President.—In the green state?

Mr. Achaya.—Yes.

President.—What is the percentage of double cocoons you get?

Mr. Achaya.—5 per cent.

President.—I want to find out per lb.

Mr. Achaya.—05 per cent. per lb. I took both single and double cocoons, deducted the double cocoons as well as the value and then worked out.

President.—You have taken 4 annas 8 pies for cocoons.

Mr. Achaya.—The price is more for cross-breeds than for pure Mysore.

President.—Instead of paying 4 annas 6 pies, he pays 4 annas 8 pies.

Mr. Achaya.—Yes.

President.—I wanted you to take 4 annas 6 pies as the average for both.

Mr. Achaya.—I have worked out at 4 annas 8 pies, at 5 annas, at 4 annas and at a rate when the cost of production is reduced by about 4 per cent.

President.—What is the daily production you have taken?

Mr. Achaya.—The same as Mysore.

President.—Have you taken 1½ lbs.?

Mr. Achayya.—1st quality—1½ lbs.

President.—Have you taken all the charges which the last Tariff Board allowed?

Mr. Achayya.—Everything.

President.—What is the total cost of producing one lb. of silk?

Mr. Achayya.—Rs. 4-13-8.

President.—Does it include profit also?

Mr. Achayya.—No.

President.—What does it include?

Mr. Achayya.—It includes the bare cost.

President.—Interest and depreciation are included.

Mr. Achayya.—Yes.

President.—We allowed, last time 2 annas for profit. If we add that, it will be about Rs. 5.

Mr. Achayya.—Yes.

President.—The cost of producing one pound of 1st quality silk is Rs. 5. What is the price of filature silk which competes with your 1st quality silk?

Mr. Achayya.—It is very difficult to get the price of Canton silk.

President.—I will take the declared values given by the Collector of Customs. The price of Canton filature silk to-day is Rs. 4-8. We will take that as the basis. This is equal to 2-12-0 c.i.f. because the duty is calculated on the Tariff Value of Rs. 3-7 per lb. If I take the lowest price touched by Canton filature silk as Rs. 2-6 then the duty required would be about Rs. 2-10 per lb.

Mr. Achayya.—Yes, with the present value for cocoons.

President.—Now let us take the second and third quality. Last time the Tariff Board took the average of the two. The figures given by you are Rs. 4-0-8 and Rs. 3-7-11 to 3-12-3 or say Rs. 3-14 if you add 2 annas profit.

Mr. Achayya.—Yes.

President.—What is the quality which competes with this?

Mr. Achayya.—Dupions of China and Japan.

President.—Can you tell me the price of Shanghai filature silk?

Mr. Achayya.—It is about Rs. 4-2.

President.—Let us take Rs. 4-2; that comes to Rs. 2-7. So the duty required in this case would be Rs. 1-8.

Mr. Achayya.—What about silks that have been coming into the market at 53 exchange?

President.—Tell me what is the present price at the present rate of exchange.

Mr. Achayya.—Here is an invoice.

President.—What does it come to?

Mr. Achayya.—I have worked it out to Rs. 2-0-6 c.i.f.

President.—Let us take Rs. 2 c.i.f. The duty comes to Rs. 2 for this quality. Are you satisfied? I am taking your own calculation. I have taken a price of Rs. 3-14 as the average and the duty comes to Rs. 1-14 per lb.

Mr. Achayya.—Yes.

President.—Now let us take the future price. The future price if adequate protection is granted comes to about Rs. 4-10. From such information as we have been able to obtain we find that the cost of production is Rs. 4-6-1 in Japan and if I add about 4 annas as freight and other charges and if I add 3 annas for landing charges it comes to practically Rs. 4-14. Therefore if there was no depreciation of exchange, if there was no concession given by Government then the landed price in India would compare very

well with the fair selling price of the Indian industry. In normal conditions therefore it appears that the industry would be able to satisfy the third condition laid down by the Fiscal Commission.

Mr. Green.—Yes.

Mr. Achayya.—With regard to the profit of 2 annas per lb., is that enough for the rearer?

President.—I have not made any reduction. I am taking Rs. 4-10. I think, Mr. Green, that would be the correct position? The duty for the first quality would be Rs. 2-10, second quality Rs. 2 and in future given adequate protection over a period of years you would be able to satisfy the third condition of the Fiscal Commission.

Mr. Green.—Yes.

President.—In spite of a cost of cocoons at 5 annas a lb. the fair selling price will be about Rs. 4 if the industry is protected for 10 years; suppose we give you 10 years then you think at the end of ten years the fair selling price will be Rs. 3-14.

Mr. Green.—If the whole of the industry is on crossbreeds,

President.—What is the price of cocoons you have taken?

Mr. Achayya.—We have deducted 35 per cent. on crossbreeds.

President.—We have taken it on that basis. It is very satisfactory. That means that at the end of ten years the price will be about Rs. 4 and not Rs. 4-10. That is very satisfactory.

Mr. Green.—Yes, if our anticipations are realised.

President.—They will be realised if you get adequate protection.

Mr. Green.—Yes.

President.—I have been able to get the dollar exchange. I am referring to pages 81 and 82, question 58. It is given from 1932 onwards.

Mr. Achayya.—The dollar is about 2-9 yen.

President.—You have given me about 2 dollars if you look at the next page; it is practically the same.

Mr. Achayya.—Yes.

President.—Two dollars would be about 6 yens. 6 yens at to-day's exchange is equal to Rs. 4-12. They are selling in America at Rs. 4-12 and selling here at about Rs. 5-8 per lb.

Mr. Achayya.—With duty at Rs. 5-8 per lb.

President.—To-day's price is Rs. 6 per lb.

Mr. Achayya.—I have given prices for March Rs. 5-10 to Rs. 5-15.

President.—I will take Rs. 6 minus Rs. 2-1 for duty, Rs. 4 against Rs. 4-12. Your point is that in the Indian market Japanese silk was sold at Rs. 4 against Rs. 4-12 in the American market, considering the present exchanges on both sides.

Mr. Achayya.—Yes.

President.—I would say the difference would be 8 annas.

Mr. Green.—Or even 10 annas.

President.—We can say 8 to 10 annas.

Mr. Green.—Yes.

Mr. Anklesaria.—If you read the last report you will find that the object of the Tariff Board's recommendation was not to secure a boom price to the producer but to enable the industry to reorganise itself and adjust its cost of production to the new conditions.

Mr. Green.—Yes.

Mr. Anklesaria.—I think that object has been achieved to some extent?

Mr. Green.—I would rather say that a beginning has been made in reducing costs, but owing to the inadequacy of the protection granted further progress has yet to be made.

Mr. Anklesaria.—Kindly give me some details: in what directions you have been prevented from making improvements for want of adequate protection. Take the case of leaf production. In this case protection higher or lower or no protection matters very little as regards its effect on leaf production.

Mr. Green.—That would appear to be so at first sight, but for want of adequate protection, the incentive for necessary improvement has been lacking.

Mr. Anklesaria.—You will admit that mulberry cultivation entirely depends on rearing of worms: they are inseparable. It comes to this that adequate protection would serve as an incentive to the rearing of worms. Mulberry cultivation would be a secondary consideration there.

Mr. Green.—It would certainly act as an incentive to the adoption of improved methods in the industry as a whole.

Mr. Anklesaria.—May I know how the inadequacy of protection prevented the improvement in the rearing of worms? I see from your answers that you have made considerable improvement. You have distributed 93 per cent. of disease-free seed.

Mr. Green.—That has been rendered possible by the subvention provided by the Government of India.

Mr. Anklesaria.—My point is how do you say that the protection has not proved adequate.

Mr. Green.—The introduction of crossbreeds has not yet proceeded very far. They only account for five per cent. of the whole.

Mr. Anklesaria.—The introduction of crossbreeds is a matter more for Government action than for the individual rearer. Won't you admit that? One rearer having improved seed does not bring about the improvement of the industry. It is the Government who should come forward to help. So far as the effect of protection is concerned, the rearing industry is not affected. It is the want of action by Government that might account for the present state of the rearing industry. It depends entirely on the introduction of improved seed. So far Government has enabled you to distribute 93 per cent. disease-free seed. Tell me what further action could Government take in this matter.

Mr. Green.—By introducing crossbreeds on an extensive scale.

Mr. Anklesaria.—Has not the Government enabled the rearer to take to crossbreeds? Is it the fault of the Government or the fault of the individual rearer?

President.—The mulberry cultivation has gone down because the price of raw silk has gone down.

Mr. Anklesaria.—I think we have done with the mulberry cultivation business.

Mr. Achayya.—The rearing of silkworms is allied to the mulberry cultivation. Mulberry cultivation has not progressed.

Mr. Anklesaria.—What could Government do to enable the mulberry cultivator to cultivate mulberry?

Mr. Achayya.—Government ought to grant more protection to see that the mulberry cultivation extends.

Mr. Anklesaria.—Mulberry cultivation depends upon rearing. They are absolutely inseparable.

Mr. Achayya.—Yes.

Mr. Anklesaria.—It is the rearing that has got to be encouraged. If you provide enough incentive for rearing, mulberry cultivation will take care

of itself. You should provide an incentive to the silkworm rearer by giving them more price for cocoons. How has the inadequacy of protection led the rearer not to adopt improved methods of rearing?

Mr. Achayya.—Because he has not been able to realise a sufficiently high price for the cocoons.

Mr. Anklesaria.—What more would he have done than what he does to-day?

Mr. Achayya.—The area under mulberry would have increased.

Mr. Anklesaria.—Do you mean to say that the worms at present are starved for want of mulberry leaves?

Mr. Achayya.—Not at the present rate of production.

Mr. Anklesaria.—Then if there had been greater production, the area under mulberry would be greater. That does not help you. My point is what would the silkworm rearer have done which he is not able to do up till now for want of adequate protection.

Mr. Achayya.—He has not extended the mulberry cultivation.

Mr. Anklesaria.—Why?

Mr. Achayya.—He does not get enough for his cocoons. Therefore he has no incentive to extend mulberry cultivation.

Mr. Anklesaria.—What more does he want to give him that incentive?

Mr. Achayya.—5 annas per lb. of cocoons.

Mr. Anklesaria.—How does that help him?

Mr. Achayya.—It will enable him to get a little more money for his mulberry.

Mr. Anklesaria.—As regards the reeling stage of the industry how would the increased protection help the reeler and in what direction?

Mr. Green.—It might be expected to facilitate the introduction of improved charkas.

Mr. Anklesaria.—Don't you think that the charkas will have to go down before the filature? Whatever protection you may give, however high the protection may be, the charka will not be able to compete with the filature.

Mr. Green.—Eventually it may not.

Mr. Anklesaria.—Why do you say eventually?

Mr. Green.—I think the extinction of the charka may prove to be a gradual process.

Mr. Anklesaria.—If that happened, it would be a great calamity.

Mr. Green.—I do not want unduly to accelerate the decline of the charka.

Mr. Anklesaria.—Inadequacy of protection has had no effect on the reeler.

Mr. Green.—I would not like to subscribe to that view. It is the inadequacy of protection and inadequacy of the price which the rearer has been able to obtain for his cocoons that has had a definitely adverse effect on the industry.

Mr. Anklesaria.—The rearing of cocoons we have left. We have come to the reeling stage of the industry. Now the reeler has to be benefited by the adequacy of protection. I want to know how the reeler has suffered on account of inadequate protection.

Mr. Amalsad.—He has been very indifferent to introduce improved appliances in reeling.

Mr. Anklesaria.—What improved things could he have adopted? Supposing he had more protection, what would he have done?

Mr. Amalsad.—We would have introduced improved reeling machines.

Mr. Anklesaria.—Handreeling machines.

Mr. Amalsad.—Yes.

Mr. Anklesaria.—However much you may improve the charka, however much you may introduce handreeling machine, it won't stand before your fiaturo.

Mr. Amalsad.—It may last longer than we think.

Mr. Anklesaria.—I think we heard yesterday the reeler is mostly a labourer. He slaves for the middleman.

Mr. Amalsad.—Some reelers have a small capital of their own and work independently.

Mr. Anklesaria.—We come to the weaving stage. How has the inadequacy of protection prevented the weaver from carrying out the improvements which, it is said, are necessary to enable him to compete with the foreign competitor.

Mr. Amalsad.—The inadequacy of the duty on silk or on cloth.

Mr. Anklesaria.—Both.

Mr. Amalsad.—The weaver has no money for purchasing improved looms.

Mr. Anklesaria.—On silk piecegoods and artificial silk piecegoods, how is the protection inadequate so as to prevent the weaver from using or adopting improved methods? What more could he have done than what he is doing to-day if he has got more money for his weaving?

Mr. Amalsad.—I don't think there is much room for improvement on the weaving side. All that we aim at is that the difference between the cost of the raw material and the price of the cloth should not be reduced to the present level.

Mr. Anklesaria.—Am I correct in saying that a large majority of weavers are mere wage earners?

Mr. Amalsad.—Wage earners in what way?

Mr. Anklesaria.—They weave the cloth for somebody else who owns the cloth.

Mr. Amalsad.—The price factor is of no consequence to the weaver.

Mr. Anklesaria.—However much you may protect silk, that would not increase the wages for weaving.

Mr. Amalsad.—The middlemen will cut short the weavers' wages. The margin will go down unless the price of imported cloth is raised.

Mr. Anklesaria.—How?

Mr. Amalsad.—If he has to pay a higher price for his raw material.

Mr. Anklesaria.—Unless the middleman gives him an economic wage, he will turn his energies to some other work.

Mr. Amalsad.—There is nothing for the handloom weaver to turn to now.

Mr. Anklesaria.—I quite agree. You said on page 51 of your representation that the merchants do not give you the required information in order to enable you to find out at what price they sell and the profits they make. You have got no personal opinion about it, but what enquiries you have made have been fruitless in elucidating any relevant information.

Mr. Green.—I think we had given the Board a good deal of information.

Mr. Anklesaria.—Unless you know whether the merchants are making profits or not, you won't be in a position to say whether protection has been adequate or inadequate.

Mr. Amalsad.—But we know how long a merchant employs a weaver. If there is sustained profit, he will not let the weaver remain idle. The weavers do not get work for more than 200 days a year. Why should the merchants if they got such profit deprive the weaver of his wage or forego profit for himself?

Mr. Anklesaria.—On page 8 of your representation you talk of bonus. Can you tell me how that bonus is being administered? What is the scheme?

Mr. Achayya.—We control the grainage.

Mr. Anklesaria.—How is the bonus being administered?

Mr. Achayya.—Generally once in a year.

Mr. Anklesaria.—Just explain to me on what system you work. How do you distribute the bonus?

Mr. Achayya.—For every 1,000 layings (cont. per cent. disease-free layings) the graineur distributes to the rearer, a bonus of Rs. 2-8 is paid.

Mr. Anklesaria.—How do you satisfy yourself that 1,000 layings are distributed?

Mr. Achayya.—He purchases seed cocoons.

Mr. Anklesaria.—From whom?

Mr. Achayya.—From reputed seed cocoon centres. As soon as he purchases his seed cocoons, he intimates to the Department that he has purchased them and we see and satisfy ourselves that these seed cocoons are there.

Mr. Anklesaria.—How do you check that?

Mr. Achayya.—It is checked either by myself or the Silk Superintendent. As soon as we have checked that, we see whether he has entered it in his book and then initial the entry.

Mr. Anklesaria.—What do you initial?

Mr. Achayya.—We initial the number of cocoons. He enters it in a book and we initial the transaction. As soon as the moths emerge out of the cocoons, the graineur has been asked to report the date of moth emergence. Ours is a very close and compact area and it is very easy for us to run up to that village.

Mr. Anklesaria.—You are quite satisfied.

Mr. Achayya.—We are absolutely satisfied.

Mr. Anklesaria.—There is no administrative difficulty in distributing bonus.

Mr. Achayya.—No.

Mr. Anklesaria.—You don't give us all the information we want. We ask "Are there any industries likely to be affected"? You give us no information on that point.

Mr. Green.—In what respect?

Mr. Anklesaria.—Is there any other industry which will be affected by the proposal of protection that you make?

Mr. Green.—I do not think there is any other industry in Madras which be substantially affected except the weaving industry.

Mr. Anklesaria.—Why do you restrict yourself to Madras? Can't you say about the whole of India?

Mr. Green.—I think that answer would apply to the whole of India.

Mr. Anklesaria.—You know that there is no other industry which can possibly be affected.

Mr. Green.—No.

Mr. Anklesaria.—In the subvention which the Government of India gives, the Indian States have no share.

Mr. Green.—That is not entirely correct. The Indian States do not participate in the subvention so far as the production and distribution of disease-free seed is concerned.

Mr. Anklesaria.—My point is the Indian States are not given the same share as the Provinces.

Mr. Green.—I believe that the Mysore Government has been given Rs. 10,000 for research as against a total subvention of about Rs. 16,000 for Madras.

Mr. Anklesaria.—What is the proportion of your industry compared with Mysore?

Mr. Achayya.—I cannot say off hand: 7,060 acres in Kollegal as against 26,000 acres in Mysore.

President.—It depends upon the need of each province.

Mr. Green.—Madras is more a consumer than a producer.

Mr. Anklesaria.—You say that inadequacy of protection had led to no improvement being made in the economic condition of the rearer and the reeler.

Mr. Green.—I think that is a correct statement.

Mr. Anklesaria.—With what period you are comparing.

Mr. Green.—Roughly with the period of 1928-29.

Mr. Anklesaria.—Do you mean pre-protection period?

Mr. Green.—Yes, when prices were much higher and there was an absence of unfair competition from Japan which is a feature of the present situation.

Mr. Anklesaria.—In your opinion it is the unfair competition of the foreigner which has made all the difference in the present condition of the silk producer?

Mr. Green.—Yes.

Mr. Anklesaria.—Has not the condition of the silk merchant improved?

Mr. Green.—I think not.

Mr. Anklesaria.—You say that the remedy is to increase the tariff.

Mr. Green.—I think that by the application of an adequate duty the position of the silk industry can to a very great extent be improved.

Mr. Anklesaria.—Your proposal is to increase the present tariffs.

Mr. Green.—Yes.

Mr. Anklesaria.—Won't you admit that the more you increase the tariffs the more incentive there is for substitutes?

Mr. Green.—Broadly speaking, yes. But the fact remains that the demand for silk is very steady and that when silk prices have been high there was no fall in the demand.

Mr. Amalsad.—That has also been corroborated by the fact that the number of silk looms had not decreased but remained steady.

Mr. Anklesaria.—What is the reason for that?

Mr. Amalsad.—Whatever substitutes may come, there is a steady demand for silk.

Mr. Anklesaria.—There is an inelastic demand which will remain.

Mr. Amalsad.—Yes, a steady demand.

Mr. Anklesaria.—One of the defects in the present organisation of the Silk Industry is that you have no conditioning house. If you had a conditioning house, much of your trouble could be saved. That is what you say.

Mr. Achayya.—Yes.

Mr. Anklesaria.—Tell me please, is not the proposal to establish a conditioning house in the absence of an adequate number of filatures like putting a cart before a horse?

Mr. Achayya.—We can start with a small unit?

Mr. Anklesaria.—What would be a small unit? How much would you spend on a conditioning house for Kollegal?

Mr. Achayya.—We are talking of the whole of India. The conditioning house cannot be for Kollegal alone.

President.—You want in two or three places in the whole of India.

Mr. Achayya.—Yes.

Mr. Anklesaria.—I say that so long as filature silk does not take the place of charka silk, there is no need for it.

Mr. Achayya.—I think that there is room before that stage is reached.

President.—I gave you a note containing the scheme of protection as given to us by the Kashmir Government. Have you had time to look at it?

Mr. Green.—Yes. It bears a certain similarity to the views of another authority.

President.—I would like your opinion on the subject because it appears to be a very good scheme in the interests of the consumer as well as in the interests of the manufacturer.

Mr. Green.—Do you refer to the reply to question 69.

President.—I shall tell you what the scheme is. The scheme says that the Tariff Board after due investigation arrives at a certain fair selling price, say Rs. 5 per lb. According to the scheme only the c.i.f. price of imported silk should be taken into consideration. We shall say the imported price is Rs. 2-8 per lb. A duty of 25 per cent. *ad valorem* would remain in force always. 25 per cent. on Rs. 2-8 is 10 annas. If we add this to the imported price of Rs. 2-8 per lb. it comes to Rs. 3-2 per lb. So, the amount of protection required will be Rs. 1-14 per lb. Suppose the c.i.f. price of Rs. 2-8 per lb. goes up to Rs. 5, then the *ad valorem* duty only would remain and the specific duty would not be applicable. On the other hand, if the c.i.f. price comes down to Rs. 1-8 per lb. then the specific duty would be Rs. 3-2 instead of Rs. 1-14. The idea is that by adjusting the specific duty to the foreign price, the fair selling price to the industry is always assured. The specific duty will be adjusted according to the variations in the imported price and will be neither more nor less than what is required for the protection of the industry.

Mr. Green.—That removes one of the objections.

President.—Suppose the import price is Rs. 5 per lb. to-morrow. The consumer is not penalised and the industry gets only the fair selling price which it deserves. The result would be that overproduction would be avoided. Look at what happened in the sugar industry. Lots of factories were started because they thought that the return was handsome because Government levied a surcharge over the protective duty. Under the scheme proposed by the Kashmir Government, the industry will get over the protection that is just necessary.

Mr. Green.—Is the duty to be changed every time?

President.—Yes, the specific duty according to the invoice price, but the amount of protection will remain the same. The complaint in the past has been that in spite of the fact that the Tariff Board gave protection, in many cases, they were not able to realise the fair selling price fixed by the Board because depreciation of currencies and various other factors came into play. According to this scheme, on every occasion, the industry gets the fair selling price. No imports are permitted without imposing such duties as are necessary to bring the invoice prices equal to the fair selling price.

Mr. Achayya.—Would not that throw a lot of work on the Customs Department?

President.—Whether it will be possible to give effect to this scheme or not is another matter. That question can be left to the Collectors of Customs.

Mr. Green.—The proposal seems to be well worth considering.

President.—Is there any other point that you would like to place before the Board? I think we have covered the whole ground.

Mr. Green.—I do not think that there are any further points which I would like to raise with the Board.

11. THE KOLLEGAL SILK FILATURES, LIMITED, KOLLEGAL, MADRAS.

Evidence of Mr. F. L. SILVA representing the Kollegal Silk Filatures, Limited, recorded at Bangalore on Tuesday, the 9th August, 1938.

President.—You are the Managing Agent and Director of the Kollegal Silk Filatures, Limited.

Mr. Silva.—Yes.

President.—What position does your son hold in the company?

Mr. Silva.—He is a member of the firm. He holds no particular place in the organisation.

President.—I think I had better take the replies to the questionnaire first and then your memorandum dealing with certain points.

Mr. Silva.—Yes.

President.—The first question deals with import prices. Do you know the present prices of Chinese silk?

Mr. Silva.—About Rs. 4-6 in Bangalore. I am not very much in touch with the Bangalore market now-a-days. As I am often out of Bangalore, I do not know the day-to-day prices.

President.—What are the prices in the markets where your products are sold such as Conjeevaram, Kumbakonam, etc.?

Mr. Silva.—I have no reliable reports. Occasionally my clients write to me about prices. But really I have no reliable information.

President.—When you are producing silk you must keep in touch with the prices and at what difference in price you are able to sell.

Mr. Silva.—At the moment I am not concerned with the Chinese silk. It is only with the Japanese silk I am concerned.

President.—The reason why I am asking you about the price of the Chinese silk is that during the last three months I find that the Canton filature silk has come in very large quantities.

Mr. Silva.—I keep a record of prices but it is not always up to date.

President.—It is true that since the last Tariff Board reported, Japan has come into prominence in respect of imports but during the last three months I find that China is again becoming important.

Mr. Silva.—That I know. I always keep a record of comparative prices of Canton, Japan and Kashmir silks. My record stops at May. I have not got figures for June and July.

President.—You have dealt with the 1st question and then taken Question No. 18.

Mr. Silva.—Yes.

President.—I suppose you have omitted all those questions because you are not interested.

Mr. Silva.—As I am not immediately concerned with them, I have no answer to give.

President.—With regard to your reply to question 18, you want us to take the weighted average.

Mr. Silva.—Yes.

President.—You take 1928 as the normal year as was taken by the Government of India when they assessed the rate of duty on the safeguarding basis.

Mr. Silva.—Yes.

President.—Have you been able to work out any figures to show how the prices have fluctuated?

Mr. Silva.—My answer to the next question (Question No. 24) will give you the figures.

President.—These are only for cocoons.

Mr. Silva.—Yes. With regard to raw silk, I have no figures of my own. But on the last occasion they were given by the Government of Mysore.

President.—These figures given in answer to question 24 show fluctuations according to market conditions. I do not know whether they can be compiled into index figures but I will try and get them from somebody else. Can you suggest the source from which I can get a comparative statement? The last Tariff Board compared mulberry with other crops and our object is to see what the fall in the price of cocoons is in comparison with the prices of other agricultural crops. As mulberry and cocoon go together, it is necessary to know what the position of the agriculturist is. That was why we took 1914 as the starting point. You want us to take it as 100 for 1928.

Mr. Silva.—I think that that would give a more reliable indication of the trend of prices.

President.—Have you any figures?

Mr. Silva.—The Mysore Government have got index numbers of all commodities.

President.—You want us to take the index number for 1928 as 100. We have taken it as 100 for 1914.

Mr. Silva.—I could work out from the figures of the Mysore Government.

President.—Will you?

Mr. Silva.—Yes.

President.—In reply to question 24, you have given the price of cocoons from January to March 1938 as 5 annas 11 pies per lb.

Mr. Silva.—That is the actual price paid.

President.—In Bangalore?

Mr. Silva.—These are Bangalore prices.

President.—I would like to have Kollegal prices as your filature is now in the Madras Presidency and not in Bangalore.

Mr. Silva.—Kollegal figures for 1938 I have. The average price comes to very nearly 4½ annas per lb. of cocoons.

President.—To-day's price would be about 4½ annas per lb. of cocoons.

Mr. Silva.—Yes.

President.—Will that be 3rd day or 5th day cocoons?

Mr. Silva.—3rd day.

President.—You used formerly 5th day cocoons.

Mr. Silva.—In Bangalore and not in Kollegal. In that area, it is the custom to sell on the 3rd day. In fact, sometimes they are sold on the second day.

President.—There is no difficulty in getting an adequate number of cocoons on that side.

Mr. Silva.—So far, I have found no difficulty.

President.—The question of double cocoons has been raised here as well as in the memorandum. I will discuss that when I come to the memorandum as it has been dealt with there in a more comprehensive manner.

Mr. Silva.—Yes.

President.—In your answer to question 26, you have given the total capacity of filature silk as 130,000 lbs. a month.

Mr. Silva.—Yes, of the two filatures.

President.—With what number of basins?

Mr. Silva.—150 basins in the case of our filature and 200 basins in the case of the Mysore Silk Filatures, Limited.

President.—Both working to full capacity?

Mr. Silva.—Yes.

President.—Working 9 hours a day for 300 days a year, they would produce 130,000 lbs. a year.

Mr. Silva.—Yes.

President.—In this calculation, what deniers have you taken into account?

Mr. Silva.—20/24.

President.—Last time it was 28/30.

Mr. Silva.—Yes.

President.—Are you not producing a certain quantity of 13/15?

Mr. Silva.—Yes.

President.—The bulk is 20/24.

Mr. Silva.—Yes.

President.—Do you mean to say that the taste of the handloom weaver has changed?

Mr. Silva.—Very much.

President.—I think that the change in the taste has been created by the introduction of the Japanese silk in the market?

Mr. Silva.—Yes.

President.—I find in the Japanese silk 13/15, 20/22 and 20/24.

Mr. Silva.—Yes.

President.—But the price of 20/24 will be slightly less than that of 20/22.

Mr. Silva.—About the same. Sometimes the silk is slightly inferior and they call it 20/24. The rest, being uniform, is marketed as 20/22.

President.—Can you tell me what quantity of 13/15 comes in?

Mr. Silva.—I have not got any figures.

President.—Your reply to question 80, is important because it deals with the cost of Indian cocoon as you call it. You have made certain proposals in your memorandum with regard to possible reductions. So I will deal with that point when we consider your memorandum.

Mr. Silva.—Very well.

President.—I suppose the economic size of a filature will depend upon the availability of the raw material.

Mr. Silva.—Exactly, within a reasonable distance.

President.—And the situation of the market also.

Mr. Silva.—The market would not be such an important matter, because the transport cost is a very small item.

President.—I am thinking of the cocoon market.

Mr. Silva.—That is most important.

President.—The raw material of good quality must be available round about a certain radius?

Mr. Silva.—So far as quality is concerned, it is an average quality all over the silk producing area.

President.—Since the last Tariff Board reported I find that a large number of disease-free seeds and crossbreed seeds are now being used.

Mr. Silva.—Quite so.

President.—Therefore the position has changed in that respect from what it was before.

Mr. Silva.—Practically in every area disease-free seed is available.

President.—The quantity of disease-free seed has increased at present.

Mr. Silva.—Yes.

President.—I want to discuss that question when I come to costs as to how far reduction in costs can be estimated on that basis.

Mr. Silva.—Yes.

President.—As regards the supply of cocoons you are able also to get from Mysore areas which are near about Kollegal.

Mr. Silva.—I am in the contro.

President.—What are the nearest areas?

Mr. Silva.—Mugar area is very near to Kollegal.

President.—It is adjacent to Kollegal.

Mr. Silva.—Yes.

President.—The soil and climate are practically the same.

Mr. Silva.—Actually the same. There are some rearers who own fields on both sides of the border—partly in Mysore and partly in Madras.

President.—Is that a dry area?

Mr. Silva.—Yes.

President.—What is the percentage of waste which you have calculated? Is it still 70 per cent.?

Mr. Silva.—60 to 65 per cent.

President.—It is given in one of the other answers.

Mr. Silva.—Yes.

President.—In July the output is expected to be 1,000 lbs.

Mr. Silva.—For the month of July the production amounted to just under 1,000 lbs. with 37 basins working.

President.—At present you are working only 37 basins out of 150 basins.

Mr. Silva.—Yes. The others are not ready yet.

President.—What turnover have you calculated at 1.25 lbs.?

Mr. Silva.—That should be the standard but we do not get actually so much. We got a little less.

President.—What do you expect at present when you have calculated 1,000 lbs.?

Mr. Silva.—I must work out the figures.

President.—I want to know how far you are short of the standard which you want us to adopt. You say owing to the different denier we should base the calculation on 1.25 lbs. instead of 1.5 which we took last time when the denier was 28/30.

Mr. Silva.—Our best workmen give 600 grammes. The average is 1.25 lbs.

President.—In your reply to question No. 34, you say that when your programme is completed, the number of labourers is expected to be 375. Is that figure for 150 basins?

Mr. Silva.—Yes.

President.—How have you calculated per basin?

Mr. Silva.—One reeler per basin and one cooker for every two basins; a certain number of knotters and some to clean the waste.

President.—The wages of reelers are 2½ to 4 annas a day.

Mr. Silva.—Yes, at present.

President.—Have the wages gone down or are the wages more or less stationary for the reeler?

Mr. Silva.—They remain what they were. The general standard of wages has fallen outside the filature. For instance, a woman is not paid more than 2½ annas.

President.—What is the rate for agricultural labour?

Mr. Silva.— $2\frac{1}{2}$ annas for women. Men are available for 3 or $3\frac{1}{2}$ annas at the most. That is the present standard of wage. We employ outside coolies for example for building work. We do not give them more than 4 annas. It is mostly $3\frac{1}{2}$ annas.

President.—And $2\frac{1}{2}$ annas for women?

Mr. Silva.—That is the maximum for women on that side.

President.—Will that be the same for cultivation?

Mr. Silva.—Yes.

President.—These are agricultural wages.

Mr. Silva.—Yes.

President.—Last time the Tariff Board, when they were considering the cost of cultivation, took 6 annas for men and 3 annas for women.

Mr. Silva.—That is not the rate now. 4 annas is the maximum which a labourer will get.

President.—Is it the same in Mysore area?

Mr. Silva.—I have no personal knowledge, but I think the conditions are the same. I am speaking of unskilled labour.

President.—I am also speaking of agricultural labour—the labour that is required for mulberry cultivation.

Mr. Silva.—Yes.

President.—The skilled labour you are paying $3\frac{1}{2}$ to 4 annas.

Mr. Silva.—That is for women and for boys not above 20 years.

President.—How many men have you at present?

Mr. Silva.—We have only boys and women in the filature.

President.—What is the wage for a reeler in the filature?

Mr. Silva.— $2\frac{1}{2}$ to 4 annas.

President.—And for a woman?

Mr. Silva.—I am paying up to 3 annas 9 pice to those who are best qualified.

President.—Do you find the boys as efficient as men?

Mr. Silva.—They are more efficient than grown up men.

President.—Question 35 (b) has been put with a view to elicit how far the Indian industry has progressed with regard to the efficiency of labour. When you say that Indian labour cannot be termed strictly as inefficient, how will you compare it with the Japanese and Chinese labour?

Mr. Silva.—I have not got any definite figures of the output per reeler in Japan or China, but I understand that it is not much more than what our reelers give here—about $1\frac{1}{2}$ lbs. or slightly less than that.

President.—Will they give $1\frac{1}{2}$ lbs. with 13/15?

Mr. Silva.—No.

President.—You have no personal knowledge.

Mr. Silva.—No, I have no personal knowledge.

President.—From what you know, you think that Indian labour is not inefficient.

Mr. Silva.—So far as output is concerned, they give us about the same output.

President.—As regards your reply to question 36, that is for 150 basins.

Mr. Silva.—Yes.

President.—What acreage have you taken?

Mr. Silva.—6 acres.

President.—I think six acres will be a large area for 150 basins.

Mr. Silva.—In this case, the existing concern was taken over at a valuation.

President.—Do you think that 3 acres would be quite enough?

Mr. Silva.—Yes.

President.—Then half of that amount would do for the land.

Mr. Silva.—It depends on where the land is but roughly you can take it at Rs. 300 per acre of undeveloped land. This land happened to be a developed land. It had a value of its own.

President.—You have given Rs. 40,000 for buildings and water supply.

Mr. Silva.—That is the price I got from the Company which is rather low. I did not get full valuation.

President.—At present you have Rs. 24,000. The estimate is Rs. 40,000.

Mr. Silva.—Yes.

President.—The next point I want to know is about Rs. 50,000 for 150 basins. How have you calculated that?

Mr. Silva.—So far as the existing basins are concerned, that is, 76 basins—in Kollegal and in Bangalore the cost is based on the valuation. With regard to the new basins the estimate is Rs. 200 per basin.

President.—Last time you said that Indian basins would be available for Rs. 100.

Mr. Silva.—I expected so but unfortunately we have not been able to get them manufactured at that rate.

President.—Last time you told us that Japanese basins were available for Rs. 100 to Rs. 150.

Mr. Silva.—That was what we were informed at the time. I understand at present it is not so. Recent quotations indicate that Japanese prices are higher than that. In India we could even now manufacture at Rs. 100 provided there is some one specialising in this kind of work. But we had to depend on outside firms. Our orders were placed outside Bangalore because in Bangalore the quotations given were very high.

President.—What was the actual quotation you received?

Mr. Silva.—Rs. 200 per basin.

President.—Have you seen any Indian basins working?

Mr. Silva.—They are being manufactured for us.

President.—What model have you adopted?

Mr. Silva.—The Italian model. I gave a sample and they are being manufactured to that sample.

President.—If you take Rs. 200 per basin for 150 basins that would be Rs. 30,000. What about this other 20,000 rupees?

Mr. Silva.—I am giving you the actual figures for our works. This Rs. 50,000 is made up of the cost of 76 basins taken over by the company plus the additional basins which we have manufactured.

President.—I am thinking of a new flature with 150 basins. That would cost Rs. 30,000?

Mr. Silva.—Yes; that would be the cost of the basins themselves.

President.—What additional amount is necessary apart from the cost of basins?

Mr. Silva.—There is other machinery besides basins, for instance boilers, motors and so on. An up to date flature with new plant would probably go in for the Japanese system of cooking; they have got a separate cooking plant in addition to the reeling plant. But the reeling plant alone costs Rs. 200 per basin.

President.—Will you kindly give me a note on the subject, giving all the details for a new flature with 150 basins, showing the cost under the head plant and machinery.

Mr. Silva.—Yes. I have got the details and I can give them to you. The question of cocoon storage and also silk storage has to be considered. Then there is office furniture, tools, instruments and so on. I will give you details under all these heads.

President.—The statement is not quite clear.

Mr. Silva.—I will give you details on 150 basins.

President.—How have you calculated Rs. 70,000?

Mr. Silva.—On the basis of three months' expenditure.

President.—Will you give me details of how you arrived at this Rs. 70,000.

Mr. Silva.—On just three months' output.

President.—How much is that?

Mr. Silva.—50,000 lbs. per year, so, 3 months will be 14,000 lbs. and the cost of manufacturing 14,000 lbs. would be roughly Rs. 5-9 per lb., so Rs. 70,000 will be required.

President.—Cost of 14,000 lbs. of silk excluding waste would be just about Rs. 70,000.

Mr. Silva.—If we exclude 10 annas per lb. the value of waste per lb . . .

President.—That would be Rs. 5 per lb. of silk.

Mr. Silva.—Yes, allowing for the value of waste.

President.—You take credit of the waste; that would be about 9 annas.

Mr. Silva.—Yes.

President.—With regard to re-reeing I suppose the question does not arise as far as the filature is concerned; therefore I will deal with this when I take up the memorandum. Your filature silk is comparable with the best filature silk imported into this country?

Mr. Silva.—Quite so.

President.—Your present practice is to remove the defects by means of unwinding by hand?

Mr. Silva.—Partly that way and partly by our method of examination. It is impossible to deal with the whole output by hand. The maximum that a hand winder can deal with is about $\frac{1}{2}$ lb. per day, so 20 people would give us only about 7 lbs. Our output is much higher and we cannot depend entirely upon that method.

President.—You say the winding quality of Indian silk is inferior. Does that apply only to charkha silk?

Mr. Silva.—That does not apply to our silk. As far as I understand it, that defect arises from the nature of the silk itself. As compared with the Japanese cocoon I believe the fibre of our cocoons is deficient, that is to say a good deal of small particles of waste adhere to the inner thread of the cocoon.

President.—That is an inherent defect?

Mr. Silva.—Yes. But that defect can be removed by a very slow process.

President.—What price do you attach to that difference in quality?

Mr. Silva.—About 10 to 12 annas a lb.

President.—And the charge is as high as 10 to 12 annas a lb.

Mr. Silva.—Yes.

President.—Is it being done at the present moment?

Mr. Silva.—Yes. One method of doing it is by placing the silk on certain frames and examining them by the eye; the other method is by hand winding in which the thread passes through the hands of the workers.

President.—That means that the silk you are marketing is already re-reeled?

Mr. Silva.—Yes, by examination.

President.—And according to you that silk can compare favourably with the filature silk imported into this country?

Mr. Silva.—Yes.

President.—And that is already included in the cost you have submitted?

Mr. Silva.—Yes.

President.—You don't think that artificial silk and staple fibre are competing seriously with the natural silk?

Mr. Silva.—Not artificial silk yarn.

President.—Neither the one nor the other?

Mr. Silva.—That is so.

President.—They have distinct markets of their own?

Mr. Silva.—Yes. As I say in my answer, imported artificial silk fabrics which are hardly distinguishable from natural silk ones or are so finely woven as to be equally acceptable, do undoubtedly tend to diminish the consumption of natural silk. Supposing so much of artificial silk were not coming in, my expectation is that the consumption of pure silk would be larger than it is at present.

President.—Our information is that artificial silk users are those who originally used cotton goods and therefore artificial silk is at present replacing cotton and mercerised yarn.

Mr. Silva.—There is one point to which I would like to draw your attention. For a whole generation the consumption of silk in India has been stationary, whereas ordinarily one would expect that the consumption of silk would have risen as a result of a rise in the standard of living in this country.

President.—Our information is that the standard of living has gone down?

Mr. Silva.—That is perhaps after the depression; that is, only since the last few years.

President.—Since you started your filatures at any rate. In answer to question 57 you say undue importance should not be attached to the question of winding quality because it is only felt in power factories which deal with a small fraction of the silk consumed in the country. But it has been forcibly put before us even in this enquiry by the handloom weavers and some of the local Governments that handloom weavers generally prefer Japanese and Chinese silk because of its winding quality. Of course the price is there, but there is this defect.

Mr. Silva.—I do not quite agree with that because it does not affect the hand weaver's throwing work at all.

President.—That is the view of the workers of silk. It is no use producing raw silk unless you get a buyer.

Mr. Silva.—After all the man who deals with the silk can not increase the speed at which he is working so far as the handloom weaver is concerned. Where the raw silk is dealt with in throwing mills it will be a little more expensive.

President.—I wonder whether you yourself have got into touch with some of the handloom weavers to know the quality that is being used by them. We have also travelled and the unanimous opinion is that so far as Indian raw silk is concerned it lacks winding quality and that there has been no improvement in this respect in the last five years. It will be a very serious question if the Board finds that buyers prefer other silk because of the inherent defect in the Indian silk and that it cannot be remedied except at such a high cost.

Mr. Silva.—This defect does exist.

President.—If the buyer does not prefer the silk on account of this defect then this question of protection will have to be seriously considered.

Mr. Silva.—The buyer would take this if there is a difference in the price. The demand depends on the price.

President.—The buyer is willing to pay you for your quality, namely lasting quality, tenacity and so on. As far as that is concerned Indian silk is superior, but they are not able to buy Indian silk because of the price factor. That can be removed if the cost of production is not high, and protection is required on that score. If it is found that the winding quality is bad and the cocoons are so bad that they cannot produce good quality of silk as compared to the change of taste that has been taking place among the consumers of raw silk, then the question of protection will have to be seriously considered.

Mr. Silva.—Winding quality can be improved at a certain cost; these defects are removeable, but what I feel is that this factor would apply more to throwing mills than to hand winding such as is carried on in the country.

President.—Our information is that except this year the bulk of imports which came under the head silk yarn, noils and warp consisted mostly of spun silk and that only recently there has been large imports of twisted yarn; therefore this yarn was not coming in at that time when raw silk was being used in the country and even imported raw silk was being sold and thrown, but as far as throwing mills are concerned they have complained about these defects in Indian silk.

Mr. Silva.—I can understand the complaint of the thrower because he has got to deal with the silk at a rapid pace. He can increase the speed if the silk is better otherwise he has got to lower the speed, but so far as hand reeling is concerned the advantage in the time gained by the use of cleaner silk would be so small as not to be comparable to the increased cost.

President.—I would like you to submit a note on the subject. When we examined the Chinese Vice-Consul in Bombay he gave us to understand that the quality imported from China was quite different from the quality of Indian silk.

Mr. Silva.—May I submit, Sir, that those who are interested make use of certain slogans that Indian silk is bad in respect of winding quality and so on.

President.—The slogan is confined to Indians themselves. That is what has been told to us by handloom weavers and they are not interested in the import of silk. In fact weavers in Paona have told us that they would like to use Indian silk in preference to imported silk. They were formerly using Kashmir silk but they are not able to use it because the quality has deteriorated, however, we will take that up with the Kashmir Government when their representative appears before the Board.

Mr. Silva.—So far as our experience goes that defect has never existed in Kashmir silk. It is a question of price.

President.—It is not only the price because according to the quality of silk turned out our cost of cocoons is very high because we get less amount of silk than they get. That is a point we are now investigating. I think with crossbreeds and other experiments by the departments they have been able to get more silk out of the cocoons. That is a different point altogether. You are getting 12½ annas a lb. for your waste?

Mr. Silva.—Yes.

President.—Since how long?

Mr. Silva.—Since the Mysore Spun Silk mills started working.

President.—They have offered you 12½ annas.

Mr. Silva.—Yes.

President.—What is the price you are able to get from countries outside India?

Mr. Silva.—I expect to get one rupee a lb.

President.—Have you been able to sell any quantity?

Mr. Silva.—I have not had any large quantity to offer to a foreign buyer.

President.—That point was dealt with on the last occasion when you said that there was an enquiry from America and they wanted about 30,000 lbs.

Mr. Silva.—That was raw silk.

President.—What about the waste? You have not been able to sell anything?

Mr. Silva.—I have not got such a large quantity. 2,600 lbs. is not big enough to offer to an European firm.

President.—Do you think you will be able to get one rupee for your waste?

Mr. Silva.—Yes.

President.—When you say all accumulated stocks were cleared in 1936, what was the figure? Can you give me an idea?

Mr. Silva.—We have got figures with regard to the export of silk waste.

President.—I cannot get figures from stockists.

Mr. Silva.—It would not be possible to get from them.

President.—Unless you get these figures, even the method you want us to adopt for arriving at production will be of no avail.

Mr. Silva.—So long as we are sure that no waste is used in the country, the figures of export can be relied upon as a safe list.

President.—There must be not only some waste used, but stocked. All waste is not exported.

Mr. Silva.—A certain proportion of the output would naturally remain in stock. You can take a fair figure, say 6 months' output.

President.—When the last Tariff Board enquired there was no demand?

Mr. Silva.—No.

President.—I don't think it would be fair to base the production of Indian silk on waste.

Mr. Silva.—You will see from the figures of seaborne statistics that all accumulated stocks were cleared.

President.—I know the figures. Last time it was less than two lakhs of pounds and before that it was 3 lakhs and the other one was 4 lakhs of pounds.

Mr. Silva.—In 1932-33 the export of silk waste was 1,31,000 pounds. I have got figures for earlier years also.

President.—That would not give you a full picture.

Mr. Silva.—A very large portion of the picture. It may not be absolutely correct, but as a method of applying a test it would be helpful.

President.—It is not a correct method. It may give you some idea. You may guess with regard to the stocks.

Mr. Silva.—If there is a continuous demand . . .

President.—Continuous demand has been in existence for the last three years. You are talking of 1931-32.

Mr. Silva.—Up to that year there was a fair demand. The export of silk waste from Mysore was quite normal up to 1931-32.

President.—And from that year?

Mr. Silva.—In 1933-34 we exported only 87,000 lbs. from Mysore. In 1934-35 the figure is 2,65,000 lbs. The demand had then begun. Here the year begins in July and not in April. In 1935-36 we exported 4,12,000 lbs.

President.—The figure 4,70,000 lbs. which we gave you related to 1931-32.

Mr. Silva.—In that year the export was 2,73,000 pounds. If you take the average of 5 years, I find for the years 1926-27 the average export from Mysore was 5,80,000.

President.—Take 12 years from 1926-27. That might give you a figure. We will work that out. Personally I think the figures are correct. I have been able to check them. When you say that the waste is the same, I do not know exactly what you mean in answer to question 63 with regard to crossbreed. I understand that the crossbreed gives more silk than the pure Mysore.

Mr. Silva.—You mean cocoon for cocoon?

President.—Yes.

Mr. Silva.—The proportion of the waste to silk does not differ.

President.—Do you mean 60 to 65 per cent.?

Mr. Silva.—Yes.

President.—Last time the wastage for pure Mysore was calculated as 70 per cent.

Mr. Silva.—It depends upon the quality of the cocoons.

President.—On what basis have you calculated that?

Mr. Silva.—On the actual production figure.

President.—In your cost here what percentage of waste you have taken?

Mr. Silva.—Between 60 to 65 per cent. If the cocoons are not good, the wastage is more.

President.—How much silk do you get out of crossbreed?

Mr. Silva.—10 per cent. more.

President.—To that extent it must have less wastage.

Mr. Silva.—We are now taking the proportion of waste to silk.

President.—You must take the actual quantity of silk obtained compared to the actual quantity of silk obtained from pure Mysore. The proportion must be different.

Mr. Silva.—We are not talking of the comparison.

President.—I am talking of the crossbreed in comparison with the pure Mysore. When you say that 10 per cent. more silk is obtained, the wastage may not be the same. If you get more silk, you get less wastage.

Mr. Silva.—I am getting more silk.

President.—I am talking of cocoon for cocoon. You say: "The greater portion of the cocoons now available are from crossbreed seed but the percentage of waste does not appreciably differ from that of the indigenous variety".

Mr. Silva.—The percentage of waste to the reeled silk out of crossbreed cocoons does not differ from the percentage of waste to the reeled silk from pure Mysore cocoons.

President.—I am comparing pure Mysore with crossbreed.

Mr. Silva.—Yes.

President.—You say that crossbreed gives you 10 per cent. more silk.

Mr. Silva.—As between the two.

President.—If there is more silk, there is less wastage.

Mr. Silva.—Yes, if you put it that way.

President.—I am comparing one quality with another. So the wastage must be less.

Mr. Silva.—Yes.

President.—With regard to question 68, will you give me a note on the subject? You say it is not fair to group all China filature and re-reeled

silks under one omnibus heading "all other sorts", but if any quality is imported amounting to 15 per cent. of the imports, it should be separately classified. What kinds of silk exactly have you in mind?

Mr. Silva.—We have not got details of the varieties of imports. Import figures are not published by Government in detail.

President.—Since the last Tariff Board reported, silk is classified into four categories.

Mr. Silva.—It is possible for the Customs Department to classify under a certain number of additional headings.

President.—Additional headings must be made in such a way that the silk can be easily distinguished.

Mr. Silva.—In your last report you have mentioned a number of qualities.

President.—All that has completely changed. The percentages are quite different now.

Mr. Silva.—Minchow filature, Minchow re-reeled could form separate classes.

President.—At present we have got four classifications instead of so many. Formerly there was no classification for filature silk, hand-reeled silk and dupion silk. Now we have got all those classifications. Do you still think they are not satisfactory?

Mr. Silva.—The Subdivision adopted is not enough.

President.—That is why I want you to make a suggestion as to what other headings you would like to have.

Mr. Silva.—If I had the figures of imports of various qualities, I would be able to do it.

President.—Can you tell what quantities are coming in from your knowledge of conditions? I was definitely told that very little of Waste Product and Dupion Silk is coming in. The bulk of the imports consists of filature silk. We have got Japanese filature silk separately shown.

Mr. Silva.—Japanese silk will be all grouped under one head.

President.—The only thing I wanted to know is whether under Japanese silk there are different qualities coming in.

Mr. Silva.—Not different qualities so far as I know. At all events the quality is so high that there is no necessity to subdivide them. They could all be grouped under one head.

President.—But deniers are different, and the Tariff Value is the same.

Mr. Silva.—Yes.

President.—There may be a certain quantity of filature silk coming in under "other sorts".

Mr. Silva.—Japanese silk under "other sorts".

President.—No. Filature silk may be coming in under "other sorts".

Mr. Silva.—Yes.

President.—Would you prefer to have the duty on the invoice value?

Mr. Silva.—The Customs Department has always maintained that it is not practicable.

President.—You yourself would agree, if it could be done.

Mr. Silva.—Yes, but the Customs Department should in any case give us more detailed figures. We made a reference to the Director General of Commercial Intelligence and we didn't get any reply. We suggested that attempts should be made to subdivide it into a large number of classes.

Mr. Anklesaria.—You would not suggest any further subdivision.

Mr. Silva.—I haven't got details.

Mr. Anklesaria.—The Customs Department haven't got them.

Mr. Silva.—Yes, they have got figures. They see the invoices. If the import falls below 15 per cent., I don't suggest that it should be subdivided.

President.—Last time the Tariff Board divided silk into the various categories and then took the fair selling prices of each Indian category and compared it with the imported price of a quality which is competing with that Indian quality and arrived at a fair selling price for the measure of protection necessary for the industry.

Mr. Silva.—I accept that method now also.

President.—In answer to question 99 (a) (5) you say: "Indian filature should be given a bounty equivalent to the difference between its fair selling price and that of first quality charkha silk". What exactly do you mean by that?

Mr. Silva.—The difference between the fair selling price of first quality charkha silk and the fair selling price of filature silk should be made good to the filature in the form of a bounty.

President.—The last Tariff Board took these qualities separately and they thought that the duty which they have arrived at would be equal in all cases.

Mr. Silva.—That was on the findings in that report.

President.—I am going through the present figures with you. I am saying that the filature silk definitely costs more.

Mr. Silva.—Even last time there was a difference in the cost of manufacture.

President.—We arrived at Rs. 8-2-6 for first class quality of charkha silk and Rs. 8-10-9 for the filature silk, but then the price of filature silk coming into India was definitely higher than the class of silk which was competing with charkha silk. Therefore that adjusted itself.

Mr. Silva.—On the figures before the Tariff Board on that occasion.

President.—Can you give me present figures?

Mr. Silva.—Yes.

President.—In order to find out what amount of bounty is necessary.

Mr. Silva.—While I accept the finding of the Tariff Board of 1933 that the prices of imported silk should be brought up to the fair selling price of Indian silk, what I would suggest is that it is not necessary to raise the prices of imported silk to the full extent of the fair selling price of the filature silk. There is a difference under actual conditions between the prices of filature silk and the price of charkha silk. The price of filature silk is higher than the price of charkha silk. If we raise the price of foreign silk to the level of filature silk, it would check consumption due to the increased cost of silk.

President.—Quality for quality, the price of filature silk is higher, is it not?

Mr. Silva.—Yes.

President.—Therefore you cannot give additional protection to the Indian filatures when the quality of their product is different. You were having a difference of about 8 annas in the cost of production between the two silks on the last occasion. That was due to the difference in quality between filature silk and first class charkha silk. The quality is not the same in both cases. Therefore the price difference of 8 annas may be said to represent the intrinsic difference in respect of quality.

Mr. Silva.—For that reason I do not want to bring up the price of imported silk to the level of the price of filature silk.

President.—That we did on the last occasion.

Mr. Silva.—I have given you figures.

President.—Those figures are not satisfactory. I will discuss this point again when we come to the cost of production. After all the cost of produc-

tion on the last occasion was accidental. This year also it may well be accidental. Unless you come to the decision of having fair selling prices for charkha and filature silk

Mr. Silva.—That is why I have not given any figures.

President.—But you have discussed the amount which the Government will have to pay to the Indian filatures. At present, the production is very small, but you must not forget that the taste of the Indian public has changed and that the future of the industry lies with filature silk. To-day it may be one lakh of rupees: in another 5 years it may be Rs. 10 lakhs. To say to Government that the annual expenditure will be only one lakh will not be fair to Government.

Mr. Silva.—We know what the cost is.

President.—If the industry deserves protection and if protection is given, in future there should be many filatures set up in the country and all of them should have to be paid the same rate of bounty.

Mr. Silva.—It takes time for filatures to be started.

President.—I am not quite convinced that a subsidy would be necessary for Indian filatures. I would therefore like to see the figures.

Mr. Silva.—The figures can only be arrived at after you have completed your enquiry.

President.—I am going into the question of the cost of production of filature silk. When I come to discuss your cost of production, it will give us an idea as to what you consider to be the fair selling price for one pound of filature silk.

Mr. Silva.—Therefore in answer to that question I am only mentioning the principle.

President.—The principle is only justified if the intrinsic quality difference is very wide.

Mr. Silva.—I only want the principle to be recognised. I want the question of principle to be discussed whether it would be to the advantage of the country to raise the price of imported silk to a high figure or to the minimum which you consider is absolutely necessary.

President.—If you will give me an instance, we will know better.

Mr. Silva.—Take the fair selling price of 1st quality charkha silk.

President.—Shall we stick to the last Tariff Board's figures?

Mr. Silva.—In that case, the price of foreign silk

President.—What foreign silk?

Mr. Silva.—The price of foreign filature silk should not rise above the level of Rs. 6-2-0.

President.—Will you give me an example. The costs of production of filature silk and country charkha silk were given on the last occasion. The difference between the two costs at that time was 8 annas.

Mr. Silva.—Yes.

President.—That means, 8 annas more is required to produce one pound of filature silk, as against the cost of manufacture of first quality charkha silk. Now what is your proposal? This 8 annas should be given to the filature silk.

Mr. Silva.—Yes.

President.—What for? Is it because the cost is higher?

Mr. Silva.—The filature should get its due.

President.—Irrespective of the price of filature silk in the country? If the filature silk is able to get 8 annas more than the 1st quality charkha silk, what grievance have you? What principle do you want to establish?

Mr. Silva.—Foreign silk is sold in the country at

President.—The quality of foreign silk is different.

Mr. Silva.—From that of flature silk?

President.—I shall prove it to you shortly from the prices that you are able to realise for your flature silk. These have been one rupee higher than the prices which the Canton and Japanese flatures realise. I am coming to the question of prices in a very short time. I am unable to understand your proposal even on principle. I think that it is most unsound when you admit that the intrinsic quality of Indian flature silk is superior to the 1st quality charkha silk.

Mr. Silva.—May I put in a few words?

President.—We have discussed this at some length. If you could give a more elaborate note, it would be useful. I want you to give us figures.

Mr. Silva.—They can only be had after the completion of the enquiry.

President.—I want to know what do you think would be the fair selling price.

Mr. Silva.—The figures can only be hypothetical.

President.—At present you want to discuss on principle the question of bounty.

Mr. Silva.—Take the cost of 1st quality charkha silk as given in the last Tariff Board's report, viz., Rs. 5-12-4. My proposal is that the cost to the consumer should never rise above that. The duty that you levy on imported silk would bring up the price of foreign silk to that level.

President.—I am not prepared to admit that there is no difference between the 1st quality charkha silk and the quality of flature silk.

Mr. Silva.—Apart from quality, the price of foreign silk would rise to Rs. 5-12. Taking that as the cost of the 1st quality charkha silk, the consumer would not have to pay more than Rs. 5-12. If the flature is entitled to anything over and above that, give it to the flature in the shape of a bounty. That is the return which the flature gets.

President.—That is to say, the flature silk deserves more protection than charkha silk.

Mr. Silva.—It is for you to judge.

President.—The costs are different. The quality is different. The two things are not comparable. I do not understand your proposal.

Mr. Silva.—I will take another occasion to convince you.

President.—At present I am not at all convinced.

Mr. Silva.—If you place the flature on the same level as charkha, then the position becomes very difficult.

President.—I am not putting the two on a par. I say that the two things are not to be compared.

President.—With regard to question 69 (b), you want the present form of protection to continue namely *ad valorem plus specific duties*.

Mr. Silva.—Yes.

President.—But in reply to question 69 (c) you say that the specific duty may be reduced after five years. Do you want this to be done by Government automatically? Suppose protection is granted for 10 years. You say that the specific duty may be reduced by 25 per cent. after 5 years and by another 25 per cent. after seven years. How is this to be effected?

Mr. Silva.—That would be the understanding on which protection would be given at present. But naturally there would be an enquiry of some sort or another.

President.—Do you want a Tariff Board enquiry after 5 years or do you want the Government of India's departmental enquiry?

Mr. Silva.—Import figures will be known. Production in the country, is also known.

President.—How to arrive at the measure of protection?

Mr. Silva.—By some sort of machinery.

President.—Do you mean that the Tariff Board should recommend a special machinery to be set up?

Mr. Silva.—If Government give protection on that scale, it would I think be reasonable to expect that Government should keep itself informed.

President.—Now how to arrive at the measure of protection? If you say that the specific duty should be reduced by 25 per cent. automatically, I can understand the Government of India doing it without referring the question to anybody else. But if you say after enquiry, then it is of no value.

Mr. Silva.—Unless very strong reasons prevail, protection would be diminished to the extent of 25 per cent.

President.—It will all depend on the conditions prevailing then. If you say that the duty may be reduced by 25 per cent. after some years, it will be of no value. When the enquiry takes place, it may be found that the duty can be reduced by 50 per cent.

Mr. Silva.—We assume that the conditions will be normal.

President.—You say that the duty may be reduced by 50 per cent. at the end of 7 years. If the conditions are normal, do you think that the cost of production would be reduced by 50 per cent. in that period? Is that your proposal?

Mr. Silva.—I say that specific duty may be reduced and not the *ad valorem* duty.

President.—That is to say, the cost of production would go down. A reduction of 50 per cent. in the cost of production would be achieved within 7 years.

Mr. Silva.—I suggest a reduction of 25 per cent. in the specific duty after 5 years and not in the *ad valorem* duty.

President.—The specific duty can only be reduced if your costs are reduced.

Mr. Silva.—Specific duty is only half of the total duty.

President.—*Ad valorem* duty plus specific duty represents the amount of protection.

Mr. Silva.—Yes.

President.—It does not matter whether you call it *ad valorem* or specific duty. The whole of it is regarded as protection.

Mr. Silva.—Quite so.

President.—Therefore when you suggest a reduction of 50 per cent. in the specific duty, to that extent protection will be reduced. That means, to that extent, the cost of production would be reduced.

Mr. Silva.—Let us suppose 100 is the cost.

President.—You are saying that 50 per cent. of the specific duty should be reduced.

Mr. Silva.—It forms only one half of the total duty.

President.—One third or one half—it does not matter. I am not talking of that. I say to that extent the cost of production must be reduced. I do not know at present whether the industry will be protected and if protected whether the duty will be 25 per cent. or 50 per cent. and whether the Board will accept your proposal that protection should be given in the shape of *ad valorem* duty plus specific duty. One thing is quite clear that the cost of production must be reduced before the duty is reduced.

Mr. Silva.—According to my proposal, the *ad valorem* duty will remain the same. It is only the specific duty that will be reduced after some years.

President.—About the other two questions, I think it must be admitted that in case protection is granted, to the raw silk industry, the other duties will have to be adjusted. It will all depend upon the amount of protection

granted. Therefore I do not want to take up your time unnecessarily with regard to the other two questions. The only question that I would like to discuss now is your reply to question 74. The other point about Government grant I will take up with the Government of Mysore and other local Governments. If you have any definite suggestions to make with regard to research which the Government should carry out, you might let us know.

Mr. Silva.—My suggestion will come under the general heading.

President.—Have you anything particular in view which you would like the Government to carry out? Your Government is now different. That Government being more sympathetic to you, you might be able to tell us something which we might ask them when we go to Madras.

Mr. Silva.—They are doing the same kind of work as the Government of Mysore.

President.—They have now taken it up in a more serious manner.

Mr. Silva.—Yes.

President.—In reply to question 74, you say that there will be a reduction of 50 per cent. in the cost of production if the industry is adequately protected. Do you mean that there will be that much reduction in the total cost of silk or also in the cost of cocoons?

Mr. Silva.—The cost of cocoons forms such a large percentage of the total cost. It is 80 per cent. of the cost of raw silk.

President.—In what period would there be that reduction? Would it take about 10 years?

Mr. Silva.—Yes.

President.—I will deal with your memorandum just after 5 minutes. In the meantime I will ask my colleague to take up your replies to the questionnaire.

Mr. Silva.—Yes.

Mr. Anklesaria.—I take it that you have been intimately connected with the silk industry for a very long period.

Mr. Silva.—For over 15 years.

Mr. Anklesaria.—I suppose, being intimately connected with the industry you have studied conditions of the industry in India as well as in foreign countries.

Mr. Silva.—Yes, as far as it lies in my power.

Mr. Anklesaria.—In answer to the President, you talked of certain slogans.

Mr. Silva.—Only about the winding quality.

Mr. Anklesaria.—Do you think that those slogans are absolutely without basis?

Mr. Silva.—I have said that the difference to the handloom weaver is so immaterial as not to count.

Mr. Anklesaria.—The point is whether those so-called defects are irremediable or can be remedied if the industry is properly encouraged and developed.

Mr. Silva.—They can be remedied. I have also given the costs of remedying those defects.

Mr. Anklesaria.—That cost would not be prohibitive.

Mr. Silva.—Under present conditions it is prohibitive because the price is so low.

Mr. Anklesaria.—What are the defects which are irremediable in your opinion?

Mr. Silva.—There is nothing which is irremediable. I would like to make myself a little more clear. I say the weaver finds it absolutely necessary to transfer the silk from the skein on to the weaving plant; that is a necessary process in the stage of weaving. In the course of that process

the removal of these defects is due automatically. But if we try to improve the quality of raw silk by adding that cost to the process which we ordinarily carry out in the filature it would increase the cost of silk and to that extent it would be a wasteful process; that is my submission.

Mr. Anklesaria.—Can these defects be remedied or not?

Mr. Silva.—In the ordinary normal process they are remedied but remedied at a slower pace; that is the only difference.

Mr. Anklesaria.—I take it that if the industry is properly encouraged these defects will no longer exist?

Mr. Silva.—It would be necessary to consider that point from an economic point of view. That process has to be carried out by the weaver in the course of his work and the weaver is in a position to remove those defects, but is it economical or not that is the question.

Mr. Anklesaria.—At present it won't be economical?

Mr. Silva.—At present it is a necessary process.

Mr. Anklesaria.—Is it economical to the weaver to follow that process?

Mr. Silva.—Where it is absolutely necessary how can we say whether it is economical or not, but this defect that exists, that is to say those impurities that exist can be removed. The weaver is in a position to do it and has to do it.

Mr. Anklesaria.—Is it economical? Would it add such an amount to the cost of production that it would not be economical for the Indian producer to produce silk in competition with his foreign rival?

Mr. Silva.—If you refer to charkha I think it would not be economical.

Mr. Anklesaria.—You agree that the charkha is bound to disappear before the filature in course of time?

Mr. Silva.—Yes in course of time.

Mr. Anklesaria.—And you agree with me that the sooner it does the better?

Mr. Silva.—Certainly, it is to my personal interest?

Mr. Anklesaria.—Would the disappearance of charkha entail any hardship on the weaver? One witness told us yesterday that the weaver would be absorbed in the filature and there would not be any undue hardship.

Mr. Silva.—I do not think they would be absorbed.

Mr. Anklesaria.—Would there be any avoidable hardship? Can you suggest any means of employing them?

Mr. Silva.—One point to be remembered is that the charkha reeler does not exclusively restrict his activities to charkha reeling only. He is also a landlord and the charkha does not work all the year round like a filature.

Mr. Anklesaria.—So I take it, in your opinion there would not be any real hardship involved on the reeler if the charkha disappears and is replaced by filature?

Mr. Silva.—Not to such an extent as to outweigh the advantages.

Mr. Anklesaria.—Suppose you were out to develop your country's industry, would you take the risk?

Mr. Silva.—I would and after all it is a very small risk.

President.—There are 3,000 charkhas in Mysore?

Mr. Silva.—Yes.

Mr. Anklesaria.—You have studied the economic conditions in India as well as in foreign countries in connection with the sericultural industry so far as it lay in you. Can you tell me why Japan competes so very successfully with India?

Mr. Silva.—For the same reason that it competes with every other country and in so many other kinds of manufacture.

Mr. Anklesaria.—Is there any inherent advantage in Japan in regard to production of silk which India does not possess?

Mr. Silva.—Inherent advantage in the quality of the cocoon, the economic conditions of the country, the intelligence of the labour employed . . .

Mr. Anklesaria.—Do you suggest that the Indian labour is not intelligent?

Mr. Silva.—At the moment they are not.

Mr. Anklesaria.—You say in your memorandum that so far as Indian labour is concerned in sericulture it can compare all right with Japanese labour.

Mr. Silva.—It does but it is not merely a question of a few labourers trained in filatures; I mean the level of intelligence.

Mr. Anklesaria.—Your point, I take it, is that in course of time the charkha will disappear and sooner it does the better. I take it that as regards filature labour India has nothing to learn from Japan?

Mr. Silva.—I would not say "nothing". I say that if I am pitted against a Japanese filature I can compete.

Mr. Anklesaria.—Do I take it that Japan does not enjoy such a tremendous advantage over India as regards labour as would not enable India to compete successfully if the industry was properly encouraged?

Mr. Silva.—I say so far as filatures are concerned labour can be trained within six months time and in some cases earlier.

Mr. Anklesaria.—So that in six months time if people begin to train the labour they would be as efficient as your foreign rivals?

Mr. Silva.—Yes in our filature.

Mr. Anklesaria.—Are there any inherent disadvantages under which India suffers which would not enable it to compete successfully with Japan. You say so far as labour is concerned there is no such disadvantage.

Mr. Silva.—Yes.

Mr. Anklesaria.—I understand that the only reason why Japan beats its competitors is that Japan has been able to organise its industry on a huge production scale.

Mr. Silva.—Yes, and over a large number of years.

Mr. Anklesaria.—So far as India is concerned there cannot be any large scale production at present?

Mr. Silva.—No.

Mr. Anklesaria.—Because there are no filatures numerous enough to allow of it.

Mr. Silva.—That is so.

Mr. Anklesaria.—But in course of time with help from Government either in the shape of bounty or protection, whatever it may be, you find nothing to prevent filatures starting in India?

Mr. Silva.—No, provided other conditions are improved side by side.

Mr. Anklesaria.—It is your experience that so far as mulberry cultivation is concerned, it expands rapidly and effectively with the change in price. In T. Narsipur a change in price immediately brought under cultivation 3,332 more acres.

Mr. Silva.—For 15 or 16 months there was a continuous increase in price, which gave an impetus.

Mr. Anklesaria.—Mulberry cultivation does expand rapidly and effectively?

Mr. Silva.—Fairly rapidly.

Mr. Anklesaria.—If the prices are remunerative there will be no difficulty in starting mulberry cultivation in response to it?

Mr. Silva.—No.

Mr. Anklesaria.—As regards large scale production the last Tariff Board found that 200 basins would be a good economic unit. Do you want more basins?

Mr. Silva.—I personally am in favour of a smaller unit because a smaller unit will be more easily workable in respect of the organisation of the supply of cocoons.

Mr. Anklesaria.—In Japan there are filatures with 3,000 basins?

Mr. Silva.—And they are working economically but their cocoon supply is better organised.

Mr. Anklesaria.—In fact they have passed a law last year penalising small filatures.

Mr. Silva.—Yes, because there the cocoon supply is assured.

Mr. Anklesaria.—Production on a large scale would depend upon the assured supply of cocoons; if you therefore encourage the cocoon producing industry by suitable means you will be able to have an assured supply of cocoons?

Mr. Silva.—Certainly.

Mr. Anklesaria.—There are no cocoons coming into India to compete with Indian cocoons so I suppose tariff protection is out of the question for cocoons.

Mr. Silva.—It is quite unnecessary.

Mr. Anklesaria.—It must be helped somehow and the only means is by bounty, or is there any other method? In order to get an assured supply of cocoons you require cocoon producers to be encouraged by the State and the encouragement, so far as the form of that encouragement is concerned by tariff protection is out of the question; it does not apply.

Mr. Silva.—No.

Mr. Anklesaria.—*Ex hypothesi* you want help for the cocoon producer, therefore the only method of help will be by means of a bounty.

Mr. Silva.—I wouldn't say only method.

Mr. Anklesaria.—What is the other method?

Mr. Silva.—The indirect method of taxing the produce of the cocoon, that is raw silk.

Mr. Anklesaria.—How?

Mr. Silva.—By levying a protective duty on raw silk which is produced out of cocoons you would naturally benefit the Indian cocoon producer.

Mr. Anklesaria.—And it would not involve any disadvantage to the handloom weavers?

Mr. Silva.—I have no objection to bounty in particular but I do not believe that a bounty can be given to cocoon producers because it would be unworkable.

Mr. Anklesaria.—Do you know that cocoon producers have been helped by means of bounty in France, Czechoslovakia and other countries?

Mr. Silva.—Yes, but conditions of production there are different; there cocoons are produced once a year and the cocoons can be brought to a central market and some kind of control can be exercised over the sale of cocoons. Here it is not possible to exercise control.

Mr. Anklesaria.—Suppose I say control can be exercised?

Mr. Silva.—If it can be exercised it might be possible to do it. But Indian cocoons have to be marketed soon after they are harvested; that is a very important consideration.

Mr. Anklesaria.—Bounties can be given in various forms not merely in cash.

Mr. Silva.—That is so.

Mr. Anklesaria.—As I understand it from other representations if an assured price of 5 annas per lb. of cocoon is possible, then the Indian industry will not have much to complain.

Mr. Silva.—You mean the cocoon industry?

Mr. Anklesaria.—The whole industry. If you help the basic industry then if the subsidiary processes are carried on on economic lines they would not require much protection.

Mr. Silva.—That depends on the price of the foreign silk.

Mr. Anklesaria.—You admit that the cocoon price is the biggest ingredient in the cost of production?

Mr. Silva.—Yes.

Mr. Anklesaria.—If you are assured of 5 annas a pound for cocoons, then the industry will have very little to complain.

Mr. Silva.—I would like to qualify that statement. The Sericultural Industry is different from the raw silk industry and one has to bear in mind that the ultimate test is the cost of raw silk to the consumer. If the cost of cocoons is low, we can feel assured that the ultimate consumer will have to pay less. If we say that the price of cocoons should be raised to a certain limit, it is necessary for us to determine what that limit should be with reference to the price of foreign silk, because silk is a world commodity.

Mr. Anklesaria.—So far as raw silk is concerned, it is amenable to the law affecting manufacture of all products, viz., economics of large scale production to which cocoon producing is not amenable.

Mr. Silva.—Quite so,

Mr. Anklesaria.—You admit that.

Mr. Silva.—Yes.

Mr. Anklesaria.—Reeling is a manufacturing process.

Mr. Silva.—Yes.

Mr. Anklesaria.—And by large scale machinery and large scale organisation you reel much more economically than on a smaller scale.

Mr. Silva.—Yes,

Mr. Anklesaria.—So if you have a large scale reeling, you would be able to compete with your foreign rivals.

Mr. Silva.—Provided other conditions are equal. Provided the raw material is assured to me at a reasonable rate.

President.—If you are not assured of an adequate supply of the raw material, then there is no case for protection.

Mr. Silva.—No.

President.—It is no use telling us that there is no adequate supply of raw material. My colleague has repeatedly pointed out that the basic industry is the cocoon industry and therefore he wants to know whether 5 annas a lb. of cocoon would be a reasonable price to pay in order to get an assured supply of your raw material on which the whole industry is based.

Mr. Silva.—Whether 5 annas is reasonable or not would have to be determined on the price of similar articles in other countries. Silk is a world commodity and the Indian price should, as far as possible, be on a level with the price of foreign silk.

President.—Do you mean to say that the conditions in this country are similar to the conditions in other countries as regards the cost of mulberry cultivation on which the cocoon industry is based. He has been telling you that the cocoon industry is an important industry. You cannot produce cocoons without mulberry cultivation and the mulberry cultivation is even different in different countries. Therefore to say that the thing should be based and compared with other countries is quite a different thing altogether.

Mr. Anklesaria.—Mulberry cultivation expands effectively with the change in price. If there is a remunerative price, mulberry cultivation mounts up.

Mr. Silva.—Yes.

Mr. Anklesaria.—There is no natural disadvantage as regards mulberry cultivation. You cannot reach a limit in mulberry cultivation. In a country like Japan which is limited in space you cannot have mulberry lands as abundant as in India.

Mr. Silva.—The last Tariff Board has recorded that India can not only compare with but excel Japan.

President.—I had better take you through the cost figures first. You don't want this to be discussed confidentially.

Mr. Silva.—I am not particular.

President.—On how many basins is this cost based?

Mr. Silva.—It is based on 37 basins.

President.—The price of cocoons that you have given is Rs. 4-9-3-2.

Mr. Silva.—That is the actual cost.

President.—Now the actual I understand is 4 annas 6 pica per pound of cocoons.

Mr. Silva.—About that.

President.—And the rendita you have assumed is 17-3.

Mr. Silva.—Yes.

President.—5 years ago you were able to give us a rendita of 15-5 on five days weight. Is that correct?

Mr. Silva.—Yes.

President.—You just now gave me to understand that it is not possible to get 5 days weight cocoons in the area where the filature is situated. You say in Kollegal it is not available. It is 3 days weight.

Mr. Silva.—Yes.

President.—Therefore you are at a disadvantage so far as raw material is concerned from going from Mysore to Madras.

Mr. Silva.—There is variation in price also. When I buy fifth day, cocoon, I have got to pay 10 per cent. extra.

President.—Will 10 per cent. extra compensate in two pounds of cocoons?

Mr. Silva.—17-3 minus 1-7.

President.—It just tallies.

Mr. Silva.—More or less. 17-3 includes double cocoons. Last time there were no double cocoons.

President.—Is this the price for cross breed?

Mr. Silva.—Average price for both.

President.—What percentage of cross-breed are you using when you put down a price of Rs. 4-9-3-2?

Mr. Silva.—From the point of view of the reeler there is very little difference in actual cost between cross breed and Mysore cocoons, because when I buy cross breed cocoons, I have to pay for double cocoons also which form at least 10 per cent.

President.—If you say 10 per cent., you are not able to get any price for double cocoons.

Mr. Silva.—Something under an anna a pound.

President.—I do not know whether that statement is quite correct. My information is that you get 2 to 3 annas.

Mr. Silva.—For dry cocoons and not green. I buy green.

President.—Is this for green?

Mr. Silva.—Nobody buys double cocoons green from us.

President.—When you buy at 4 annas 6 pies per pound, you say you get both kinds.

Mr. Silva.—Yes.

President.—3 days weight is not green cocoons.

Mr. Silva.—It is, raw or green.

President.—You mean not conditioned?

Mr. Silva.—Yes. I pay the same price as I pay for reelable ones. I have got to separate them. I don't get any immediate sale for them. I keep them until they get dry and then only I can sell them. So the price I get for double cocoons works out to something less than one anna a pound.

President.—I have got to make enquiries about that. Have you made that deduction in your calculation?

Mr. Silva.—Not here. 17-3 is my gross figure.

President.—I am talking of Rs. 4-9-3-2. There must be a certain allowance for double cocoons. That has been excluded from the total cost. You will be able to tell me what the cross breed production will be. If you take 4 annas 6 pies as the price, I want to know whether you are in a position to get cross breeds for the whole of your production.

Mr. Silva.—I am not in a position to get cross breed. I must get both qualities. I could not get on that side cross breeds enough for the entire filature.

President.—You don't think by using cross breeds you would be able to reduce the cost.

Mr. Silva.—From my experience I say there is very little difference between the final yield from cross breed and puro Mysore cocoons.

President.—I thought you were referring to univoltines.

Mr. Silva.—I have had no opportunity of reeling these. What I want to say is what we gain in cross breeds in one direction, we lose in another. So far there is very little advantage in using the cross breeds. If the quality is improved, there would be some advantage to the reeler.

President.—What do you think is the reasonable figure to take for Kollegal?

Mr. Silva.—150 basins.

President.—Would you consider that as economic unit?

Mr. Silva.—Yes.

President.—Will you give me the cost of production of 150 basins?

Mr. Silva.—You mean in the form of a statement.

President.—Yes. You propose to have 150 basins for your filature. I find here your cost for 37 basins is high as compared with 200 basins adopted by the last Tariff Board.

Mr. Silva.—We have got all of them worked out.

President.—Last Tariff Board's figure was Rs. 1-0-11 excluding the raw material and yours is Rs. 1-14-4-9. If I take one anna for depreciation which you have included, it comes to Rs. 1-1-11 or say Rs. 1-2 as against Rs. 1-14-4-9 of yours.

Mr. Anklesaria.—Where have you included interest?

Mr. Silva.—No, I have not included interest. The last Tariff Board allowed only supervision and not management. In my statement supervision and management is included.

President.—It is included. If you will turn to page 160 of the last Tariff Board's report you will find that supervision and management is given there. Your point is that you prefer a smaller economic unit. I am

pointing out that the larger the economic unit, the lesser the overhead charges.

Mr. Silva.—I agree with you.

President.—That is why I want to know the cost of your filature which will have 150 basins. Will you kindly give us a revised statement?

Mr. Silva.—This is the actual cost.

President.—You have shifted as late as 25th November, 1937.

Mr. Silva.—We are training a great proportion of our labour at present. In addition to those who are able to give us the minimum output, we have also got to train others for the purpose of expansion.

President.—Could you give me a statement on the lines given on page 160 of the last Tariff Board's report for 150 basins?

Mr. Silva.—I have got that worked out and will send you a statement later on.

President.—I am just turning to your note which you have submitted and which you want the Board to consider. The first point is with regard to the production of silk. I have got the figures of waste. I have tried and calculated it even on the basis of that and I find that the figures given by the Mysore Government are more or less correct. The export of silk waste was about 31 lakhs of pounds. I am talking of all India figures. I was referring to the second point which you have raised about Indian production. You have raised two questions: one is with regard to the production of Mysore and another is with regard to the total production which the Board estimated as 20 lakhs of lbs. for all India.

Mr. Silva.—May I draw your attention to the fact that your figure probably includes wild waste, not only mulberry.

President.—The thing that is exported is all mulberry waste. For the last 5 years according to Customs figures it comes to 31 lakhs of lbs.

Mr. Silva.—I have also got the Customs figures here. The exports for 1934-35 are:—

Mulberry	3,66,900
Wild waste	2,97,400
	<hr/>
	6,64,000
	<hr/>

President.—The Board took only mulberry and the production of silk came to 20 lakhs. These figures were supplied to us by the Provincial Governments. Do you think that the figures given by Provincial Governments are wrong?

Mr. Silva.—I venture to suggest that they should be supplemented by applying the other test.

President.—As I have told you this test is very difficult to apply unless I know the total waste from the charkha silk. The Bengal figure is much lower than what they themselves estimate. Taking all local Government's figures we arrived at this figure.

Mr. Silva.—We have this advantage that all the silk waste in India is exported overseas.

President.—I do not know that. That is a proposition which cannot be accepted in toto that 100 per cent. silk waste is exported.

Mr. Silva.—The Tariff Board even said so.

President.—Since 1931 the position has been different.

Mr. Silva.—There is no other industry started in India which absorbs silk waste.

President.—No. I am not able to check the waste which is lying in stock.

Mr. Silva.—The waste which would be lying in stock could be estimated on a certain basis.

President.—These estimates are based on the actual production.

Mr. Silva.—That itself is dependent on the total acreage under mulberry.

President.—Do you think that the mulberry acreage is wrong? Mysore bases it as 260 lbs. an acre taking 3 crops.

Mr. Silva.—I don't say the acreage is wrong but to conclude that we do actually get 210 lbs. of cocoons from every acre is a far less reliable assumption than one based on the actual production.

President.—I am not at present in a position to contradict all local Governments who have supplied figures on the basis of silk waste which are reliable.

Mr. Silva.—The figures of seaborne statistics are certainly reliable.

President.—The Tariff Board in the past has always trusted the local Governments and Indian States in several of their enquiries and they have never regretted it. In this case they have taken as much care as possible in arriving at these figures.

Mr. Silva.—I refer to a higher authority, the Government of India. The export of silk waste has been based on the figures collected by the Government of India.

President.—Who exports them?

Mr. Silva.—The ordinary merchants.

President.—That is the whole point. Do you think that merchants figures are more correct or Governments' figures are more correct?

Mr. Silva.—Custom figures.

President.—We won't discuss this question further. We will now take up this question which you have raised about univoltine races. This is rather important because you think that the cost of production can be substantially reduced and India would be in a position to do away with protection.

Mr. Silva.—Yes that is my belief.

President.—That is why your note on this question is rather important.

Mr. Anklesaria.—It is rather interesting.

President.—But before we tackle this question, I want to know what had been the position in Mysore, when you were in Bangalore. I want to know whether the Mysore Government have carried out any experiments in the past with regard to the univoltine worms.

Mr. Silva.—They are continuously cultivating univoltine races for the purpose of cross-breed production. So, they have sufficient experience.

President.—When everybody admits that univoltine gives you more silk and there is no danger of pebrine as pointed out by you and the cost of production is substantially reduced, why have the Mysore Government not taken to that and why are they confining their attention to cross-breed? Is it due to temperature or climate that they are not having sufficient experiments conducted?

Mr. Silva.—They will be in a position to answer that.

President.—I propose to send your note to them and ask for their reply.

Mr. Silva.—I have no objection to that.

President.—I am not in a position to say whether sufficient attention has been given to it or not.

Mr. Silva.—Trials on an adequate scale should be made not only in Mysore but in various parts of India.

President.—You say that “Mr. Rama Rao condemned the scheme as totally unsuitable for reasons which, I regret, have failed to convince me”.

Mr. Silva.—He will probably be able to tell you.

President.—When you make a statement of that kind

Mr. Silva.—So far as I am concerned, they have failed to convince me; otherwise I would not have mentioned it.

President.—Unless it can be substantiated, we cannot accept it. A man of his experience cannot condemn a scheme without having gone minutely into the details?

Mr. Silva.—The reasons given to me when the matter was discussed did not convince me that an experiment should not be made.

President.—You yourself say that they are making experiments on univoltines.

Mr. Silva.—They are cultivating what they call univoltines. If you refer to the note on cross-breed seed, you will find that the univoltine which they are cultivating is not univoltine at all. We cannot base our conclusions on experiments carried out on that scale.

President.—You talk about leaves in the same note. That is an important point. Experiments are being made about the mulberry tree.

Mr. Silva.—That does not require any further explanation.

President.—I think the Tariff Board recognised the possibility of reduction of cost on that account.

Mr. Silva.—It is recognised by all. All that I ask is that the pace should be increased.

President.—That is also what we want. They say that they cannot do away entirely with bush mulberry. You have yourself stated that the number of trees required will be 67 lakhs.

Mr. Silva.—Yes, to replace entirely 30,000 acres of bush mulberry.

President.—The substitution of trees for bush mulberry will reduce costs substantially. But there should be a combination of both.

Mr. Silva.—Yes. Mine is not a detailed plan of work but only a general statement of the case.

President.—As regards the measure of protection, we have gone into it in detail. It will all depend upon the cost of production. In the first paragraph you say “In determining the measure of protection to charkha silk the last Tariff Board came to the conclusion that 50 per cent. of the output was of the first quality. If so, this can only refer to Bengal silk as in Mysore the proportion is much smaller, perhaps not more than 20 to 25 per cent”. We have given an explanation as to why we did not take the Bengal costs. We have to arrive at the measure of protection for the whole of India. Whilst giving the details of each province, we have to select what we consider to be the economic unit. Last time we did not confine ourselves only to Mysore or to Bengal. The only thing we did was to confine ourselves to Mysore so far as the cost of cocoons was concerned. Generally what we have to decide is: what is the fair price to pay to an agriculturist in order to induce a cultivator to continue to grow mulberry? We have done so in the sugar enquiry. We have done so in the paper enquiry and we have done the same in various other enquiries. On that basis we fixed 5 annas as the fair price for cocoons per lb.

Mr. Silva.—It is unfortunate in this way that those who were not familiar with reeling were unable to appreciate at its true value the difference which you mentioned and which you gave in the form of *rendita*. That was something not intelligible. On the other hand to them it was a question of figures. The Tariff Board say that the cost of cocoons is 4 annas per lb. Nevertheless, they have calculated the cost at a higher figure.

President.—We have stated why we did not take that figure.

Mr. Silva.—But they were not able to understand it owing to insufficient knowledge of the subject.

President.—As regards *rendita*.

Mr. Silva.—I beg to withdraw this particular paragraph (No. 3) because recently I had some experiments carried out and I found there was really a difference of 3 lbs. between the 1st quality and the 3rd quality.

President.—What about your 4th paragraph?

Mr. Silva.—It would be quite all right.

President.—You say that the working costs are based on minimum outlay and maximum production. You also say that the output per basin can be taken $1\frac{1}{2}$ lbs.

Mr. Silva.—Although the capacity of the reeler is $1\frac{1}{2}$ lbs., we should not under all circumstances take that as the minimum production.

President.—If you look at the figures of production, the bulk of the production was 28/30 denier. Therefore the Tariff Board based its calculation on that figure.

Mr. Silva.—It is quite correct so far as it goes, but some allowance should be made for this factor, *viz.*, that all the 200 reelers are not equal.

President.—It means they are not efficient if they are not equal.

Mr. Silva.—Some must be necessarily inefficient. Some have got to be trained.

President.—The Tariff Board cannot base its calculations on inefficient production. There cannot be any variation between reeler and reeler.

Mr. Silva.—I think some allowance must be made in that regard.

President.—We never encourage inefficiency. We never discriminate between one reeler and another, because of inefficient production.

Mr. Silva.—If I have 200 reelers, some 10 or 12 may be absent on a particular day.

President.—On that account do you want to penalise the consumer?

Mr. Silva.—I do not want to penalise the consumer. All I say is that it is unreasonable not to make some allowance.

President.—No allowance can be made for sickness or inefficiency.

Mr. Anklesaria.—You say that if univoltine cocoon is available in India or at least in Mysore, protection would be unnecessary.

Mr. Silva.—Yes, that is my opinion.

Mr. Anklesaria.—Because the cost of production of raw silk depends very substantially on cocoons.

Mr. Silva.—Yes.

Mr. Anklesaria.—Cocoon is the chief item in the cost.

Mr. Silva.—Yes.

Mr. Anklesaria.—As regards your opinion about univoltines, would you pit your experience against the experience of the Sericultural Department of the Mysore Government?

Mr. Silva.—The experience of the Mysore Sericultural Department has not been placed before me. It is not known to me. I only know they are rearing univoltine worms.

Mr. Anklesaria.—You may take it from me that the Mysore Sericultural Department has been experimenting for the last 15 years and has found that the univoltine will not do economically. Are you prepared to contradict their experience?

Mr. Silva.—I do not want to contradict it.

Mr. Anklesaria.—You may take it that that is their experience.

Mr. Silva.—Very well.

Mr. Anklesaria.—Are you in a position to say from your own knowledge and from your own experience that they are not correct in their opinion?

Mr. Silva.—I have not said that they are not correct. The Department has not given me its opinion.

Mr. Anklesaria.—You take it from me that that is their opinion. If that is the opinion of the Mysore Sericultural Department, you would not think yourself fit to contradict it from your own personal experience.

Mr. Silva.—No, I would not.

Mr. Anklesaria.—That is my point.

Mr. Silva.—It depends on how and where the experience has been gained.

Mr. Anklesaria.—I won't persevere in that. I understand—if you want, you can contradict me—that India suffers under no inherent disadvantage which will not enable it to compete successfully with Japan. I put that proposition to you.

Mr. Silva.—You put it in such a broad and emphatic manner that it is very difficult for me to say that I entirely agree or entirely disagree.

Mr. Anklesaria.—The claim of the Sericultural Industry to protection was investigated by the last Tariff Board and you agree with their conclusions entirely.

Mr. Silva.—Yes.

Mr. Anklesaria.—They found that so far as India was concerned, India suffered under no economic disadvantage or any other natural disadvantage which would not enable it to compete successfully with any rival in the world.

Mr. Silva.—That was so.

Mr. Anklesaria.—The Tariff Board also came to the conclusion that unless and until Government carried out certain measures recommended by them, no amount of protection would make the silk industry stand on its own legs against foreign competitors. Do you agree with that?

Mr. Silva.—Yes.

Mr. Anklesaria.—Now if India has got all those natural advantages, do you agree that the reason why the Indian industry is not able to compete is that there has been very unfair competition from foreign countries like Japan. You mention the word dumping in your memorandum.

Mr. Silva.—Yes.

Mr. Anklesaria.—If that dumping could be removed or prevented, the Indian industry would be able to stand on its own legs.

Mr. Silva.—Yes, with the help of the measures recommended by the Board.

Mr. Anklesaria.—Yes. Two things are required, viz., Government should carry out the measures recommended by the Tariff Board and dumping should be stopped.

Mr. Silva.—Quite so.

Mr. Anklesaria.—You base that allegation about dumping—it may be a fact but as a lawyer I use the word "allegation"—on depreciated currencies of India's rivals and bounties given by Chinese and Japanese Governments.

Mr. Silva.—On the last occasion, it was so. But this time

Mr. Anklesaria.—The same conditions obtain now.

Mr. Silva.—Probably.

Mr. Anklesaria.—Why do you say "probably"?

Mr. Silva.—Because I have not myself suggested that.

Mr. Anklesaria.—You say that you agree with the last Tariff Board's findings.

- Mr. Silva.*—On the last occasion I myself brought it to their notice.
- Mr. Anklesaria.*—The same conditions obtain now.
- Mr. Silva.*—I am not sure because there is no such thing as bounty this time.
- Mr. Anklesaria.*—So far as the last Tariff Board was concerned they found that bounties by Government to foreign producers and the depreciation of the exchange were partly the cause of failure of India to stand foreign competition.
- Mr. Silva.*—Partly.
- Mr. Anklesaria.*—What are the other reasons?
- Mr. Silva.*—There is the fall in the price of commodities.
- Mr. Anklesaria.*—You mean the general depression? India alone was not affected by the depression?
- Mr. Silva.*—I am talking of world depression, depression in Japan and China—an all round depression in the price of commodities.
- Mr. Anklesaria.*—I take it you will agree with the Tariff Board that if these conditions are removed the Indian industry will be able to stand on its own legs against foreign rivals?
- Mr. Silva.*—Yes.
- Mr. Anklesaria.*—You also agree that the protection given last time was totally inadequate, as will be seen from the fact that imports have continued on the same scale as before and those import figures do not take account of the large amount of smuggling that is going on.
- Mr. Silva.*—Yes, but it is not very large in proportion to the imports of raw silk.
- Mr. Anklesaria.*—The protective scheme included not only raw silk but it also included silk fabrics and also artificial silk.
- Mr. Silva.*—If you refer to piecegoods there is a considerable amount of smuggling.
- Mr. Anklesaria.*—In any case protection given last time has proved totally inadequate: what percentage of protection would you suggest?
- Mr. Silva.*—An increase of 25 per cent. in the *ad valorem* rate: plus such specific duty as may be thought by the Tariff Board to be adequate to meet the difference between the price of foreign silk and charkha silk of first quality.
- Mr. Anklesaria.*—Suppose the declared value of Japanese silk to-day is Rs. 4.
- Mr. Silva.*—If the price of first quality charkha silk is Rs. 6 then a difference of Rs. 2 should be awarded to the trade in the shape of 50 per cent. *ad valorem* duty, plus the difference between the fair selling price. . . .
- Mr. Anklesaria.*—What would be the amount on Rs. 4?
- Mr. Silva.*—Japanese filature silk price is Rs. 4-12; the duty on that is 25 per cent. plus 14 annas. Supposing the duty is raised to 50 per cent. it will be Rs. 4-12 plus Rs. 2-6 = Rs. 7-2
- Mr. Anklesaria.*—What will be the price *cum* duty?
- Mr. Silva.*—The *cum* duty price of foreign silk should be brought up to the fair selling price of first quality charkha silk.
- President.*—If the c.i.f. price is Rs. 4, 50 per cent. on that will bring it up to Rs. 6. You do not want anything more? You suggest 50 per cent. *ad valorem* and no specific duty?
- Mr. Silva.*—It does not necessarily follow that 50 per cent. will bring up the price to the required limit in every case. I have only suggested certain methods, certain principles on which the duty should be determined.
- Mr. Anklesaria.*—Let us take the question of bounties. Have you got any specific scheme for administering bounties?

Mr. Silva.—No.

Mr. Anklesaria.—Last time it was suggested to the Board that protection might be in the form of bounties and they turned down the proposal for certain reasons, owing to administrative difficulties. So far as your plan is concerned there is no administrative difficulty.

Mr. Silva.—That was in the case of charkha silk only. To-day I am suggesting a bounty to filature silk only and not to charkha silk. The difficulty referred to in the last Tariff Board report was as regards charkha silk.

Mr. Anklesaria.—So far as filature silk is concerned there is no administrative difficulty?

Mr. Silva.—No.

Mr. Anklesaria.—And it would be an industry which would be concentrated in factories and so the difficulty felt by the Tariff Board will not exist.

Mr. Silva.—Yes, because these factories are amenable to inspection, and control.

Mr. Anklesaria.—Your scheme would do away with the taxing of a very wide range of the silk industry, that is to say, if protection is to be given in the form of bounties instead of tariffs it would do away with the necessity of taxing silk goods, artificial silk goods and so on?

Mr. Silva.—Yes, to a very large extent.

Mr. Anklesaria.—And the consumer would be benefited and the Government revenue would not suffer?

Mr. Silva.—Yes, and as between filature and charkha silk justice would be done to both.

Mr. Anklesaria.—If the industry is to be developed in India it must be amenable to large scale production. You say in your memorandum that the consumption of silk in India is small and has remained small for a number of years.

Mr. Silva.—Yes, stationary.

Mr. Anklesaria.—I find from statistics that while Japan produces 960 lakhs of lbs. of raw silk India produces 20 lakhs lbs.; therefore if the consumption of India remains as it is to-day, no large scale production which would enable India to compete with Japan is possible. But if the Empire markets are opened to India in that case large scale production comparable to Japan's large scale production is possible?

Mr. Silva.—Yes.

Mr. Anklesaria.—You know silk is used for military purposes and you know India is the only country which is capable of producing the required quality of silk except Cyprus where the production is very small.

Mr. Silva.—Yes.

Mr. Anklesaria.—On that account the silk industry would require encouragement and that encouragement would be for purposes of the military necessities of the whole Empire and therefore the whole Empire should bear that burden.

Mr. Silva.—Yes, if that is possible!

Mr. Anklesaria.—Mr. Silva, why have you migrated to the Madras Presidency? Is there any special advantage in Kollegal?

Mr. Silva.—With the help of the Government of Madras I was able to start a joint stock company at Kollegal and that is why I moved there.

Mr. Anklesaria.—You could not do it in Mysore?

Mr. Silva.—No.

Mr. Anklesaria.—Claims have been made for the Mysore Government that they have been doing what they could do for the development of the sericultural industry.

Mr. Silva.—I placed a proposal before the Government of Mysore to start a joint stock company in Mysore. The policy of the Mysore Government, however, has not been to encourage the managing agency system and I was informed that if I expected a managing agency Government were not in favour of that scheme and were not prepared to subscribe to the share capital. To me the essential condition was that Government should subscribe, so I put a similar proposal before the Madras Government and they accepted it. Only a few months ago the Government of Mysore have joined in the formation of a joint stock company on the managing agency basis.

Mr. Anklesaria.—So far as the recommendation by the Tariff Board as regards what Government should do is concerned, the Mysore Government has been carrying out these recommendations to your knowledge?

Mr. Silva.—Quite so.

Mr. Anklesaria.—Can you say the same thing about the Government of Madras?

Mr. Silva.—I am afraid I am not in a position to answer that.

Mr. Anklesaria.—I have a table here which shows that for unirrigated areas the cost of leaves in Kollegal is 1-15 pies while for irrigated areas in Mysore the cost of leaves is 2-4, more than 40 per cent. higher?

Mr. Silva.—That is a point on which I have no data.

Mr. Anklesaria.—So that it was this natural advantage that prompted you to go to Kollegal?

Mr. Silva.—You must remember that I was both in Kollegal and Mysore.

Mr. Silva.—Have you done anything to encourage the breeding of univoltine races?

Mr. Silva.—It is not in my power.

Mr. Anklesaria.—From your scheme of bounties you would exclude Kashmir?

Mr. Silva.—I thought Kashmir would not be in a position to claim it as sericulture there is a State monopoly.

Mr. Anklesaria.—If Kashmir carries on sericultural industry either by means of individual proprietors or filatures or by itself as a State Department, I suppose it undergoes the same expenditure as the individual owners of filatures.

Mr. Silva.—It depends on whether it is managed on the same lines as private industry.

Mr. Anklesaria.—You would deny bounty to Kashmir on the ground that the State Managed industries are badly managed.

Mr. Silva.—It is a monopoly from the tree right down to the last stage of sale. The cultivator is compelled to rear cocoons and is compelled to accept a price which the Government fix. The Government do not fix that price with reference to the market price of a similar commodity in India, but fix it on their own valuation. It is a monopolistic industry and they don't allow any outsider to reel those cocoons.

President.—There is one point with regard to the price you have given. The average price obtained for raw silk is Rs. 6-2-3. What is the bulk of your production to-day.

Mr. Silva.—20/24.

President.—The bulk of the production is 20/24.

Mr. Silva.—Yes.

President.—The selling prices published by the silk Association are higher than those mentioned by you. The Silk Association's figures are not based on any recent quotations. Our prices vary from week to week.

President.—These prices have been supplied by you.

Mr. Silva.—They were supplied about two months ago.

President.—Two months ago those prices were correct.

Mr. Silva.—Yes.

President.—You are getting more than the Canton flature silk and the Japanese silk.

Mr. Silva.—To a certain extent.

President.—And that you are able to obtain those prices in the market.

Mr. Silva.—As I explained on the last occasion I get that price for a limited quantity.

President.—On the last occasion you told us that all your production was sold. Therefore it is not a limited quantity. Last time you were not able to satisfy us at all the prices that you realise are the fair prices that you are able to get.

Mr. Silva.—I produced only a small quantity and sold at that price.

President.—The price given here is Rs. 6-2-3. The average of the 3 deniers in the Silk Association report is Rs. 7.

Mr. Silva.—These figures when I gave them to the Silk Association were correct.

President.—At that time the average was Rs. 7.

Mr. Silva.—Yes.

President.—Two months ago.

Mr. Silva.—Yes.

President.—It is one rupee higher than the average price of foreign silk.

Mr. Silva.—Yes.

President.—With regard to re-reeling charge it is 8 annas per pound. The Madras Government have given only 2 annas.

Mr. Silva.—I do not know how they have arrived at that figure. I would be very glad if the work could be done at 2 annas.

President.—Charkha silk is being re-reeled by the Madras Government with their own reeling machines at 2 annas a lb.

Mr. Silva.—I don't think they are re-reeling any outside charkha silk.

President.—You had better make enquiries. 8 annas is too high a figure for re-reeling.

Mr. Silva.—8 annas is my actual cost at present.

President.—I think it is on the high side.

Mr. Silva.—A woman belonging to the weaver class who has been trained to that work all her life can barely give 200 grammes a day working 9 hours.

President.—The cost is given by the Government of Madras.

Mr. Silva.—I am sure the Mysore Government have given the same charge as myself.

President.—They have given it as 4 annas. I won't pursue that. I am just giving you an idea. You say 8 annas as against 3 annas taken by the last Tariff Board. You have criticised it that we took 3 annas in addition to make up the fair selling price. The reason which I have already told you is that the charkha silk was unsaleable in the market as compared with the foreign silk. It has to be re-reeled. That is why I have to add that in the cost of production. Please see page 156 of the last Tariff Board's Report where you will find that the measure of protection based on the production of charkha silk.

Mr. Silva.—On page 91 of the Report it is stated: "In Mysore we are informed that the charge for re-reeling is from eight to ten annas a pound; no distribution of the charge is made between labour and wastage. To make a fair comparison with the price of imported re-reeled silk, it would at

first sight seem necessary to raise the fair selling price of Indian charkha silk by eight annas a pound".

President.—Yes to raise the fair selling price of Indian charkha silk by 8 annas. Is there any other point which you would like to place before the Board?

Mr. Silva.—Perhaps I might ask for an opportunity of explaining myself a little more fully on the question of bounty.

President.—You had better send in a note on the subject. We have very little time. Without a note it will be an indefinite discussion.

Mr. Silva.—Very well.

12. GOVERNMENT OF H. E. H. THE NIZAM OF HYDERABAD.

(1) Evidence of Mr. SYED FAZLULLA, Mr. MOHIUDDIN AHMED, Mr. G. A. MAHAMADI and Mr. K. NAGANATH, recorded at Hyderabad on Tuesday, the 23rd August, 1938.

President.—Mr. Mohiuddin Ahmed, you are the Customs Commissioner and Mr. Fazlulla, you are the Secretary, Industries and Commerce Department and Mr. Naganath is the Textile Expert? Mr. Mahamadi, you are also the Director of Commerce & Industries.

Mr. Ahmed.—Yes.

President.—May I just run through the replies to the questionnaire that you have been so kind to send us. With regard to item 1 (a) I want to know when those figures were collected.

Mr. Naganath.—In 1930-31.

President.—Have they increased since that date?

Mr. Naganath.—Not to any appreciable extent I think. Only this year we have started a re-survey.

President.—These figures seem to me rather low. Can we get an idea of the present position?

Mr. Naganath.—In my opinion it cannot be less.

President.—You say there is no appreciable increase?

Mr. Naganath.—May not be to an appreciable extent for the fact that we are gradually replacing throw looms by fly shuttle looms. Handloom production of the State has on the whole increased.

President.—As far as pure silk goods are concerned you have only 4,183 looms?

Mr. Naganath.—Yes, for only natural silk whether foreign or imported.

President.—What about the mixtures?

Mr. Naganath.—Mostly cotton and pure silk, in sari manufacture.

President.—The bulk of the goods are saris?

Mr. Naganath.—Yes.

President.—What is the position of the handloom weaver? Is he an independent person or is he under the sowcar?

Mr. Naganath.—Both systems prevail in the State. The sowcar system is more prevalent as the weavers get continuous work from them.

President.—The sowcar brings the silk and gives it to the weaver?

Mr. Naganath.—Yes.

President.—As soon as he takes delivery of the goods he pays the wages and takes over the cloth on his own account.

Mr. Naganath.—Yes.

President.—Is there any system by which wages are deferred until the actual sale of the products?

Mr. Naganath.—That is for the merchant to look into. However I don't think that wages are deferred until the actual sale of the products.

President.—Has there been any instance in which the sowcar says "I will pay you after I have realised money from its sale"?

Mr. Naganath.—No; that seldom happens. In fact they receive advance from the merchants.

President.—What is the general position of the weavers: Are they in debts?

Mr. Naganath.—The general condition has neither improved nor in any way deteriorated. It is the same as it was 25 years ago.

President.—How are the co-operative societies working?

Mr. Fazlulla.—We have got 65 co-operative societies with a membership of 1,700 and the working capital is about Rs. 2 lakhs. These co-operative societies were started about 18 years ago before the non-co-operation movement was started. Some of our important centres of silk industry, Paithan for instance, were very badly hit by the khaddar movement and pagrees gave place to khaddar topia. The result is that Paithan has now deteriorated into an ordinary cotton weaving centre. That has been our experience to a certain extent in other centres. These societies were started with an amount of Government subsidy in this sense that the amount was advanced by way of loan free of interest. Government did not charge any interest to the societies and at these various centres we tried also to start sale societies. At Matwada in Warrangal 15 years ago a big union was started with a capital of several thousand rupees. For a few years the weavers were quite loyal so long as it paid them to bring the finished goods to the society and realise the sale proceeds. In course of time on account of fluctuations of the market we found that the union could not cope with the demand for cash with the slow process of sale. Unfortunately our weaver, specially the small weaver, is a very improvident person. He lives from hand to mouth. I suppose his financial difficulties are such and his home budget so limited that his income is barely sufficient for his upkeep. These societies were intended more or less to be thrift societies on a share basis so that they might put by something in the way of shares. They did succeed to a certain extent but not to the extent it was expected. Ultimately the societies had to be wound up. The chief reason for that was the fluctuation in prices and the disloyalty of the members and I should think to a certain extent lack of honest management. The weavers in Hyderabad are mostly illiterate and they could not throw up leaders from among them.

President.—Is it your opinion that the co-operative societies have been of no benefit?

Mr. Fazlulla.—They have to a certain extent. At present their owned capital is about a lakh of rupees and they owe about Rs. 60,000 to Rs. 70,000 to the Central Bank and something about Rs. 20,000 to Government.

President.—The object of the societies was to dispose of the manufactured goods.

Mr. Fazlulla.—Not at present. We tried that as an experiment in various centres, for instance in Gulbarga and other places but unfortunately the sales institutions did not flourish. The Government had appointed a Special Committee to go into the finances of the co-operative societies. In this connection the Committee made certain recommendations with reference to handloom weaving. They say that instead of starting sale societies independently it would be better to link them up to the urban banks and institutes, organised by the Commerce and Industries Department which will supply raw material to the local weavers and thus help them not in cash but in kind. In most of these weaving centres we have urban banks and the committee recommended that this system should be increased and made more popular in the weaving centres and the institutes should arrange for the marketing of the finished products. That recommendation is going to be implemented by Government very soon in important centres like Narainpot and Paithan.

President.—With regard to question 3 is staple fibre not mentioned separately in the Customs schedule?

Mr. Naganath.—It has very recently begun to come in here; they are not classified yet, but from next year they will be classified.

President.—Art silk is being classified separately?

Mr. Naganath.—Yes.

President.—What about the duty? Is there an import duty on all kinds of silk?

Mr. Ahmed.—Yes, at the rate of 5 per cent.

President.—Is it not a drawback to those people who use raw silk in this State? To that extent the raw material is costlier to people who weave goods out of them.

Mr. Ahmed.—It is a revenue duty.

President.—As far as raw silk is concerned you state in your reply that there is no sericulture in the State and there are no prospects in future.

Mr. Naganath.—That is our conclusion after due investigation.

President.—As far as silk goods are concerned your market is principally outside the Dominions, and if 5 per cent. duty is levied that would increase the cost of production of the articles made out of these yarns. Indirectly it will handicap people who manufacture the goods here to be able to compete successfully in the markets outside the dominions, for instance in Madras.

Mr. Mahamadi.—We have sent up a proposal to the Government to remove the duty on raw silk. There was a Tariff Commission appointed here and one of the proposals was that the duty on yarn should be discontinued, for the reason that it would be beneficial to the handloom weaver, but it is a big source of revenue to Government—Customs Department and could not therefore be agreed to.

President.—What is the income.

Mr. Ahmed.—About Rs. 40,000 on raw silk.

Mr. Naganath.—On raw silk alone it is about Rs. 40,000; the whole import is about Rs. 6 to 9 lakhs.

President.—The proposal relates only to raw silk?

Mr. Mahamadi.—Yes. It has been recognised by Government that as far as possible raw material for the local manufacturer should be imported duty free and all finished goods should be exported duty free.

President.—Have you considered the desirability of importing Indian silk free of duty or would you treat Indian and imported silk on the same footing?

Mr. Mahamadi.—It would be rather difficult to distinguish between them. If the benefit is to be given to the weaver it should be for all kinds of silk because the cheaper the silk the better for the weaver.

President.—It is better for the time being. The price of Japanese silk is low because there is in existence an industry which manufactures the raw material in this country. If the raw material disappears prices may go high and therefore I want to know whether you wish to protect the indigenous industry by giving preference.

Mr. Mahamadi.—That would not help our local weavers. I am of opinion that it will have to be without any discrimination whether foreign or Indian. If we give preference to the Indian silk, what facilities we give to the weaver we take away because there is a certain amount of difference between Chinese, Japanese and local silk and if the weaver is forced to buy Indian silk in place of Chinese silk it will have the effect of Government losing revenue, and all that will go actually to the sericulturists of India.

President.—The last Tariff Board indicated that if there was a protective duty on raw silk the manufacturers of silk goods would be compensated to the extent of the duty on raw silk. Therefore silk goods will not in any way suffer if they are put on the market at a price which will compensate them for the increase in the duty.

Mr. Naganath.—So far the Government policy is concerned, they have not differentiated between foreign and Indian.

President.—We only want to know whether the Government will consider this question as the largest consumers of raw silk. Is there any refund of duty in respect of finished goods?

Mr. Mahamadi.—It was sanctioned in the case of Narainpot but was never claimed; therefore it is a dead letter.

Mr. Naganath.—Weavers were given a chance but they did not keep accounts separately for goods manufactured exclusively out of pure silk, and it was difficult to give them a rebate. They never took advantage of it. Most of the articles were mixed fabrics.

President.—In reply to question 6 you say generally Indian silk is used for weft. Have you tried any filature silk?

Mr. Naganath.—No. Filature silk is rather costly.

President.—My impression is that no filature silk is being sold in India to any large extent.

Mr. Naganath.—Here the weaver only uses charkha silk from Mysore. Charkha silk they only use for weft.

President.—I find that you have grouped together all the Indian silks. They have different prices and even the quantity is not shown separately.

Mr. Naganath.—It is so very difficult to distinguish them. They actually take in the Customs as Indian and Foreign.

President.—In answer to question 8 you say there are some qualities of goods which are made to order. That means that these are not manufactured ordinarily unless for special order?

Mr. Naganath.—Yes.

President.—Is it due to the fact that they are costly?

Mr. Naganath.—Yes; they cannot afford to keep it in stock.

President.—In answer to the next question you say the value of the Indian raw silk is Rs. 354,000. How have you valued this when you have grouped the three together.

Mr. Ahmed.—From the invoices they take the value. We took from that.

President.—That would not give a correct idea about the quality. You take the amount imported and you take the value which is put on the invoice and you divide the one with the other to get the average per pound?

Mr. Ahmed.—The invoice contains both foreign and Indian together. These people go to Bombay and buy different kinds of silk and they import them into Hyderabad and we take the average price.

President.—Having regard to the fact that Indian raw silk imported into the Dominions not being of the same value and the quantity of each of the imports not being checked, the value will not give a correct idea, because one silk may cost Rs. 5 and another Rs. 3?

Mr. Naganath.—Quite so.

President.—There is some difference in price between charkha silk and filature silk.

Mr. Fazlulla.—Yes.

President.—You have submitted cost sheets marked 'A' in reply to questions 10, 11 and 12. There are several examples given, but we will take the very first example in order to understand the cost of producing that particular kind of cloth. You have stated here 47 tolas raw silk. That is Chinese?

Mr. Naganath.—Yes.

President.—And the other one is also Chinese in the weft?

Mr. Naganath.—Yes, that is also Mancha.

President.—Generally winding and dressing is done by the weaver himself?

Mr. Naganath.—Yes.

President.—How have you arrived at this figure?

Mr. Naganath.—For a certain saree the quantity of silk required is say 120 tolas. This quantity is given by the merchant. After degumming, winding, warping and so on, it is found to weigh only 90 tolas. Thus the wastage comes to 25 per cent.

President.—What is the wastage in the imported silk?

Mr. Naganath.—It is 25 per cent. Charkha silk about 30 to 32 per cent.

President.—The weaver generally also dyes.

Mr. Naganath.—Yes.

President.—If you look at the appendix given here in B, in every case I find that the cost and the selling prices have not materially changed since the last 5 years.

Mr. Naganath.—No, they have not materially changed though there is a slight difference in wages.

President.—There is a slight reduction.

Mr. Naganath.—Yes.

President.—How do you account for that?

Mr. Naganath.—Whenever the merchants have a lot of stock, naturally they say to the weavers that there is not much demand unless you accept this wage. The weavers have to accept a slight reduction.

President.—That means the prices of silk goods have gone down.

Mr. Naganath.—Yes.

President.—Due to competition of silk goods coming from foreign countries.

Mr. Naganath.—From British India. Handloom products are being imported into the Dominions also to the extent of Rs. 40 lakhs. It all depends upon the competition.

President.—They pay an import duty of 5 per cent.?

Mr. Naganath.—Yes.

President.—In spite of paying 5 per cent. duty, they are able to sell cheaper than the goods manufactured in the Dominions.

Mr. Naganath.—They keep a very little margin. The margin of profit which the outside merchants would have might be a little less.

President.—In every case if you look, the range has slightly gone down.

Mr. Naganath.—Very slightly.

President.—Every time they make about Rs. 2 to Rs. 3.

Mr. Naganath.—Yes.

President.—In 1933-34 you say the cost price is Rs. 54-10. That includes the wages of Rs. 18?

Mr. Naganath.—Yes.

President.—Rs. 18 is shown separately to get an idea about the wages.

Mr. Naganath.—Yes.

President.—12 per cent. per annum is the interest charged by the merchants who supply the raw material.

Mr. Naganath.—Yes for the period for which they allow credit. They give credit up to a month and if it exceeds that period, they charge interest at that rate.

President.—The only reason why the weavers are unable to use the Indian flature silk is because of the price.

Mr. Naganath.—Yes, and more wastage.

President.—In the flature silk?

Mr. Naganath.—Not in the flature silk.

President.—I am talking of flature silk. Do you know anything about the winding quality of Indian silk?

Mr. Naganath.—It is definitely poorer than foreign silk. That is the opinion of the weavers and so also is my opinion.

President.—Your opinion is that the artificial silk has not in any way displaced the Indian silk?

Mr. Naganath.—For the reason that the import of raw silk is more and more, year by year.

President.—Except this year.

Mr. Naganath.—Even this year it had gone to 9 lakhs and afterwards it dropped down. It ranges from 6 lakhs to 9 lakhs.

President.—6 lakhs of pounds?

Mr. Naganath.—6 lakhs of rupees worth.

President.—When you talk of Rs. 6 to Rs. 9 lakhs, you have taken the figures for raw silk both Indian and foreign.

Mr. Naganath.—Yes.

President.—I suppose there is not much competition from the imported silk goods.

Mr. Naganath.—This is a special kind of cloth.

President.—Have you got any special designer or is this industry coming from generation to generation?

Mr. Naganath.—Yes the industry is coming from generation to generation and very recently our District demonstration parties have introduced modern designs and even fly shuttle looms and instead of draw-boy harness they are introducing jacquered as well as dobbies.

President.—How do the silk goods exported from the Dominions fare in the markets in British India as against foreign goods?

Mr. Naganath.—There are certain special variety of check design sarees here which are being exported to Bombay, Baroda, Sholapur and other places in the Maharashtra country. In that there is so far not much competition. From Narayanapeth alone Rs. 5 lakhs worth of mixed fabrics are exported every year.

President.—You have supplied us figures for 1936-37. Can you supply figures for 1937-38? When does the year end?

Mr. Faziulla.—The year ends after two months, 5th of October.

President.—Will it be possible for you to give me in October?

Mr. Faziulla.—It will take some time to collect figures.

President.—We would like to have figures for at least 6 months for 1937-38.

Mr. Faziulla.—Yes.

Mr. Anklesaria.—I understand the handloom weavers' is a very important community in your State.

Mr. Naganath.—Yes.

Mr. Anklesaria.—And it would be in the interests of the State to see that that community prospers.

Mr. Mahamadi.—Yes.

Mr. Anklesaria.—May I know what steps the State has taken in pursuance of that object?

Mr. Mahamadi.—Government have established a special Textile Section of the Industries Department to assist the community by introducing amongst them improved appliances and improved methods.

Mr. Anklesaria.—Do the Government supply improved appliances to the handloom weaver?

Mr. Naganath.—On hire purchase system—on easy instalments.

Mr. Anklesaria.—How much have you spent on that?

Mr. Naganath.—We are spending every year about Rs. 20,000 for the District demonstration work.

Mr. Anklesaria.—The Government do not make any profit?

Mr. Naganath.—No.

Mr. Anklesaria.—Are they all sold at cost price?

Mr. Naganath.—Yes. Then we have demonstration parties in the district and they go from place to place for the purpose of training them in the use of improved appliances.

Mr. Anklesaria.—How many people have you trained in the use of improved appliances?

Mr. Naganath.—Nearly half the number of looms have been converted into fly shuttle looms.

Mr. Anklesaria.—About 2 lakhs of handloom weavers have been trained in the use of improved appliances.

Mr. Mahamadi.—Yes in the use of fly shuttle.

Mr. Anklesaria.—Then what else?

Mr. Mahamadi.—We have got dyeing. Dyeing is the most important portion of the Textile industry. We have placed at the disposal of the weavers the assistance of the Dyeing expert in order to enable them to use fast dyes and the improved methods of dyeing.

Mr. Anklesaria.—How many people have availed themselves of the facilities provided by the State as regards dyeing?

Mr. Naganath.—Formerly they were getting dyed yarn from British India. That is absolutely stopped. At Paithan we have got a Stores Section and from the stores we are supplying raw material without interest and without duty too. Special sanction has been obtained from Government.

Mr. Anklesaria.—To open them.

Mr. Naganath.—Dyes, chemicals, cotton yarn and everything: gold thread also.

Mr. Anklesaria.—Is there any other step taken?

Mr. Naganath.—There is a carpet factory. These people are also handloom weavers.

Mr. Anklesaria.—I should very much like you to confine yourself to silk weavers, so that we might know the position of the Silk industry here. What other steps have the Government taken to help the silk loom weaver?

Mr. Naganath.—We are giving stipends to those who come from the districts. They are trained in the Institute.

Mr. Anklesaria.—How much money have you spent in giving stipends?

Mr. Naganath.—Those who come from the districts are paid at the rate of Rs. 15 and are given free quarters.

Mr. Anklesaria.—I want the grant approximately.

Mr. Naganath.—Rs. 47,000 for a year.

Mr. Anklesaria.—For paying stipends?

Mr. Naganath.—For stipends, staff and everything.

Mr. Anklesaria.—Is there any other step taken by Government? I want to know whether the Government of Hyderabad has been helping itself. It does not depend upon the Government of India alone.

Mr. Naganath.—We have got a Demonstration throwing plant for twisting and supplying that by way of demonstration to the local weavers. At present they do these preliminary processes at home. If this kind of yarn is supplied to them, it would be very helpful to them. The demonstration plant has been set up with the idea of helping weavers.

Mr. Anklesaria.—What advantage do the local weavers derive?

Mr. Naganath.—In Aurangabad a silk factory loom owner is going to have a plant like that.

Mr. Anklesaria.—Only one person out of two lakhs.

Mr. Naganath.—Yes. We are giving loans to all these small scale cottage silk weavers.

Mr. Anklesaria.—How much money have you spent in giving loans?

Mr. Naganath.—We have given up till now Rs. 20,000.

Mr. Anklesaria.—Rs. 20,000 distributed over how many families?

Mr. Mahamadi.—Half a dozen families. They are master weavers.

Mr. Anklesaria.—Do I understand that the other families are not in need of loans or are they not fit to be given loans?

Mr. Mahamadi.—We have certain definite rules and they must produce landed property as securities against advances. Master weavers have taken advantage of this.

Mr. Anklesaria.—Is there any other step taken by the Government?

Mr. Naganath.—We have got the Cottage Industries' Sales Depot. From the districts we are purchasing and keeping them here for sale. We advertise about handloom products and participate in outside exhibitions.

Mr. Anklesaria.—Has it increased your sales?

Mr. Naganath.—It started from Rs. 3,000 when we started some years ago and it went up to Rs. 68,000 last year.

Mr. Anklesaria.—President was asking about the import duty. Government have been spending so much money after silk handloom weavers. If you remit the five per cent. duty on raw silk, don't you think that the weaver will be greatly benefited.

Mr. Naganath.—That is under the consideration of the Government.

Mr. Anklesaria.—How long has it been?

Mr. Naganath.—Since last year.

Mr. Anklesaria.—I understand the weaver is a very very poor man. He is in the position of a mere labourer.

Mr. Naganath.—All over the country that is so.

Mr. Anklesaria.—He has got no bargaining capacity as against the merchant.

Mr. Naganath.—No. All those who are clever amongst the community become master weavers.

Mr. Anklesaria.—Have Government taken any steps to ensure that these people get a fair deal from the master weavers.

Mr. Mahamadi.—Those who are working with master weavers are better off. They get very fair deal with them. Unfortunately there are not many master weavers.

Mr. Anklesaria.—Yesterday I questioned the weaver who was working for a master weaver and he had not much good to say about his employer as regards the wages he was getting.

Mr. Naganath.—There cannot be much fair deal.

Mr. Anklesaria.—He was complaining in fact.

Mr. Mahamadi.—By himself he is working.

Mr. Naganath.—He has got to put up with the treatment meted out to him, because he was getting regular employment.

Mr. Mahamadi.—Master weaver gives them a wage which gives him a fair deal and which keeps him busy throughout the year.

Mr. Anklesaria.—What is the wage the weaver is getting?

Mr. Naganath.—All silk weavers got 10 to 13 annas on an average.

Mr. Anklesaria.—Do you know the silk weaver's wage in Madras?

Mr. Naganath.—Over one rupee.

Mr. Anklesaria.—More than Rs. 2.

Mr. Naganath.—Here the living is also cheaper.

Mr. Anklesaria.—Is it cheaper to live here than in Madras?

Mr. Naganath.—Yes.

Mr. Anklesaria.—In the villages of Hyderabad the weaver lives more cheaply than in Madras.

Mr. Naganath.—Yes. Our Paithan weavers get a rupee a day.

Mr. Anklesaria.—For the artistic work they produce.

Mr. Naganath.—That is all special orders.

Mr. Anklesaria.—Why exactly does not the weaver use Indian silk?

Mr. Naganath.—Quality for quality they find the foreign silk cheaper.

Mr. Anklesaria.—Do you think that the Indian filature silk has got any advantages which the foreign filature silk has not got?

Mr. Naganath.—The people who are purchasing silk are not in a position to know which is foreign silk and which is Indian silk. They cannot differentiate between the two. They simply go on the price in the market.

Mr. Anklesaria.—It is the fault of the public that the weaver does not get his wages.

Mr. Naganath.—Yes, to a certain extent.

Mr. Anklesaria.—I am not clear as to what proposals you make about helping the silk weaver by a scheme of protective tariff.

Mr. Naganath.—It should be lowered.

Mr. Anklesaria.—Do you think that the present tariff should be lowered?

Mr. Naganath.—A little less than the existing tariff ought to suffice.

Mr. Anklesaria.—Do you want the present tariff to be lowered?

Mr. Naganath.—Yes, the tariff on raw silk, which is not beneficial to our weavers.

Mr. Anklesaria.—By how much would you lower it?

Mr. Naganath.—The less the duty is, the better it is for our weavers.

Mr. Anklesaria.—The President tells me that you have no objection to the grant of protection to the Sericulture Industry.

President.—In reply to question 34 you say "Hyderabad being the consumer of imported Indian and foreign silk it is suggested that further protection to Indian sericulture should be granted on a moderate scale only if it is considered unavoidable in the interest of the industry".

Mr. Naganath.—Yes, further protection might be granted on a moderate scale.

President.—This is a point which it is very difficult for you to answer because you are not in a position to know the costs of the sericultural industry.

Mr. Naganath.—Quite so.

Mr. Anklesaria.—If it hurts the silk weaving industry we would like to know the extent to which it suffers on account of higher tariffs.

Mr. Naganath.—We do not like to be too selfish.

Mr. Anklesaria.—You can make a proposal fairly approximately.

Mr. Naganath.—You mean in the direction of doing away with tariff protection.

Mr. Anklesaria.—Yes.

Mr. Naganath.—We will be justified in asking for the abolition of protective tariffs so far as Hyderabad weavers are concerned.

Mr. Anklesaria.—Would you be justified in proposing the abolition of the whole duty?

Mr. Naganath.—Yes, from the point of view of Hyderabad weavers.

Mr. Anklesaria.—If the Indian sericultural industry dies and disappears from the surface of the earth, where do you expect to get your silk from?

Mr. Naganath.—That is why we have given this cautious reply. It shows that we are not too selfish in our motives.

Mr. Anklesaria.—It is not selfishness: it is a question of self-interest. If the Indian sericultural industry dies, you will have to depend on foreign sericulturist for your silk. He may not treat you fairly.

Mr. Mahamadi.—Why should not the Indian sericulturists try to bring down their costs of production to the same level as the Japanese costs. There are no intrinsic disadvantages. Our labour is fairly cheap but only the methods are defective. They ought to improve their costs and bring them to the same level as the Japanese costs.

Mr. Anklesaria.—I asked you when you were in Poona about the difficulties in reeling cocoons obtained from Mysore.

Mr. Naganath.—So far nobody has done this.

Mr. Anklesaria.—I am not satisfied with the answer which you gave. Do not repeat it. What exactly is your difficulty?

Mr. Naganath.—Our difficulty is this. First of all, no merchant or weaver will take the risk to do it here.

Mr. Anklesaria.—You mean he is not enterprising enough.

Mr. Naganath.—That is the whole thing.

Mr. Anklesaria.—Nobody has given a thought to it.

Mr. Naganath.—Not so far as I know.

Mr. Anklesaria.—Do you know that our cocoons are reeled in Italy and France?

Mr. Naganath.—We do not know.

Mr. Anklesaria.—You could have told me that the present high tariffs had led to the substitution of raw silk by art silk.

Mr. Naganath.—The imports of art silk into Hyderabad are increasing but not at the cost of real silk. If the imports of real silk into Hyderabad had reduced simultaneously, then I could have said so.

Mr. Anklesaria.—Have not the imports of real silk into the State decreased?

Mr. Naganath.—No, they have not. Therefore I cannot say that art silk has replaced real silk. At the same time I am pointing out to you that there is a great jump in the consumption of art silk.

Mr. Anklesaria.—Do you think that if there were no high protective duties on real silk, the use of real silk in your State would have been greater than it is today?

Mr. Naganath.—Yes. That is the reason why in the case of our handloom products there is competition now.

President.—Your proposal is to have no duties on raw silk and to have more duties on silk goods, so that protection should be confined to silk goods and the enquiry should be confined to that portion of the industry and not to the sericultural industry.

Mr. Naganath.—Yes, so far as we are concerned.

Mr. Anklesaria.—Don't you think that if people were given facilities to discriminate between art silk goods and real silk goods, there would be a greater demand for real silk goods?

Mr. Naganath.—People can very easily distinguish cloths made out of staple fibre or even art silk from those made of pure silk. The majority of the products turned out are saris and our women can easily find out whether a sari is made of artificial silk or pure silk.

Mr. Anklesaria.—Artificial silk saris on account of their cheapness are being consumed largely by the poorer classes.

Mr. Naganath.—Yes.

Mr. Anklesaria.—And I think you will admit that they are not in a position to distinguish goods made of art silk from those made of real silk.

Mr. Naganath.—They are clever enough to do that. They will judge it by washing and by the time it lasts and so on.

Mr. Anklesaria.—You were talking of staple fibre in answer to one of the President's questions but I did not catch under what category you classify staple fibre at present.

Mr. Naganath.—We have not now classified it separately.

Mr. Anklesaria.—You must be charging duty on that as well.

Mr. Naganath.—The merchants importing staple fibre produce the invoice and duty is charged on that.

Mr. Anklesaria.—Is it classified along with silk?

Mr. Naganath.—Along with art silk.

Mr. Anklesaria.—I did not quite follow when you said that you could not differentiate between foreign silk and Indian silk as regards the duty of 5 per cent. Why could you not?

Mr. Naganath.—For revenue purposes all the imported articles whether Indian or Foreign are being charged 5 per cent.

Mr. Anklesaria.—Can you not do something to help the Indian sericulturist by discriminating foreign silk from Indian silk?

Mr. Naganath.—We will place your suggestion before the Government.

Mr. Anklesaria.—You have told us that your weavers buy their silk from Bombay.

Mr. Naganath.—Yes, from merchants in Bombay.

Mr. Anklesaria.—Do they get their Mysore and Kashmir silk from Bombay?

Mr. Naganath.—Kashmir silk from Bombay and Mysore silk from Mysore.

Mr. Anklesaria.—Is there any difficulty in getting your silk from Kashmir?

Mr. Naganath.—They are not only importing silk but also yarn.

Mr. Anklesaria.—Your Government have been helping the weavers.

Mr. Naganath.—Yes.

Mr. Anklesaria.—Could you not buy silk direct from Kashmir and Mysore and supply it to the weavers? If you do that, you could avoid the middlemen's profit.

Mr. Naganath.—It would mean that we should have a big organisation with a stores section in each and every village. The proposal to open a Stores Section in big centres is under consideration. In Aurangabad we are shortly going to have a Stores Section. At that time, we will consider this question.

Mr. Anklesaria.—Can you tell me any other method of helping the silk loom weaver in respect of buying his raw materials and selling his finished products at advantage except the institution of Co-operative Societies?

Mr. Naganath.—That is what we are doing. We are supplying the weavers whom you visited with silk and other things from the Institute.

Mr. Anklesaria.—Most of the Co-operative Societies which the State instituted some years ago have now been abolished.

Mr. Fazlulla.—Sales Societies have been abolished.

Mr. Anklesaria.—How many Co-operative Societies of weavers are there now?

Mr. Fazlulla.—About 70. *

Mr. Anklesaria.—Are they all right financially?

Mr. Fazlulla.—They are more or less credit societies on the unlimited liability basis. We advance them credit.

Mr. Anklesaria.—What exactly does the Society do for the individual weaver?

Mr. Fazlulla.—We advance them cash and recover it. That is all. Whenever they require money instead of going to the sower they get the money from the society.

Mr. Anklesaria.—Do they give any facility for buying the raw material?

Mr. Fazlulla.—At present that does not exist. We tried the experiment in the beginning along with Sales Societies but that did not succeed.

Mr. Anklesaria.—Were people dishonest?

Mr. Fazlulla.—Dishonest in the sense that they would take the material but would not bring the finished goods to the Sales Societies. They would sell them to a third party. In that way we found difficulty to exercise control.

Mr. Anklesaria.—Was not the arm of your law long enough and strong enough to stop this?

Mr. Fazlulla.—We can take very strong steps against those who default. We have not an organisation to watch the activities of each and every weaver.

Mr. Anklesaria.—Excepting the co-operative societies, there are hardly any other means of helping the weaver. Can you suggest any other means which will be as efficacious as the Co-operative Society?

Mr. Naganath.—We are doing that in a few centres. We cannot afford to have such an organisation, as almost every village is having a few looms.

Mr. Anklesaria.—Is it all scattered?

Mr. Naganath.—Yes. If it is confined to 10 or 12 places, we can do a lot.

Mr. Mahamadi.—It requires apart from organisation people who should be able to work these societies disinterestedly. What happened was that stocks began to accumulate as a result of which these societies incurred losses. All these Societies aimed at being Sales Societies and they failed on that account. For that reason no further attempt in that direction will again be made. We should give direct assistance to weavers. That experiment was tried at Paithan which is a very important centre of ours and we achieved distinct success there. Before that we tried Co-operative Societies to help the local weavers there but failed therein.

Mr. Anklesaria.—What exactly were the Societies doing? They were only credit Societies.

Mr. Fazlulla.—They were credit Societies linked to Sales Organisations which were also marketing organisations for the supply of raw material.

Mr. Anklesaria.—There has been never a Society which gave raw material to the weaver, took the finished product and sold it for him.

Mr. Fazlulla.—There have been.

Mr. Anklesaria.—But they have failed.

Mr. Fazlulla.—Yes.

Mr. Mahamadi.—That is why we thought of giving direct assistance by starting an Institute at Paithan where through the Institute we are supplying on a very careful basis yarn, say, for 15 saris at a time. They are given credit to that extent. They bring the 15 saris to us and then we arrange to sell them through the Institute not on the basis of co-operation but on the basis of direct assistance. This has proved quite successful and on that basis we are thinking of establishing similar Institutes in various parts of these Dominions.

Mr. Anklesaria.—There is a larger use of spun silk.

Mr. Naganath.—On an average 1½ to 2 lakhs. That demand is only being maintained.

Mr. Anklesaria.—Can you tell me if there are any special difficulties in the State as regards spinning of silk waste?

Mr. Naganath.—So far no plant has been installed here for that purpose.

Mr. Anklesaria.—Is there any difficulty?

Mr. Naganath.—The difficulty is for the capitalist and for want of raw material.

Mr. Mahamadi.—There should be raw material available. We have not got any. Therefore it is no use thinking of having a plant for the spinning of silk waste.

Mr. Anklesaria.—You say there is not enough material in the State.

Mr. Mahamadi.—Not enough raw material.

Mr. Anklesaria.—Can you not get it from Mysore and Kashmir. They are probably using it themselves.

Mr. Mahamadi.—Yes.

Mr. Anklesaria.—You cannot import.

Mr. Naganath.—No.

Mr. Anklesaria.—Have you thought of the question of spinning silk waste?

Mr. Naganath.—No, because we have not got the raw material for that.

President.—In reply to question 13, you say that the annual value of production of silk goods is about Rs. 16 to 18 lakhs. Has that gone down considerably?

Mr. Naganath.—No.

President.—This is the value of the production of silk goods.

Mr. Naganath.—This is the average annual value of the production of silk goods including the value of gold thread.

President.—You told us last time about the work that was done in Hyderabad with regard to eri silk.

Mr. Naganath.—It was once done but we had to give it up on account of the unsuitability of the climate to the sericultural industry.

Mr. Anklesaria.—You tried and failed in that.

Mr. Naganath.—Quite so.

President.—Is there any other point which you would like to place before the Board apart from the points we have already discussed?

Mr. Mahamadi.—Your questions have been fairly exhaustive and we have nothing more to add.

(2) Evidence of Mr. GHULAM AHMED KHAN, Subedar, Aurangabad, recorded at Aurangabad on Wednesday, the 24th August, 1938.

President.—You are the Subedar of the District?

Mr. Khan.—I am the Subedar of the Division.

President.—What would the Subedar in the Nizam's Dominions correspond to in British India?

Mr. Khan.—It corresponds to the Commissioner.

President.—You are aware, I take it, that the Tariff Board is enquiring into the conditions of the handloom industry with a view to seeing whether the protection that might be granted to the silk industry would in any way affect their future. The Board's visit in this connection is principally to find out what are the kinds of goods that are being manufactured by the handloom weavers, what are their costs and their sale prices and the difficulties which the handloom weavers have to meet with in the marketing of their products. During our visit to the State, we have found that the handloom weavers are turning out peculiar kinds of goods known as Paithan, Himroo, Mashroo and Kimkhab which have a special market of their own. But due to difficulties with regard to marketing, they are unable to make any progress in the direction of sale. My point is this. First of all I would like to find out how many handlooms there were in 1933, what has been the progress made by the weavers during the last 5 years and what is their present condition.

Mr. Khan.—I don't think that any perceptible difference has happened during the last five years. We will have to go over a longer period for that because the decadence started some years ago.

President.—In which year could the decadence be said to have started?

Mr. Khan.—The decadence could be said to have started about 28 years ago.

President.—Is it not a fact that 1928 was a boom year when the handloom weavers were doing pretty well?

Mr. Khan.—Not in Aurangabad. The boom of 1928 to which you refer did not apply to this centre of activity because the articles that we produce are of a certain quality and they cater for a certain taste. So the general boom did not apply to Aurangabad.

President.—Are the weavers here independent weavers or do they work as wage earners under sowcars or merchants?

Mr. Khan.—The position is this. They are a class by themselves. The merchant is the capitalist and he employs weavers. He himself is a master weaver and at the same time employs weavers to work under him. These weavers are paid according to the job they are put on.

President.—Shall we say that the present position is that most of the weavers are working as wage earners under silk merchants?

Mr. Khan.—The master weavers themselves are weavers.

President.—They control a certain number of weavers.

Mr. Khan.—Yes.

President.—And they pay these weavers regular wages.

Mr. Khan.—Yes.

President.—Where were they before?

Mr. Khan.—The industry has been existing since the city started.

President.—They were here from the very beginning.

Mr. Khan.—Yes.

President.—Are there any handloom weavers working independently with one or two looms and their families helping them in twisting, etc.

Mr. Khan.—Twisting, winding, etc., are all mostly done by their families.

President.—How are they faring in comparison with the owners of handlooms?

Mr. Khan.—The master weaver is better off.

President.—He is more or less a capitalist.

Mr. Khan.—He is a capitalist in a sense, but he himself works simultaneously.

President.—He may be one of the weavers.

Mr. Khan.—Yes, he is.

President.—He supplies all the materials necessary for the cloths that are made.

Mr. Khan.—Yes.

President.—What is the tendency at present? Which kind of silk is generally used?

Mr. Khan.—At present it is a sort of bolstered demand that we have created for Himroo.

President.—Is it bolstered up due to the fact that you are giving specific orders?

Mr. Khan.—We are trying to give some patronage.

President.—Of the four kinds, Paithan borders is one.

Mr. Khan.—Yes.

President.—Yes. I have classified these into four kinds on the basis of either border or cloth. Most of these designs are peculiar to the Dominions.

Mr. Khan.—Yes.

President.—The first three are Paithan borders, Himroo and Mashroo.

Mr. Khan.—Himroo and Mashroo can be grouped together.

President.—I have just paid a visit to the handloom centre and I think there is a slight difference.

Mr. Khan.—Yes.

President.—Therefore I would like to distinguish them because I want the Government to supply me with a description of how actually the work is carried out. The fourth is called Khimkhab which is principally used with the mixture of gold thread.

Mr. Khan.—It contains some metal thread.

President.—So far as these four classes are concerned, is it true that Himroo is at present the leading quality that is manufactured.

Mr. Khan.—It leads at present.

President.—Is that due to the low cost of production?

Mr. Khan.—It is partly due as I said to the patronage that we have obtained.

President.—I understand that they are using art silk.

Mr. Khan.—They have started using it during the last four years and its consumption is on the increase.

President.—That reduces the cost of production considerably.

Mr. Khan.—Yes.

President.—How has the market taken to this cloth? Do they find any difference?

Mr. Khan.—They do.

President.—Do they patronise it as well as they did about a decade ago?

Mr. Khan.—If they had not introduced the art silk, they would have been in a worse plight than they are now.

President.—Does the consumer know the difference between the art silk cloth and the real silk cloth?

Mr. Khan.—The consumer does know because he gets it cheaper.

President.—Because the purchasing power has gone down.

Mr. Khan.—Yes.

President.—I understand that your Government had Co-operative Societies to help the weavers.

Mr. Khan.—They had.

President.—What was the reason of the failure of these Societies with regard to their Sales Departments?

Mr. Khan.—I am afraid there was a fundamental difference in working these Societies because instead of supplying the raw material they paid the artisans money in cash which was not quite correct.

President.—They did not supply raw material to the weavers.

Mr. Khan.—No.

President.—They simply purchased the cloth woven by the handloom weavers.

Mr. Khan.—They simply advanced money in cash and expected it to be returned.

President.—By the sale of the goods?

Mr. Khan.—Yes. There was no agency for selling either.

President.—Was the attention of Government drawn to the fact that the real help that the weavers needed was with regard to the marketing of their products?

Mr. Khan.—I don't think that the Co-operative Department was prepared to take up this responsibility of supplying the raw material.

President.—And taking back the cloth?

Mr. Khan.—Yes, because it entails a separate organisation by itself—giving the money in cash and taking it back is an easier affair.

President.—In Bangalore we find that there is an organisation which is partly connected with Government but mostly the membership consists of the weavers themselves and that organisation has got shareholders also. They give the raw material to weavers and take back the finished products and pay them wages.

Mr. Khan.—That is the correct procedure.

President.—I wonder whether your Government would like to make an experiment in that direction.

Mr. Khan.—We are actually performing this operation at Paithan without the mediation of any co-operative society. We have got an Institute which supplies the raw material to weavers, sells the cloth and pays back the money within the stipulated time.

President.—Whence is the raw material obtained by handloom weavers?

Mr. Khan.—Bombay is the principal market.

President.—There is no silk merchant here who supplies them.

Mr. Khan.—There is no Emporium of that sort.

President.—It would be a very good thing if Government were to consider the question of supplying raw material to weavers. It would save weavers a considerable amount of expenditure.

Mr. Khan.—I have had a scheme put up for that—containing a sales depot and an emporium or stores section as well.

President.—Could you supply us with a copy of that scheme?

Mr. Khan.—Yes.

President.—In what directions are your officers able to help the handloom weavers?

Mr. Khan.—The whole thing requires to be radically changed. The tastes have changed and the uses for which these Himroo and Mashroo were put to do not exist now. So what we have got to do is to cater for the change in the requirements.

President.—Do you mean with regard to designs?

Mr. Khan.—Yes. To be more clear, the himroo cloth was used for sherwani and the mashroo for ladies' pyjamas and no use exists now for either of these. So possibly we could make use of these kinds of cloth with different designs for tapestry and upholstery.

President.—And various other things also.

Mr. Khan.—Yes, such as bed spreads and teapoy cloths.

President.—Have you any expert designer?

Mr. Khan.—In my scheme I have asked for one to incorporate the ancient designs of Ellora and Ajanta and certain monuments in the city of Aurangabad. For instance, I would like to have a design of one of the Ajanta frescoes on the bed covers or on a teapoy cloth. For some of these furnishings of modern houses perhaps with all these alterations, there could be created a demand. For instance, take this Paithan border. I have had Buddha's image imposed on gold border and there is a great deal of demand for it.

President.—Have you tried any markets outside the Dominions?

Mr. Khan.—We are not able to meet the local requirements. The production is on such a small scale.

President.—If the local demand is not satisfied, I want to know why there is no increase in the handlooms in the State.

Mr. Khan.—The people employed at present are very few and they are not sure how large is the production. If they were produced on a large scale, they would be sold. That is why I have put up my scheme. We will advance the raw material and as soon as the article is prepared we will take it back immediately. So the producer will not have the trouble of finding out a market for the produced article. As soon as it is produced, we will take it up.

President.—Suppose a demand is created, will there be an increase in the number of handloom weavers?

Mr. Khan.—I have a specific example in Paithan. About two months ago there were barely 10 handlooms working and now there are 150 working because I have got an order for supplying puggrees for the Customs peons. So here is a specific example.

President.—The reason why I am asking you is that we are told that this is a hereditary art.

Mr. Khan.—Yes.

President.—And it is very difficult to get new men to do the work which these people are now turning out. Suppose a demand was created, I want to know whether there would be artisans available who would be able to turn out the quality wanted.

Mr. Khan.—That statement may be partly true because some of the workers have taken up to other works. As I have told you, in Paithan in two months time 150 looms have started working. It means that people who have gone away have come back. To start with there might be some difficulty but in a few days time things will settle down.

President.—May I have a copy of your scheme?

Mr. Khan.—Yes.

President.—I suppose it is not confidential.

Mr. Khan.—It is not confidential but what I would request you is not to make official use of that *verbatim*. You can make use of my statements but not the scheme.

Mr. Anklesaria.—You told us that the decadence started about 28 years ago.

Mr. Khan.—Perhaps even before that. I did not fix any period.

Mr. Anklesaria.—I understand that boom conditions never prevailed in Hyderabad State with regard to silk goods.

Mr. Khan.—Not in the last few decades.

Mr. Anklesaria.—Because the market was extremely restricted to people who bought goods for artistic taste.

Mr. Khan.—No, it is not that. The general conditions prevailing in the industry in British India apply to the silk industry in Aurangabad also.

Mr. Anklesaria.—So far as the Aurangabad silk industry is concerned, it is restricted to the production of artistic goods.

Mr. Khan.—Yes.

Mr. Anklesaria.—And, as you know, lovers of artistic goods are few, compared with the general consumer.

Mr. Khan.—It was not so much a question of catering for people with aesthetic taste. This cloth was put to a special use.

Mr. Anklesaria.—What special use?

Mr. Khan.—Sherwani and ladies' pyjamas used to be made. These conditions have changed. On marriage occasions whenever presentations were made, presentations were made in pieces of Himroo on an enormous scale. Whenever a big marriage used to take place, the consumption of Himroo was very great.

Mr. Anklesaria.—That is because people liked to have Himroo rather than any other silk.

Mr. Khan.—Yes, but now the taste has changed. They can find now other things more easily than they can find this.

Mr. Anklesaria.—Then, you will agree with me, so far as artistic goods are concerned, the demand for them would be restricted far more than for goods ordinarily consumed by people.

Mr. Khan.—I would like to put it in a different form. It is not so much a question of artistic taste. What I say is that the tastes of people have changed. People used to put on Himroo sherwani. They are not now putting on sherwani. They are going in for English tweed. The artistic taste has changed.

Mr. Anklesaria.—To-day I say at Poithan very artistic productions. There was a demand for it 10 years ago.

Mr. Khan.—Yes.

Mr. Anklesaria.—That demand has deteriorated.

Mr. Khan.—Yes.

Mr. Anklesaria.—Why?

Mr. Khan.—Because the tastes of people have changed.

Mr. Anklesaria.—People do not like artistic goods.

Mr. Khan.—People do not like that particular design—that particular class of cloth.

Mr. Anklesaria.—Can you not change these designs?

Mr. Khan.—That is my point. If we cater for this changed taste then we will be able to increase the production of handlooms.

Mr. Anklesaria.—Ever since 1928

Mr. Khan.—Please don't make that year a landmark.

Mr. Anklesaria.—It is somewhere about that.

Mr. Khan.—I won't be able to fix any period. The decadence has been so subtle and so gradual. As I pointed out before, the decadence of the industry in the State or in Aurangabad started with the decadence of the industry throughout British India.

Mr. Anklesaria.—Has the price of the raw material which the weavers used got anything to do with the decadence of the industry?

Mr. Khan.—It has got to do with the general depression.

Mr. Anklesaria.—I am referring to the price of his raw material. If he gets his silk at a higher price than before, naturally his cost of production would be more and the demand would be less. Do you agree with that?

Mr. Khan.—Yes.

Mr. Anklesaria.—The dearth or cheapness of his raw material has got some important bearing on the silk industry in Aurangabad.

Mr. Khan.—Yes, it has.

Mr. Anklesaria.—May I take it that about 20 years ago

Mr. Khan.—About a few decades ago.

Mr. Anklesaria.—About a few decades ago the price of silk was higher or lower than what it is today? Was it materially different?

Mr. Khan.—The price of silk was lower I think though I am not sure.

Mr. Anklesaria.—If it was lower, his cost of production also would have been lower than what it is today.

Mr. Khan.—It is not exactly that. Price is not the only factor.

Mr. Anklesaria.—It is one of the factors. What are the other factors?

Mr. Khan.—The purchasing power is another factor. It has also *pari passu* decreased—in fact more than the price.

Mr. Anklesaria.—Don't you think that that can be said of every other industry?

Mr. Khan.—Yes.

Mr. Anklesaria.—Leave aside that factor. Any other factor?

Mr. Khan.—I would like to make it sure. Let me consult Mr. Naganath.

Mr. Naganath.—20 years ago the price was higher. Even 12 years ago it was higher. The raw material is not of so much importance in the case of these fancy goods. Labour charge is more than the cost of the raw material.

Mr. Anklesaria.—You will agree with me that artistic productions are very little affected by commercial considerations?

Mr. Naganath.—Provided there is a demand.

Mr. Anklesaria.—The consumption of artistic production is very little.

Mr. Khan.—What I would like to say is this. It is not a pure piece of art. It is an article of consumption.

Mr. Anklesaria.—From some people's point of view it may be art. From the point of view of others, other considerations may come in. The market is very special and restricted to these goods.

Mr. Khan.—About 30 years ago people used to purchase Himroo not as a piece of art or to be shown in their cupboards but as an article of consumption for daily use.

Mr. Anklesaria.—They preferred Himroo for their sherwani to any other silk goods because of a particular taste.

Mr. Khan.—Because of the general taste.

Mr. Naganath.—I have worked out the costs. If the total cost of a sari is Rs. 200 it will be made up as follows:—

Rs. 128 wages.

Rs. 72 gold thread.

Rs. 2 silk.

Mr. Anklesaria.—Very few people would be found to pay Rs. 202 for what is only an artistic production?

Mr. Khan.—That is quite true.

Mr. Anklesaria.—If that be the case, so far as your industry is concerned, protective duties would not be a matter of concern for the weavers here.

Mr. Naganath.—They would rather have an adverse effect.

Mr. Anklesaria.—They would have much less interest in protective duties.

Mr. Naganath.—The protective duty will increase the price of silk.

Mr. Anklesaria.—If these are your artistic productions, people go in for them not for the silk content in them but for the designs and other artistic considerations.

Mr. Khan.—Yes.

Mr. Anklesaria.—So I say that it is not the commercial value of the thing but the artistic value of the thing that appeals to consumers so far as your productions are concerned. Do you agree with me?

Mr. Khan.—What I have at the back of my mind is this that even after every artistic taste there is money behind to be paid for it.

Mr. Anklesaria.—How can you account for a man paying for a sari Rs. 202 which another man would not think of buying for Rs. 50.

Mr. Khan.—It is applicable to very few people.

Mr. Anklesaria.—Your productions are artistic productions, the demand for which is restricted to people who are lovers of art.

Mr. Khan.—Yes.

Mr. Anklesaria.—If that be so, protective duties have much less interest for such a producer than for a producer outside Hyderabad who does not produce artistic goods.

Mr. Khan.—Still, it would reduce the circle of patrons.

Mr. Anklesaria.—You talked of Co-operative Societies and you told us that the main reason why these Societies did not flourish was that they were more Credit Societies.

Mr. Khan.—Yes.

Mr. Anklesaria.—Has your State tried Co-operative Societies of producers rather than of sellers?

Mr. Khan.—Not to my knowledge.

Mr. Anklesaria.—You will admit that the weavers in Aurangabad, Paitan and other places have got little bargaining capacity.

Mr. Khan.—Very little.

Mr. Anklesaria.—In order to assure them of that bargaining capacity, can you suggest any means except producers and sellers co-operative societies?

Mr. Khan.—Any organisation would do: not necessarily Societies.

Mr. Anklesaria.—What do you mean? Just explain to me. For instance you have got your Institute now which provides raw materials for weavers and assure them the sale of their productions.

Mr. Khan.—Any organisation would function in that way.

President.—Such an association would be a necessary thing for assuring the weaver. That is a matter which your State has not done.

Mr. Khan.—We have done in some places.

President.—How many producers' societies have you got?

Mr. Naganath.—I do not follow.

President.—You have got an institution at Paithan?

Mr. Naganath.—That is the sales depot for the whole of the Dominions. That is dealing with the weavers directly.

President.—Does your sales depot give out raw materials to the weavers?

Mr. Naganath.—That is another organisation.

President.—May I know what is the position with regard to the weaver?

Mr. Naganath.—There is the Cottage Industry Institute where we have got Rs. 20,000 for the supply of raw material to the weavers. They function in that way and the products are being purchased by the sales depot. There are two or three institutions of this kind, but the whole trade we cannot organise in that way.

President.—Have they been successful?

Mr. Naganath.—From Rs. 3,000 the sale has increased to Rs. 63,000.

President.—So far as your Paithan institute goes are there any defaulters with regard to the refund of the price of raw materials taken?

Mr. Naganath.—There are very few, only one or two.

President.—And that Institute has been in existence for the last 8 years?

Mr. Naganath.—Yes.

President.—Can you tell me what are your proposals for helping the weavers, Mr. Khan?

Mr. Khan.—To put the whole thing in a nutshell the whole thing is that these designs require to be altered to enter for the present demand by introducing local designs of Ajanta and Ellora and so on and to have a wider market and better publicity.

President.—Can you tell me anything about lowering or increasing the duty on the material to the weaver?

Mr. Khan.—It is understood that cheaper the material the better for the weaver, so far as the local industry is concerned.

President.—So far as you are concerned you would not like protective duties on the raw material at all?

Mr. Khan.—Yes, from the weavers point of view.

President.—What about the general question?

Mr. Khan.—The object of protective duty is to develop the sericultural industry.

President.—Because you have no sericulture in your State you do not want protective duties on silk produced outside the State?

Mr. Khan.—As you raise the tariff wall higher and higher, simultaneously you must see to the development of the industry otherwise the raising of a tariff wall is of no use. That is my point. What is the use of raising barrier after barrier when *pari passu* we do not revive our nascent industries with the development of the sericultural industry.

President.—You develop an industry for the consumers sake and not for development sake by itself. You produce goods for the consumer. If you have not got the consumer, what is use of producing them?

Mr. Khan.—I am afraid we are getting into quibbles.

President.—If you have no consumer what is the good of producing an article?

Mr. Khan.—That is true as an axiom.

President.—If you have not a market you would not produce goods.

Mr. Khan.—That is so.

President.—How can you assure a market in India for your product except by protective duties on foreign goods competing with your goods?

Mr. Khan.—If we acknowledge this argument the result will be that by putting higher duties you would be depressing the import and applying to this particular industry there will be less silk articles manufactured in India.

President.—No; there will be more manufacture under cover of protection and less goods will be coming into India.

Mr. Khan.—There will be more manufacture at a higher cost and because the purchasing power of the people is not increasing simultaneously the market will be less and less; there will be overproduction, because people will not purchase at this high rate.

President.—Do you know what is the total consumption in India and what is the total production of silk? It is tremendous. We shall not be able to reach our whole consumption according to our estimated production for a number of years. If that be a fact would you agree with me?

Mr. Khan.—I beg most respectfully to differ. If we have a programme for the development of nascent industries: there have been countries which raised protective wall and developed their nascent industries to increase the demand.

President.—That is exactly what I am telling you. You agree with me there?

Mr. Khan.—Yes.

President.—Do your weavers here consume Indian silk or foreign silk?

Mr. Khan.—I have just got a statement from the Customs.

President.—I have seen that. What do you include under foreign silk? Does it refer to only Chinese and Japanese silk?

Mr. Khan.—By foreign silk we mean silk which people purchase in Bombay.

President.—I was told that you purchase even Kashmir and Mysore silk in Bombay.

Mr. Khan.—Very likely.

President.—That would be foreign according to your statistics?

Mr. Khan.—No. I have got two different kinds of statistics, foreign as well as Indian which is imported.

President.—Silk is imported under two names. I was given an instance to-day. Your institute said they were consuming Bangalore silk and then the manager corrected himself and said it was not Mysore silk but foreign silk. There is no Bangalore silk imported into Hyderabad.

Mr. Khan.—The figures that I have got are from the Customs department under these two headings—foreign and Indian raw silk.

President.—What are these figures you have given in Annexure C?

Mr. Khan.—They appertain to the whole Dominion.

President.—Your figures would not quite help our purpose because under the name Indian you include both Indian and foreign silk thrown in India.

Mr. Naganath.—It happened to be so. It is so very difficult to find out.

Mr. Khan.—Foreign silk that was imported into Aurangabad was 29,000 as against 4,000 Indian.

President.—Can you tell me whether twisted silk is classified separately?

Mr. Naganath.—We are getting very little twisted silk: the bulk is raw silk.

Mr. Khan.—You might take down these figures for the last two years, figures obtained from the Aurangabad Custom House:—

40 Faali.

	Foreign Rs. O. S.	Indian. Rs. O. S.
Raw silk	29,600	3,700
Spun silk yarn	37,600	246
Artificial silk	70,000	..

President.—Spun silk will shortly, be manufactured in India. I would personally like you to give a revised statement, giving us all the information regarding silk yarn, noils, spun silk, imported and Indian and see whether they can be re-grouped for customs purposes.

Mr. Khan.—They are all grouped together for Customs purposes.

President.—It is very difficult to say which is Indian and which is foreign.

Mr. Khan.—As regards raw silk it is all right.

President.—Raw silk is not shown separately.

Mr. Khan.—It is shown separately.

President.—Where do you put silk yarn and spun silk?

Mr. Khan.—Silk yarn they call spun silk.

Mr. Anklesaria.—I understand you had some tassar silk industry some years ago. That has died out?

Mr. Khan.—Practically.

Mr. Anklesaria.—Is there any scope for the industry in the State?

Mr. Khan.—I believe there is scope for it.

Mr. Anklesaria.—Can you tell me why the industry is not being developed in the State?

Mr. Khan.—Or rather why it was allowed to decay due to various rules and rates.

Mr. Anklesaria.—What were the rules?

Mr. Khan.—The Forest Department thought that the interference of the sericulturist was detrimental to the interest of forest preservation.

Mr. Anklesaria.—You yourself think there is scope for the industry?

Mr. Khan.—Yes. People were doing that work for ages. That was on the lower banks of the Godavari.

Mr. Anklesaria.—Has your State experimented as regards sericulture?

Mr. Khan.—I believe some experiments were made. To my mind the places that were selected were not climatically favourable.

Mr. Anklesaria.—But there are places which are climatically favourable and where the industry can develop?

Mr. Khan.—Yes, perhaps even mulberry silk. For instance places like Khurdabad.

Mr. Anklesaria.—The State produces a lot of castor seed?

Mr. Khan.—In fact it is the largest castor producing tract in the world.

Mr. Anklesaria.—And the castor leaf is being wasted?

Mr. Khan.—Yes.

Mr. Anklesaria.—You therefore think that there is very good prospect for eri industry?

Mr. Khan.—Yes.

13. THE BHAGYANAGAR WEAVING WORKS, HYDERABAD.

Evidence of Mr. BALKISHEN LAL, recorded at Hyderabad on Tuesday, the 23rd August, 1938.

President.—Mr. Lal, you are the proprietor of the Bhagyanagar Weaving Works?

Mr. Lal.—Yes.

President.—You also manufacture goods out of tussore silk and staple fibre.

Mr. Lal.—Yes.

President.—You are using very large quantity of staple fibre as against tussore silk.

Mr. Lal.—Yes.

President.—You say that you are not troubled with regard to the sale of your products because you are able to dispose it off locally, I suppose at a remunerative rate.

Mr. Lal.—Not much.

President.—What margin do you keep?

Mr. Lal.—1 to 1½ annas per yard.

President.—Your cost of production is much lower than the cost given by the other mill.

Mr. Naganath.—It is a proprietary concern and that is a limited concern.

President.—Apart from that, raw material charges are very heavy. In one case it is As. 8 10 pies as against As. 6.

Mr. Naganath.—It depends upon the quality.

President.—What yarns are you importing?

Mr. Lal.—Staple yarns—2/80s, 2/60s, 2/100s.

President.—And tussore?

Mr. Lal.—Only if there is a demand we manufacture.

President.—What yarns you are getting?

Mr. Lal.—2/75s and 2/60s.

President.—What are the prices at present?

Mr. Lal.—For 2/75s—Rs. 2-13; 2/60s—Rs. 3-1.

President.—What about staple fibre prices?

Mr. Lal.—As. 12 to one rupee, Rs. 1 and Rs. 1-2.

President.—What qualities are you using?

Mr. Lal.—2/80s.

President.—What is the price?

Mr. Lal.—Rs. 1-7.

President.—Is this the market price?

Mr. Lal.—Yes.

President.—The bulk of your goods are made from staple fibre.

Mr. Lal.—Yes.

President.—How many looms have you got?

Mr. Lal.—10 for the present.

President.—Your production is 27,000 yards.

Mr. Lal.—Yes.

President.—The production will be 75,000 yards if it is worked to maximum capacity.

Mr. Lal.—Yes.

President.—What is the present production?

Mr. Lal.—200 to 250 yards per day.

President.—How many days do you work?

Mr. Lal.—In a year it will come to 300 days.

President.—That comes to 75,000 yards.

Mr. Lal.—In rainy season we got less production.

President.—On an average it would come to 30,000 yards.

Mr. Lal.—Last year we were not working all the looms. Last year we worked only 4 to 5 looms.

President.—Is this the actual?

Mr. Lal.—Last year I produced 37,000 yards.

President.—It was not the maximum capacity.

Mr. Lal.—No.

President.—What wages do you pay to your labour?

Mr. Lal.—We are giving monthly wages from Rs. 20 to Rs. 24 a weaver.

President.—You are paying higher than what is paid by the other mill?

Mr. Lal.—Yes.

President.—Is it due to the better output?

Mr. Lal.—Yes.

President.—What is the percentage of the total production the saris represent?

Mr. Lal.—20 to 25 per cent.

President.—What do you include under supervision and establishment?

Mr. Lal.—Myself and my brother are looking after the factory. That is why we have provided for supervision charges.

President.—It is slightly higher.

Mr. Lal.—I don't think so.

President.—The other mill is paying Rs. 1,600 as against Rs. 4,000 of yours. As Mr. Naganath pointed out in a limited liability concern, it should be the other way about.

Mr. Naganath.—It is more or less a proprietary concern.

President.—As regards this item, "Municipal taxes and rent", is it as high as Rs. 1,000?

Mr. Lal.—Yes.

President.—The other figure is Rs. 167.

Mr. Lal.—We have included for the whole garden and other things.

Mr. Naganath.—He has got a residential quarter. It is in the centre of the town. For people who want to start a factory in industrial areas, all sorts of concessions are given.

Mr. Anklesaria.—Are you satisfied Mr. Lal, with the present scheme of protection?

Mr. Lal.—The lesser the protection the better it would be for us.

Mr. Anklesaria.—You are of opinion that the duty should be lower.

Mr. Lal.—On the raw materials.

Mr. Anklesaria.—You mean raw silk?

Mr. Lal.—For the present we are using staple fibre and tussoro silk.

Mr. Anklesaria.—What about raw silk? Are the present duties satisfactory?

Mr. Lal.—I don't know.

Mr. Anklesaria.—Would you do away with the duties on staple fibre and raw silk which you are using?

Mr. Lal.—Yes.

Mr. Anklesaria.—In that case don't you think that the foreigners would import more of this material?

Mr. Lal.—Government must impose duties on the finished goods which are being imported into India. Then only the small industries which are dependant on the raw materials imported from outside India can live.

Mr. Anklesaria.—Can you tell me whether the Hyderabad Government can help you in any way?

Mr. Lal.—If Hyderabad Government remove the import duty in Hyderabad I think it would be a little beneficial.

President.—You mean the present import duty?

Mr. Lal.—Yes.

Mr. Anklesaria.—Suppose they keep the 5 per cent. duty on the finished goods, that would be suitable to you.

Mr. Lal.—Yes.

Mr. Anklesaria.—You would ask the Hyderabad Government to abolish the duty on staple fibre and keep the duty on staple fibre goods.

Mr. Lal.—Yes.

14. HYDERABAD SILK MILLS LIMITED, HYDERABAD.

Evidence of Mr. J. A. SHERIFF, Managing Agent, Hyderabad Silk Mills Limited, recorded at Hyderabad on Tuesday, the 23rd August, 1938.

President.—Mr. Sheriff, you are the Managing Agent of the Hyderabad Silk Mills Limited?

Mr. Sheriff.—Yes.

President.—Since when did you start working?

Mr. Sheriff.—Last October.

President.—You never took to natural silk?

Mr. Sheriff.—We have not but we are thinking of doing it. I think tasar silk can be cultivated here in Hyderabad.

President.—I was told that your Government did make some experiments?

Mr. Sheriff.—I think they did some experiment, with puro silk.

President.—They also tried tasar.

Mr. Sheriff.—I do not know.

Mr. Naganath.—In the jungles there is a tree called nalamati on which tasar silk cocoons are available, but only a few thousands a year.

President.—You say that in a few out of the way villages tasar cocoons are collected from the jungles, but the climate is not suitable. I am told now that these tasar worms are found all over the place.

Mr. Sheriff.—I found tasar cocoons in my own ground on the ordinary trees.

President.—You think your Government should make serious efforts to make further investigation?

Mr. Sheriff.—Yes; besides when we find tasar cocoons growing in jungles without even paying any attention to them, there is no reason why we should not take more care and produce them in larger quantities. If we cultivate particular plants for the rearing of tasar worms—the forest is actually reserved and precluded from use for the purpose—most of the foreign tasar can be replaced by our tasar.

President.—What is the present price of tasar silk?

Mr. Sheriff.—It has gone up because of the 25 per cent. plus As. 14 duty per lb., and therefore people are not using tasar and using something else which looks very much like tasar. I think the present price is more than Rs. 3 per lb.

President.—Is it English or Japanese?

Mr. Sheriff.—The price is the same for both.

President.—You are not at present using tasar silk?

Mr. Sheriff.—I am using tasar both English and Japanese. I purchased for Rs. 2-15 per lb.

President.—How does tasar compare with staple fibre?

Mr. Sheriff.—On an average if we take the denier, the usual is 2/40s suitable for suitings and 2/80s suitable for saris.

Mr. Naganath.—Here are the quotations I have received for 40s single, 80s single and so on (shown).

President.—Which is the bulk that is imported?

Mr. Naganath.—2/60s and 2/80s.

Mr. Sheriff.—I think by using staple fibre we are more or less cheating the public.

President.—You think the public do not realise the difference?

Mr. Sheriff.—I do not know about the inside of things but when people come to my factory and I show them the As. 14 per yd. quality they appreciate it more than tasar silk.

President.—Do they take the staple fibre cloth as real silk cloth?

Mr. Sheriff.—They do.

Mr. Naganath.—That will be the first purchase and the last purchase!

President.—Your present capacity is 300 to 350 yards?

Mr. Sheriff.—Yes. We are doing 200 yards at present.

President.—Your cost of production is based on 200 yards?

Mr. Sheriff.—Yes. I have got both pure tasar and khaki suitings as well.

President.—Is there a good demand for your articles?

Mr. Sheriff.—Yes. There is a good demand for staple fibre articles from merchants, but people once they have taken it do not take it the next time, but merchants still want it because they purchase it for As. 12 and sell at Rs. 1-4 a yard showing it as tasar. They go from place to place and tell his consumers that it is a sari, or whatever it may be, made from tasar silk.

President.—What is this waste silk?

Mr. Sheriff.—Noil yarn.

President.—You also got it bleached?

Mr. Sheriff.—Yes.

President.—You do your own twisting and reeling?

Mr. Sheriff.—We import twisted silk.

President.—The price that you give is for twisted silk?

Mr. Sheriff.—Yes.

President.—What is the difference between the price of twisted silk and raw silk?

Mr. Sheriff.—I have not used raw silk at all.

President.—You get twisted silk from Japan?

Mr. Sheriff.—Mostly from Japan.

President.—So far you have not used any Indian raw silk or Indian twisted silk?

Mr. Sheriff.—No.

President.—I notice you are using only a very small quantity of spun silk. The bulk is staple fibre?

Mr. Sheriff.—Yes.

President.—You say in answer to question 10 that your machinery is not suitable for the manufacture of goods from pure silk.

Mr. Sheriff.—We can manufacture pure silk goods in a way by using pure silk in the weft and artificial silk in the warp.

Mr. Naganath.—What, he is having a calico medium looms which are not quite suitable for pure silk.

President.—Where do you get your bobbins from?

Mr. Sheriff.—From Japan.

President.—What is the price you pay?

Mr. Sheriff.—I do not remember.

President.—How long ago did you purchase them?

Mr. Sheriff.—About a year ago. They are considerably cheaper than English bobbins.

President.—Do you manufacture any mixtures?

Mr. Sheriff.—We mix staple fibre with tasar.

President.—Do you use neon yarn?

Mr. Sheriff.—We use it but not on a large scale.

President.—What is the price?

Mr. Sheriff.—Rs. 8 per lb.

President.—Neon yarn means mixture of artificial silk and spun silk?

Mr. Sheriff.—Mixtures of spun silk and staple fibre.

President.—Its price practically corresponds to the price of tassar silk.

Mr. Sheriff.—Yes, but it has not got the appearance of tassar silk. It has got the colour of spun silk and can replace more or less spun silk in the market.

President.—What is the wage you are paying to your labourers?

Mr. Sheriff.—They get about Rs. 18 per month. Our weaver looks after only one loom. I do not think there is much difference between the wages we pay here and those paid outside Hyderabad.

President.—You think your wages can be compared favourably with wages paid outside the Dominions?

Mr. Sheriff.—Yes. Our weaver looks after one loom; outside the weaver looks after two looms so that we pay Rs. 36 for two looms.

President.—With regard to tassar silk what deniers are you importing?

Mr. Sheriff.—2/75s.

President.—Do you get cheap electricity here?

Mr. Sheriff.—It is not cheaper than Mysore or Bombay. We are paying anna 1½ per unit.

President.—Do you find any difficulty in selling your products?

Mr. Sheriff.—No.

President.—Do you find any competition with foreign goods?

Mr. Sheriff.—No.

President.—So the 5 per cent. duty on cloth is helpful to the manufacturers?

Mr. Sheriff.—Yes.

Mr. Anklesaria.—Mr. Sheriff, you gave us yesterday a representation. Would you kindly refer to paragraph 3 of your representation. You say "To give adequate nourishment to the Indian raw silk industry by means of heavy protective duties on the import of all kinds of silk and mixed silk yarns is justice misplaced as through this the Indian consumer pays high prices for the manufactured goods of spun silk, tussar and artificial silk yarns either of imported or home made origin". Will you kindly explain?

Mr. Sheriff.—What is happening is we are taking some other stuff like staple fibre and dyeing them just to look like pure silk.

Mr. Anklesaria.—You are able to impose upon the public by selling as silk what is not really silk?

Mr. Sheriff.—Yes. That is one thing. Another thing is this, that we are not able to manufacture artificial silk or staple fibre silk in India. Why should there be a duty on those when there is no competition? They do not produce artificial silk in India and I do not think it is justice to support that industry.

Mr. Anklesaria.—It is not for protecting artificial silk that we have imposed duty. It is to protect raw silk that the duties are meant. What would you say to that?

Mr. Sheriff.—People in the beginning take it as pure silk and in the long run they find out that it is not real silk and will not last long.

Mr. Anklesaria.—Is it your contention that artificial silk will not be able to compete with real silk in the long run?

Mr. Sheriff.—That is so.

Mr. Naganath.—The thing is artificial silk goods and staple fibre goods are coming from Japan and also from British India and that is why in order to be able to compete these, manufacturers here have to fix their prices accordingly. But there are people who go in for these cheaper things knowing that these are made of artificial silk.

Mr. Anklesaria.—And during that long run you would not protect the raw silk industry of India?

Mr. Sheriff.—Protection should be at a certain sacrifice but not at such sacrifice as it is today.

Mr. Anklesaria.—You think it is a disproportionately big sacrifice.

Mr. Sheriff.—I think so.

Mr. Anklesaria.—If there are no duties on artificial silk and staple fibre you would advocate duties on raw silk for its protection?

Mr. Sheriff.—I should think in that case protection should be granted but it won't be so helpful.

Mr. Anklesaria.—You say in the 5th paragraph "The present ineffective duties on all kinds of silk yarns have given space to the foreigners to flood the Indian market with staple fibre and other mixed yarns which are much less costly". Why do you call the duties ineffective? They have prevented foreign silk yarns from coming in though on the other hand they have encouraged artificial silk and staple fibre coming in.

Mr. Sheriff.—Staple fibre is coming recently.

Mr. Anklesaria.—You do not mean to say they are ineffective as regards pure silk goods?

Mr. Sheriff.—It should be on goods instead of on yarn.

Mr. Anklesaria.—You are talking of tussore silk?

Mr. Sheriff.—Yes.

Mr. Anklesaria.—Have you made any personal experiments?

Mr. Sheriff.—I have not made, but I should like to do that. I have seen these tussore cocoons growing on *ber* trees.

Mr. Anklesaria.—That is very common in Guzerat.

Mr. Sheriff.—Here also we got it.

Mr. Anklesaria.—Have you seen the filament yourself and compared it with the tussore filament that you got outside Hyderabad?

Mr. Sheriff.—I have not seen it.

Mr. Naganath.—It was thought it would not be commercially successful and so they left that out. Government had spent some money and brought outside exports also to find out.

President.—Your present activities are with regard to staple fibre, tasar silk and artificial silk?

Mr. Sheriff.—Yes.

President.—I am rather interested as regards tasar silk which is a new item and which has not been so far covered. Are you using it on a large scale?

Mr. Sheriff.—Yes, but we find that the silk people are using staple fibre and selling it as tasar.

President.—After dyeing staple fibre looks like tasar?

Mr. Sheriff.—Yes.

President.—We were told that staple fibre is really a substitute for spun silk when the cloth is made?

Mr. Sheriff.—It cannot replace that because staple fibre has got a whitish appearance while spun silk has creamish appearance. If we dye it it becomes much weaker. It does not stand dyeing.

President.—From which countries are tassar silks coming?

Mr. Sheriff.—From Japan, England and China.

President.—How is it classified?

Mr. Sheriff.—I think it is classified as silk hore.

President.—You think the tassar silk industry can be revived here?

Mr. Sheriff.—Yes.

15. GOVERNMENT OF BOMBAY.

Evidence of Messrs. P. B. ADVANI, Director of Industries, Bombay, M. E. HASKELL, Industrial Engineer, and K. T. SHEIKH, Senior Weaving Assistant, recorded at Bombay on Monday, the 29th August, 1938.

President.—Mr. Advani, you are the Director of Industries, Bombay?

Mr. Advani.—Yes.

President.—Mr. Haskell is the Industrial Engineer?

Mr. Advani.—Yes. He is generally in charge of handweaving demonstrations.

President.—Mr. Shoikh?

Mr. Advani.—He is the Senior Weaving Assistant. He is in direct charge of a number of weaving institutions of the Department. He tours a good deal to inspect and supervise the weaving schools and Demonstrations of the Department. Mr. Shoikh works under Mr. Haskell.

President.—As far as the Sericultural industry is concerned, the position is not quite the same as it was in 1933. You have obtained a certain amount from the Government for a scheme you intend to carry out in order to find out the possibility of re-introducing Sericulture in the Province.

Mr. Advani.—That is what I mentioned to you when I met you last time in Poona. We are hoping to carry out a survey of the suitable districts of the province with a view to ascertain whether mulberry trees and sericultural worms would flourish.

President.—Does that scheme include eri silk?

Mr. Advani.—Yes. We propose to carry out a survey both in regard to eri and Mulberry.

President.—Last time you said there was a possibility because of the existence of castor plant.

Mr. Advani.—Yes.

President.—What is the amount you have been able to obtain for the scheme?

Mr. Advani.—About Rs. 10,000.

President.—I had first better deal with the points mentioned in the covering letter. The Government of Bombay are in favour of enhancing suitably the present protective duty on raw silk in order to protect the Sericultural industry. The point is that when they are asking that the Indian Sericultural industry should be protected, it also means that cloth should have the enhanced duties in order to protect the handloom weaving industry.

Mr. Advani.—That is what the Government have said.

President.—Therefore their opinion is that the industry deserves protection and it is in the interests of the handloom weavers also that it should be protected.

Mr. Advani.—Yes.

President.—The reason probably is that if there was no Sericulture in this country the handloom weaving industry will have to depend entirely on the imported articles, and they may not get the yarns at the competitive rate at which they are able to get at present and therefore the cost of manufacture would be so high that whatever cloth they turn out will not be able to command a ready sale in competition with the foreign cloths which are at present imported into India.

Mr. Advani.—Yes.

President.—I would like to know the condition of the Industry during the five years of the protective period. It was stated on the last occasion (page 102), that the number of looms working on silk was 10,000.

Mr. Advani.—Yes.

President.—Now I find that the figure is 6,000.

Mr. Advani.—It has definitely gone down.

President.—Has the weavers shifted to mixtures or have the people been thrown out of employment?

Mr. Advani.—The number has gone down because many weavers have left silk weaving and taken to cotton or mixtures.

President.—They have changed over?

Mr. Advani.—Yes to mixtures and artificial silk.

President.—One interesting fact is that the total has increased from 87,500 looms to 107,502 looms.

Mr. Advani.—I think these are all approximations. That figure is nearer the mark than the figure given in the previous Tariff Board's Report. We have from time to time had to carry out surveys of the Handloom industry.

President.—Would it not be fair to say that the figures given at that time were correct? This time they may be 'approximate'.

Mr. Advani.—Approximations in both cases. Only as time has gone along, we have tried to make as few errors as possible.

President.—The difference is about 20,000.

Mr. Advani.—This is nearer the mark than the previous one.

President.—On the last occasion the value given was Rs. 220 lakhs. On page 6 of the replies to the questionnaire, the value given is Rs. 1,10,00,000. That means the value has gone down.

Mr. Advani.—As far as the silk is concerned, there is no doubt in my mind that it has gone down. A large number of looms have taken to artificial silk weaving and the use of mixture goods both with staple yarn and artificial yarn. Here again I would say we have given these approximations based upon the number of looms that are engaged. I must say that there was no exact survey made. I have got weaving assistants in the various divisions and weaving masters in the various centres, and they are asked for information. We have also taken the assistance in several cases of the Revenue Officers to give us an idea of the number of looms which are in operation in the various centres. But I don't claim that the information is accurate in the sense that each loom has been counted. Sampling has been done. By that method we have arrived at those figures.

President.—What is the basis on which you have arrived at those figures?

Mr. Advani.—The basis would be sampling. For instance in this particular case the senior weaving assistant went to Surat and two or three other important silk weaving centres. Similarly my Weaving Assistants in the Southern Division did the same and made enquiries.

President.—What is the number of pieces that would be turned out per loom?

Mr. Advani.—He actually makes enquiries on the spot as to the number of pieces turned out and various cloths.

President.—Shall we say that the lesser amount depicts to a certain extent the number of pure silk looms having gone down and changed over to artificial silk and staple fibre.

Mr. Advani.—As I was saying, the information now obtained is more accurate than the last information given to the Board, because we had to compile figures with great care in connection with the Government of India grant which we get.

President.—That is only for cotton.

Mr. Advani.—Yes. We had to supply information to the Government of India regarding the total number of looms in the Presidency. It is on account of that, that we took greater pains to get an exact information as possible, so that this information which we have given you is nearer the mark than the information contained in the last Report. So far as the proportion of silk looms is concerned, we may say that there has been a definite decrease in the number of looms engaged in pure silk weaving since the last Tariff Board reported.

President.—If you look at paragraph 120 of the Report (page 103), it is stated that the consumption of silk, Indian and imported, and artificial silk by handloom weavers declined between 1928-29 and 1932-33 from 673,750 lbs. to 635,780 lbs. or by about 6 per cent.

Mr. Advani.—Here the decline is still greater.

President.—I think it is on page 5. It is value.

Mr. Haskell.—Yes.

President.—Will you supply me similar information?

Mr. Advani.—We will have to do it on the basis of the present cost of silk to the cost of silk at the time the Board reported last time.

President.—Give me the present figure.

Mr. Advani.—That should not be impossible. We shall give you the information.

President.—You gave us to understand that you were thinking of getting an expert from Bengal for sericultural investigation.

Mr. Advani.—Yes.

President.—Have you been able to make any progress?

Mr. Advani.—I have written to the Director of Industries, Bengal. I understand the Director has approached his Government in the matter. I don't think we will have much difficulty in getting the right type of officer.

President.—In answer to question No. 2, you have stated that the raw silk used is Kashmir, Bengal, Mysore, China and Japan.

Mr. Advani.—Yes.

President.—Are you still getting silk from Bengal?

Mr. Advani.—Yes, Bengal silk is still coming in.

President.—Can you let us have later on the quantity and the price?

Mr. Advani.—Yes.

President.—With regard to Mysore silk, I suppose you are getting raw silk and not twisted silk?

Mr. Sheikh.—Raw silk.

President.—The twisting is done in Surat?

Mr. Sheikh.—Yes.

President.—All these figures relate to raw silk whether it is Mysore or Bengal. Our attention has been drawn to the fact that foreign silk goes to Bangalore, for twisting and comes here as Bangalore or Mysore silk which is really not Indian silk.

Mr. Advani.—My attention has also been drawn to this.

President.—I will add that the Throwsters themselves told us that they are sending to these very markets (Ahmedabad, Hubli). I wonder whether you would make enquiries and let us have this information.

Mr. Advani.—We have to confirm whether the figures relate to raw silk or twisted silk.

President.—Yes.

Mr. Advani.—At present I would say that they relate to raw silk. Twisting is done in Surat, Bolgaum and Satara.

President.—All the places where they have silk weaving.

Mr. Advani.—Yes.

President.—As we have got different information, to the effect that they are selling twisted silk in the markets of the Bombay Presidency, we want confirmation.

Mr. Advani.—I shall make a note of the point.

President.—As regards these prices you have got on page 2 of your answers to the questionnaire, can you give me the approximate date when they were collected?

Mr. Advani.—First week of June.

President.—These are all qualities which are at present used by the handloom weavers?

Mr. Advani.—Yes.

President.—The next point is about the staple fibre yarn. I understand that that is not replacing real silk, but spun silk.

Mr. Advani.—Your information is correct that it is taking the place of cheaper quality of spun silk, but that itself reacts on the market for real silk also.

President.—To that extent it is competing with real silk also.

Mr. Advani.—Yes.

President.—There are two aspects of the question I want you to consider. One is the period before the protective duty another after the protective duty on yarns including spun silk was levied. Last time (page 190 of the written evidence volume) you gave us the yarn prices, the qualities and the quantities of spun silk consumed. I was comparing these with the 1932-33 figures given on the next page (191). I find the quantity had already declined before protection came into effect. The quantities given by you here are practically negligible. In 1934-35 the quantity of foreign yarn consumed by handlooms as given in your Statement No. 3 is practically the same as that given on page 191 of the Written Evidence Volume for Bombay in 1932-33.

Mr. Advani.—It is definitely declining year by year.

President.—We were told when we went to Surat that the present specific duty of Rs. 14 per pound on spun silk had been definitely responsible for the decline in the consumption of spun silk. If you take Surat which is the biggest market, it was stated that the consumption in 1930-31 was 2 lakhs of lbs. and in 1934-35 it was 150,000 lbs. I want to know what kind of silk this 10,000 lbs. shown here as Indian represents. Is it hosiery yarn?

Mr. Advani.—No.

President.—The reason why I ask is because no spun silk is being manufactured in India.

Mr. Haskell.—Spun silk is manufactured by the Silk Mills in Bombay but they use it themselves.

President.—Which Silk Mills?

Mr. Haskell.—Choi Silk Mills and Alliance Silk Mills.

President.—Did they manufacture in 1934-35?

Mr. Advani.—I could not say.

President.—We visited these two Mills and we were told that they were not manufacturing it.

Mr. Haskell.—I do not know whether they are doing it now or not.

President.—I want you to make enquiries because it is a very big quantity. They told me that they were still experimenting because their labour was not fully trained. If you look at the figures on page 190 it is a very big quantity.

Mr. Advani.—Are you referring to silk?

President.—Yes. That I think is probably not spun silk.

Mr. Advani.—That is not.

President.—It is written here as charam silk.

Mr. Haskell.—It cannot be spun silk.

President.—210/2, 160/2, 140/2—those are all spun silk deniers. I take it that the quantity is for the whole group.

Mr. Haskell.—Yes.

President.—For each centre you have given me the quantity but you have not specified which is which. If you could give us an explanatory note, it would be helpful.

Mr. Advani.—You want us to confirm or otherwise in regard to the possibility of spun silk—10,000 lbs. of spun silk—having been available.

President.—Yes.

Mr. Advani.—May I ask why do you assume that 10,000 lbs. is not spun silk? I am informed now that this figure that we have given you covers the whole group as we have always done before.

President.—The whole group includes spun silk. That is why we want this information.

Mr. Advani.—You want to make sure as a matter of information whether this includes spun silk.

President.—Yes, and if so where from you were able to get it. Personally I think that the whole thing may be raw silk.

Mr. Advani.—I have noted your point.

Mr. Anklesaria.—What is charam silk? Is it the same as chasam?

Mr. Advani.—It is the local name for waste silk.

Mr. Haskell.—The Chhoi Silk Mills and Alliance Silk Mills used to make spun silk from waste cocoons.

President.—Did they manufacture it?

Mr. Haskell.—When the Japanese began to import at cut throat prices they stopped manufacturing it.

President.—Which year.

Mr. Sheikh.—In Surat for instance there is no Indian spun silk.

Mr. Advani.—Consequently this figure which has been collected by Mr. Sheikh may be taken only to cover raw silk and not spun silk.

President.—That is so, another point arising out of this statement is whether artificial silk is included in the statement.

Mr. Advani.—Artificial silk is not included.

President.—Shall we say that this is all real silk?

Mr. Advani.—Yes.

President.—That is to say that imported silk is also being used in lessor quantity. Last time it was 150,000 lbs. whereas now it is 75,000 lbs.

Mr. Advani.—Many looms have definitely gone off silk.

President.—The quantity of imported pure silk goods has also gone down.

Mr. Advani.—That is quite right.

President.—Is this "samuse" cloth coming in large quantity? I don't find that in the Customs Tariff Schedule. It might be classed with Boseki or Pongoe. Can you tell me what the price of the cloth is?

Mr. Advani.—About Rs. 1-9 per yard.

President.—Is the Indian price also the same?

Mr. Haskell.—Rs. 2-4 per yard.

President.—I do not know whether you can call the Indian quality comparable to the imported quality?

Mr. Advani.—The imported quality is purchased as a substitute for the Indian quality.

President.—Is that the idea?

Mr. Advani.—Yes.

President.—It is an absolutely different design.

Mr. Advani.—We are told that this is replacing the Indian quality to some extent.

President.—If you will notice, one contains cotton and the other staple fibre.

Mr. Haskell.—Yes.

President.—With regard to page 3, you have given us prices of staple fibre yarn. I want to know which is used in bulk—80/2 or 60/2. The prices would be Rs. 1-5 and 1-2 per lb.

Mr. Advani.—Yes.

President.—Another interesting point is this. You say that the present monthly consumption of staple fibre is stated to be 40,000 lbs.

Mr. Advani.—Yes.

President.—That is a very big quantity.

Mr. Advani.—That is the estimate that has been given to us by various merchants.

President.—The reason why I am asking you is this. In 1936-37, the total was only 60,000 lbs. for the year. Now it comes to 480,000 lbs. for the year.

Mr. Advani.—Staple fibre is relatively new and it has become popular only during the last two or three years. There is nothing to be surprised at that the quantity has gone up.

President.—Is this quantity replacing cotton or replacing artificial silk? Having regard to the fact that the number of looms has gone down this must be replacing something.

Mr. Advani.—It has taken to some extent the place of cotton, to some extent the place of raw silk and to some extent the place of artificial silk. It cannot be said to have replaced any particular yarn but it has cut right through.

President.—The consumption is very big. You might give me a little more information.

Mr. Advani.—In what direction?

President.—I want to know whether it is replacing spun silk and real silk to any great extent.

Mr. Advani.—I don't think that we will be able to improve on this information.

President.—If you find out the total yarn which is being consumed in Surat, then we can deduct that and get at the balance. From 60,000 lbs. it has risen to 480,000 lbs. Could you find out the total yarn consumed in 1936-37? On page 6, you have given us the quantity manufactured.

Mr. Haskell.—It shows the value.

President.—From that you can get at the quantity.

Mr. Advani.—As regards 1936-37, it is past history. For any information which we want to get from merchants I have to send my officers to go and sit down and get it from them.

President.—Can you give me figures along, with this 40,000 lbs. of staple fibre used in a month, of other fibres used by them? That will give us some idea.

Mr. Advani.—Yes.

President.—The next question is with regard to twisting, winding and dyeing. All these are done by separate agencies.

Mr. Advani.—Yes.

President.—I suppose they do no other work.

Mr. Advani.—That is so.

President.—What is the charge?

Mr. Advani.—Statement No. 2 gives those charges.

President.—It is not stated here it is done separately by a twister or whether it is done by the weaver himself. Unless you tell me that 100 per cent. twisting and winding work is done by a separate agency.

Mr. Advani.—I would not say 100 per cent., but it is done to a large extent by separate agencies.

President.—Look at items II and III (Question 5) Boiling and Dyeing charges; whereas in the statement given on page 3 it is shown that boiling is done by the weaver himself.

Mr. Haskell.—The weaver does not do any silk dyeing.

President.—But the boiling off is done by the weaver?

Mr. Haskell.—He might take off the gum but the dyeing is done by others.

Mr. Advani.—If you take a place like Surat there the weaver does not do any of these works boiling off, dyeing or twisting. All that is done by a separate agency.

President.—Can we take it that these charges given by you are charges paid by the weaver to a separate agency?

Mr. Advani.—The weaver buys dyed yarn from the merchants who get this work done separately. It is not the weaver who dyes the silk. He takes in most cases finished yarn from the merchant or from the broker and weaves it.

President.—Is that the general practice?

Mr. Advani.—You might say that in a majority of cases it is so.

President.—We were told that in preparing the yarn this process is done by the weaver himself.

Mr. Advani.—In some cases that may be so but as a general proposition I think the other is the case.

President.—This gives us an idea of the whole Presidency and not for particular centres and it is necessary to make it clear to that extent and secondly whether it is a cash payment or not.

Mr. Advani.—My weaving assistant tells me that in our Presidency in important silk weaving centres,—and they are few, the most important being Surat and Yeola—it is generally correct to say that the merchant supplies the dyed yarn. He gets it dyed, and twisted and then supplies it to the weaver. Therefore, it will be generally correct to say that the twisting and dyeing is got done by the merchant and, secondly, that the merchant pays in cash to the dyeing agency.

President.—Will you confirm and let me have details of the two charges—twisting and winding Rs. 3-12 and boiling off Rs. 1, whether the merchant is paying them; how many people are engaged in this kind of work and so on. As this is done by a separate agency I want to know how many are engaged in dyeing work alone and whether these are the actual charges paid or whether this includes commission or other charges.

Mr. Advani.—In many cases there are small dye houses and small twisting establishments. The merchant will give work to that establishment—not necessarily to the individual cottage worker. We ourselves have helped in the establishment of a number of small dye houses. The merchant will give work to such small establishments where the proprietor will be engaging a number of workmen to do the job.

President.—I want to know how many such establishments there are at present who are not doing weaving at all but who are only doing these two kinds of work and whether the merchant is paying them for this work.

Mr. Advani.—As far as the latter part of the question is concerned, definitely yes. As regards the other I will make an endeavour to find out.

President.—With regard to silk waste yarn, is it imported yarn?

Mr. Advani.—I believe so.

President.—We were told in Hyderabad (Deccan) that there is such a quality as waste silk coming from Japan and England apart from spun silk, of course counts.

Mr. Advani.—Yes.

President.—On page 4 you have made a very good point, viz., the possibility of limiting by legislation interest charges on loans by sowcars and fixing minimum wages payable to handloom weavers. I want to know whether the Provincial Government is doing anything in this behalf.

Mr. Advani.—The matter is still in the stage of, shall I say, thinking.

President.—I was told that a Bill called the Moneylenders Bill is likely to be placed before the Bombay Assembly. Will that include this item?

Mr. Advani.—I do not know. I have no personal knowledge of that Bill.

President.—If it can be done—fixing minimum wage for the handloom weavers and limiting interest charges on loans, it will be a very good thing. The whole point is about marketing. If you can market the products at a certain price then you can fix the wage.

Mr. Advani.—If we were to legislate that no power mill shall make cloth below certain counts, and further that cloth below these counts shall not be allowed to be imported in the country, it will mean that we will reserve a certain field of production entirely for the handloom weaver. If we are in a position to do this then we can go forward with the fixation of a minimum wage for the weaver.

President.—I wonder whether it is possible with regard to silk.

Mr. Advani.—I admit that proposal has its complications but you will have to consider those complications.

President.—We have been told that various kinds of yarns are coming in. There is a large amount of importation of cheaper substitutes like staple fibre and it will be difficult to prescribe by legislation not only yarns but also cloth made of various kinds of mixtures and substitutes of silk.

Mr. Advani.—I don't think you can treat silk separately from cotton. The complications will only be that you may not be able to distinguish but if you were to forbid as I say the weaving of certain counts of cloth by mills or their importation, you may divert to some extent the trade to mixtures or artificial silk. But the problem of handloom weaving must be considered as one whole.

President.—Even if you consider it as one whole, it will be more difficult to put it into practice with regard to silk than with regard to other goods.

Mr. Advani.—It will be more difficult.

President.—In the case of silk it is difficult to find out the substitutes that are taking its place because after all they are known as silk—artificial silk, spun silk, staple fibre silk and so on.

Mr. Advani.—I think if we want to help the weaver some such thing will have to be done. The best way of helping the weaver is to reserve a certain field of work entirely for him.

President.—The way in which I have been thinking of helping the handloom weaver is this. We were told in Surat that Government should establish a dyeing and finishing house so that they could get their cloth finished equal to the imported cloth. You will admit that not only in silk but in other commodities also generally speaking finish is lacking in India.

Mr. Advani.—I personally hold that these are all palliatives. We have tried to finish and market handloom goods. The margin of difference between finished cloth and a cloth which is not finished is very small whereas the margin of difference between imported and Indian mill cloth and handloom cloth is so big that this assistance you might give in the matter of finishing and marketing does not go very far.

President.—Would it be feasible to ask the Indian mills to make certain kinds of cloth out of certain counts or better still that handloom weavers should have such designs on the body of the cloth that mills would be unable to produce at economic prices?

Mr. Advani.—That again is not a practical proposition because changes are constantly taking place and to-day simplicity is more to the front than the old delicate designs and everybody is going in for simple things and simple things can be produced *en masse* by the mills. I myself had to bring this matter up before the Government of India at the last Indo-Japanese Trade Conference.

President.—That was purely for cotton goods.

Mr. Advani.—Yes.

President.—I would like to ask you a few questions about art silk. Last time you stated that art silk was taking the place of real silk. What is the position to-day? Is the position same now?

Mr. Advani.—Yes.

President.—There is a very wide difference in the price of the two yarns—Ra. 6 for raw silk as against 12 to 13 annas for artificial silk.

Mr. Advani.—Yes. In our country cheap quality of cloth has a good market. Even people who know that cheaper qualities will not last long go in for them.

President.—Suppose we prohibited the import of artificial silk for the time being, for the sake of argument, will poor people who are now using artificial silk take to pure silk cloth?

Mr. Advani.—No. There might be a certain class of people, no matter what you do, who will never use real silk. It is only the upper class who formerly used real silk and now use partly pure silk and partly art silk who will use real silk.

President.—With regard to the quality of Indian silk (page 8 of your replies) I suppose in spite of the fact that the lustre of Indian silk is superior, the evenness of the thread is a more important factor and the people are therefore using more of imported silk than Indian silk.

Mr. Advani.—Cheapness is the main criterion. The imported silk yarn is about Re. 1 to Ra. 1-8 per lb. cheaper.

President.—Sorting and grading are done by the reeler.

Mr. Advani.—Yes.

President.—Some kind of sorting is done for weaving purposes.

Mr. Advani.—Yes.

President.—The bulk of the weavers are wage earners?

Mr. Advani.—Yes.

President.—They are getting fixed wages?

Mr. Advani.—They get wages according to the price at which the merchant thinks he can sell the cloth. He must have his margin of profit. The easiest person to squeeze is the weaver.

President.—On page 9 of your replies you have stated that in the Southern Division weavers get fixed wages.

Mr. Advani.—The wage that the sowcar pays varies from time to time and also according to the quality of the cloth. Where the sowcar uses the weaver as a wage earner, he regulates the wages.

President.—The period you have given here is exclusive of the time the weaver operates for doubling and warping.

Mr. Advani.—This is the total wage.

President.—I was told that a couple of hours are being devoted by the weaver for doubling and preparing the warp.

Mr. Advani.—In a statement No. 1 we have shown the total.

President.—You have stated here weaving wages as Rs. 30 and weaving days as 30.

Mr. Advani.—The sowcar or the merchant gives the weaver yarn to produce a certain kind of cloth. All processes involved in that which the weaver undertakes are inclusive in the number of days which we have shown.

President.—So that even for those days he gets one rupee per day.

Mr. Advani.—On 5 yards of cloth, he gets Rs. 30.

President.—He takes 30 days to weave that. In the Southern Division when you say 'fixed wages', it doesn't mean that the wages are fixed according to the type of cloth, but according to the market at which goods are likely to be sold.

Mr. Advani.—Quite right.

President.—With regard to the units of weights, this has been remedied.

Mr. Advani.—In this Province no transactions are legal unless they are on the basis of a seer of 80 tolas and a maund of 40 seers or on the basis of lbs.

President.—How do you regulate this with regard to the silk coming from other parts of India. For instance you state that silk coming from Mysore is 20½ tolas.

Mr. Advani.—Our transactions must be on the basis of tolas or seer of 80 tolas or a maund of 40 seers.

President.—The difficulty is eliminated by having a pound system.

Mr. Advani.—Yes.

President.—In answer to question 22, page 10, you have stated that Kashmir silk has declined somewhat in evenness. I want to know whether this has been recent or has been going on for some time.

Mr. Advani.—My Assistant tells me that during the last two or three years he has noticed that the quality has depreciated.

President.—Has the attention of theirs been drawn to that? You have got merchants in Surat.

Mr. Advani.—The Surat merchants are aware of the position.

President.—If you look at page 11 of your replies, you will find that in Surat in 1934-35 the number of silk looms was 3,000 and looms on raw silk 1,000 whereas in 1937-38 the looms on art silk was 3,000 and the looms on pure silk 1,000. That means the position has been reversed.

Mr. Advani.—The information given is fairly accurate.

President.—In answer to question 30, you have stated the policy adopted by the Handloom Weavers' Co-operative Societies in the Province. That is a general statement, I suppose.

Mr. Advani.—Yes, but I must say that stages 3 and 4 are few and far between.

President.—Stage 4 is the most important one.

Mr. Advani.—Very few reach that stage.

President.—In answer to question 30 you have stated the various places where the goods are exported. Do you send goods to Afghanistan?

Mr. Advani.—Some merchants in Surat do so.

President.—Would it be very small?

Mr. Advani.—Yes.

President.—Let us take the wages question. On page 104 of the last Tariff Board's Report, it is stated:—"In Surat and Ahmedabad which are two of the biggest weaving centres the weavers are paid daily wages. In some centres contract rates are fixed for periods of three months. There is also what is known as a conditional system under which a weaver must give the merchant who supplied him with yarn the first refusal of his finished article, but is not bound to accept any price the merchant offers". I want to know what is the present position?

Mr. Advani.—The position is the same.

President.—Ahmedabad is the most important centre.

Mr. Advani.—Yes.

President.—Has it taken to cotton?

Mr. Advani.—The handlooms have suffered in Ahmedabad. The number of handlooms has decreased. Competition with the mills is far greater than before. Ahmedabad mills are weaving finer counts and that has particularly affected handloom weavers.

President.—You mean the silk handloom weaving industry.

Mr. Advani.—Generally.

President.—It was stated on the last occasion that they were getting about Rs. 2 a day. It has gone down.

Mr. Advani.—The weavers' wages have progressively gone down in all branches of their work.

President.—On page 113 of the report it is stated: "Wages which in 1928-29 went up to Rs. 2 a day in Ahmedabad and Surat, now exceed Re. 1 a day only in Surat and then only for men working on the most expensive brocades". Is that condition prevailing just now?

Mr. Advani.—Yes.

President.—Last time also you had given me a similar statement for various centres. You had better take one typical centre—Surat. You say 5 yards×27". Here is 5 yards×30".

Mr. Advani.—Take the last column.

President.—Yes. It was Rs. 130 last time and now Rs. 137-8 for the total cost.

Mr. Advani.—There is the difference in the quality of cloth. We have not given you the quality. There is nothing very much to go by.

President.—The cost has increased. Is it due to gold thread?

Mr. Advani.—It depends upon the type of cloth. I cannot guarantee that the classes of cloth that I gave you then are the same as submitted now.

President.—I want to know whether the price of gold thread has gone up.

Mr. Advani.—There is keen competition between gold thread producers in Surat and prices have gone down.

President.—So that these samples would give the present prices and the present wages.

Mr. Advani.—Yes. You can only compare the wage earning in a broad general manner.

President.—You have stated the wage as Rs. 20 for Rs. 25 days and for 30 days Rs. 30.

Mr. Advani.—Wages have gone down.

President.—The number of days for weaving has gone up.

Mr. Advani.—As regards weaving the factors are the length, width, the number of picks, the type of cloth and the design. Unless we are dealing with exactly identical cloth, we cannot compare.

President.—Take the next Statement II: Here weaving charges would be the wages, column 7.

Mr. Advani.—Yes.

President.—Is it per piece?

Mr. Advani.—Yes.

President.—How many days it would take? It is not stated here.

Mr. Haskell.—We have given that in Statement No. I.

President.—Take the first quality, Kinkhab—30" x 5' yards.

Mr. Advani.—You will not be able to compare.

President.—There are two systems in vogue. They are paid either daily or per piece.

Mr. Advani.—Generally speaking it is per piece. Per day cases are extremely few. It is impossible for the merchant to control that. The day may mean a varying number of hours. Generally speaking the merchant will pay per piece.

President.—What would be the wage of a weaver.

Mr. Advani.—The wage of a weaver varies at the present time from 4 to 6 annas for plain cloth to one rupee for an intricate cloth with gold embroidery per day.

President.—Take page 111 of the Report. We had stated there that the weaver's daily wage fell as low as four annas in Bombay. It has gone up slightly.

Mr. Advani.—No. If anything it may have worsened, but certainly not gone up.

President.—Can we take the average as four annas?

Mr. Advani.—Yes, for plain cloth and one rupee for intricate gold cloth, kinkhab.

President.—I will take just one or two examples given in the enclosure. You have given us two types of manufactures Indian and Japanese. Where you say Japanese manufacture, I suppose it is imported cloth.

Mr. Advani.—Yes.

President.—Take the case of Georgette. I want to know whether it is Indian silk or artificial silk.

Mr. Advani.—So far as Indian manufactures go, where art silk cloth is concerned, the art silk yarn is all imported. As regards real silk cloth, in many cases it is made from imported silk yarn and in some cases from Indian silk yarn. We have not given you definitely samples of cloth made from Indian silk yarn as such and samples of cloth made from Japanese silk yarn. The cloths shown in column 3 are imported cloths.

President.—They are quite all right for comparative purposes.

Mr. Advani.—We can give you if you require cloth by cloth.

President.—Take No. 1—Silk Georgette.

Mr. Advani.—Generally from foreign yarn. Many mills are using foreign yarn. Otherwise they are not able to sell their cloth relatively cheaply. It is only a small number of looms that are engaged on producing cloths from pure Indian silk yarn. The prices of those cloths are higher.

President.—In order to appreciate the percentage, I must know the quality of the raw material used.

Mr. Advani.—I have not got the information.

President.—When you say 3 per cent. cheaper, I want to know whether it is due to the foreign material used. If it is Indian material it must be more. Column 13 gives the result. It is headed "Percentage of cheapness of Japanese over Indian silk fabrics".

Mr. Advani.—Where we have said 3 per cent. cheaper, it must be Japanese silk. We cannot, I am afraid, take item by item.

President.—You must let me have an idea because this is a very useful statement.

Mr. Advani.—My assistant tells me that we can say with more or less certainty that in cloths Nos. 5 and 6 Indian silk yarn is generally used.

President.—You might try and get us a little more information. The second point we want to raise is the width and length of the cloth. They are given in Columns 5 and 6. Take for instance No. 2 Silk Paj. You say in the case of the Indian cloth it is 29 inches wide and 20 yards long whereas in the case of the Japanese it is 47 inches wide and 25 yards long.

Mr. Advani.—We have reduced everything to square yards—see Column No. 10.

President.—What about the retail price? Is that the selling price?

Mr. Advani.—Yes. We have given the wholesale price in Column 8. The price given in column 9 is per linear yard and in column 10, the price given is per square yard.

President.—The wholesale price is Rs. 24-8 per piece and the retail price is Rs. 1-2 per yard. Are these market prices?

Mr. Advani.—Yes.

President.—And column 10 is for comparative purposes.

Mr. Advani.—Yes, columns 10 and 11.

President.—Column 11 represents the difference.

Mr. Advani.—Yes.

President.—Column 10 reduces it to a common denominator.

Mr. Advani.—Yes.

Mr. Anklesaria.—I take it that you appear here as a witness representing the Bombay Government.

Mr. Advani.—I don't say that I commit the Government of Bombay to what I have put forward. The Bombay Government have written to the Board on the subject and I would not be prepared to say that I commit the Government of Bombay.

Mr. Anklesaria.—That is what I wanted to know. Last time when you appeared as a witness I don't think that your Government had any such scheme of promoting sericulture in the Bombay Presidency as the one you now have.

Mr. Advani.—No.

Mr. Anklesaria.—Consequently I take it that you were not very much interested in granting protection to the sericultural industry then. That is what I see from your answers. You were not very enthusiastic at that time.

Mr. Advani.—I would not say that at all. As Director of Industries, I am interested in the establishment of industries, whether sericultural or other. I don't remember my evidence now.

Mr. Anklesaria.—I can tell you that you were not very enthusiastic about obtaining protection for the sericultural industry at all.

Mr. Advani.—I would not be prepared to accept that.

Mr. Anklesaria.—You can take it from me.

Mr. Advani.—Speaking from memory I would not accept your statement.

Mr. Anklesaria.—If you refer to page 264 of the Oral Evidence Volume, you will find that you were not very enthusiastic.

Mr. Advani.—Would you please proceed? I take it for the moment that that is so.

Mr. Anklesaria.—As that time you had the experiment of sericulture of ericulture.

Mr. Advani.—One Mr. Deshpande was given some land in Ahmednagar District for experimental work in ericulture.

Mr. Anklesaria.—The experiment was made with the consent of the Government of Bombay.

Mr. Advani.—Mr. Deshpande made an application. He was an enthusiast in regard to ericulture. He wanted some assistance at that time. There was at that time no definite scheme of making a survey or assisting ericulture.

Mr. Anklesaria.—That experiment failed.

Mr. Advani.—Yes. It is rather difficult to answer questions put in that form. If you would give me an idea as to what information you want, then I shall be able to give it to the Board.

Mr. Anklesaria.—I am trying to get the information we want. You can take it from me that the experiment about ericulture failed. You had also stated in that evidence that there was some reeling centre in your Presidency. Is that correct?

Mr. Advani.—Yes.

Mr. Anklesaria.—Was it in Satara?

Mr. Advani.—Yes, and in other places.

Mr. Anklesaria.—I am referring to reeling from cocoons.

Mr. Advani.—It is mostly twisting industry.

Mr. Anklesaria.—I am talking of reeling from cocoons.

Mr. Advani.—No, not to our knowledge.

Mr. Anklesaria.—Was that not in existence before?

Mr. Advani.—No.

Mr. Anklesaria.—Have you considered the possibility of starting a reeling industry—reeling from cocoons in your Presidency.

Mr. Advani.—No.

Mr. Anklesaria.—So, you would not be able to give me any information on the subject.

Mr. Advani.—No.

Mr. Anklesaria.—You regard, I suppose, your interests in this enquiry mostly from the point of view of the consumer, that is the handloom weaver who consumes raw silk.

Mr. Advani.—Yes.

Mr. Anklesaria.—Looking at it from that point of view, protection instead of benefiting the consumer would be doing harm.

Mr. Advani.—I am not prepared to say that.

Mr. Anklesaria.—Protection, you will agree, would raise the price of your manufactures.

Mr. Advani.—Yes.

Mr. Anklesaria.—And by raising the price of your manufactures it will lessen the demand for them.

Mr. Advani.—If you read our letter carefully, we have admitted that and we have said as a safeguard against that the duty on the cloth must be increased.

Mr. Anklesaria.—I am coming to that. Whether you increase the duty on the cloth or not, you will agree with me that protection would make your product dearer.

Mr. Advani.—Yes.

Mr. Anklesaria.—Whatever makes your products dearer, will lessen the demand.

Mr. Advani.—Not necessarily. Silk is what I would call a product consumed by the rich class of people.

Mr. Anklesaria.—I will refer you to your own evidence given on the last occasion. Will you refer to page 266 of the Oral Evidence Volume? If you read that, you will find what I am telling you is correct.

Mr. Advani.—The position is this. When protection is asked for and granted by the Government the idea is to start or develop an industry and it is expected that in due course of time when the industry is established, the price of the commodity will not remain at such a level as when protection is granted—that has happened in other protected industries. Irrespective of what I might have or might not have said, I would advocate to-day that protection should be granted. You will agree with me that it is rather difficult to pick out an answer to one question and hold a man to that answer. You must take the evidence as a whole given by me last time. Speaking from memory, my impression is that I advocated at that time also protection to the sericultural industry with the safeguard that protection should also be given to the handloom weaver.

Mr. Anklesaria.—Whatever the protection may be, whether small or large, it will increase the price of your manufactures.

Mr. Advani.—Yes, for the time being.

Mr. Anklesaria.—And by increasing the price of your manufactures it will have a natural tendency to decrease the demand for them.

Mr. Advani.—Yes, to a certain extent.

Mr. Anklesaria.—From that point of view protection of the sericultural industry would not suit you—I mean the handloom weaver.

Mr. Advani.—That is a statement to which I am unable to agree.

Mr. Anklesaria.—The Government say in their letter of 21st July, 1938: "there is a good case for enhancing suitably the present protective duty on raw silk in order to protect the Indian sericultural industry". Would you kindly state the grounds on which this opinion is based?

Mr. Advani.—I think in our written evidence we have given all our grounds. We have given you the price of imported silk and of local silk and we have given also the defects from which our weaving industry is suffering. The whole written evidence is, we feel, a statement on which we base our case.

Mr. Anklesaria.—You know the present duty. I take it you want the present duty to be enhanced. Why?

Mr. Advani.—In order that the local silk may be able to compete with imported silk.

Mr. Anklesaria.—How do you expect it to compete, by simply raising the protective duty?

Mr. Advani.—That is one of the best methods.

President.—Any other?

Mr. Advani.—Generally speaking if the price available is suitable then it is expected that improvements take place in the industry itself. Before the last Tariff Board I stated that there should be standardisation.

President.—You will agree with me that by enhancing the duty you may be providing an incentive to smuggling?

Mr. Advani.—May be.

Mr. Anklesaria.—You will also admit that by enhancing the duty you would be providing an incentive to substitution?

Mr. Advani.—May be to some extent in the beginning.

Mr. Anklesaria.—You will admit that both these phenomena are taking place to a striking extent in India. There has been substitution of raw silk on a very large scale since protection was granted and there has been smuggling also on a large scale?

Mr. Advani.—Yes.

Mr. Anklesaria.—Is it your opinion that the existing protection has not stopped imports sufficiently to encourage the home industry?

Mr. Advani.—That is so.

Mr. Anklesaria.—Have you considered the extent to which the consumption of raw silk has increased since protection was granted?

Mr. Advani.—No.

Mr. Anklesaria.—Would you agree with me if I say that if protection gives a living wage to the primary producer, namely the cocoon producer than the object of protection would be achieved?

Mr. Advani.—Yes.

Mr. Anklesaria.—Has the cost of production of cocoon gone down since protection was granted?

Mr. Advani.—I am afraid I am unable to answer this.

Mr. Anklesaria.—You will admit that protection against non-competitive articles would be a useless burden on the consumer. If you want to protect silk you must not protect wool or you must not protect jute.

Mr. Advani.—When you put the question that way I would agree with you. On the other hand if you were to lead that up to say that protection or enhanced protection on art silk, is unnecessary in order to protect silk, I would say I do not agree.

Mr. Anklesaria.—What are the articles that compete with raw silk in India?

Mr. Advani.—We have already said in our statement that art silk and art silk cloth and staple fibre and staple fibre cloth, have all a bearing on the question.

Mr. Anklesaria.—I take it that your case is that art silk and staple fibre compete with raw silk.

Mr. Advani.—I would say indirectly.

Mr. Anklesaria.—And therefore protective duties should be placed on these articles in order that raw silk may be sufficiently protected?

Mr. Advani.—Yes.

Mr. Anklesaria.—Spun silk is also in the same category as art silk and staple fibre and still you would not like spun silk to be protected?

Mr. Advani.—Spun silk at the present moment is not made in India except to the extent that it is made in Mysore. That is coming in here now. If I had had definite knowledge of that factory and its resources before, as I have now my answer would have been different. I would have asked for protection for spun silk also.

Mr. Anklesaria.—Are art silk and staple fibre made in India?

Mr. Advani.—They are not made in India, and I say I would have asked for protection of spun silk also irrespective of what I have said in this statement.

Mr. Anklesaria.—You have not asked for protection for spun silk also because you thought no spun silk was produced in India. Is that the sole reason?

Mr. Advani.—That is true.

Mr. Anklesaria.—You now want to qualify your answer?

Mr. Advani.—Yes. I wish to ask for protection of spun silk also.

Mr. Anklesaria.—With regard to your survey of the protective period will you tell me whether from your point of view protection has benefited the sericultural industry or otherwise.

Mr. Advani.—Apparently judging from the development of the industry it does not appear to have improved; that is to say protection has not been of sufficient duration nor has it been sufficient. We have not got a

sericultural industry here in the province and therefore I am unable to give you the details.

Mr. Anklesaria.—Can you tell me why our silk has not been able to compete successfully with the imported article?

Mr. Advani.—I am afraid I am unable to answer that.

Mr. Anklesaria.—You are manufacturers of silk cloth in India. Can you tell me why you are not able to compete successfully with the foreign product.

Mr. Advani.—There can be no one specific reason. There are many requirements to be fulfilled for success in industry such as—trained labour, capital, organisation, marketing, technical information, technical knowledge and so on. Then there is exchange depreciation: you have to go through the whole field of economic question.

Mr. Anklesaria.—You cannot answer the question concisely?

Mr. Advani.—I have tried to answer your question. Take exchange depreciation. I would not say that exchange depreciation in itself is the only reason. In a new industry or a comparatively new industry there are several factors.

Mr. Anklesaria.—Let us take exchange depreciation.

Mr. Advani.—I can't analyse each factor separately.

Mr. Anklesaria.—In a representation of the Silk Association of Bombay State that the reason why the foreigner sells his article cheaper than the home industry is that he produces on a mass production scale.

Mr. Advani.—I should imagine that that is one of the reasons.

Mr. Anklesaria.—Large scale production will be possible in the manufacturing side of silk?

Mr. Advani.—Yes.

Mr. Anklesaria.—Do you think India will within a reasonable time be able to produce on a mass scale?

Mr. Advani.—Yes, I should think so.

Mr. Anklesaria.—So far as the hand-weaver is concerned it is not possible for him to take up production on a large scale?

Mr. Advani.—No, naturally.

Mr. Anklesaria.—He therefore will never be able to compete with a competitor who produces on a large scale?

Mr. Advani.—That is the general position in regard to the entire handloom industry, whether it is cotton or silk.

Mr. Anklesaria.—Consequently if the handloom weaver is protected by tariff that protection will have to be indefinitely prolonged because he will never be able to compete with large scale production.

Mr. Advani.—As I said, that is a general question. When the President was asking me questions on this I said if we wish in the long run to help the handloom weaver the only means would be by reserving a certain field of the business for him. If protection is given to the industry as a whole we should next devise means to see that protection also benefits the handloom industry.

Mr. Anklesaria.—Mere granting of protection to the silk industry will not benefit the handloom weaver unless and until you devise those means to benefit the industry which will enable him to compete with the foreign products successfully.

Mr. Advani.—Under proper protection he will be able to compete with foreign products. The question is whether when local mill industry develops and mass production comes and the cloth made by handweaver is produced in Indian mills whether he will then be able to compete. When it comes to a question between the handloom weaver and the Indian mill that will be the point which will have to be considered.

Mr. Anklesaria.—Protection is directed only against the foreigner and therefore to foreign competition. I take it that protection however high it may be will not help the handloom weaver because he cannot produce on a mass scale?

Mr. Advani.—I am unable to accept your statement entirely. The handloom producer has to compete with the local mill product and also with the foreign article. If you were to stop the imported article altogether, the hand weaver will have still the Indian mill product to compete with. We must devise measures to help him in this connection.

Mr. Anklesaria.—What measures would you devise?

Mr. Advani.—Reservation of certain types of cloth for the production of handlooms only, helping with finance, marketing organisation, technical assistance, etc.

Mr. Anklesaria.—Have you thought out any scheme for helping them in marketing?

Mr. Advani.—We have given a certain amount of help in this direction—in marketing.

Mr. Anklesaria.—Has it done some good to handloom weavers?

Mr. Advani.—I think we are on the right lines, although, with the weaver being in a relatively backward position, it takes time.

Mr. Anklesaria.—Will you kindly tell me about the reservation of certain articles for the handloom weaver? Have you thought out any scheme?

Mr. Advani.—I have not thought out any scheme in regard to silk. I have done so in regard to cotton cloth.

Mr. Anklesaria.—I think your suggestion was adopted by the Tariff Board on cotton.

Mr. Advani.—That was a different proposal. There were two or three suggestions that I had from time to time put up before the Board.

Mr. Anklesaria.—This particular suggestion was made to us by the Poona people.

Mr. Advani.—That has been my suggestion for years. I was one of those appointed by the Government of India as unofficial advisers to watch the interests of handloom weavers when the Indo-Japanese negotiations were going on. There the millowners wanted the handloom representatives' support. We said we would give them our support provided they helped us in the matter of handloom weavers by agreeing to the principle of reservation of certain kinds of cloth for handloom weavers. They accepted the principle.

Mr. Anklesaria.—Were any difficulties pointed out to you?

Mr. Advani.—I am coming to that. As I said, they agreed to the principle and said so at one of the meetings of the delegates presided over by the then Commerce Member of the Government of India. When I saw Hon'ble the Commerce Member in his office later, he told me that there would be administrative difficulties in the adoption of the suggestion of reservation of certain fields of production for handlooms only. He also told me that the Government of India would give Rs. 5 lakhs a year for marketing facilities for handloom products to the various provinces. This has since been done and each province is getting a certain amount of money according to the number of handlooms that are located in the province. Although the then Commerce Member told me that there would probably be administrative difficulties, I think that this question is worthy of investigation.

Mr. Anklesaria.—When was that?

Mr. Advani.—That must have been in 1933.

Mr. Anklesaria.—May I know whether you have since then thought about this reservation scheme from the point of view mentioned by the Commerce Member?

Mr. Advani.—I have constantly thought of the scheme. I think we can surmount the administrative difficulties.

Mr. Anklesaria.—What you say of the cotton industry applies to the silk industry also.

Mr. Advani.—Yes.

Mr. Anklesaria.—Do I take it that the Indian silk has improved to some extent since protection was granted?

Mr. Advani.—It has improved.

Mr. Anklesaria.—You say in answer to question 18 that the lustre of Indian silk is superior while in strength and evenness of thread it is somewhat inferior to the Japanese silk. We are told that the Indian silk is as strong as the Japanese. You will find that that is the definite finding of the Tariff Board (paragraph 124 of their report):—"But there is a general agreement that on the whole Indian silks have a better lustre than imported silks, that in tenacity and elasticity the Indian silks can at least hold their own and that it is only in winding qualities due to more efficient reeling that the foreign silk has an advantage".

Mr. Advani.—It is the complaint that has been made to us. I don't say that we have actually tested it. As a general proposition the Surat silk people have told us that they prefer the imported silk on account of price and on account of its superiority. We have ourselves not actually tested the quality of the Indian or the imported silk.

Mr. Anklesaria.—Your opinion is not based upon any real test.

Mr. Advani.—No.

Mr. Anklesaria.—On page 2 of your answers you have told us that Mysore silk is selling at a lower price than before.

Mr. Advani.—Yes.

Mr. Anklesaria.—The Mysore silk has got lustre and strength and if it is reeled in a filature, I suppose you will admit that it would be able to compete successfully with the foreign silk.

Mr. Advani.—Yes. I visited the filature a couple of weeks ago and I think that that is true.

Mr. Anklesaria.—In paragraph 125 of their Report, the Tariff Board pointed out certain desiderata for bettering the position of the handloom weaver. May I know whether the Bombay Government has been able to do something to carry out the proposals made therein?

Mr. Advani.—No.

Mr. Anklesaria.—Is it due to want of finance?

Mr. Advani.—You will see in paragraph 125 it has been suggested that the stated improvements should be made compulsory for producers of Indian silk. When you asked your previous question I was under the impression that you were referring to other steps intended for helping the handloom weavers. The Tariff Board's suggestions contained in paragraph 124 apply to the producing provinces and not to us.

Mr. Anklesaria.—If a protective scheme under which a fair selling price can be assured to the primary producer of silk and at the same time a fair selling price can be assured to the handloom weaver, such a scheme would meet with your approval.

Mr. Advani.—Yes.

Mr. Anklesaria.—If instead of protective tariffs for the protection of the silk industry, bounties and other help given to primary producer, would it not meet the necessities of the case?

Mr. Advani.—Bounty is one of the ways of protection.

Mr. Anklesaria.—I suppose you have not thought of the question?

Mr. Advani.—No.

Mr. Anklesaria.—It is said and perhaps you may or may not agree that there is a lot of dumping of foreign silk goods into India. Do you agree with that statement?

Mr. Advani.—I am afraid I am unable to give you specific information on that. That is a point which I have not studied.

Mr. Anklesaria.—Have you studied the question of comparative costs in India as well as in Japan?

Mr. Advani.—No. In a general manner we have given you our costs as well as the selling price of Japanese goods.

Mr. Anklesaria.—It is said that 'one great disadvantage under which Indian silk is suffering is the want of a conditioning house. Do you agree with that opinion?

Mr. Advani.—Yes. I would be much in favour of such matters as conditioning and standardisation which would regulate the industry as a whole.

Mr. Anklesaria.—You are in favour of a conditioning house?

Mr. Advani.—Yes.

Mr. Anklesaria.—It is said that the charkha silk of Mysore is not susceptible to conditioning.

Mr. Advani.—I am afraid I cannot say anything on that point.

Mr. Anklesaria.—A conditioning house which would make it compulsory to condition both the home product as well as the foreign product would be essential.

Mr. Advani.—Yes.

Mr. Anklesaria.—In answer to question 7 you say that the weavers do not get a fair deal under the present system of sowcars' financing the work of the handloom weavers. This opinion has been directly controverted by people from Surat. Can you explain?

Mr. Advani.—There is not much to explain. Everybody knows that the weaver does not generally get a fair deal.

Mr. Anklesaria.—Do you get that opinion from the President, Weavers' Association.

Mr. Advani.—Naturally they will say that they give the fairest deal.

Mr. Anklesaria.—Several marketing Associations of handloom products have worked satisfactorily?

Mr. Advani.—I wish I could say that about all of them.

Mr. Anklesaria.—Are any of them working satisfactorily?

Mr. Advani.—Yes. For instance at Ahmednagar the Association is working successfully and it has taken a couple of years to work up to this position.

Mr. Anklesaria.—Can you tell us why others have not succeeded?

Mr. Advani.—It entirely depends upon the local people. If we are able to get people who are keenly interested the Association becomes successful.

Mr. Anklesaria.—Otherwise not.

Mr. Advani.—No. The weavers themselves are illiterate and poor and are not able to administer such Associations. The crux of the question is lack of public workers.

Mr. Anklesaria.—In answer to question 8 you say that there is little competition from foreign imports as regards Paithani, Pitamber, Dupattas, Shalus, Shela, Khans, Kad, Pheta, etc. Would you advocate protection on articles against which there is no foreign competition?

Mr. Advani.—Generally speaking no. But the quantity of Shalus, Paithani, Pitamber, etc., that is now being woven is very small, and it

will be hardly worthwhile to consider the same separately from the general question of protection.

Mr. Anklesaria.—Your opinion is that the present duty is not adequate to protect the sericultural industry.

Mr. Advani.—It is not adequate.

Mr. Anklesaria.—It is based on the ground that imports have not decreased since the protection.

Mr. Advani.—And also the price difference.

Mr. Anklesaria.—The price difference has remained the same as it was before?

Mr. Advani.—Yes.

Mr. Anklesaria.—Any other grounds?

Mr. Advani.—These are the grounds. I can think of no other special grounds.

16. THE JAPANESE CHAMBER OF COMMERCE, BOMBAY.

Evidence of Mr. E. SANDOH, Mr. H. SAGA and Mr. K. AKAMATSU representing the Japanese Chamber, recorded at Bombay on Tuesday, the 30th August, 1938.

President.—Mr. Sandoh, you are the Vice President of the Japanese Chamber of Commerce, Bombay.

Mr. Sandoh.—Yes.

President.—Mr. Saga and Mr. Akamatsu, you are the members of the Executive Committee.

Mr. Sandoh.—Yes.

President.—Last time when we met informally, I gave you copies of the four questionnaires which the Tariff Board had issued to the various interests concerned in the industry and requested you to send us replies to those questionnaires in order to enable us to understand the position from your Chamber's point of view. Unfortunately I find that you have not sent us any replies to any of the questionnaires. Can you explain the reason?

Mr. Sandoh.—We made enquiries of people in Japan. Some of them have replied (and some others have not) saying that it is difficult to give one figure because in the first place there are various differences in quality and in the second place there are differences in the conditions of producing districts.

President.—In that case, I want to ask you what is the position of the Japanese Chamber of Commerce, Calcutta. Is that a separate body?

Mr. Sandoh.—Yes, quite separate.

President.—They have sent us a memorandum and I intend to examine them when we go to Calcutta. I suppose we should not ask you about the points mentioned in that memorandum.

Mr. Sandoh.—No.

President.—With regard to your memorandum that you handed over to us the other day, I find that it does not give a correct idea of the costs of production in Japan. I want to ask you some questions to see whether you can give us some idea of the industry in Japan. Now what is the cost of mulberry leaves, can you tell me?

Mr. Sandoh.—No reply has been received by us in that respect.

Mr. Saga.—The climate of this country is different to that of Japan. If Japanese experts come and see the conditions of this country, then they can give an opinion.

President.—You have not understood my question. I want to know the cost of producing a pound of leaf in Japan.

Mr. Saga.—It is not possible to give you an idea because as I told you the climate and other things are quite different. That is the opinion of our Japanese friends.

President.—What about the cost of producing one pound of cocoons?

Mr. Sandoh.—We have not received any reply about that either. The reason is the same as in the other case.

President.—So, those people are not willing to supply you with costs of production of mulberry and cocoons.

Mr. Sandoh.—They say that it is impossible.

President.—I do not know why it should be impossible because there are several publications in which the costs of production of mulberry leaves, cocoons and raw silk are given and I do not know why they should not be prepared to give first hand information with regard to different costs.

Mr. Sandoh.—We made enquiries by cable and their reply was "There being different qualities and conditions being different in different districts, they cannot give one figure".

President.—How are they able to give figures in various publications such as "Industry and Trade in Japan", "Silk Year Book", etc. In addition I have received information with regard to costs in Japan from other sources. I do not know why you should not be prepared in reply to the questionnaires. Will you be prepared to consider again and let us have your replies?

Mr. Sandoh.—We have already got a reply from them.

President.—Will you please give me that?

Mr. Sandoh.—They said that there being different qualities they could not give one figure.

President.—Can they give us for different qualities?

Mr. Sandoh.—No information has been given to us.

President.—Then, they do not want to give it.

Mr. Sandoh.—I do not know.

President.—If they give us different costs for different qualities, it would be useful. This is the first time that the Japanese Chamber of Commerce is appearing before the Board and the Board is extremely grateful to the Chamber for their co-operation. But you will understand that in order that your evidence be useful and helpful to the Board in arriving at a correct decision, it is necessary that you should give the costs of production and various measures which the Government of Japan have taken to protect the silk and the cocoon industry of Japan. I want to ask you about the allegations that had been made against Japan about dumping, subsidy and other forms of assistance. You state that India is producing very little raw silk and therefore the Board should not grant protection to the industry and you add that it is also not in the interests of the handloom weavers. In order to substantiate this point you must also inform the Board whether you know the costs that have been submitted to the Board by the Indian industry.

Mr. Sandoh.—We also thought that they would give us figures for different qualities, but their reply was that it was rather useless to give a figure when there were so many different qualities.

President.—Whether the qualities are different or not, whether the cocoons are different or not, I think you should have left that point to the decision of the Board. What we want is information. I understand that the costs given in different publications are not confidential. Otherwise, the figures that have appeared in various publications are either not true or fictitious. We have no reason to believe or to assume that they are wrong or cannot be relied upon unless we get some authoritative information from your good self who are in a position to supply us with the correct data.

Mr. Sandoh.—We requested them to give us figures but their reply was as I told you that it was useless to give any figure when the qualities were different and when conditions in different districts were also different.

President.—Those people whom you approached and who were in a position to supply the information are unable to comply with your request.

Mr. Sandoh.—Yes.

Mr. Anklesaria.—The information supplied in this publication (shown) is correct and reliable.

Mr. Sandoh.—Which information?

Mr. Anklesaria.—The information given in "Industry and Trade in Japan". You cannot say whether it is reliable or correct.

Mr. Sandoh.—No.

President.—Shall I take another point? The manufacturers of this country have brought to our notice that a large quantity of silk which was meant for America was sent to this country with the object of capturing a market of India. This has been brought to our notice and it is pointed out that the prices at which the Japanese products have been selling in this country are not remunerative and are much below the cost of production. Therefore they contend that it is a clear case of dumping. The object being to do injury to the Indian and Chinese industries so that they may be able to create a monopoly for themselves in future. Having regard to that statement you will admit that it is necessary for the Board to find out how far that is true. That statement is also substantiated by the information contained in Japanese Silk Year Book. I want to know what is your information with regard to that point.

Mr. Saga.—That was in 1934 when the Japan market reached the bottom. The sales for this market at that time were based on "fair market price" for the quality imported in this market.

Mr. Anklesaria.—It is mentioned in the publication.

President.—Can you give me an idea of the stock at that time?

Mr. Saga.—70,000 to 80,000 bales.

President.—How much of that has come to India?

Mr. Saga.—I do not know exactly.

President.—Our information is that there are still about 44,000 bales of Bonded Silk remaining.

Mr. Saga.—May be, but I think not very much: something like 30,000 bales.

President.—It was sent to India because the American market would not have it as it would depress the prices at that place.

Mr. Saga.—Yes.

President.—And the quality which is ordinarily coming into India as a rule is inferior to the quality which is sold in America.

Mr. Saga.—Yes.

President.—As it was not accepted by the American market, it was sent here at a price which was below the cost of production.

Mr. Sandoh.—Consumption was stimulated in Japan itself.

President.—Yes, and some bales were sent to India.

Mr. Sandoh.—Yes.

President.—Our information is that about 44,000 bales are still remaining unsold.

Mr. Sandoh.—We have no information.

President.—With regard to prices, do you regulate prices for export markets? In 1935 which was the first year when Japan introduced its raw silk into India to any large extent, I find the prices were about one rupee below the price of Canton silk and it was after 1936 that the price began to rise and the price to-day is about a rupee higher than the price of Canton filature silk. Have you studied the prices?

Mr. Sandoh.—There is no regulation of prices here. People are doing business in India according to the Japanese offer. According to the Japanese market conditions, prices fluctuate here.

President.—You have no information with regard to the trend of prices in India.

Mr. Sandoh.—We are only selling according to the Japanese offer we receive.

President.—Let me ask you one thing, Mr. Sandoh. What is the object with which your Chamber has been formed? I take it that you have silk merchants in the Association.

Mr. Sandoh.—Yes.

President.—They must be knowing about the condition of the market. I want to understand from them how prices are adjusted. They will be able to give us some information.

Mr. Saga.—The prices in India depend upon the offers made by Japan.

President.—They do not depend upon the costs of production.

Mr. Saga.—No.

President.—They have nothing to do with the costs of production.

Mr. Saga.—In these days the business of Japan is very poor because the prices in Japan are very high.

President.—What is the price in Japan at present?

Mr. Saga.—Yen 700 in Japan. The exchange is Rs. 70 per yen 100. That is for lower grade.

President.—Can you tell us what grades of silk are imported into this country?

Mr. Saga.—Lower grades.

President.—What types?

Mr. Saga.—We have so many grades. They are called A, B, C, D, etc.

President.—Shall we say that there are about 10 grades?

Mr. Saga.—Yes.

President.—I want to know which of the grades are being exported to India? By lower grade do you mean the lowest one?

Mr. Saga.—Yes.

President.—What is the present price of raw silk in Japan of that quality?

Mr. Saga.—About Rs. 10 or Rs. 20 lower.

President.—Can you tell me the names of the 10 grades? There must be different names.

Mr. Saga.—There are no separate names. They are called A, B, C, D, etc.

President.—The qualities coming into India have various names.

Mr. Saga.—The qualities coming into India are E, F and G; and sometimes D also. G is the lowest grade. F and G are also imported.

President.—Can you tell us the production of F and G in Japan?

Mr. Saga.—We cannot say.

President.—Is it manufactured by filatures?

Mr. Saga.—Some are making lower grades and some are making better grades.

President.—Here it is given as Japanese filature silk.

Mr. Saga.—Yes.

President.—What kinds of silk are coming, G and F?

Mr. Saga.—Yes.

President.—And the market price of these qualities is Rs. 5-8 per lb.?

Mr. Saga.—Not Rs. 5-8; it is nearly Rs. 7. I have got a price list here; the price of lower grade is between Rs. 530 and Rs. 632. D grade is 800 yen. D grade is considered in Japan as the standard quality.

President.—What was the grade of the 7,000 bales of bonded silk which was sent here?

Mr. Saga.—From the highest to the lowest qualities.

President.—Can you tell me what the bulk was?

Mr. Saga.—The superior quality. That was because our biggest consumer of that grade is America and they did not buy and so we had to sell the higher grade made for America here.

President.—Is it not a fact that in a filature you make both higher and lower grades?

Mr. Saga.—Mostly Japanese filatures manufacture higher grade.

President.—What particular deniers in the higher grade?

Mr. Saga.—14, but also some 20 and 21.

President.—What about 13/16 which is coming into India?

Mr. Saga.—That is a lower quality. If the price is higher the silk is not sold here; so lower grade only is coming.

President.—What about the other qualities that are coming? Silk yarn is also coming here?

Mr. Saga.—Yes.

President.—What is the price of twisted silk?

Mr. Saga.—Average Rs. 480 per 100 lbs. excluding the duty. That is the lowest grade.

President.—Rs. 7 is the market price per lb. including duty?

Mr. Saga.—Yes.

President.—You say raw silk price is Rs. 6-10 in the market here and the price of twisted silk is Rs. 7.

Mr. Saga.—Yes. But there are some other grades coming in at Rs. 5-10 to Rs. 5-11.

President.—Let us take the lower grade at Rs. 5-12. Is the twisting charge Rs. 1 in Japan?

Mr. Saga.—About that; I am not sure. But judging from the difference in price it must be that.

President.—Is it organsine or tram?

Mr. Saga.—Organsine.

President.—What about spun silk? Is that also coming from Japan?

Mr. Saga.—Business is very hard because the import duty is very high.

President.—What is the present price of spun silk?

Mr. Saga.—Good quality is about yen 550 for 50 kilos (2·2 lbs.=1 kilo) and lower grade 440.

President.—What is the denier?

Mr. Saga.—Doubles of 70s count.

President.—We get here 60s and 80s double? What denier is the lower quality?

Mr. Saga.—440 per 50 kilos for 210 double.

President.—I want to know the price of the qualities that are at present coming into India. I find no qualities coming into India as 70s double.

Mr. Sandoh.—That is English count. If you convert it, it becomes 210s double, 70s double and 210s double are almost the same.

President.—What about the Rs. 440 quality?

Mr. Sandoh.—It is the same count but the quality is different.

President.—Which quality is coming into India?

Mr. Sandoh.—I think all of them.

President.—There is only one quality which is coming here in 210 double.

Mr. Sandoh.—Yes.

President.—Shall we say Rs. 440?

Mr. Sandoh.—Yes.

President.—What is the price for noil yarn?

Mr. Sandoh.—That is very cheap, about Rs. 100 per 100 lbs. and some grade is Rs. 105 per 100 lbs.

President.—Let us take artificial silk yarn. What is the price of that?

Mr. Saga.—150 denier grade 1A. That is the standard grade and the price is Rs. 115 c.i.f. for 200 lbs.

President.—Is there any other quality coming in?

Mr. Saga.—Mostly this grade.

President.—What about nitto yarn?

Mr. Saga.—Rs. 355 for 50 kilos which is equal to 110 lbs.

President.—Is that also a lower grade?

Mr. Saga.—I think there is only one quality of nitto yarn which is now manufactured?

President.—Nitto consists of staple fibre and silk?

Mr. Akamatsu.—It is staple fibre and silk waste.

President.—What is the proportion?

Mr. Akamatsu.—30 to 70.

President.—What about neon yarn?

Mr. Akamatsu.—That is also a mixture.

President.—Is that also 30 to 70?

Mr. Akamatsu.—50 to 50. That is also staple fibre and waste silk.

President.—What is the price of that? I find that is being imported. I saw some this year in Hyderabad.

Mr. Akamatsu.—That must be from old stock. They are not coming in for the last two years, because of the high tariff. The manufacturers also discontinued supply.

President.—Is artificial twisted yarn coming?

Mr. Saga.—Yes, Rs. 135 for 200 lbs. for doubled yarn.

President.—Is it coming in very small quantity?

Mr. Saga.—Yes.

President.—There is no business in twisted artificial silk.

Mr. Saga.—No. The market is dull and therefore there is no new arrival here.

President.—The bulk of artificial yarn is not twisted?

Mr. Saga.—No.

Mr. Sandoh.—Besides there are heavy stocks and they are selling at the market price. It is very difficult to get from Japan.

President.—Are those stocks in India at present?

Mr. Saga.—I am told about 7,000 or 8,000 cases of artificial silk are in stock.

President.—Is it in Customs or has it been taken delivery of by merchants?

Mr. Saga.—Not in bond, but in the hands of a customer. Each case contains 200 lbs.

President.—Are you importing any pure silk goods?

Mr. Saga.—Fuji silk Rs. 32 per piece—20" width and 50 yards long; and also same name different quality Rs. 23 per piece, same size.

President.—What about taffetas?

Mr. Saga.—2 annas per yard—20" x 30 yards—Staple fibre yarn $1\frac{1}{2} \times 1\frac{1}{2}$ denier, Rs. 56 per 100 lbs.

President.—Is only one quality of staple fibre coming into India? I am talking of yarn.

Mr. Saga.—Yes.

President.—What is that quality?

Mr. Sandoh.—Paramount brand is most popular.

President.—What is the price of this brand?

Mr. Saga.—I think yen 270 per 200 lbs.

President.—What is the price you have given me just now?

Mr. Saga.—Rs. 56 per 100 lbs. for staple fibre.

President.—And the staple is 1½"?

Mr. Saga.—Yes, staple 1½".

President.—Is coloured staple fibre yarn coming?

Mr. Saga.—Not much I think.

President.—At present it is not coming?

Mr. Sandoh.—It is costlier.

President.—Is it cheaper to import yarn and dye it?

Mr. Sandoh.—Yes.

President.—Can you give me the price?

Mr. Saga.—I have no idea.

President.—The prices that you have given me are the c.i.f. prices.

Mr. Sandoh.—Yes.

President.—How do they differ from Japanese home prices?

Mr. Saga.—These are selling prices in Japan.

President.—Are they Japanese prices plus freight and insurance?

Mr. Saga.—Yes, converted into rupees.

President.—This has no relation with the Indian market price.

Mr. Saga.—No. I shall give you the market price in India. Raw silk is Rs. 460 for one picul 13/15 denier.

President.—Without duty?

Mr. Sandoh.—Bombay port price.

Mr. Saga.—Twisted yarn is almost the same price, Rs. 490 for 100 lbs. Neil yarn Rs. 98 per 100 lbs. Spun silk better quality Rs. 510 per 50 kilos. Spun silk lower quality Rs. 370 per 50 kilos. Nitto yarn Rs. 280 per 50 kilos. Artificial silk yarn Rs. 113 per 200 lbs. Twisted artificial silk yarn Rs. 108 per 200 lbs. Pure silk goods, Fuji silk, better quality—no market price; no business at all. Rayon, taffeta—one anna per yard. Staple fibre yarn—no information.

President.—We were told that Bombay Presidency is consuming about 40,000 lbs. of staple fibre.

Mr. Sandoh.—From stocks.

Mr. Saga.—Business is done with the Bombay importers.

President.—Those people who have got offices in Japan are probably doing business.

Mr. Saga.—I think so.

President.—You have got no information.

Mr. Saga.—No.

Mr. Akamatsu.—At present Japan is looking for the substitute fibres. There is a good demand for home consumption, I myself being in business. cannot get quotations from Japan these days.

President.—I suppose you know this publication, 'Japanese Textile Journal'. How far do you think information contained therein is reliable?

Mr. Sandoh.—This is the first time that I see it.

President.—If you look at page 21 of this Journal, it gives information with regard to costs.

Mr. Akamatsu.—I have no idea.

President.—You have no information whether those figures are substantially correct or not.

Mr. Akamatsu.—We can't say.

President.—Is it correct to say that the Japanese Government have fixed a price under the Japanese Raw Silk Price Stabilisation Act.

Mr. Saga.—No.

President.—Prices fluctuate according to market conditions.

Mr. Saga.—Yes.

President.—Prices in America have got a great bearing on the prices ruling in the Indian market. According to you the best qualities of Japanese silk is being imported into American markets and the lowest grades are coming into India. I want to know how far that has a bearing with regard to price fluctuations.

Mr. Saga.—Good quality of silk imported into America is not used for stockings.

President.—The only conclusion that I can form is that having realised good profit on the better qualities of silk in America, you can afford to send to India or any other markets inferior qualities of silk at a price which may not cover the cost of production, because you have already made a profit on the whole transaction.

Mr. Saga.—I don't think so.

President.—Otherwise why is there such a wide difference between prices. As you yourself have admitted, flatures turn out three or four qualities of silk. If I get a good price for the first quality and if I want to sell the whole of my production, I am satisfied with a lower price for the lower quality. You cannot get the same price, because the quality is not the same. The question is how far the price is lowered in order to capture the market for which the goods are sent. Is that all right?

Mr. Saga.—Yes.

President.—Is this statement correct with regard to prices? These are export prices to different countries. (Handed in.)

Mr. Sandoh.—All stocks are not meant for India. They are also sent to South America, the Continent, etc.

President.—But a large portion has come to India.

Mr. Akamatsu.—From old stock.

President.—From old stock a large quantity has come to India and our information is that still a great stock is lying there—about 44,000 bales.

Mr. Saga.—That stock was kept when the market was depressed.

President.—Is it not a fact that the old silk and the new silk in India is sold practically at the same price.

Mr. Saga.—Now in Japan prices are higher.

President.—Because they have not got large stocks.

Mr. Sandoh.—Yes, and also because market conditions are much better now.

President.—You are not manufacturing on a large scale for export markets. That is probably the reason why stocks are smaller and you can get better prices.

Mr. Sandoh.—Yes.

Mr. Saga.—As regards prices to different countries, I think there are no imports into Italy from Japan.

President.—Can you verify them?

Mr. Saga.—Are you referring to the tendency of market prices?

President.—Can I say that these figures are fairly accurate with regard to the tendency of various market prices in those countries?

Mr. Saga.—Yes, as regards the tendency of market prices, but I do not know the exact figure.

President.—You do not know the exact figure.

Mr. Saga.—No.

President.—That would show the correct tendency with regard to different markets.

Mr. Saga.—Yes, that is because at the beginning of 1936 the price was low and at the end of the year following the election of the present President, in America all the markets improved and so the market for raw silk also improved.

President.—I find from the prices in India that towards the end of 1936, the price began to rise and remained at the high level till September, 1937, and then they began to decline. What was that rise due to?

Mr. Saga.—As I told you, sometime in August or September, 1936, the present President of United States of America was re-elected and the American market improved after his election. So the price of raw silk went up.

President.—Was it due to the policy of raising prices by the United States of America?

Mr. Saga.—Yes.

President.—That was only temporary. Now the prices are going down again.

Mr. Saga.—I don't think so.

President.—From February 1938 to July 1938, prices have been going down.

Mr. Saga.—Because there was depression in the market.

President.—That means to say the stabilisation of prices could not be maintained. There was depression again for about four months.

Mr. Saga.—Yes. The price of raw silk entirely depends upon the American market. I think sometime in that year the American market was not very good. So, the price of raw silk went down.

President.—What is the possible effect of war on your export trade?

Mr. Sandoh.—No effect at all. Rather the price is going up owing to lack of labour.

President.—What about the production? Has the production gone down?

Mr. Saga.—Production will of course decrease but not much.

President.—Would it amount to about 10 to 15 per cent.?

Mr. Saga.—About 10 per cent.

President.—Has there been any effect upon prices?

Mr. Saga.—Prices would go up.

President.—There is a tendency of prices going up.

Mr. Saga.—Yes.

President.—What is the percentage of your production that goes to America? Is it about 90 per cent.?

Mr. Sandoh.—Export to United States of America will be about 90 per cent.

Mr. Saga.—It all depends upon the conditions in America, but generally it will be round about 90 per cent.

President.—You have given us to understand that protection granted to the Indian Sericultural Industry at present is adequate.

Mr. Saga.—Yes.

President.—And it should not be increased?

Mr. Saga.—No.

President.—I do not quite follow on what basis you have been able to arrive at that decision. Have you got any information with regard to costs in India?

Mr. Saga.—No.

Mr. Akamatsu.—As the import business has decreased, it looks the protection is sufficient.

President.—If you look at the import figures, they do not show that the business has shrunk. You have yourself stated that. I am talking of raw silk. This enquiry is into the sericultural industry, namely raw silk. Others are substitutes or synthetic fibres. You have got no information.

Mr. Saga.—According to our investigations, the price of Kashmir silk is now going down. It is about Rs. 5-4 per lb. while the price of Japanese silk is, as I told you, going up.

President.—Do you know why the price of Kashmir silk has gone down?

Mr. Saga.—No.

President.—They say that they cannot get better prices due to competition.

Mr. Saga.—I do not know.

President.—You are quite right when you say that the market price of Kashmir silk is between Rs. 5-4 and Rs. 5-12.

Mr. Saga.—Yes.

President.—But you must not forget that the Japanese silk price is also lower this year and even from February to July, 1938, it was from Rs. 5 to Rs. 5-6. The price has just gone up.

Mr. Saga.—The American market is improving.

President.—When we are considering the scheme of protection the usual practice is to consider the trend of prices for the next 3 or 5 years. You are selling in India at a price which is governed by the fluctuations of the American market and by the conditions prevailing in Japan. Therefore it has got no relation with the Indian market and Indian price. As a matter of fact, in practice, the Indian prices have got to adjust themselves to the Japanese prices because Japan at present sends the bulk of the imports into India.

Mr. Saga.—No.

President.—You take the Japanese and Chinese imports into India. We are concerned with India and we are investigating the claims of the Indian industry to protection. I am taking the conditions as they exist in India. That is why I ask you to supply us with more information but unfortunately you cannot do so at the present moment.

Mr. Saga.—Until last year the price of Japan was very low.

President.—The first time Japanese imports came to India in any large quantity was towards the end of 1934. Then Japanese prices were very much lower. They were lower by 8 to 12 annas than even the Canton flature silk.

Mr. Sandoh.—At that time there were no buyers in the market.

President.—That was the time when old stock was sent to India at a ridiculous price.

Mr. Sandoh.—Yes, but conditions have changed since then.

President.—My contention is therefore correct that the prices of Japanese silk have no relation to Indian prices. But it all depends upon the fluctuations in American markets and conditions prevailing in Japan.

Mr. Sandoh.—Yes. The Indian market depends upon the American market.

President.—Therefore the Indian market is governed by the Japanese exports which depends in its turn upon the fluctuations in American market.

Mr. Saga.—Yes.

President.—You say here low grades of silk are sent into India, but in your letter, dated the 8th July, you say "most of this imported raw silk is a very high grade filature, the like of which is not produced in India".

Mr. Saga.—Yes, compared with Indian silk, the imported silk is superior.

President.—There is no comparison.

Mr. Saga.—The idea of that was to compare the two.

President.—It does not say so. It says that the imports consist of high grade filature silk of Japan and that that quality is not produced in India.

Mr. Sandoh.—High grade silk is not produced in India.

President.—You don't compare the two in the letter.

Mr. Saga.—The wording may be wrong, but we mean the comparison.

President.—Do I understand you to say that the 10th quality of silk of Japan compared with Indian silk is a very high grade silk? How can that be? The two statements do not tally.

Mr. Saga.—The wording is wrong.

Mr. Anklesaria.—See paragraph 5 of the same letter.

Mr. Saga.—Our idea is that the imported Japanese silk is better than Indian silk.

Mr. Anklesaria.—It is not correctly put here.

Mr. Saga.—No, it is not.

Mr. Anklesaria.—In what respect do you consider Japanese silk better?

Mr. Saga.—I am told sometime ago by a Japanese silk merchant that a man brought a packet of Kashmir silk to the Japanese conditioning house and that as the quality was low, they could not grade it.

Mr. Anklesaria.—It could not be graded.

Mr. Saga.—No.

President.—Kashmir only produces filature silk. There is no charkha silk. The filature silk that I have seen of Kashmir can be graded and is being graded.

Mr. Saga.—But that was what I was told.

President.—How many years ago?

Mr. Saga.—Two or three years ago.

President.—Can you tell me the brand?

Mr. Saga.—I do not know the brand.

President.—I know the famous brand of Kashmir which is known as the Lotus brand which is graded and is first class silk. If you compare the two qualities, you cannot say that your 10th quality is superior to the first class silk of India.

Mr. Saga.—I told you what was stated to me.

President.—When you say that your 10th quality of Japanese silk is superior to first class Indian filature silk, it is really going too far.

Mr. Anklesaria.—You say that the imported silk is suited to the peculiar requirements of the Indian weaver. You may explain what are his peculiar requirements.

Mr. Saga.—I think it means that the Indian silk often gives way in reeling and thus causes much trouble.

President.—Shall we say that its winding quality is not good?

Mr. Saga.—The winding quality of Japanese silk is better.

President.—You said that in 1934 the market in America fell and that was the reason why you were selling it in India at lower prices. I have got the Japanese prices of silk and the quantities imported into America and I do not find that there is any change during the last three years. There must be some other reason why you have sent so much quantity to India at such a low price.

Mr. Sandoh.—There is not much difference in our total export except in 1935 when it went up.

President.—If you take the value in 1931 it was much higher than the value in 1932 and therefore there must be some other reason than the reason about the American market.

Mr. Anklesaria.—I understand from your representation that your case is that the Indian silk industry does not deserve any protection and you give several reasons for that.

Mr. Saga.—Yes.

Mr. Anklesaria.—You mention about 6 reasons. You admit that till recently the industry was, as you say in your representation, prosperous and thriving.

Mr. Saga.—Yes.

Mr. Anklesaria.—You will agree with me that the main cause of its decline at present is foreign competition?

Mr. Saga.—Yes.

Mr. Anklesaria.—If that be so it is the duty of the Indian Government to restrict foreign competition as much as possible, is it not?

Mr. Saga.—Yes.

Mr. Anklesaria.—Can you tell me how that foreign competition can be reduced except by putting protective tariffs on the foreign product?

Mr. Saga.—If you make the quality of Indian silk better than what it is at present, then it can compete, but only a high import duty on imported silk does not necessarily mean that it will restrict the import of foreign silk.

Mr. Anklesaria.—High import duty is not meant to stop imports but to enable the sericultural industry in India to improve the quality of its products. You mean to say that what it requires is the proper organisation of the industry?

Mr. Saga.—Yes and also if there is some change of climate, but that of course is impossible.

Mr. Anklesaria.—If you look at your representation, you say the Indian industry does not prosper because it is disorganised: it requires organisation and capital, etc. Those are your main reasons?

Mr. Saga.—Not the main reason but some of the reasons.

Mr. Anklesaria.—What are the other reasons.

Mr. Sandoh.—The sericultural industry is going through economic depression which is most severe. The same is the case in Japan, since the last five years.

Mr. Anklesaria.—I understand that. Whatever is common cause in Japan as well as in India does not concern us. What I want to know is what are the peculiar disadvantages under which India suffers and you say it is a disorganised industry.

Mr. Saga.—That is one reason.

Mr. Anklesaria.—You say it has got primitive methods and lacks proper organisation.

Mr. Saga.—Yes.

Mr. Anklesaria.—Can you tell me any means of organising the industry except by protecting it during the period it will take to organise itself?

Mr. Saga.—As I told you only protective duty will not make for organising the industry. You must find out some other means.

Mr. Anklesaria.—Are there any other means except protective duties?

Mr. Saga.—Already you have a protective duty and still they want more and there has been no improvement.

Mr. Anklesaria.—Because protection has failed there is no scope for our industry, is that your answer?

Mr. Saga.—It was protected five years ago and still it has not progressed.

Mr. Anklesaria.—Therefore you think it won't progress at all?

Mr. Sandoh.—I say there must be some other reason. We say Indian organisation is bad; then there is the general depression which has hit not only India but also Japan.

Mr. Saga.—You asked how much silk we are able to obtain from a pound of cocoon. I have found out that from Japanese cocoon we can obtain about 13 or 14 per cent. of silk while I understand about 8 or 9 per cent. is obtained from Indian cocoon.

Mr. Anklesaria.—I think you said 11-60?

Mr. Saga.—It is 13 to 14 per cent. now.

Mr. Anklesaria.—From the Japanese Silk Year Book, 1935, I find that the percentage of silk obtained from cocoons of average qualities was 10·8 in 1930 and gradually increased to 11·68.

Mr. Saga.—Now it has become 13 to 14. We are making great improvements.

Mr. Anklesaria.—You say Japan has got this advantage that Japanese cocoons produce more silk than Indian cocoons?

Mr. Saga.—Yes.

Mr. Anklesaria.—Are there any advantages? You have obtained this greater percentage of silk from cocoons by developing your sericultural industry?

Mr. Saga.—Yes.

President.—From the latest information in my possession that seems to be on the high side. Unless you give me the cost of producing a pound of silk, I cannot verify your statement. I can only check the figure if you can tell me how many pounds of cocoons produce a pound of silk. According to the figures I have been able to get your cocoon price is 7 annas per pound.

Mr. Saga.—We cannot give you more information.

Mr. Anklesaria.—I take it you will admit that so far as your advantage as regards better cocoons is concerned, it is not an advantage from what the President told you just now.

Mr. Saga.—That is so.

Mr. Anklesaria.—Can you mention any other advantage?

Mr. Saga.—I cannot.

Mr. Anklesaria.—Consequently the reasons which you have given for not protecting the Indian sericultural industry are not borne out by the information at your command.

Mr. Sandoh.—Do you believe that the Indian industry can be improved?

Mr. Anklesaria.—I am coming to that. So far as you are concerned your statement does not bear out that the Indian industry does not deserve protection. You mention the main reason why India cannot compete with Japan and that is that Japan has better cocoons. Then you say Indian

production cannot satisfy the whole of the country demand and it will have to rely on foreign imports.

Mr. Saga.—Yes.

Mr. Anklesaria.—How would protection make any difference if India cannot satisfy its whole demand by home production and must import some amount from foreign countries? How would protection affect that position? The position would be so far affected that the handloom weaver would suffer.

Mr. Saga.—Yes.

Mr. Anklesaria.—He would suffer because his cloth would be dearer than before?

Mr. Saga.—Yes.

Mr. Anklesaria.—Suppose we put a protective duty on fabrics which compete with the handloom product, would not that be sufficient to protect the handloom weaver? Along with the duty on raw silk we raise the duties on fabrics manufactured out of raw silk, would not that protect the handloom interest?

Mr. Saga.—After all we must see at the same time the consumer's interest.

Mr. Anklesaria.—You think that the burden on the consumer would be stupendous?

Mr. Saga.—Yes. The consumer would prefer other materials.

Mr. Anklesaria.—Do you mean disproportionate burden on the consumer?

Mr. Akamatsu.—Yes.

Mr. Anklesaria.—Instead of putting duties on raw silk, we give some sort of encouragement to the cocoon producer which would require a corresponding tariff on the silk goods, we give a bounty to the cocoon producer which would make it worthwhile for him to produce cocoons at remunerative rate, do you think that would be a better way of helping the Sericultural Industry?

Mr. Akamatsu.—I think so when there are substitute qualities coming in like the staple fibre and artificial silk.

Mr. Anklesaria.—You didn't tell us what are the peculiar requirements of the handloom weavers in India for which he wants Japanese silk. You said that it is easier for winding.

Mr. Saga.—Better for making cloth not requiring much money.

Mr. Anklesaria.—Is your silk stronger than Indian silk?

Mr. Saga.—I think so.

Mr. Anklesaria.—Easy winding is a very important thing to the weaver.

Mr. Saga.—Yes.

Mr. Anklesaria.—Can you give me some information as regards the exchange depreciation since 1934?

Mr. Akamatsu.—It was at the bottom in 1934. It was 70%. Since then it is stable.

Mr. Anklesaria.—Do you think it has remained stable?

Mr. Akamatsu.—Yes, because the Japanese Government have fixed the exchange.

Mr. Anklesaria.—Your exchange has been stabilised now?

Mr. Akamatsu.—Yes.

Mr. Anklesaria.—Can you tell us, Mr. Sandoh, whether we could get reliable figures of silk goods exported from Japan to India. You must have got Government statistics in Japan of things which leave the country.

Mr. Sandoh.—We may get the total figures.

Mr. Akamatsu.—They are available.

Mr. Anklesaria.—Can you kindly send us figures for the last 4 years from 1934 of raw silk and silk goods?

Mr. Akamatsu.—From the publications we can find that out.

Mr. Saga.—There will be some difference in the dates, the time of exportation from Japan and the date of importation.

President.—Your year is a calendar year?

Mr. Saga.—May be April to March.

President.—Is there any other point that you would like to place before the Board?

Mr. Saga.—The tariff value for China silk is divided into 4 or 5 grades.

President.—For the present they are divided into waste products, dupions of all kinds, hand-reeled excluding re-reeled and all other sorts, whereas Japanese is only one category. What is the price of waste products at present?

Mr. Saga.—Waste products are not coming.

President.—What is the price of dupion?

Mr. Saga.—Rs. 330 c.i.f. per picul or 133 lbs.

President.—Hand-reeled?

Mr. Saga.—Rs. 480 per 133 lbs.

President.—All other sorts?

Mr. Saga.—That is filature one.

President.—Can you give us the quantity of each item imported into India?

Mr. Saga.—I shall find that out.

President.—Your point is that the lower qualities of Japanese silk are coming and paying a duty, calculated on the basis of the higher quality, viz., paying a duty on a tariff value of Rs. 4-12 per lb. I want to know the quantity of each class imported into India.

Mr. Saga.—I shall find out the average price of these qualities.

President.—As a piece of information, I would like to have the prices of all the 10 qualities which are being produced at present in Japan for different markets.

Mr. Saga.—I am not sure of that price.

President.—Rs. 4-8.

Mr. Saga.—I shall check it and send you later. About spun silk the Indian handloom weavers like to use spun silk, but on account of very high rate of duty, they cannot actually use that and also the spun silk is much inferior compared with raw silk.

President.—At present spun silk is not being produced in India on a commercial scale. The spun silk factory has been just put up and trials are being made. In a short time they will be able to put their stuff in the market. We are examining the cost of producing a pound of spun silk in India. Therefore at present we are not in a position to say whether the duty is high or low or what should be the duty on spun silk. The Board has not considered the question. You think that the present duty is rather high and that is why the spun silk is not used in the same proportion in which it was used before. But you will notice that staple fibre is taking its place.

Mr. Saga.—Yes, because the price of spun silk is high on account of the very high import duty.

President.—You are not giving us the cost of producing a pound of spun silk in Japan. Otherwise that will give us an idea as to how your prices are fixed for India. Again we are on same old question, namely, that the information is lacking; whether your prices are remunerative or not can only be judged by the cost of production. You say that the

market price is Rs. 5 per lb. and that is why it cannot bear a duty 25 per cent. plus 14 annas as the duty. I may impress on you again the necessity of sending us some information from Japan with regard to the various costs.

Mr. Sapa.—I think they need not keep that as a secret. It is due to some misunderstanding.

President.—It would be far better for you to place all the facts before the Board so that we may judge the present position of the Indian industry. You might think it over and let us have the information if you can.

Mr. Akamatsu.—Yes.

President.—Is there any other point?

Mr. Akamatsu.—No.

17. BOMBAY SILK MERCHANTS ASSOCIATION and BOMBAY YARN AND SILK MERCHANTS ASSOCIATION, BOMBAY.

Evidence of Mr. B. N. KARANJIA, President, Silk Merchants Association, Mr. JIVANLAL CHUNILAL NAGINDASS CHINYOY representing Messrs. Nagindas Foolchand Chinoy and Company, Mr. LOKUMAL GIANCHAND representing Messrs. Kimatrai and Company, Mr. SOBHRAJ representing Messrs. Manghamal Pohoomull Bros., Mr. N. B. KARANJIA representing Messrs. Karanjia Bros., Limited, and Mr. WASSIAMULL representing Messrs. T. Khemchand Tejoomull, recorded on Tuesday, the 31st August, 1938, at the New Custom House, Bombay.

President.—Mr. Karanjia, you represent the Bombay Silk Merchants Association?

Mr. Karanjia.—Yes.

President.—Mr. Chinoy, you represent the Bombay Yarn and Silk Merchants Association?

Mr. Chinoy.—Yes.

President.—You are its President, are you not?

Mr. Chinoy.—No.

President.—You are only a member?

Mr. Chinoy.—Yes.

President.—Who is its President?

Mr. Chinoy.—Mr. Purshotamdas Popatlal.

President.—I would like to know the objects of the two Associations.

Mr. Karanjia.—The Silk Merchants Association is comprised of all importers of fabrics from Japan, China and the Continent and not yarn. There was no Association called Raw Silk Association. Once it was started by Mr. J. C. Chinoy and others, but I regret to say that it did not function well. Then another Association cropped up called Yarn and Silk Merchants Association—yarn in the sense of silk yarn which means raw silk yarn.

President.—That means no fabrics.

Mr. Karanjia.—No fabrics.

President.—Only pure yarn.

Mr. Karanjia.—Yes.

President.—What happened to the Association which was in existence when the last Tariff Board enquired into the Sericultural Industry?

Mr. Karanjia.—It was called "Japanese and Shanghai Silk Merchants Association". We have now changed that into Bombay Silk Merchants Association.

President.—It is one and the same Association.

Mr. Karanjia.—Yes. It is now 25 years old.

President.—What is the membership of your Association?

Mr. Karanjia.—58.

President.—What is the membership of the other Association?

Mr. Chinoy.—80.

President.—I would like to go through the Yarn Merchants Association's memorandum first because the present enquiry has a direct bearing on yarn.

Mr. Chinoy.—Yes.

President.—First of all, I would like to make the position clear by asking you the kinds of yarn that are at present imported into this country. I will take one by one, so that you may be able to give me a reply. First, raw silk is being imported from China and Japan.

Mr. Chinoy.—Yes.

President.—The next is silk yarn or twisted silk. That is purely from Japan.

Mr. Chinoy.—Yes. Are you speaking of organzine?

President.—Yes. Tram is not coming in.

Mr. Chinoy.—No.

President.—In the Customs Tariff Schedule, it is called silk yarn. Originally, it was silk yarn noils and warps. The bulk of the imports under that head was spun silk. Recently spun silk has been separated and noils also are shown separately. The only thing that remains is silk yarn and warp.

Mr. Chinoy.—Warps are made from spun silk.

President.—It comes in the shape of yarn.

Mr. Chinoy.—Yes.

President.—If you take it as yarn, it means twisted silk. Tell me the difference between thrown silk and silk yarn. Shall we say that silk yarn is exactly spun silk?

Mr. Chinoy.—Silk yarn is thrown silk. Spun silk yarn is different.

President.—Spun silk yarn is being shown separately.

Mr. Karanjia.—Yes. If warps are included under the same heading it would create confusion.

President.—Silk yarn including thrown silk, warps and yarns, spun silk, silk waste and noils but excluding sewing thread—that was the original heading. Spun silk and noils are also separated. Therefore the silk yarn that is left would be thrown silk.

Mr. Chinoy.—Yes.

President.—Warps ought to come under spun silk. The bulk of the imports coming under that head is thrown silk.

Mr. Chinoy.—Yes.

President.—Noils is the by-product of spun silk.

Mr. Karanjia.—Yes.

President.—The bulk of that is coming from Japan.

Mr. Karanjia.—Yes. Thrown silk is entirely from Japan.

President.—Not entirely?

Mr. Karanjia.—Some quantity is also coming from China.

President.—Anything coming from any other foreign country?

Mr. Chinoy.—No. Single thread twisted is coming from Shanghai.

President.—Single thread is tram.

Mr. Chinoy.—They are also using it for warp.

President.—What about noils? Are they coming?

Mr. Chinoy.—Yes, from China and Japan.

President.—What about spun silk?

Mr. Chinoy.—From China, Japan, Italy and England.

President.—There are two other kinds of mixed yarn known as nitto and neon yarns.

Mr. Chinoy.—They are only from Japan.

President.—Then come artificial silks and twisted silks.

Mr. Chinoy.—All Japan.

President.—It is also coming from England.

Mr. Chinoy.—From England, Germany and Switzerland.

President.—And staple fibre is also from Japan.

Mr. Chinoy.—Mainly from Japan: partly from China.

President.—From which place in China?

Mr. Chinoy.—From Shanghai.

President.—May I ask you about the present quotations of various kinds of yarn? Look at question 2. I am now confining myself to yarn. You have given me two sets of prices—one for Canton filature and another for Japanese filature. These prices are prices which are not at present ruling in the market.

Mr. Karanjia.—These are approximate prices.

President.—I am taking the prices given below.

Mr. Karanjia.—They are c.i.f. costs.

President.—They include landing charges.

Mr. Chinoy.—These are the prices of Canton and Japan.

President.—It has gone down to Rs. 320.

Mr. Chinoy.—Last time it was Rs. 330.

President.—What is the Japanese price now?

Mr. Chinoy.—Nearly Rs. 700.

President.—Instead of Rs. 600 it would be Rs. 650. Is it per picoul?

Mr. Chinoy.—Yes, per picoul=183½ lbs.

President.—You have given Rs. 340 per cwt.

Mr. Chinoy.—It is a mistake: it should be per picul.

President.—You have not supplied to me the prices of various other yarns.

Mr. Chinoy.—They will be imported in June and July.

President.—Will you send them to me?

Mr. Chinoy.—We have already replied to your demi-official letter.

President.—It does not give us all prices.

Mr. Chinoy.—Yes.

President.—At present the imports are classified according to the countries. One is China and the other is Japan. What silks are coming in under waste products?

Mr. Karanjia.—Panjam and Thonkoon from Shanghai.

President.—What is the price?

Mr. Chinoy.—Rs. 2-4.

President.—Is it coming in small quantity?

Mr. Chinoy.—Yes.

President.—What are the qualities coming under Dupion all kinds?

Mr. Chinoy.—Dupion re-reeled and Dupion long reel.

President.—What is the price of that?

Mr. Chinoy.—Re-reeled is Rs. 4-4 and long reel Rs. 3-8.

President.—Let us take hand reeled, excluding re-reeled.

Mr. Karanjia.—Minchow, Mineyna and Kubiu.

President.—I want their names and their c.i.f. price.

Mr. Chinoy.—Yes.

President.—What are the things imported under all other sorts?

Mr. Chinoy.—Canton filature and Chinese filature re-reeled.

President.—What other filatures are there except Canton filatures?

Mr. Chinoy.—Shanghai filatures.

President.—I am told this morning that a certain amount of dupion and hand-reeled silk is being imported from Japan. Is that correct?

Mr. Chinoy.—Yes.

President.—According to the present classification, where is that being grouped?

Mr. Karanjia.—It is taken on the invoice value.

President.—Japanese dupion is on the invoice value and Japanese filature silk is on the tariff value.

Mr. Chinoy.—Yes.

President.—Are you satisfied with the present classification. The last Tariff Board recommended that tariff values should be abolished because it is unfair to importers as well as to manufacturers. I think that your Association at that time supported that view. Are you still of the same opinion that it would be in the interests of all concerned to levy the duty on invoice value?

Mr. Chinoy.—The last Tariff Board said that the filature must be separated.

President.—You will find that we discussed that in paragraphs 145, 146 and 147 of the 1933 report. Your Association which was known at that time as Japan and Shanghai Silk Merchants Association gave evidence before the Board and stated that they would also prefer to have the tariff value abolished.

Mr. Karanjia.—That was all for piece-goods.

President.—What is your view at the present moment?

Mr. Karanjia.—I think the classification is all right.

President.—Are you also satisfied with the tariff value?

Mr. Chinoy.—It is fixed every year. The system is all right.

President.—Are you satisfied with the system at present in vogue?

Mr. Chinoy.—Yes.

President.—O re-reeled would come under other sorts.

Mr. Chinoy.—Yes.

President.—Is it correct to say that the price you have given is not the present price ruling in the market for Japanese filature silk but if any person wants to import to-day he cannot get it below that price? That means this: the present price is somewhere near Rs. 5-12. If anybody were to import to-day he would have to pay Rs. 650 per 100 kin.

Mr. Chinoy.—That is correct.

President.—In paragraph 4 you have discussed the question of prices of Indian silk as compared to Japanese silk and your point is that because Japan manufactures on a mass production scale and satisfies about 80 per cent. of the world's demand, she can sell before that of Indian price. I want to know whether it is not possible, given an adequate protection, to have mass production in India.

Mr. Karanjia.—I don't think they can beat Japan.

President.—Suppose adequate protection is granted to the industry, is it not possible for the Indian industry to erect a large number of filatures and have mass scale production?

Mr. Karanjia.—Protection to what extent? Adequate protection in the sense that they will require lakhs and lakhs of rupees or if you prohibit

absolutely imports of raw silk and then subsidies are given to them—until then they will not be able to do it. But in the present scale that you are helping the industry it is absolutely a loss to Government revenue: it is no protection to the indigenous industry; it is no protection to India but if you want to subsidise them to the extent they require, it will mean a huge sum, and then if you put a prohibitive duty on imports of foreign silk then only can do it after some ten years or so.

President.—You think that if protection is given it should be on a prohibitive basis and the money derived therefrom should be given back in certain proportions to the industry to utilise it with regard to the various facilities they require?

Mr. Karanjia.—Yes.

President.—Prohibitive duties in your opinion will not lead to smuggling?

Mr. Karanjia.—It will lead to smuggling. But Government will know that they have levied a, let us say, 500 per cent. duty and they will take steps to prohibit smuggling.

President.—All the provinces to-day are taking steps to prohibit smuggling.

Mr. Karanjia.—If you put down a prohibitive duty of 500 per cent. the silk that we now have at Rs. 5 will cost Rs. 25 and then if anybody comes and sells it at Rs. 10 it will be at once found out that it is smuggled goods.

President.—It will indirectly solve the problem of smuggling?

Mr. Karanjia.—Yes.

President.—Still you think that is the handicap to the industry?

Mr. Karanjia.—Yes.

President.—I personally have investigated this question and I do not think it exists in that proportion, and I do not think that it will prevent the development of the industry.

Mr. Karanjia.—No.

President.—With regard to question 7, you say there cannot be any comparison in quality between Indian silk and imported silk because they materially differ in many respects and you have given the example of colour. Is there any other point?

Mr. Karanjia.—There is the difference in wastage in boiling off. Have you investigated whether we can get white silk of the same colour as is coming from Japan? There is a demand mostly for white silk because those who want to manufacture bleached goods, if they take the yellow silk it does not give as nice a finish as they would like to.

President.—I find the Mysore silk is greenish white, not yellow.

Mr. Karanjia.—It may be greenish white but if you take the Shanghai or Japanese filature silk, when it is further bleached, it becomes absolutely snow white.

President.—What percentage of wastage you get in boiling off? I was told that between Indian and imported silk there was a difference of 3 per cent.—22 against 25.

Mr. Chinoy.—The same to-day, 29 tolas in a pound; some get 30 some get 31 in the case of Japanese white. Yellow gets less.

President.—The average difference will be 3 per cent. between Indian and foreign silk?

Mr. Chinoy.—Yes.

President.—In answer to question 10 you say that in the opinion of your Committee the lowest price for raw silk has been reached. But the prices appear to me to be on the high side at present?

Mr. Karanjia.—When the answer was sent prices were lower: to-day prices are 15 per cent. higher.

President.—Your prices at that time were practically the same. I will tell you the prices you gave for Japanese flature. You gave Rs. 5-6 for 20/22 denier.

Mr. Karanjia.—It is Rs. 5-12 now.

President.—You know they went below Rs. 5 in 1935?

Mr. Chinoy.—That was because of the Japanese bonded silk; that was old goods.

President.—In 1934 when Japan first began to send raw silk in India the prices were 8 to 12 annas lower than Canton flature silk; they remained at that level for one year and now the difference is about a rupee higher than Canton flature silk. The first time the Japanese people began to import was March, 1935?

Mr. Chinoy.—They began to send their silk in October, 1934.

President.—They started, to sell at Rs. 3-15 and continued very much below Rs. 5 and it was not until September, 1936, that prices began to rise till it went up one rupee higher than Canton silk.

Mr. Chinoy.—The consumers did not know what Japanese silk was.

President.—Looking to the cost of production in Japan as submitted to us from a very reliable source we find that the prices even at that time were much below the cost of production. In their own publication it was stated that in 1920, Japan gave a subsidy to the silk industry to the extent of 7 crores of yen and this morning it was admitted by the Japanese Chamber of Commerce that bonded silk was being sent here. The silk which was not preferred at that time in America had to be sent here in order not to displace the American market. One thing has been brought to our notice and that is that Japan is sending their 6th quality goods to India which they say is superior to the first quality manufactured in India. They said they had got qualities A, B, C, D, E, F, G and so on and they said the qualities coming here were below D and those qualities were superior to the first quality Indian silk.

Mr. Chinoy.—That is purely winding quality.

President.—Not in strength, lustre and fineness?

Mr. Karanjia.—That is so, otherwise how is it that France buys Kashmir silk in preference to Japanese silk. Actually in weaving when we use Kashmir silk we get better weaving than Japanese silk. Of course Kashmir silk is dearer.

President.—The prices in India of foreign silk are more or less influenced by the price in the American market and the Indian prices are governed by the foreign prices?

Mr. Karanjia.—That is true.

President.—You have again raised the question of smuggling and I would like to know whether you would wish to make a statement with regard to this question.

Mr. Karanjia.—That relates more to piecogoods.

President.—Is there any smuggling in raw silk?

Mr. Karanjia.—Ten per cent. of the total imports.

Mr. Chinoy.—They come through Mandalay, Siam and Yarkhand.

President.—I do not think Yarkhand silk is considered as smuggled silk.

Mr. Karanjia.—Yes.

President.—Are you aware of the cost of production in Kashmir and Mysore?

Mr. Karanjia.—Their prospectuses show it; there they distinctly say that they can make a profit of 15 per cent.

Mr. Chinoy.—In October 1936 the price of fresh cocoons in Srinagar was Rs. 12-8 for a maund of green cocoons and 3 maunds of green cocoons produce one pound of silk.

President.—How do you know that the price of Rs. 12-8 per maund was a remunerative price. The Government of Kashmir have sent us a memorandum in which they say that they were forced to reduce the price and were making a loss owing to Japanese competition.

Mr. Chinoy.—Last year they made a profit of Rs. 1,20,000 which they are going to distribute among the farmers.

President.—On what capital? It may be one crore of rupees?

Mr. Karanjia.—Even if it is one crore of rupees it means 1½ per cent.

President.—We are going to examine the Kashmir representatives at Simla. This point I raised with them informally at Poona and they definitely told us that Rs. 12-8 per maund was unremunerative. With regard to Mysore, Mr. Karanjia has raised a point which I dealt at length with the representatives of the Mysore Silk Filatures, Ltd., who appeared before the Board. The evidence they have given before the Board materially differs from what they published in the prospectus issued to the public. But Mr. Chinoy has better knowledge of the calculations that have been made and he will be able to throw further light on the subject. Mr. Rama Rao, the Chairman of the Mysore Silk Filatures, Ltd., gave us a rendita of 16-3 and annual production of 75,000 lbs. of silk. The price of cocoons on this basis comes to As. 4-1 per lb. as against 5 annas which is the minimum they have asked the Tariff Board to consider before we arrive at the fair selling price of silk. I could not reconcile myself with those figures and also there is a disparity with regard to the price of waste. They say they will get 50,000 pounds of waste for which they think they will be able to get one rupee per pound, whereas in their memorandum they have given the price somewhat about 8 annas. On that calculation instead of showing a fair selling price of Rs. 5-10 they have shown a fair selling price of Rs. 7-8. This is the reason why Mr. Karanjia has been able to say that Mysore can make money with the present production.

Mr. Anklesaria.—Mr. Karanjia, leave aside the prospectus business. You told us last time when we met that you had gone through the Reports and that the filatures had declared 15 per cent. as the dividend. I read through the evidence. This is what you said: "I have reports of the two filatures in Kollegal and Mysore from which it will be seen that they have declared a dividend of 15 per cent. and yet they are complaining that they want more protection."

Mr. Karanjia.—I mean the prospectus. Mr. Silva used to manufacture.

President.—Mr. Silva was originally in Bangalore.

Mr. Karanjia.—He was in Government service and retired.

President.—Mr. Silva was manufacturing silk in the Mysore State and he has transferred the filature to Kollegal in the Madras Presidency, but he is not making 15 per cent. As you say it is in the prospectus. Mr. Anklesaria raised the point quite correctly, because you had told us in the informal talk. I shall now take the Silk Merchants Associations' representation. Mr. Karanjia has sent a memorandum on the subject. They all deal with the same subject and they do not in any way differ materially from the points of view stated. The only point is the Association does not think the object with which this additional burden was imposed has been fulfilled. We have dealt with this question of duty and I don't think we need discuss that once more. Smuggling I have already dealt with. As regards the three points mentioned on page 2 of your memorandum, I propose to discuss them with the Collector of Customs, but before I do so, I would like to understand your point a little more clearly, because you are finding fault with the present system of levying duties.

Mr. Karanjia.—I may point out to you that the British Chamber of Commerce as well as the Associated Chambers of Commerce have also raised these points with the Central Board of Revenue. They have got agents in Karachi, Madras, Calcutta and several other places where these

goods are imported. Suppose the goods are imported in Bombay, the Customs are so clever as to go from door to door and ascertain the correct value not only wholesale, but even of one detailed piece and carry on, on that basis, while similar goods if imported into Madras or similar goods if imported into Calcutta, if they do not find the correct value of it, either they pay the *ad valorem* duty or duty on the price Rs. 2 or Rs. 3 less than the Bombay price. They may pay duty on the invoice value. Unless this distinction between the ports is done away with, it will encourage merchants instead of importing direct into Bombay to bring them through other ports such as Madras or Calcutta.

President.—What about freight?

Mr. Karanjia.—The freight is about Rs. 2, sometimes Rs. 1-8.

President.—I may be permitted to say that this system is not confined to silk. Our attention was also drawn to this in connection with the Paper industry. It all depends upon the quantity imported into a particular port and whether the market value could be easily ascertainable. If the quantity imported is very small, then they are not able to judge the correct value. The importers of paper represented to us that it would be better if they had tariff values instead of having market price and invoice value.

Mr. Karanjia.—That is what we have suggested.

President.—It was pointed out to us that only well-known qualities can be grouped for tariff values and not all qualities.

Mr. Karanjia.—Yes.

President.—If you have got any concrete suggestion or any scheme, we would like to have it.

Mr. Karanjia.—We have already sent.

President.—We have not received any copy.

Mr. Karanjia.—We also raised the question of the *ad valorem* system in it and we have submitted the grouping of various kinds of silk piecegoods and we have sent them to the Central Board of Revenue and Collector of Customs. The copy is with the Collector of Customs.

President.—You can send it to us later.

Mr. Karanjia.—Yes.

Mr. Anklesaria.—I thought you said that you didn't want any change.

President.—That was with reference to raw silk. This is with reference to silk goods.

Mr. Chinoy.—These 200 bales of handreeled silk from Japan have been assessed in Calcutta under the tariff value of Rs. 3-12 while in Bombay they have been charged on the invoice value. There is a dispute.

President.—Only Japanese filature silk is assessed on tariff value and the other silks which are coming in from Japan are assessed on invoice value.

Mr. Chinoy.—There is a dispute going on. Filatures are worked on electrical machine and these handreeled filatures are prepared on ordinary machine, but they are the same stuff.

Mr. Karanjia.—It is a matter of classification with the Collector of Customs. In Bombay and Madras they refused and have asked us to pay extra charges.

President.—It is very difficult for the Board to deal with individual cases. We are just trying to see how the present classification is working and how they are assessed to duty. You have told me about the system at present in force and we are taking it up with the Collector of Customs and see whether it can be made uniform throughout India. The third point is about defrauding the Customs Authorities.

Mr. Karanjia.—Yes by putting false invoices or various other methods.

President.—Have you brought this to the notice of the Customs Authorities?

Mr. Karanjia.—They know very well.

President.—These are the points which the Tariff Board cannot take up.

Mr. Karanjia.—On the basis of giving protection to the indigenous industries, these things come in. I can give you one particular instance which happened in the Customs only four months ago in which a merchant instead of paying Rs. 60,000 paid Rs. 19,000 and the goods were cleared. After the goods had passed the gates, they were again seized and it was found that the duty ought to be Rs. 60,000.

President.—They didn't go out eventually.

Mr. Karanjia.—Not in this particular instance, but many a time they went out.

President.—I may be permitted to point out that these are very serious allegations.

Mr. Karanjia.—I can prove it to the hilt.

President.—Your object is to point out how the the protection granted to the Indian industry is defeated by importing goods which are not properly assessed.

Mr. Karanjia.—Quite so.

President.—As regards your third point you say this is what happened in the Bombay Customs. From the bonded warehouses the real silk piece-goods were taken out, refilled with cotton rubbish with the same marks and number and those goods were re-shipped to outside as though from bonded warehouses.

Mr. Karanjia.—Say 50 cases marked 'Mr. Fazal Ibrahim Rahimtoola' arrived from Japan containing real silk piecegoods. They were bonded in the warehouse. With the connivance of officers, goods were taken out, refilled by cotton piecegoods, repacked, put again in the bonded warehouse and they were issued.

President.—These are serious charges to make.

Mr. Karanjia.—You can ask the Customs Collector. First paragraph: you can also ask the Collector of Customs. It was detected. Second paragraph: you can also find that lakhs of rupees were lost to Government and Government have not the courage to file a suit against those merchants.

President.—Has it been proved that this happened with the connivance of the officers concerned?

Mr. Karanjia.—The circumstantial evidence is that.

President.—At the end of page 3 you say: "In conclusion, we are prepared to give you specific instances as also the reports of smuggling which we have got in our files which will convince you that there is a strong case for reduction of duty of Rs. 2 per lb. on silk piecegoods."

Mr. Karanjia.—Yes. The only course left open is for the reduction of the duty.

President.—What is the present duty?

Mr. Karanjia.—The present duty on pure silk is 50 per cent. plus Rs. 2 a lb. according to your Report.

President.—According to our Report.

Mr. Karanjia.—It might be Rs. 4.

President.—This is on the basis of the Safeguarding of Industries Act. Apart from that, I want to know what reduction of duty you want.

Mr. Karanjia.—Pure silk and art silk, mixed goods. Abolition of Rs. 2 duty; only 50 per cent. *ad valorem*—no protective duty.

President.—This proposal will again be based on the Board's finding with regard to the protection to raw silk industry.

Mr. Karanjia.—That is true. Therefore just as Mr. Anklesaria suggests either levy a prohibitive duty or total prohibition of imports.

President.—Those duties have a relation on what the Board decide with regard to the future protection of the raw silk industry.

Mr. Karanjia.—I follow that.

President.—Mr. Karanjia, I will deal with your memorandum. In answer to question 6 you say that there is no special class of silk manufactured for the Indian market.

Mr. Karanjia.—That was in answer to a question which asked whether the Japanese people were sending out special quality to India.

President.—It appears from what we heard this morning that the quality which is being sent to India is special in the sense that it is a lower quality.

Mr. Chinoy.—According to the class of cocoons.

Mr. Karanjia.—It may be that the quality is inferior, but then the prices are not ruled by our demand.

President.—Irrespective of the cost of production, the prices are ruled according to the American market.

Mr. Karanjia.—Yes.

President.—Is staple fibre actually displacing real silk? The demand for pure raw silk has decreased because of the introduction of staple fibre. I thought staple fibre was taking the place of spun silk.

Mr. Karanjia.—Spun silk is in our raw silk classification.

President.—You think raw silk is also affected.

Mr. Chinoy.—Spun silk to a larger extent and real silk to some extent.

Mr. Karanjia.—Kashmir silk works out at Rs. 6 or Rs. 7.

President.—Our latest information is this. Mr. T. O. Wazir, Director of Sericulture, Jammu, appeared before us and said that he could not get for their best silk more than Rs. 5.

Mr. Chinoy.—That was the last sale.

President.—Rs. 5 appears very unfavourable compared with the price of Japanese and Canton silk.

Mr. Karanjia.—There is one point I want to mention about artificial silk yarn. The Director of Industries, Bombay, gave evidence before you yesterday and said that artificial silk goods compared with cotton piecegoods, I entirely disagree with him. The value of cotton piecegoods consumed, both imported and manufactured, amounts to Rs. 70 to 80, crores while the consumption of artificial silk cloth amounts to not even Rs. 1½ crores.

President.—You will admit that the import of artificial silk yarn has considerably increased since last year.

Mr. Karanjia.—Yes.

President.—From 17 lakhs of lbs. it has gone up to 31 lakhs of pounds. The poorer classes are wearing art silk goods. To that extent cotton piecegoods must suffer.

Mr. Karanjia.—On the contrary cotton piecegoods are benefited by the importation of artificial silk yarn in the sense that they mix artificial silk yarn with cotton yarn in making saris.

President.—Let us understand the facts. Three years ago, there was not a single mill which was manufacturing artificial silk piecegoods in India.

Mr. Karanjia.—Why not?

President.—In the last three years there has been a growth in the number of mills. At present there are about 50 mills.

Mr. Karanjia.—There will be about 80 mills throughout India. They will manufacture artificial silk goods and stop the importation of those goods from other countries.

President.—Who are the users of these goods?

Mr. Karanjia.—The consumers are the same.

President.—The consumers who originally used cotton.

Mr. Karanjia.—That is a mistake. Those who were using real silk goods are now using artificial silk goods.

President.—Is artificial silk competing with real silk?

Mr. Karanjia.—Yes, and not with cotton.

President.—The price difference, you will admit, is very great—from Rs. 6 to 12 annas.

Mr. Karanjia.—That is why it competes with real silk.

President.—Spun silk must also be competing with real silk.

Mr. Karanjia.—Yes.

President.—What about staple fibre?

Mr. Karanjia.—It also competes.

President.—What about neon and knitto yarn?

Mr. Karanjia.—Everything competes with pure silk. That is my view.

President.—Is that the view of those present here?

Mr. Karanjia.—Yes.

President.—It is good that you have raised that point in view of what has been placed before the Board.

Mr. Anklesaria.—Mr. Chinoy on page 7, you say "My Committee take it as their duty to further suggest that every infant industry invariably needs Government help and protection in the initial stages and hence think that what is most essentially required is the Government grants on a large scale in the extension and development of this vital industry and in increasing production of filature silks on a mass production basis which at present is comparatively poor being only 10 per cent. of the total Indian consumption".

Mr. Chinoy.—Yes.

Mr. Anklesaria.—Do you agree with the above opinion, Mr. Karanjia?

Mr. Karanjia.—I agree.

Mr. Anklesaria.—You would admit that it is possible to have mass production in India.

Mr. Karanjia.—Yes.

Mr. Anklesaria.—If you levy prohibitive duties on raw silk, then you must correspondingly levy prohibitive duties on every product in which silk enters.

Mr. Karanjia.—Yes.

Mr. Anklesaria.—Can you realise the amount of burden on the consumer?

Mr. Karanjia.—Exactly. I am coming to that point. There are two points of view.

Mr. Anklesaria.—That burden would be prohibitive.

Mr. Karanjia.—Yes. In that case you would levy excise duties on indigenous industries.

Mr. Anklesaria.—Do you suggest an excise duty on goods manufactured in India?

Mr. Karanjia.—If prohibitive duties are levied on raw silk, then you will produce the silk necessary for weaving in the country or the art silk necessary for weaving artificial silk cloth if a prohibitive duty were levied on art silk. Whatever revenue is lost to the Government by the imposition of import duties can be compensated by the levy of excise duties. Then Empire free trade would be there.

Mr. Anklesaria.—I am talking of the consumer.

President.—The point about the consumer was dealt with by the Fiscal Commission. They stated that when India was able to supply all the needs of the country by adopting large scale production methods, there would be internal competition which would determine the price to the consumer.

Mr. Anklesaria.—I am not disputing your statement. I am trying to support you.

Mr. Karanjia.—I quite agree with you.

Mr. Anklesaria.—If you put prohibitive duties on raw silk, you must put also prohibitive duties on everything in which raw silk enters.

Mr. Karanjia.—Quite right.

Mr. Anklesaria.—And that is not a possible thing.

Mr. Karanjia.—That is not possible. You are going to give protection to the indigenous industry and the burden will fall on the consumer.

Mr. Anklesaria.—I am going to suggest another way of helping the indigenous industry. If you grant that a prohibitive duty is out of the question on account of the prohibitive burden involved on the consumer, may I suggest to you that we should help the sericulturist so as to enable him to produce the raw silk at a remunerative price? If that could be done, the industry would be benefited without tariffs.

Mr. Karanjia.—It will take about thirty years.

Mr. Anklesaria.—I am coming to the question of period. What I want to put to you is this. If you help the sericulturist by giving him facilities such as education, subsidy, etc., for producing and coming up to the stage at which he will be able to produce his cocoon or raw silk at a remunerative price then I think the whole industry would be developed without any necessity of putting prohibitive duties.

Mr. Karanjia.—That is true. I may point out to you another thing. As the President pointed out, there were only three or four factories in India manufacturing silk and art silk piecegoods in India a few years ago. Now there are about 80 factories. Before these factories were started, goods imported from Japan used to be sold at 7 annas per yard. Since the factories have been started, though the duty is 5 annas per sq. yard, the price in Bombay to-day is 3 to 4 annas per yard.

Mr. Anklesaria.—I am now talking of the raw silk industry. I say if you can help the sericulturist.

Mr. Karanjia.—By what means?

Mr. Anklesaria.—By educating him.

Mr. Karanjia.—It requires money.

Mr. Anklesaria.—Yes, if you can find money to help him.

Mr. Karanjia.—The Government of India are not going to help Kashmir and Mysore. If Indian States want to help their cultivators, they may do so. They are not doing it at the moment and the Government of India are also not doing it.

Mr. Anklesaria.—First as regards the help to the sericulturist by Government.

Mr. Karanjia.—By which Government?

Mr. Anklesaria.—Any Government which is concerned with sericulture.

Mr. Karanjia.—You are enquiring into the sericultural industry on behalf of the Government of India.

Mr. Anklesaria.—We are enquiring into the question of continuance of protection to the Sericultural Industry in India, including Indian States.

Mr. Karanjia.—You are not taking cudgels against Indian States.

Mr. Anklesaria.—No.

Mr. Karanjia.—Not one or two lakhs but about 20 or 30 lakhs of rupees you would require.

Mr. Anklesaria.—You will also agree with me that there is no single country in the world in which sericulture has been developed except by helping the sericulturist by Government.

Mr. Karanjia.—That is true.

Mr. Anklesaria.—In your opinion there is no objection to the Government of India following the example of other Governments throughout the world.

Mr. Karanjia.—No.

Mr. Chinoy.—Since 1914 when Maxwell Lefroy's report was published, we were expecting Government to do something.

Mr. Anklesaria.—If instead of protective tariffs, you resort to bounties to sericulturists, your objection to smuggling would be of no avail.

Mr. Karanjia.—Naturally.

Mr. Anklesaria.—There would be no burden on the consumer.

Mr. Karanjia.—No.

Mr. Anklesaria.—From all these points of view, bounty would be preferable to protective tariffs.

Mr. Karanjia.—Quite right.

Mr. Anklesaria.—As regards the quality of Indian silk, you have not tried Mysore silk.

Mr. Karanjia.—I would like to.

Mr. Anklesaria.—Allow me to tell you that Mysore silk has got this peculiar quality that it takes any colour including white.

Mr. Karanjia.—White is the natural colour.

Mr. Anklesaria.—You can bleach it to the same extent as any other silk.

Mr. Karanjia.—This we do without bleaching.

Mr. Anklesaria.—Mysore silk is not actually white. It is very nearly white. It has got this peculiar property. It takes any dye which any other silk in the world takes.

Mr. Karanjia.—It requires bleaching. That means extra cost.

Mr. Karanjia.—What is the cost of the best quality Mysore silk?

Mr. Chinoy.—It is Rs. 7-4.

President.—They cannot sell it at that price.

Mr. Chinoy.—No.

Mr. Anklesaria.—You don't think that there is dumping from Japan?

Mr. Karanjia.—Dumping of raw silk or piecegoods?

Mr. Anklesaria.—Is there any dumping of raw silk?

Mr. Karanjia.—No.

Mr. Anklesaria.—I will give you a definition of the word 'dumping' as given by the Fiscal Commission, in paragraph 134 of their report (handed the book). You can see the definition for yourself. If the price to the domestic consumer is higher than the export price, then it is called dumping. In that sense, is there any dumping?

Mr. Karanjia.—No.

Mr. Anklesaria.—Why not?

Mr. Karanjia.—Just as we have cotton futures, so have they silk exchange.

Mr. Karanjia.—I do not think so.

Mr. Anklesaria.—Have you enquired of the sale price in Japan to the Japanese consumer?

Mr. Karanjia.—Yes. They have got 10 per cent. extra to pay, what they call excise duty, for the home consumption, otherwise the price is the same. They give a bounty of 10 per cent. What they do is this:—oppose the export price is 100 Yen per picul, for home consumption it is 110 Yen plus 10 per cent.; that means 121 Yen.

Mr. Anklesaria.—Do I take it that the price to the domestic consumer is 10 per cent. higher?

Mr. Chinoy.—Yes.

Mr. Anklesaria.—In that case it would be dumping according to the Fiscal Commission?

Mr. Karanjia.—Of course it would be.

Mr. Anklesaria.—During the informal discussion we had with you, you told us that it was due to the extra 14 annas duty that you were incurring a loss on manufactured goods, and that the indigenous industries would be benefited if the 14 annas duty was abolished. Suppose we took off this 14 annas how will you benefit? It will lower your cost of production by 14 annas?

Mr. Karanjia.—Yes.

Mr. Anklesaria.—And that is the difference between the price of cloth you produce and the foreign cloth?

Mr. Karanjia.—Yes.

Mr. Anklesaria.—You say in the same manner the indigenous industry will be benefited if the 14 annas duty is abolished. Do you mean the sericultural industry?

Mr. Karanjia.—I mean the handloom weaver.

Mr. Anklesaria.—I want to understand one or two points with regard to this bonded silk. When did it first start?

Mr. Karanjia.—October, 1934.

Mr. Anklesaria.—What proportion?

Mr. Karanjia.—They are releasing 10,000 bales every year.

Mr. Anklesaria.—What is the total number of bales?

Mr. Karanjia.—About 80,000 bales. The goods were 7 to 8 years old and they were rejected in America.

Mr. Anklesaria.—The balance we were told was 44,000 bales.

Mr. Karanjia.—That would be correct.

Mr. Anklesaria.—Various deniers are given. Can you tell us what is the bulk coming to India?

Mr. Karanjia.—20/22 will be 80 per cent. and 13/15, 20 per cent.

President.—The present price you say is Rs. 5-12 whereas the figures worked out by you come to Rs. 6-10, so I asked whether if anybody wants to import in future, he would get at the price of Rs. 5-12.

Mr. Karanjia.—Yes.

President.—What is the price of twisted silk?

Mr. Karanjia.—Rs. 6-14. Last year it was Rs. 8-12 per lb.

18. SILK AND ART SILK MILLS ASSOCIATION, BOMBAY.

Evidence of Mr. RAMDEO ANANDILAL PODAR, Chairman of the Association, representing Shree Shakti Silk Mills, Limited, Mr. B. N. KARANJIA, Vice-Chairman, representing Indianese Silk Mills, Limited, Mr. D. N. SHROFF, Hon. Secretary, representing New Era Textile Mills, Limited, and Mr. C. S. DOSHI, Member, representing Bharat Silk Mills, recorded at Bombay on Wednesday, the 31st August, 1938.

President.—Mr. Podar, you are the Chairman of the Silk and Art Silk Mills Association.

Mr. Podar.—Yes.

President.—Mr. Karanjia, you are the Vice-Chairman.

Mr. Karanjia.—Yes.

President.—Mr. Shroff, you are the Honorary Secretary of the Association.

Mr. Shroff.—Yes.

Mr. Karanjia.—I want to make my position clear. I am the President of the Silk Merchants' Association representing the importers of silk goods. Representing the importers, I gave evidence before the Board yesterday, and therefore I do not wish to take any part in to-day's deliberations.

President.—I quite appreciate your point of view. Yesterday you were an importer and to-day you are a manufacturer. Therefore the conflict between the two interests may arise. Would you like Mr. Podar to represent the views of the Silk and Art Silk Mills Association?

Mr. Karanjia.—Yes.

President.—Shall I deal with your covering letter first?

Mr. Podar.—Yes.

President.—Do I understand that you want the Tariff Board to consider the question of protecting only the weaving industry of this country?

Mr. Podar.—Yes.

President.—In that case, it is outside our terms of reference.

Mr. Shroff.—Without the weaving industry how are you going to support the sericultural industry.

President.—Mr. Shroff, you are not prepared to support the sericultural industry.

Mr. Shroff.—We are prepared to do so.

President.—You said that the production of raw silk in India was so small that you would not be justified in recommending protection. You say "As regards Mr. Advani's request for increasing duty on silk, art silk and staple fibre yarn, we are of the opinion that the same will not help sericultural now". That means you are opposed to the protection of the sericultural industry. If you confine yourself to the question of protecting the weaving industry, then I say that it is not within our terms of reference to consider it independently.

Mr. Shroff.—We say in the last paragraph "If, however, the view is taken that Government should have sufficient revenue, then in no case import duty on yarn should be increased without proportional increase on

import duty on piecegoods which would not only protect the infant industry and the capital invested due to present 5 annas revenue tariff on imported art silk piecegoods but will at the same time not be injurious in the extension of sericulture and help the hand-loom industry as well".

President.—I cannot follow. What do you mean? Do you recommend protection to the sericultural industry or not; leave aside the amount. The Board wants to find out whether the industry deserves protection or not. If you say no protection is necessary then *ipso facto* we cannot consider the question of the claims of the weaving industry.

Mr. Shroff.—We are of opinion that protective duty would not help sericulture; we are for a bounty.

President.—The question of form and the amount has not yet been considered by us. If you say sericultural industry deserves protection then we can proceed with the discussion.

Mr. Shroff.—We have specified these things, bounties and protective duties and say that any duty that is levied should be used for the purpose of the industry.

President.—No bounty is mentioned in your letter.

Mr. Karanjia.—The only thing the manufacturers want is this. There is a specific duty of 5 annas a sq. yard and they feel that this 5 annas a sq. yard which is a revenue duty should be turned on to artificial silk goods. You must recommend in this way that this revenue duty of 5 annas should be taken as protective duty so that so many mills which have been started may not be ruined.

President.—As I told you the present protection enjoyed by the sericultural industry is not due to the findings of the Tariff Board but a result of the Safeguarding of Industries Act and the man who conducted the enquiry was the Director General of Commercial Intelligence and Statistics. It was on his report that the duties were levied though they have been considered as protective.

Mr. Karanjia.—How long is this protective duty to be continued?

President.—For this year. Then it will depend on the recommendations of the Tariff Board. Suppose we find that art silk is competing with raw silk as we found on the last occasion and if we increase the duty on art silk yarn, then to that extent it is within our terms of reference to increase it on textiles. But if we decided that art silk does not compete then the Board has no *locus standi* to recommend protection or to increase the duty on art silk goods. You are using a very large quantity of art silk yarn and we want to go through those figures with you. I want you to understand the position of the Board clearly with regard to protection.

Mr. Shroff.—Yes.

President.—Shall we first get an idea of the kinds of goods that are coming into India which compete with art silk and silk goods manufactured in this country. I understand that there is a difference in the rate of duty between goods coming from China and those coming from Japan.

Mr. Karanjia.—On art silk imported from Shanghai or imported from Japan the duty is the same.

President.—Do you mean to convey to the Board that only artificial silk goods are being manufactured in India and not real silk goods?

Mr. Karanjia.—90 per cent. artificial goods.

President.—I want to understand what qualities are competing with both art silk and silk goods made in India. There is a difference in duty on silk goods coming from China and goods coming from Japan.

Mr. Karanjia.—Yes. I understand the bulk of the competition is from Japanese goods.

President.—Under what category are art silk goods classified? Do they all come under "All other sorts"?

Mr. Shroff.—All plain artificial silk goods below 5 annas come under 50 per cent. *ad valorem*. They fall under fabrics not otherwise specified containing 90 per cent. of art silk.

Mr. Karanjia.—Yes, that is mixture.

President.—The bulk of the importation of artificial silk goods pay 5 annas duty. As far as art silk goods are concerned there is no competition from England.

Mr. Karanjia.—No.

President.—What about mixed fabrics? Are you manufacturing any?

Mr. Shroff.—Sometimes art silk and pure silk and also cotton and art silk as well as staple fibre and art silk mixtures, but it is only a very small quantity.

President.—Are you using any imported raw silk?

Mr. Poddar.—We do. We cannot use Indian raw silk because it is not available here, and because the price is high.

President.—Silk is available, Mr. Poddar. The Kashmir people are complaining bitterly about their being not able to sell their silk in India at remunerative prices.

Mr. Shroff.—The silk that we get from Kashmir is not in as perfect a condition as we get from Japan. That means we have to twist and wind it and in that we lose heavily.

President.—Even the imported raw silk has to be twisted and wound like the Indian raw silk.

Mr. Shroff.—There is a difference because in the Japanese there will be a difference of 2 deniers and in the Indian 4 to 5 deniers. That means there is no fineness. The second point is the gum and the third is the colour.

Mr. Karanjia.—The colour is yellow.

Mr. Shroff.—We get some silk from Mysore which is white but even then we do not get the whiteness that we get in the silk from Japan.

President.—Why do you want white?

Mr. Shroff.—It is specially manufactured into georgettes and we have to maintain this whiteness. I have myself manufactured on piece from Kashmir silk and one from Mysore silk and one from Japanese silk and there was difference in the price of Rs. 2.

President.—When you bleach the Mysore raw silk you get the same whiteness?

Mr. Shroff.—“It is difficult to bleach”.

Mr. Podar.—I have written to Mysore and we have received a reply that they are unable to meet the demand of their own factories and they are therefore not in a position to supply outsiders.

President.—You must have addressed the Mysore Government filature. The Mysore Government filature was put up principally, to supply raw silk to the Mysore silk weaving factory; it is not a marketable product nor is the filature an economic unit. But there was a filature in Bangalore belonging to Mr. Silva and he was selling raw silk.

Mr. Podar.—Yes and the Mysore Government referred us to Mr. Silva.

President.—The position is quite correct, but recently one new filature has come into being of which Mr. Chinoy is one of the directors and they intend putting in the market 70,000 lbs. of raw silk a year and they have got a scheme to erect four more filatures round about that place provided adequate protection is granted to the industry. If, therefore, protection is granted then within a short time you will be able to get a large quantity of filature silk in India. But at present the silk that is being sold is mainly from Kashmir. I think there is hardly any filature in Bengal at present though many years ago there were no less than 4,000 filatures in that place.

Mr. Karanjia.—Yes.

President.—Mr. Karanjia, do I understand that you are not much interested in pure silk goods?

Mr. Karanjia.—My own mill is dealing only with pure silk.

President.—You will be governed in that case by sec. 46 (1). What classes compete with your goods?

Mr. Karanjia.—Hundreds of classes are coming from Japan. We here manufacture 10 or 15 qualities, viz., georgette, crepe-de-chene satin, crepe, etc.

President.—How do the prices compare?

Mr. Karanjia.—Japanese prices are 10 per cent. lower.

President.—In spite of the duties?

Mr. Karanjia.—Yes.

President.—Your point is that the present protective duty on artificial silk goods has given a fillip to the artificial silk weaving industry in India.

Mr. Karanjia.—Definitely.

President.—The present duty on artificial silk yarn which is your raw material at the present moment does not injure the industry with the present protective on piece-goods, is that correct?

Mr. Shroff.—Yes.

President.—Are you using to any extent staple fibre?

Mr. Karanjia.—No.

Mr. Shroff.—Some mills are using staple fibre as weft.

President.—And also pure silk as weft?

Mr. Shroff.—Yes.

President.—Not cotton so far.

Mr. Shroff.—Cotton also sometimes.

President.—Is it mercerised?

Mr. Shroff.—Yes.

President.—I have received individual costings, but I wanted the Association to give me costs of a few typical samples in comparison with the costs of the imported article to enable us to judge the justification of your proposal of continuing the present protective duty of 5 annas a pound. Would you send that on to me?

Mr. Karanjia.—Yes.

President.—I want it on behalf of the Association.

Mr. Karanjia.—Yes. Do you want for handlooms?

President.—You are interested in powerlooms?

Mr. Shroff.—Yes.

Mr. Podar.—At the same time you will visit one or two mills.

President.—We have already visited the mills. I want to know the total number of looms working in Bombay.

Mr. Shroff.—8,100 looms on art silk.

President.—Have you considered the question of what an economic unit should be? After all when I take the costs of the typical cloth, the cost will vary according to the unit of production and if the bulk of the units are put up without any regard to the economic unit, to that extent I will have to make an adjustment.

Mr. Shroff.—Quite.

President.—So I would like you to give me an idea.

Mr. Shroff.—I think all these individual replies will give you an idea.

President.—The individual replies that I have received show me a divergent opinion with regard to the number of looms and I could not possibly arrive at a figure for economic unit. The industry now has had experience of three years.

Mr. Shroff.—You should not take three years.

President.—I said having regard to the three years' experience you ought to be able to tell me the economic unit.

Mr. Shroff.—No. 3 mills were started in 1935. All have come in 1937.

President.—Was it about 18 months ago?

Mr. Shroff.—Yes.

President.—Even then I think experience would tell you what an economic unit is under Indian conditions?

Mr. Shroff.—We quite understand what an economic unit is.

President.—Has anybody studied the industry of Japan?

Mr. Podar.—I will send you the details later.

President.—What about the market? Are you able to dispose of your goods in the Bombay Presidency or are you exporting outside the Presidency?

Mr. Podar.—We haven't got to go outside India.

President.—You are selling all over India?

Mr. Podar.—Yes.

President.—What quality of goods you are making manufacturing?

Mr. Karanjia.—Taffeta, Shiozie and Satin.

President.—Formerly these three qualities were coming from Japan?

Mr. Karanjia.—Yes.

President.—The imports have stopped.

Mr. Karanjia.—Yes.

President.—Now Japan is confining to other articles.

Mr. Karanjia.—Yes.

President.—What are the other articles?

Mr. Karanjia.—Fancy goods.

President.—Made out of art silk?

Mr. Karanjia.—Yes.

President.—Could not fancy goods be manufactured in India?

Mr. Shroff.—Because of the reason.

President.—What is the reason?

Mr. Karanjia.—The reason is the inefficiency of the weavers.

President.—You haven't got the proper technical men.

Mr. Shroff.—Yes.

President.—Are you making any efforts to get over this difficulty.

Mr. Karanjia.—We are making all efforts. I wish to make one suggestion and that is for you to recommend to Government. We used to import a large quantity of gold thread from France. A technical school was started at Surat and the workers used to go there and the technician used to teach them. As a result of that, Surat is flourishing in that industry and not a yard of gold thread is imported into India. In the same way a small fancy goods factory might be started by Government to give some training and experience to the weavers here. Muhammadan weavers are experts in that line. Suppose they learn.

President.—Do you mean that Government should conduct a weaving class?

Mr. Karanjia.—Yes. I think this kind of fancy cloth which is not manufactured by us would be manufactured.

President.—Fancy cloth at present is manufactured by the handlooms.

Mr. Karanjia.—Either by Power loom or handloom.

President.—Are your products coming into competition with the handloom products?

Mr. Karanjia.—No. Handloom products are very inferior.

Mr. Shroff.—They are unbleached. Their weaving is different and style is different.

Mr. Karanjia.—They are cheap too. Striped shirtings, if we manufacture cost about 4 or 5 annas, while in Amritsar and Jullunder they manufacture at 2 to 3 annas.

President.—What about saris?

Mr. Shroff.—We are not competing in saris.

President.—You are manufacturing saris.

Mr. Shroff.—Yea.

President.—Handloom people from Poona and other centres tell us that the mill goods are definitely competing with their products.

Mr. Shroff.—In Bombay there are only two mills Courtaulds and ours. The price is Rs. 5 a sari. The handlooms sell saris at prices ranging from Rs. 1-8 to Rs. 2-4.

President.—Which sari? Is it the plain sari?

Mr. Shroff.—Yea in which artificial silk yarn is used.

President.—The prices given to us are different.

Mr. Shroff.—I shall give you the details later.

Mr. Karanjia.—One point is very pertinent and that is this: when we started these mills for weaving artificial silk and so on, we used to get Japanese exports from Japan and those people came here and taught us about the manufacture of taffetas, Shiozio and Georgette. Now when the Japanese know that our industry would be absolutely ruined, they have stopped sending in Japanese for teaching weaving in India.

President.—Some time before you had brought out trained men from Switzerland.

Mr. Karanjia.—Their salaries are different, Rs. 1,500 and Rs. 2,000, while the Japanese come for Rs. 100. They have stopped sending. Unless Government helps, we won't be able to develop the industry.

President.—If you have no Sericultural industry, they will stop selling you yarn with the result lakhs of rupees invested in the industry will have to suffer.

Mr. Karanjia.—Sericultural industry is very very old and they know the technical side of it. In the case of weaving we do not know.

President.—If you say that your industry should be entirely dependant upon foreign raw material, sooner or later you will come to grief.

Mr. Karanjia.—They are bound to. Their only industry is raw. Japan's main production is silk and artificial silk.

Mr. Anklesuria.—They will put their own price on it.

Mr. Karanjia.—Other countries will compete.

President.—You will not get artificial silk at the price at which you are getting to-day.

Mr. Karanjia.—Why not?

President.—Because it doesn't pay England and Italy to send it at that price.

Mr. Karanjia.—The difference is only 2 annas per pound.

President.—Because Japan is the competitor.

Mr. Karanjia.—Yes.

President.—That is not remunerative to Italy. We have received news that there is an Association formed in Italy to subsidise the industry.

Mr. Karanjia.—That will give us the impetus to start the industry.

President.—Until you start, you could not kill the industry.

Mr. Karanjia.—One man coming from Madras showed me the artificial silk yarn. The only thing was that the production was uneconomic. He

could produce for 12 annas per pound, while we get including the duty at 9 or 10 annas. If that duty goes away, we will be able to manufacture.

President.—I understand that the Central Cotton Committee is moving in this matter.

Mr. Karanjia.—They have an Institute and they are doing nothing.

Mr. Anklesaria.—Your opinion is that it will not be possible.

Mr. Karanjia.—Government should take action and then they can try. Last year the Government of India allotted Rs. 72,000 for this experiment purposes, but they withdrew the grant, because the Provincial Governments were going to do it. The Provincial Governments said "We are helping". Then we moved in the Council for a grant of Rs. 78,000 for making experiments, but that is not enough. We must have Rs. 10 to Rs. 20 lakhs. Then alone this industry will come up and develop like anything. When I approached Mr. C. Rajagopala Chari, he said: "We are not going to encourage this industry, because it will compete with our cotton industry and agriculturists will go to dogs. Therefore we are not going to have any rayon factory.

Mr. Anklesaria.—Is not Rayon yarn made of cotton linters?

Mr. Karanjia.—The one that is made of cotton is a bit dearer than the one made out of wood pulp. Therefore it won't help us. So Governments' opinions are conflicting.

Mr. Anklesaria.—At present wood pulp is not being found in India. The Paper industry is all built on bamboo pulp.

Mr. Karanjia.—Here in Pawai Estate there are some plants from which we can produce pulp.

Mr. Anklesaria.—Have you brought this matter to the notice of the Provincial Government?

Mr. Karanjia.—Yes. I said in my speech also in the council.

Mr. Anklesaria.—This question about freight is one I want to understand. You say that Japanese goods are being delivered at the same price in upcountry centres as in Bombay.

Mr. Karanjia.—There is not much force in it.

Mr. Anklesaria.—I suppose I need not go into the question of smuggling. We have had enough of it. We have dealt with it fully and we need not repeat.

Mr. Karanjia.—Quite.

Mr. Anklesaria.—Mr. Podar, how much interest are you earning?

Mr. Podar.—We can't say at present. The industry is in the infant stage.

Mr. Anklesaria.—Can you tell me the highest interest earned by any of your concern and the lowest?

Mr. Podar.—After providing necessary depreciation and all these things.

Mr. Anklesaria.—You say in your representation that you have been earning nominal rate of interest. What do you mean by 'nominal'?

Mr. Shroff.—It would be a good day if we were getting nominal interest. I think we are not earning nominal rate of interest, i.e., 5 per cent. At present we are losing. But that is not due to competition. That is due to the internal competition.

Mr. Anklesaria.—What about developing the Sericultural industry on the technical side of it, so that we could get good yield and better quality. The essential thing is that.

Mr. Podar.—As you have said just now, the protective duty will expire by the end of March, 1939.

Mr. Anklesaria.—It is put for a period of 5 years. Now the Tariff Board is enquiring whether further protection is necessary and if so to what extent.

Mr. Podar.—This industry has cropped up. The duty is put for 5 years and for two years people waited and then started. After that period the duty will be a bit reduced.

President.—All I can say is that your application should be addressed to the Government of India.

Mr. Karanjia.—My point so far in discussing that question is this. Your recommendations will be about the Sericultural industry.

President.—I have already explained the position of the Board. The Board has got quite an open mind on the question about protection. We are at present investigating the problem. As I explained to Mr. Shroff, the form of protection is not settled even if we do give protection. So all these questions are being investigated and it is too early to say what the ultimate recommendations of the Board will be. But if you think that in the next financial year the duty is likely to be reduced according to such information as you may have, then it is for your Association to go direct to the Government of India with a representation on the subject.

Mr. Karanjia.—At the same time I request that you should take this into consideration.

President.—I have taken note of the views of the Association.

Mr. Karanjia.—There are about 3,100 looms in Bombay.

President.—What is the capital involved?

Mr. Karanjia.—I think about Rs. 2 crores altogether, 7,000 looms for the whole of India.

President.—How many men are engaged in the industry?

Mr. Karanjia.—About 20,000 men.

President.—That is about 1 lakh of people.

Mr. Podar.—Yes.

President.—These are the working men?

Mr. Podar.—Yes.

President.—20,000 is labour.

Mr. Podar.—Yes. There is one thing more. The product of this industry is chiefly used by the middle class people, because they can't afford the high class silk.

President.—It is middle class men's wear.

Mr. Podar.—Yes. I have got figures regarding the world production of fibres. The percentage of silk fibre is '3. If the Tariff Board recommend protection to the silk industry, we have no objection to that. You should protect the Sericultural industry.

President.—You are in favour of protection.

Mr. Podar.—Yes.

President.—'3 per cent. silk is under Art silk.

Mr. Podar.—Your duty will only apply to '3 per cent. of the whole world's fibre production. The total production of the fibres of the whole world is 100. 62 per cent. is cotton, 14 per cent. is jute is '3 per cent. I am giving these figures from memory. I will send you correct figures later.

President.—They are interesting figures. What is your conclusion?

Mr. Podar.—You are only trying to protect '3 per cent.

President.—I am not protecting silk goods.

Mr. Podar.—You should take into consideration from this '3 per cent., what will be our share?

President.—You must not forget that you are now talking in percentages. If you talk in yardage, '3 per cent. will be more. It will be something substantial.

Mr. Podar.—Our share in that is very little. We have now sunk a large amount of capital in this new industry. My Association is chiefly interested in that.

President.—We have taken note of that.

Mr. Podar.—All our members are interested in this art silk industry. So, on behalf of my Association I would request that you should keep in view the interests of our Association.

President.—Is there any other point?

Mr. Shroff.—If the sericultural industry is to be protected, then piece-goods also should be protected.

President.—There should be a countervailing duty.

Mr. Shroff.—Yes.

President.—You would recommend a subsidy in case the Board decides to grant protection.

Mr. Shroff.—Yes.

President.—But you must understand one thing with regard to subsidy. By whatever means you give protection to the industry, imports must fall.

Mr. Shroff.—Yes.

President.—If imports fall to that extent the loss of Customs revenue will arise.

Mr. Shroff.—Yes.

President.—Over and above that, they will have to give protection in the shape of subsidy. Suppose we decide Rs. 2 should be the amount of protection per lb., if India is producing 15 lakhs of lbs., Government will have to give Rs. 30 lakhs, so that when you say that Government should give subsidy, you must also take into consideration the amount of money required and the loss of revenue.

Mr. Shroff.—You can increase the duty on artificial silk yarn and piecegoods and make the income.

President.—The income will not be there. The cloth will not come. The income will be there only if the cloth comes.

Mr. Shroff.—It will come. At least the yarn will come.

President.—The yarn will come at a price which will not be remunerative to use.

Mr. Shroff.—The duty on yarn will not make a big difference in the price of the cloth.

President.—Even if we increase the duty?

Mr. Shroff.—Yes, even if you increase it by an anna.

President.—You would not object to any increase in the duty.

Mr. Shroff.—No, provided the duty on cloth is increased.

Mr. Anklesaria.—You just now stated that you would want the raw silk to be protected.

Mr. Shroff.—Yes.

Mr. Anklesaria.—Are these views your personal views or the views of your Association?

Mr. Shroff.—I have said that the Association has no objection.

Mr. Anklesaria.—Your Association says that they would not like to protect the raw silk industry. Now have they modified their views?

Mr. Shroff.—In the last paragraph we have said that if Government desire that it should be protected we do not object to it.

Mr. Anklesaria.—What is your considered view?

Mr. Podar.—So far as we are concerned I have stated to you that my Association is chiefly interested in art silk.

Mr. Anklesaria.—Would you like the sericultural industry to be protected or not?

Mr. Podar.—It should be protected. At the same time our point of view must be considered.

19. THE VICE-CONSUL FOR CHINA, BOMBAY.

**Evidence of Messrs. Y. S. CHEN, K. L. LAU and C. N. DAJI,
recorded at Bombay on Wednesday, the 31st August, 1938.**

President.—Mr. Chen, you are the Vice-Consul for China?

Mr. Chen.—Yes.

President.—Mr. Lau, you are a merchant trading under the name of Yue Loong Hing Kee?

Mr. Lau.—Yes.

President.—And Mr. Daji?

Mr. Daji.—I am the "conseiller".

President.—I had better run through the answers to the Board's questionnaire as submitted by you and see whether there is any point which requires to be further explained.

Mr. Chen.—Yes.

President.—What exactly do you wish to convey by unfair competition?

Mr. Chen.—Chinese silk, what you call real silk, is meeting unfair competition from real and artificial silk from Japan in all markets. Artificial silk is very cheap whereas in the manufacture of real silk the labour and other costs are more and thus we are handicapped in the market. Then there is the question of subvention. For instance in the case of Japanese silk they get all kinds of assistance.

President.—Can we say that Japanese silk in markets including India is sold, at present by the Japanese Government at an unremunerative price due to the advances made to the manufacturers.

Mr. Chen.—Not only advancing it. Sometimes they take up the goods under indemnity bond, what they call bonded silk. In that way they take at a cheap price and find a market for them in some countries and sell them cheap. For instance, we find that Japanese silk here is cheaper than Chinese silk.

President.—Not to-day.

Mr. Chen.—Some kinds are cheaper in India than Chinese silk.

President.—My information is that the present market price of Japanese raw silk is about 12 annas to Rs. 1 higher than the price of Chinese silk.

Mr. Chen.—I mean piecegoods, not necessarily raw silk.

President.—I am talking of raw silk. Your prices were higher. In 1934, when Japanese silk was first introduced into India, Japanese prices were as low as Rs. 3-14 per lb. But that lasted for about 18 months but since then the price on an average is roughly one rupee higher than the Chinese price.

Mr. Chen.—Yes, just under a rupee.

President.—By unfair competition what you wish to convey is competition of substitute fibres, namely art silk and staple fibres. According to you they are indirectly competing with raw silk and that competition you regard as unfair competition because the price difference is too narrow.

Mr. Chen.—That is right in some sense.

President.—I do not know how you can possibly object to countries producing various kinds of fibres. Unfair competition would be only with regard to bonded silk which is being sold irrespective of the cost of production and thereby injuring not only the Chinese industry but also the Indian industry.

Mr. Chen.—Our contention is that indirect competition is further helped by the tariff rates in force without benefiting the Indian industry itself. Also, competition would be unfair in other respects too.

President.—Is it true that barring raw silk China is not producing any other kind of silk, e.g., staple fibre?

Mr. Chen.—No, not to my knowledge.

President.—We were told yesterday that somebody imported staple fibre from China.

Mr. Chen.—It may be Japanese.

President.—As far as Shanghai is concerned nearly the whole of it still belong to China?

Mr. Chen.—The fact is that all the coast line north of Canton and Swatow is blockaded by the Japanese, the ports of Tientsin, Amoy, Shanghai, etc., included.

President.—Anything coming from Shanghai at the present moment would be Japanese.

Mr. Chen.—Not necessarily. For instance, we have some mills in Shanghai which are entirely Chinese and which are producing silk goods and raw silk.

President.—Are they sending their goods now to India?

Mr. Chen.—They have lost their market here owing to Japanese competition. Only some Canton merchants have survived.

President.—Where do the Shanghai people send their goods?

Mr. Chen.—Some of them are being exported to Indo-China. That is now the most important centre.

President.—Can you give us the prices of Canton and Shanghai silk in the home market? I suppose a certain amount is still being sold in China itself.

Mr. Chen.—I will try to give you as far as possible.

President.—The other point you have touched is with regard to the handicap to the Chinese silk industry owing to the present Indian duties.

Mr. Chen.—Yes. Tariff on silk is preferential; there is the same rate of duty on raw silk as well as artificial silk, and naturally artificial silk will always have a better market because it is produced cheap.

President.—Even in this paragraph you mean competition with other fibres and you think that the duty should be raised on these fibres to counteract to the competition with raw silk.

Mr. Chen.—Yes, it is these that most compete with Indian silk.

President.—You are talking of the present duty on raw silk and comparing them with the duties on other articles.

Mr. Anklesaria.—Your handicap refers to the unfair practice of the Japanese.

Mr. Daji.—Unfair practice of the Japanese as well as tariff rates in force at present. They bear unfavourably on Chinese silk in particular.

Mr. Chen.—It leaves us at a disadvantage in competition with Japanese goods. In the following table we show exactly how the Chinese goods are affected.

Mr. Anklesaria.—I cannot agree with you that the tariff should discriminate between China and Japan.

Mr. Daji.—It should not. But our grievance is that the present tariff does in fact discriminate against Chinese goods as shown from results.

President.—Let us trace the history of the silk industry of China as given by you. In 1930, you say, Chinese silk interests suffered very heavily and the Government came to their rescue by granting subsidy.

Mr. Daji.—It was in 1933.

President.—It was at the time when the Tariff Board was first investigating the claims of protection to the sericulture industry.

Mr. Daji.—Just before that.

President.—When did the subsidy cease to operate.

Mr. Chen.—That was for one season only.

President.—What was the accumulation of stock that necessitated the subsidy?

Mr. Daji.—The producers and all these people had mortgaged their goods to the banks.

President.—Could you give us the amount of the silk?

Mr. Chen.—We have no information at hand. We will try to get it.

Mr. Daji.—Our information is that Japanese silk going to America is selling at higher price and the Japanese take advantage of that and sell in the Indian market at a lower price.

President.—Your point is this that they are producing several qualities and sending the best qualities to America and getting very good price for it. The other qualities are being sent to India and sold at unremunerative prices because they have already made profits on the higher qualities of silk. That is the point and that has hit both China and India?

Mr. Chen.—That is so.

President.—They do not send bonded silk to America?

Mr. Chen.—No, because that will hit their trade.

President.—Will you be in a position to give us the prices of raw silk in the American market? Are you sending any goods there?

Mr. Chen.—Sometimes we do.

President.—What is the quantity you are exporting to America.

Mr. Chen.—I cannot tell you right now.

President.—You can send it to me later, and also the market prices in America for Chinese silk as well as Japanese.

Mr. Chen.—Yes.

President.—You have given me to understand that since the end of 1933 or the beginning of 1934, Government have taken no measures for the general rehabilitation of the industry.

Mr. Chen.—No, Government have taken all just measures.

President.—You will admit that depreciation of exchange is a very powerful weapon of Government to capture foreign markets.

Mr. Chen.—In that respect I would like to explain to you. There are nowadays in China two kinds of exchange rates quoted. As regards Government transaction and all other just and due transactions sanctioned by the Government, there is always one fixed official rate as before. Government have not at all devaluated the Chinese money. But the unsanctioned transactions are being carried on at other rates of exchange.

President.—What is the Government rate?

Mr. Chen.—About Rs. 80 to 100 Standard Dollars.

President.—There is Shanghai tael, is it not?

Mr. Chen.—Tails are no longer in currency.

President.—In 1933, there was Shanghai tael.

Mr. Daji.—That was prior to March, 1933.

President.—No it was in force in 1933 May when we submitted our last report.

Mr. Daji.—Tael was then abolished and the Standard Dollar was introduced.

President.—When was it introduced?

Mr. Daji.—On 10th March, 1933.

President.—I do not think that that is correct. It must be after we submitted our report.

Mr. Chen.—It was in March, 1933, that we changed over from varied taels to an invariable standardised dollar.

President.—What is the present exchange?

Mr. Chen.—No more taels, at present. When they were abolished, the relationship between the discarded Haikwan Taels (which were used in Customs) and the Standard Dollar was 100 : 155.80 respectively.

President.—You have got Hongkong dollars.

Mr. Doji.—That is in Hongkong currency. There is a difference between Standard Chinese dollars and Hongkong dollars.

President.—In 1934, the Shanghai tael was abolished. I think that would be correct to say.

Mr. Chen.—Prior to that, in March, 1933, all taels were abolished.

President.—What was the exchange of the dollar on gold parity?

Mr. Chen.—1s. 2d. per dollar. Still the official rate is just the same.

President.—What is the actual business rate?

Mr. Chen.—The other open market rate we find is not the official rate.

President.—Still the business is being done on that.

Mr. Chen.—Not necessarily. All just and due transactions sanctioned by the Government are carried on at the official rate.

President.—In India it is Rs. 49 for 100 dollars?

Mr. Chen.—That is the Shanghai open market exchange.

President.—Can you oblige the Board by giving a complete note with regard to the exchange policy of the Chinese Government and the variations in exchange both Hongkong and Shanghai?

Mr. Chen.—Hongkong is British.

President.—We are getting Canton flature silk which is governed by the Hongkong dollar.

Mr. Chen.—Not necessarily. Many firms cope with the Chinese dollar and, that too at the official rate.

President.—Is it not a fact that some quantity of Chinese silk coming from Canton is valued on the basis of a Hongkong dollar?

Mr. Chen.—Yes.

President.—I have got the various quotations. I want you to submit a statement giving me the full details of exchange from 1933, up to date both for Shanghai and Hongkong.

Mr. Doji.—Prior to 1935, when the Chinese currency was stabilised the exchange fluctuated between Rs. 78 to Rs. 115 for 100 dollars.

President.—What is that?

Mr. Doji.—I mean the Chinese standard dollar. Hongkong exchange was 3 or 4 rupees more for 100 dollars. The Chinese Government took steps and stabilised the currency and thereafter the exchange remained firm at about Rs. 80 for 100 dollars. Hongkong dollars adjusted themselves at Rs. 83 to 100 Sk. dollars.

President.—To-day it is somewhere about Rs. 85 to 100 dollars.

Mr. Doji.—Yes, the Hongkong exchange. After the Sino-Japanese war was in progress for some months, Government stopped supporting unjust and undue transactions on the Shanghai exchange which had not received their sanction. The Shanghai exchange accordingly came down for lack of Government support.

President.—To that extent it is an advantage to the importer.

Mr. Doji.—It must be appreciated that the currency of China is now a managed currency and Government keep up the exchange for all just and due transactions.

President.—Government have not been successful.

Mr. Daji.—They have been all along successful in fact. Even now they have succeeded in keeping up the exchange stable for all official and other just and due transactions sanctioned by them. Prior to the change of Government headquarters, they were signally successful.

President.—When was it?

Mr. Daji.—They went to Chungking in about December, 1937. They then managed their currency from Hankow. Official exchange rate still remains at about Rs. 80 per 100 dollars.

President.—Still the business is done from where?

Mr. Daji.—From Shanghai as well as other ports.

President.—What about Canton flature silk?

Mr. Daji.—That is coming via Hongkong.

President.—That would be governed by the other dollar?

Mr. Daji.—Would be in some cases.

President.—Shanghai dollar has gone down.

Mr. Daji.—You mean standard dollar. It is gone down in the open market because there is no support of Government as before explained.

President.—Can you give us an idea as to the steps the Government took to reduce the cost of production and improve the quality of cocoons and silk. You have not given me any idea. You simply say it was done. Please see paragraph 3.

Mr. Anklesaria.—You describe the efforts but you do not give us the result.

Mr. Daji.—Unfortunately we had not detailed information at hand.

President.—That will not give us the idea of the percentage of reduction in various stages.

Mr. Daji.—We have not had sufficient time and we have got to get it from the Government.

President.—If you could send the information by about the end of October, 1938, it would be all right.

Mr. Daji.—We shall try.

President.—You are very definite with regard to the results when you say in paragraph 3, page 2 of your note that as a result of the efforts of this Commission exports showed marked increase and so also the market price of silk. If you supply the Board a copy of the report of this Commission, that will be very helpful.

Mr. Anklesaria.—Can you give me a copy of that Commission's Report?

Mr. Daji.—We will let you know.

President.—The names given by you in paragraph 4 of the note with regard to many varieties of silkworms, are they all supposed to be multi-voltine?

Mr. Chen.—Yes.

President.—You have got no univoltine worms?

Mr. Chen.—They tried it but they were not successful.

President.—Is it due to climatic conditions.

Mr. Chen.—Seems so.

President.—Efforts were made but they were not successful.

Mr. Daji.—Quite so.

President.—This paragraph deals with the efforts made to improve the quality of silk with regard to the yield and you think your experience has shown that cross-breed seeds give you better yield and more silk.

Mr. Chen.—That is true.

President.—You are crossing that with what?

Mr. Chen.—White univoltine.

President.—From which countries are you getting?

Mr. Chen.—They are experimenting with univoltines of countries like Italy and France.

President.—In the next paragraph (5), you have described the development stage and I do not know whether it would be correct to say that the average is 48 days 23 hours.

Mr. Chen.—That is from the summary published in one of the books.

President.—It appears to me to be on the high side. The number of days from the seed to the spinning cocoon should be lower than 48 days 23 hours.

Mr. Chen.—It perhaps includes incubation period.

President.—You might make enquiries and let us know.

Mr. Chen.—Yes, we'll see.

President.—The percentage of loss of silkworm is 12.22. Is it due to disease?

Mr. Chen.—As regards these technical matters we have no personal knowledge.

President.—I won't trouble you with regard to these things that you have given me because I find most of them are on the high side and not quite accurate looking to the industry in Japan and even in India. Therefore I want you to just verify and give us a note with regard to the present position on all these points.

Mr. Chen.—Yes.

President.—It is no use my asking you questions of costs.

Mr. Chen.—Quite.

President.—With regard to your cost of mulberry. It comes to Rs. 1-0-6 per lb. It is nowhere near the figures we have been able to get from other sources. As the source of information you have collected is from your records, I don't want to trouble you. I would like you to give me recent figures.

Mr. Chen.—Yes.

President.—Can you give me the wage of a reeler?

Mr. Chen.—No, I am sorry.

President.—Will you be able to supply me fuller information.

Mr. Chen.—I will try to.

President.—What is the exact meaning you wish to convey by saying that the Chinese market has indeed been affected by imports into China by illegitimate means?

Mr. Chen.—Smuggling.

President.—Is it in the Chinese markets?

Mr. Chen.—There is even open smuggling supported by armed forces of a foreign Government.

President.—Are you talking of war period?

Mr. Chen.—Even before the war. So many Customs Officers have been fired upon and killed at Tientsin and other places.

President.—Do I understand that the Chinese Government are not able to cope with the question of smuggling by the Japanese because it is done with the assistance of armed forces?

Mr. Chen.—The question requires some understanding. Since, as I said, the smuggling in China was supported by the armed forces of a foreign Government, it would have meant going to war with that foreign power. In view of the policy of our Government, which was then based on peace at any price, the Government was not willing to go to war and accordingly we had to give a loose rope to some extent. That was why smuggling was rampant in North China ports and smuggled goods were

later carried to some other places in China. In Southern parts of China smuggling was not unknown.

President.—This also relates to piecegoods?

Mr. Chen.—Not only silk, but sugar and anything and everything that was worth smuggling.

Mr. Anklesaria.—What is the meaning of the next sentence—"But the effect on Chinese silk has been more marked"?

Mr. Chen.—The Chinese silk was predominant in all markets. On account of the Japanese competition, it has lost its predominant position.

President.—The imports of Chinese silk in other markets have dwindled down because of the Japanese competition in those markets.

Mr. Chen.—Yes.

President.—From the figures you will find that imports into India from China have been replaced by Japan approximately to the same extent.

Mr. Chen.—Exactly, and that is worth noting.

Mr. Anklesaria.—What do you mean by the word "howsoever" in the last sentence of the same paragraph?

Mr. Daji.—Fair or foul.

President.—In your next page you start discussing the duties in India.

Mr. Daji.—Yes.

President.—When you say "at that time", do you mean the time when the last Tariff Board enquired into the conditions of the industry?

Mr. Chen.—Yes. "At that time it was pointed out by my predecessor in office and the Chinese traders that the Chinese silk goods coming under the operation of the Indian Tariff, particularly most of the Cantonese goods, were of a class and quality different from that which is being produced in India or likely to be produced here. It was also pointed out that as they cater to the needs of poorer and some particular classes of people in India, the result of the enhanced tariff would at least in the case of Chinese silk result only in increasing the burden of the particular consuming class of such product....."

President.—That is the very point you raised in the informal talk we had with you the other day. I have told you to submit to us a detailed statement showing the quality of Chinese silk imported into India, which does not come into direct competition with Indian silk. I may tell you that my information is that the quality of Indian silk is equal if not slightly superior to Canton silk.

Mr. Chen.—Kashmir and Mysore silks in particular are superior to Canton silk.

President.—Your quality does come into direct competition because your prices being lower than the Japanese by about a rupee.

Mr. Chen.—My statement referred to piecegoods and to the needs of a particular class of consumers in this country.

President.—I shall come to piecegoods later. I am just confining myself to raw silk.

President.—That does not apply to raw silk.

Mr. Daji.—No.

President.—In the next page you have shown us the imports of artificial silk and their values. I think we have dealt with the general trend of those imports into this country. I take it that there is also a large importation of artificial silk into China from Japan. Is there any other country which is sending it?

Mr. Chen.—Italy does.

President.—What about England and Germany.

Mr. Chen.—I understand that the imports come mostly Japan and to a small extent from Italy,

President.—Are you getting the bulk of it from Japan?

Mr. Chen.—Yes, I think so, and a bit from Italy. I have no knowledge of English or German artificial silk being imported into China.

President.—Paragraph 12 deals with fall in the imports of Chinese silk. Does this apply to manufactured articles?

Mr. Daji.—Raw and manufactured both.

President.—As you have pointed out in the subsequent paragraph the competition was from Japan. Whatever fall there was in the import of Chinese silk, it was replaced by the Japanese silk and not by the Indian silk. In fact our information is that the production of Indian silk, in spite of the grant of protection to the industry, has gone down. Therefore the Indian silk has not replaced the Chinese silk. The Chinese silk has only been replaced by the Japanese.

Mr. Chen.—Yes, and that is exactly what we wish you will please note. It is very significant, particularly as that result has followed after the last tariff changes in India.

President.—The figures prove that to be absolutely correct.

Mr. Chen.—We contend that the tariff has worked that way, and in fact has resulted indirectly in discriminating against Chinese goods.

President.—I am only making it clear that the drop in the Chinese import is not due to any protection granted to the Indian industry or any increased production of Indian silk. If tariff has affected Chinese imports it would have affected both countries and it would have led to the increased production in India. The manufacturers in India have given us to understand that the protection that has been granted at present is very inadequate and the result is that there has been a decrease in the production of silk in India. But the consumption of silk in India is more or less stationary. In 1933 when the last tariff Board enquired into the Sericultural Industry, 50 per cent. of the demand in India was met by Indian production. To-day the figure has gone down and therefore it is not the Indian silk that is competing with the Chinese silk, but Japanese silk.

Mr. Chen.—Quite so, and I believe you will also appreciate, and I am sure that the fact is borne out by figures, that Chinese silk has not also competed with the Indian silk. It may be said to have supplemented the demand rather than compete with the Indian industry. In case you are inclined to suggest an increase in the duty

President.—I am coming to that. I want to know your suggestion with regard to protection in case the Board decides that the industry deserves protection. What are your proposals? You say that there was artificial appreciation of exchange in the summer of 1934 continuing upto the autumn of 1935.

Mr. Chen.—Yes, till the autumn of 1935.

President.—What are these figures of silk yarns? Where did you get them from?

Mr. Chen.—From the Seaborne trade statistics.

President.—Is it twisted yarn or is it spun silk?

Mr. Chen.—Spun silk.

President.—Those declared values you have taken from the Customs figures.

Mr. Chen.—Yes.

President.—What the Board would like to have is the present prices of Chinese silk in India.

Mr. Chen.—Unfortunately there are no Chinese merchant dealing in all the different kinds of silk.

President.—There are Indian merchants dealing in Chinese silk. Can we say that the prices submitted to us yesterday by the Indian merchants dealing in Chinese silk would represent absolutely the correct data?

Mr. Chen.—We have no information.

President.—Can you give me the Chinese silk prices obtaining in China? I will tell you why I want them. At present I find under the Customs classification, there are four kinds of silk which are at present imported from China, viz., waste products, Dupion all kinds, hand reeled (excluding re-reeled) and all other sorts. They are coming in different names. Does the name signify the name of the company or the kind of silk. I will tell you the names. Will you please refer to page 127 of the last Tariff Board Report?

Mr. Chen.—They are all Chinese.

President.—What do these names signify? Do they signify the names of places or names of filatures?

Mr. Chen.—Minchow is the name of a place. Tsingchow is also a place.

President.—Minchow filatures means filatures round about Minchow.

Mr. Chen.—Yes.

President.—Will you please refer to paragraph 183 of the last Tariff Board Report. The names of imported silks are given under two headings: "filatures and re-reeled silks" and "Native re-reeled and dupion silks". I would like to have the prices of all these silks. I would also like to know what these names signify in each and every case.

Mr. Chen.—I will try to furnish them if possible.

President.—I would like to have their present prices also. If you could give me c.i.f. prices, it would be quite all right.

Mr. Chen.—I will try.

President.—On page 9 of your note you say that imports have remained steady since 1935. But I find in the last three months the imports of Canton silk have jumped up. The imports in the months of April, May and June show a very large increase. Even the Japanese imports have decreased as compared with the Canton imports. Can you account for that?

Mr. Chen.—Certainly. On account of the war which is being waged in China, the Japanese government do not seem to be able to help the Japanese manufacturers in the dumping of their goods in other countries. Their manufacturers have suffered a little also from the same cause and added to that is the transport difficulties for carrying goods from Japan to other ports. As against that, Chinese manufacturers are eager to dispose of their stock of goods even at sacrifice for fear of destruction by warfare or of foreign occupation. And do these import figures include imports from Shanghai also?

President.—It does not specify whether it is Canton or Shanghai. The figures are roughly 285,000 as against 27,000 cwts. from Japan.

Mr. Chen.—It must include imports from Shanghai also. As some of the ports are now used also by the Japanese, the rise in imports from China may partly be explained by the fact they might include Japanese silk shipped from Chinese ports.

President.—Would the Customs people not know whether it is Chinese or Japanese?

Mr. Chen.—I do not know whether they can do or not. Probably they go by declarations.

President.—Shall we say that since the war started some portion of the Chinese territory has been taken by the Japanese and that the Chinese imports indicated in the Customs returns may not give a correct idea of the actual Chinese silk? Would that be correct?

Mr. Chen.—To a certain extent that would be correct. We are surprised at these figures because I understand that most of the Chinese filatures have been destroyed in the Shanghai district. Only a few have been saved. However, we have to remember that the period under consideration is quite

an abnormal period of war and figures of this period cannot rightly form the basis of deductions. I may also say that it is possible that the Chinese manufacturers have by exporting their manufactures preferred to convert their goods into cash to meet the exigencies of the time. They well may have sacrificed these goods at whatever prices they could forthwith realise for that purpose and therefore the figures of exports and prices in these days should be well left out of consideration.

President.—I have been going through the figures for April, May and June of 1936, 1937 and 1938 and find that in 1936, which was before the war your imports were 68,078 lbs. but in 1937, during that the same period it jumped up to 2,06,000 lbs.

Mr. Daji.—We have pointed out the reason for it in paragraph 13 of our note, namely Government restrictions in Japan on the production of cocoon crops and damages caused by natural causes.

President.—These imports indicate imports from China.

Mr. Daji.—I should say yes subject to what we have already mentioned about smuggling in China.

President.—It is a very big jump and it was before the war?

Mr. Chen.—As stated before, in North China smuggling has been rampant for the last three or four years. I will let you have a very interesting note on that. I think we have a pamphlet on "Smuggling in North China".

President.—You admit in paragraph 14 of your note that Chinese goods have suffered on account of dumping of other foreign materials. The whole of this paragraph refers to Japan. I find that the Japanese exchange did not fluctuate much during the last three years.

Mr. Chen.—At present it is Rs. 79.

President.—We got figures yesterday from the Importers Association and I find that since the last Tariff Board reported the difference in exchange is only about Rs. 12.

Mr. Daji.—They have got all sorts of concessions; they have their own steamers.

President.—Can you tell me what other forms of facilities the Japanese Government grant for the export trade?

Mr. Chen.—Nobody knows of all the concessions they do in fact get but it is true that they are helped by Government buying their goods and selling at a lower price.

President.—Are cheaper freight rates quoted to Japanese manufacturers?

Mr. Chen.—I am not in a position here to assert that.

President.—You have made this statement and I thought it would be better if you could substantiate it by a little more evidence.

Mr. Chen.—I am afraid it is not so easy.

President.—You have already promised to give me a note with regard to the measures taken by the Chinese Government to stimulate their trade.

Mr. Chen.—Yes.

President.—How do you compare the Chinese quality with the Japanese quality of raw silk?

Mr. Chen.—I am sorry we cannot enlighten you on the technicalities.

President.—We were told by the Japanese Chamber of Commerce that they produce about 10 qualities and the first six qualities are exported to America and inferior qualities are coming to India. I want to know what is the position with regard to Chinese silk. Whether you have so many qualities and if so what qualities are coming into India. How do the qualities coming into India compare with the qualities coming from Japan?

Mr. Chen.—We will try to verify the same and let you know.

President.—Are you interested in raw silk.

Mr. Chen.—Yes.

Mr. Anklesaria.—Did you not say that the Japanese silk was superior to Chinese silk?

Mr. Chen.—As regards filature silk it is superior to hand-reeled silk of China.

Mr. Anklesaria.—The imports that are given in the Customs returns do not give us an idea as to what proportion each quality represents.

Mr. Chen.—No.

Mr. Anklesaria.—The bulk of the qualities of Chinese silk is the quality that is coming to India.

Mr. Chen.—That is not exactly so.

Mr. Anklesaria.—Four qualities of silk are coming into India under different tariff values and different classifications but in the import figures they are all grouped into one and therefore we do not know what quality each class represents. If you could give us some idea that would enable us to estimate the extent of competition with the Indian silk.

Mr. Daji.—In our statistics (Table B) we have given it.

President.—Take Table B; take one figure, let us say, dupion silk. In 1933-34 it was 1,14,900 kilo which is equal to 229,354 lbs. Will that be correct?

Mr. Daji.—In our statement items 1 to 6 are raw silk.

President.—The total comes to about Rs. 17 lakhs. The value is in Shanghai dollars. What exchange shall I take to convert that into rupees?

Mr. Daji.—1s. 2d. to a dollar.

President.—You say because of the use of starch and coating with size the weight of Cantonese silk is heavier. Are all Japanese goods lighter?

Mr. Daji.—They have not got so much starch.

President.—What is the idea of having starch in the Chinese silk.

Mr. Daji.—Probably degumming is not proper.

Mr. Chen.—It is due to the silk waste not being so good. Without starch it does not look so attractive.

President.—Are the goods manufactured in Canton made of Charka silk or silk waste?

Mr. Chen.—Both, but mostly silk waste.

President.—That means spun silk and charka silk: that is handreeled.

Mr. Chen.—Yes.

President.—And therefore the silk not being of good quality and a lot of gum remaining in the silk, the textile is heavier in weight as compared to goods manufactured in Japan?

Mr. Chen.—Yes.

President.—What kinds of goods are being imported into India?

Mr. Daji.—We produce the qualities of Canton goods (Handed in).

President.—Are these the qualities that are at present imported into India?

Mr. Chen.—Yes, from Canton.

President.—How are they grouped? I shall just take the present classification so that I can group these under those classifications. If you look at the footnote to item 48(c) in the Tariff Schedule it is stated that “(1) Chinese silk piecegoods, the following, namely Ghat-pote, plain and flower, and Gauze, plain and flower, are liable to duty at 50 per cent. *ad valorem plus* Re. 1 per lb. and (2) Pa; all sorts are exempt from so much of the duty as is in excess of 75 per cent. *ad valorem*”. This applies only to Chinese silk and all of these that you referred to just now are classed under these heads?

Mr. Chen.—Yes, so far as Canton goods are concerned.

President.—There is an uniform duty of 50 per cent. plus Re. 1 per lb. and Paj is exempt from so much of the duty as is in excess of 75 per cent. *ad valorem*. That means if the duty goes over 75 per cent. *ad valorem* then you get a refund.

Mr. Chen.—Yes.

President.—You are charged 75 per cent. *ad valorem* as the maximum on Paj.

Mr. Chen.—Yes.

President.—The difference is, I suppose, due to weight.

Mr. Chen.—Yes.

President.—The present duty on Chinese silk piecegoods is different to that levied on Japanese piecegoods.

Mr. Daji.—Yes. But that only affects Canton goods.

President.—Chinese piecegoods are coming only from Canton.

Mr. Chen.—From Shanghai too. There are no Chinese firms dealing in Shanghai goods here, but the Cantonese silk merchants are here.

President.—Your information is, I take it, based, in general, on the figures supplied by the Chinese merchants who are trading in India.

Mr. Chen.—Yes, some of the figures; and some we get from our reference books in office.

President.—Do not you keep yourselves in touch with the Indian merchants dealing in Chinese goods?

Mr. Daji.—We do with some of them. But they cannot give statistical information.

President.—I understand the Japanese people are always in touch with the handloom weavers and the raw silk merchants and ascertain their requirements. I would like to know whether such a procedure is being adopted by you in connection with the Indian merchants dealing in Chinese goods.

Mr. Daji.—The Japanese are doing it because there are Japanese merchants and their Chamber of Commerce here.

President.—A large number of Indian merchants also deal in Japanese silkgoods and Japanese raw silk.

Mr. Daji.—Yes.

President.—Some people have got their own offices in Japan.

Mr. Daji.—Yes. So have some in China.

President.—Have you any suggestion to make with regard to the duty on piecegoods? Do you think that this differentiation is quite correct?

Mr. Daji.—We are afraid not. In spite of the differentiation, this duty is shown to work quite unfavourably against Chinese goods.

President.—Can you give me a typical example of the Japanese cloth and the Chinese cloth and even with the difference in the duty, it amounts to a heavier duty on Chinese silk as compared to the Japanese. If you can give me typical instances for two or three kinds of silk, then it will give the Board an idea of your point of view.

Mr. Daji.—Yes.

President.—I want the prices of these when you send the note.

Mr. Daji.—Yes.

President.—Are they sold per yard or per pound?

Mr. Chen.—Per piece.

President.—What do you mean by saying that the figures do not show the imports of some silk products, like the waste, in which the volume of Chinese exports to India is not sufficient.

Mr. Daji.—They do export waste silk to some other countries. The amount sent to India is negligible. They have not shown separately exports to India, because they are negligible.

President.—You will find in the Tariff classification an item called "waste products". I suppose there are no imports under this head.

Mr. Daji.—Not to our knowledge.

President.—In Table A you have stated the export of silk yarn to British India. I suppose that figure is for spun silk.

Mr. Daji.—Yes.

President.—What proposals have you got to make with regard to the protection which is now enjoyed by the Indian industry? You are suffering more on account of the Japanese competition.

Mr. Chen.—Yes.

President.—I find from the statement which is submitted to the Director-General of Commercial Intelligence by the Collector of Customs showing the market prices for the month of June that waste products have got a price of Rs. 2-12 including the duty. That shows that some waste product silk is coming into India from China.

Mr. Chen.—May be.

Mr. Anklesaria.—I won't trouble you very much, because most of the points have been covered by the President. I just want to put one question to you. I suppose you agree that our Indian industry requires some sort of protection against the Japanese.

Mr. Chen.—It is a question for your consideration.

Mr. Anklesaria.—It will require protection also against the Italians or any other foreign country.

Mr. Chen.—The question of protection for the Indian industry is one for you. Since you have interviewed so many representatives of the industry, you are likely to have better views than I can express.

Mr. Anklesaria.—You may refuse to express your views. It is for you to say.

Mr. Chen.—I am sorry I am not in a position to answer.

Mr. Anklesaria.—You say that the Indian industry should have no protection against Chinese imports. That is what you say?

Mr. Chen.—No, that is not our contention. Our point is that by the present duty Chinese silk trade with India was unnecessarily penalised without corresponding gain to the Indian industry and that on the contrary our competitors have benefited.

Mr. Anklesaria.—Chinese products do not compete with the Indian products and therefore there should be no protection against Chinese?

Mr. Daji.—As proved by figures, some of these Chinese products in fact only supplement the Indian products. Therefore, if inconsiderate protection be adopted, interests of the consumers are sure to suffer.

Mr. Anklesaria.—Don't you think that your position is exactly the same as the position of the Japanese?

Mr. Daji.—If the two compete with the Indian industry, then they will be the same. But we submit that the case of Chinese products is different from the Japanese, which latter competes with the Indian products.

Mr. Anklesaria.—Can you tell me why there should be discrimination as regards protective tariffs between you and Japan?

Mr. Chen.—I say that the protective tariff does not in fact protect the Indian product as it is intended to do. Also, that some of the Chinese qualities that are coming to India are not produced in India.

Mr. Anklesaria.—What Chinese products do not compete with Indian products? Give us details.

Mr. Chen.—Chat-poto, for example.

Mr. Anklesaria.—Can you tell me what quantities of the Chinese products corresponding with this are being imported into India?

Mr. Chen.—On page 13 of the note we have given the import figures of one of the Cantonese firms.

President.—The total imports are given on page 8 of the note in millions of yards.

Mr. Chen.—On page 7 the value is given.

President.—It is not a very substantial portion of your total imports into India. Things which you sent out and which do not compete with Indian products do not form a substantial portion of your imports into India.

Mr. Daji.—That does not seem to be correct. However, we may state that so far as protective duties work out unfavourably to China equally with other countries, we don't want to make any representations against the protective tariffs as such. Previously we have not taken any attitude hostile to protective tariffs. In our letters to you we have made that position clear.

Mr. Anklesaria.—How can we discriminate between you and Japan as regards our protective scheme?

Mr. Chen.—We have only brought to your notice relevant facts to show that the present tariff does not in fact protect the Indian industry as against goods of all other countries, but that on the contrary it has only helped in replacing the Chinese products by the Japanese and the result proves that the tariff has the effect of discriminating against Chinese goods.

Mr. Anklesaria.—Kindly give us some ground on which we can justify discrimination against Japan if that is possible. By what system can we discriminate? Supposing we put duties on foreign silk imports at a certain figure, that figure would affect every importer into India. Shall we say in order to schedule that, goods from China shall pay so much and goods from Italy shall pay so much and so on?

Mr. Chen.—I do not know whether goods can be classified on tariff values.

Mr. Anklesaria.—Chinese goods should be separately classified.

President.—Raw silk of China is taxed separately on the Tariff Values.

Mr. Daji.—The results of the working of this schedule indicate that the values are not fixed properly. They have the effect of bearing heavily on Chinese silk than the other. Besides, we are also talking of silk goods.

President.—At present Chinese goods are bearing a differential duty.

Mr. Daji.—Not in all cases. And in those cases where differential duty is provided we submit the difference is not sufficient.

Mr. Anklesaria.—When you say that certain products of China do not compete with Indian products, I am not quite clear what you mean by that.

Mr. Daji.—They being entirely of a different class, they do not compete.

Mr. Anklesaria.—In case Chinese imports are stopped, the demand for Indian products will not increase?

Mr. Daji.—Are we talking of some Cantonese goods? These goods are mostly used in the Indian States.

Mr. Anklesaria.—My point is if you stop that, would that prevent Indian demand being increased.

Mr. Daji.—It might if you entirely stop them, though, I believe, not necessarily so.

Mr. Anklesaria.—Otherwise what will happen?

Mr. Daji.—The consumers will have to pay more to get them anyhow or else they might go without them.

Mr. Anklesaria.—The demand for the Indian article would be affected. In that case your product would be competing with the Indian product. You admit that?

Mr. Daji.—Yes, if the demand be affected. But in our opinion the demand will not be affected as our goods are supplementary.

Mr. Anklesaria.—What happens to your statement that these products do not compete with Indian products?

Mr. Chen.—We maintain it. Moreover some of them are only competing indirectly. I believe you are not going to stop entirely all foreign imports.

Mr. Daji.—In the last Tariff Report even it was recognised and conceded that the Chinese goods competed but indirectly with the Indian products.

Mr. Anklesaria.—Artificial silk goods compete indirectly, also the Chinese goods compete indirectly.

Mr. Daji.—I should say that the first compete more directly while the latter competes rather quite indirectly.

Mr. Anklesaria.—On page 12 of your representation you say "These firms who were of good standing and carrying on business honestly and straightforwardly without ever trying to evade in any wise payment of duties or dump their products, have found unfortunately that in the case of their products the law of diminishing returns had ceased to function". What do you mean by law of diminishing returns ceasing to function?

Mr. Daji.—They don't get sufficient profits to keep them going.

Mr. Anklesaria.—How does the law of diminishing returns cease to function?

Mr. Daji.—I am sorry. It should be "come into operation". It is a mistake.

Mr. Anklesaria.—Your Canton products refer to both Canton silk as well as silk goods.

Mr. Daji.—Particularly piecegoods.

President.—I wanted to make one point clear with regard to piecegoods. Qualities comparable to those that are at present coming from China are not manufactured in India. Is that a correct statement to make.

Mr. Chen.—That is correct.

President.—Your competition is with Japanese goods as far as these qualities are concerned.

Mr. Chen.—No, not with regard to these qualities. Japanese goods of other qualities have replaced the demand for Chinese goods on account of the tariff.

President.—You have got a differential duty partly because the bulk of your products are heavier than those of Japan.

Mr. Chen.—Yes.

President.—I want to understand another point. You know the present classification in the Tariff Schedule. Are you satisfied with the present classification both as regards raw silk and as regards piecegoods and their tariff values?

Mr. Chen.—We will consult the Indian merchants dealing in Chinese silk and let you know.

President.—Have you got any other point to place before the Board.

Mr. Chen.—I think that it would be of use if the Tariff Board would find out the qualities and quantities of goods selling in Japan and India.

President.—The Mysore Government have supplied us with full information on the question of dumping of Japanese silk and if you have got any other information which you think would be likely to prove useful to the Board, you might send us along with that note.

Mr. Chen.—Yes.

President.—We have also asked the Japanese Chamber of Commerce to supply us prices and cost figures. If you come across anything useful you may send it to us. Could you let us know how far the Chinese industry has suffered as a result of the present war?

Mr. Chen.—It is very hard to state the extent of the damage that the industry in China has suffered. I have already stated to the Board in my last informal talk with the Board that almost all the filatures have been destroyed or been carried away. All the filatures round about Shanghai and other big producing centres have been destroyed. All the machinery has been either taken away or destroyed. To what extent the industry has been destroyed it is difficult for me to say, though from all accounts it appears that the industry will take years now before it can send out its products to foreign markets.

20. THE BENGAL SIMLA SILK AND TUSSORE MANUFACTURING COMPANY, SURAT.

Evidence of Mr. RANDEIRA representing the Bengal Simla Silk and Tussore Manufacturing Company, recorded at Bombay on Wednesday, the 31st August, 1938.

President.—You are the Managing Director of the Bengal Simla and Tussore Manufacturing Company.

Mr. Randeira.—Yes. I am the managing Partner of the said firm.

President.—Is it a private limited concern?

Mr. Randeira.—It is an unlimited concern.

President.—How many handlooms have you got?

Mr. Randeira.—18 handlooms.

President.—Is it a handloom factory?

Mr. Randeira.—Yes.

President.—It means that you are the owner of handlooms.

Mr. Randeira.—Yes.

President.—You employ weavers as wage earners.

Mr. Randeira.—Yes.

President.—What wages do you pay?

Mr. Randeira.—12 annas per day. It depends on the work they do.

President.—What quality of goods are you turning out?

Mr. Randeira.—Coatings and shirtings.

President.—Are they made of staple fibre?

Mr. Randeira.—No, but of spun silk.

President.—Are you importing spun silk?

Mr. Randeira.—Yes.

President.—Are you able to market your products?

Mr. Randeira.—Very little. Since the additional duty of 14 annas was levied.

President.—Even after the duty, you have not changed over to staple fibre.

Mr. Randeira.—To-day we are manufacturing these qualities out of staple fibre.

President.—Are the cost figures that you have given for spun silk?

Mr. Randeira.—Yes, for spun silk.

President.—For both warp and weft, are you using spun silk?

Mr. Randeira.—Yes.

President.—The present price of 210/2 is Rs. 5-4 per lb.

Mr. Randeira.—Yes.

President.—Is 1/72 weft yarn coming into India?

Mr. Randeira.—Yes.

President.—The price of that is Rs. 4-8 per lb.

Mr. Randeira.—Yes.

President.—Are you able to sell locally or are you sending them up to Bombay?

Mr. Randeira.—We are selling in the Bombay market, as well as in up country.

President.—What is the price of spun silk goods per yard at present imported into this country? I have not been able to find out from the Customs Schedule under what classification the spun silk goods are assessed?

Mr. Randeira.—It is called Boseke.

President.—The difference between the Japanese price and the cost of manufacturing a similar article in India is about 3½ annas—11 annas as against 14½ annas per yard.

Mr. Randeira.—Yes. And the same is made on Power Looms.

President.—But if you look at the first statement you have given 12 annas 9 pica per yard. Even without the specific duty won't be able to sell.

Mr. Randeira.—No.

President.—Your statement does not seem to be quite correct. In the afternoon, Dr. A. C. Shah gave evidence that before the specific duty on spun silk was put, Surat was in a very flourishing state with regard to the production of goods made out of spun silk and it is only after the duty was put the consumption of spun silk decreased and the production of spun silk goods also decreased. Now people are taking more and more to staple fibre. With your cost of production, you cannot make both ends meet.

Mr. Randeira.—This comparison is made with Japan.

President.—I am also talking of Japan. The evidence that we have had so far is contrary to your statement.

Mr. Randeira.—Dr. Shah said that spun silk was cheap and that there was no staple yarn at that time.

President.—It has been coming in during the last three years.

Mr. Randeira.—Only after the 14 annas duty was levied. When it became cheaper than spun silk, there was a demand for it in the market.

President.—My point is this. You have given me two comparative statements.

Mr. Randeira.—In those days we the manufacturers of Surat were even not able to sell Boseki silk in competition with that of Japan and if you kindly refer to the custom report that will convince you that Boseki silk was imported in a large quantity.

President.—What silk were you making?

Mr. Randeira.—Coating silk and shirting but in a limited quantity.

President.—Why don't you give the cost of coating and shirting?

Mr. Randeira.—Like qualities of coatings are not coming into India.

President.—You have got a monopoly then if they are not coming in. As far as these articles are concerned, you have got a monopoly.

Mr. Randeira.—Other cheaper qualities are coming in and the same is the case for those qualities as well.

President.—Is it not a fact that the class of material which was manufactured before the specific duty was levied was saleable? I have seen the Customs figures in which the silk yarn, the bulk of which was spun silk, was shown as much as 20 lakhs of lbs. All that was spun silk which was coming into India if you took the imports of the last five years.

Mr. Randeira.—It has decreased.

President.—After the imposition of the specific duty. Before that, the condition of the industry was in a flourishing state.

Mr. Randeira.—Now the staple fibre has taken its place.

President.—Your statement reveals to me that even when there was no specific duty, you were not able to sell.

Mr. Randeira.—We were not selling in competition with Japan, as our marketing field is small, i.e., only Swadeshi dealers are stocking our goods.

President.—Why?

Mr. Randeira.—Our goods were dearer than that of Japan.

President.—Were you able to get a market for your goods?

Mr. Randeira.—There was very little demand for our goods because Japan was dumping, in all the markets.

President.—The duty on raw silk came into effect in April 1934 but the specific duty on spun silk came into effect only in 1936. Both are protective. At first Government did not accept the recommendation of the Board that there should be a simultaneous duty on other yarns. After two years the duty was imposed on spun silk and silk yarn. At first there was no duty on spun silk. Dr. Shah told us that the advantage which they had in respect of spun silk goods was lost when the duty was imposed on spun silk yarn and not on cloth. Is there any other point which you wish to place before the Board?

Mr. Randeira.—Our submission is that the duty on spun silk should be removed and there should be more protection for cloth.

President.—Do you want that there should be an increased duty on cloth and no protective duty on spun silk yarn?

Mr. Randeira.—Yes.

21. THE SURAT WEAVING ASSOCIATION, SURAT.

Evidence of Dr. AMICHAND C. SHAH, President, Surat Weaving Association, recorded at Bombay on Wednesday, the 31st August, 1938.

President.—Dr. Shah, you are the President of the Surat Weaving Association.

Dr. Shah.—Yes.

President.—How many members are there of your Association?

Dr. Shah.—About 90.

President.—All of them are manufacturers of pure silk and artificial silk piecegoods.

Dr. Shah.—Yes, and mixed also.

President.—And staple fibre goods also?

Dr. Shah.—Yes.

President.—Shall we say silk and mixed fabrics in general?

Dr. Shah.—Yes.

President.—How many looms are working now?

Dr. Shah.—3,000.

President.—Are all of them on silk?

Dr. Shah.—Formerly mostly on spun silk: now on art. silk, real silk and cotton.

President.—There is not a single loom out of this 3,000 which is purely on cotton?

Dr. Shah.—Yes there are some purely on mercerised cotton.

President.—If you exclude them, how many of them will be on silk? I am taking the mixtures also.

Dr. Shah.—If there is a demand for a particular cloth, they convert themselves at once. They are sometimes on mixtures and sometimes on pure goods.

President.—The overwhelming majority of looms are on silk and mixed goods.

Dr. Shah.—Yes, on spun silk and mixed.

President.—You say that the approximate number of people engaged are about 20,000.

Dr. Shah.—Yes.

President.—Does this number include people who are doing boiling off, twisting and dyeing? I understand from your replies that these are done by separate agencies.

Dr. Shah.—Yes, they are done by separate agencies. These are engaged in weaving. There are certain winders, warpers, dyers, etc.

President.—Altogether there will be 20,000 people engaged in the weaving industry.

Dr. Shah.—Yes.

President.—The prices that you have given here for silk are of course old prices. The present prices would be somewhat higher.

Dr. Shah.—Yes.

President.—What quantity of staple fibre is being consumed in Surat? Can you give us an idea?

Dr. Shah.—About 40,000 lbs. per month.

President.—That is not used exclusively in Surat.

Dr. Shah.—That is for Surat alone.

President.—How many lbs. of staple fibre would make a pound of cloth?

Dr. Shah.—A 30 yards piece with 25 to 26 inches width will be about 5 lbs.

President.—5 lbs. of staple fibre will make a piece of cloth of 30 yards, will it?

Dr. Shah.—Yes, A 30 yards piece will weigh about 5 to 6 lbs.

President.—How many pounds of staple fibre are required to make a yard of cloth? You may work it out and let me know later. I want to know the extent of production of goods out of staple fibre.

Dr. Shah.—Yes.

President.—When there are separate agencies for twisting, winding and boiling off, can you tell me their costs?

	Per cent.
<i>Dr. Shah.</i> —Raw materials about	50
Twisting	15
Dyeing	5
Wovving	20

President.—Are cash payments made to these agencies?

Dr. Shah.—Weavers are paid cash.

President.—I want to understand the system. Suppose a merchant buys raw silk, does he go straight to the twisting man or does he go to the weaver who arranges all these?

Dr. Shah.—He goes to the twisting man and grading man. He grades and twists them.

President.—Does he pay cash?

Dr. Shah.—Sometimes he pays cash. But generally they are paid in advance because they are always in need of money.

President.—Then he goes to the dyeing house.

Dr. Shah.—He goes to warpers, who prepare the warps. Then, if the cloth is to be dyed, he goes to the dyer. After coming from the dyer, it is put on the loom.

President.—The dyer does the boiling.

Dr. Shah.—Yes, everything.

President.—On the next page you have given us the types of cloth made in Surat in answer to one of our questions. I want to know whether these kinds of cloth are manufactured to-day. One is called Uhatput.

Dr. Shah.—It means a kind of sari cloth made from Satin. It is called Satin sari.

President.—Is it made now?

Dr. Shah.—It is made in Surat.

President.—Is Gauzo also manufactured?

Dr. Shah.—It is not.

President.—Is Poonjee or Paj made in India?

Dr. Shah.—No, it is not.

President.—Is Ojuria made in India?

Dr. Shah.—Not made in India.

President.—Is Dhupchow made in India?

Dr. Shah.—It means a combination of colours. It is not made here.

President.—What about Khaskhasia and Chikun?

Dr. Shah.—They are not made here.

President.—So the only cloth which is supposed to be made in India and which is competing with the Chinese is Satin.

Dr. Shah.—Yes.

President.—All the other cloths are not made in any large proportions. A list has been given to us by the Chinese Vice Consul this morning informing us that the following qualities of goods are being imported from China into India and that they are not directly competing with Indian goods, because these qualities are not manufactured in India. That is why I am asking you about these types of clothes. I want to know your opinion as to what you think about these items (shown).

Dr. Shah.—All these cloths can be made in India if there is sufficient protection.

President.—Do you know the present system of Customs classification of silk goods? At present they are coming under three heads:—Poonjee, Fuji and other sorts under which of these three headings the cloths imported from China come?

Dr. Shah.—I don't know.

President.—These must be your rivals. After all, when a manufacturer is turning out silk goods, he must know where his competition is coming from and what qualities. In which articles do you find most competition?

Dr. Shah.—Our competition is in Satin, silk coatings and shirtings.

President.—Is it mostly coming from Japan?

Dr. Shah.—Yes, and to a certain extent from China. Satin is made in Surat.

President.—I have seen that.

Dr. Shah.—There are two kinds of Satin. One is cotton based and the other silk based. It is called Putha.

President.—How did you arrive at this total annual production of articles, viz., Rs. 20 lakhs?

Dr. Shah.—Formerly Surat was sending a large quantity to Burma and other places. At that time the production was worth more than a crore of rupees a year. It has now been reduced to Rs. 20 lakhs. We enquired from merchants who were formerly sending their goods to distant places and we have been told that the quantity produced is valued at Rs. 20 lakhs.

President.—Can you give me the quantity and also the yardage figure?

Dr. Shah.—15 to 17 lakhs of yards.

President.—What is the position with regard to spun silk?

Dr. Shah.—The importations have decreased very much after the duty was levied.

President.—That means from 1936?

Dr. Shah.—When the 14 annas specific duty was added. The approximate value is about Rs. 3-12 and the 25 per cent. *ad valorem* plus 14 annas would increase the price by about 25 to 30 per cent. The duty on spun silk cloth is 50 per cent.

President.—That means that a proportionate increase was not made in the duty on spun silk cloth, and was a duty proposed as a protective measure for spun silk?

Dr. Shah.—Yes and that worked out to more than 30 per cent. on the value. 14 annas was not a fixed percentage.

President.—What are the kinds you are importing?

Dr. Shah.—2/120s, 2/160s and 2/210s. The bulk is 2/210s, 2/140s; 1/72s, 1/120s, each 2/60s, 2/80s.

President.—Are you importing any large quantities of artificial silk yarn?

Dr. Shah.—Artificial is not used in large quantities because we use it as a mixture of cotton and art. silk and also we mix with mercerised yarn and make various designs. After spun silk became costly and unsaleable we have imported staple fibre and art. silk.

President.—At present very little pure artificial goods are made in Surat?

Dr. Shah.—That is so.

President.—Do you use any quantity of nitte or noon yarn?

Dr. Shah.—They are used by people to make warp and weft, etc., to make the quality cheap.

President.—What is the opinion of the market with regard to these yarns?

Dr. Shah.—People do not like that but those who want only low priced articles buy it.

President.—It is not very much encouraged by the consumer?

Dr. Shah.—No.

President.—You have stated that the demand for natural silk is decreasing because of importations of artificial silk.

Dr. Shah.—Yes, it is replacing real silk to a very great extent. Formerly there was no artificial silk or staple fibre. These are now on the market and they are taking the place of real silk in all countries because it has lustre and also because people generally go in for cheaper goods.

President.—What do you think should be done by Indian manufacturers of real silk to make manufacturers of silk goods to purchase it in larger quantities?

Dr. Shah.—They must first improve the quality like the Japanese quality.

President.—What exactly is the Japanese quality?

Dr. Shah.—They seem to be very clean and well graded.

President.—The Japanese Chamber of Commerce gave evidence before the Board and they told us that they are producing about 10 qualities and that first four qualities are imported by America and the inferior qualities are coming into India. Do I understand that the inferior qualities produced in Japan are superior even to Indian filature silk?

Dr. Shah.—We manufacturers in Surat generally use filature silk. I do not know what qualities they are importing into India.

President.—Where do you get it from?

Dr. Shah.—From Kashmir and Bengal.

President.—How does the quality of Kashmir silk compare with Japanese silk?

Dr. Shah.—Japanese silk in grading is very even and Kashmir silk is not so very even.

President.—Shall we say in evenness it is not so good as the Japanese quality?

Dr. Shah.—Yes.

President.—In charka silk the winding quality is not good.

Dr. Shah.—No.

President.—What are your present proposals with regard to the duty on silk goods? You think the duties at present in force have helped the weaving industry in India?

Dr. Shah.—For art. silk business it has helped greatly; as regards spun silk it helped but it has now been removed by the imposition of the 14 annas specific duty, but in the case of pure silk goods if there is a high duty on cloth and no duty on yarn then naturally pure silk cloth will be manufactured on a large scale.

President.—You do not think the present duty on silk goods is sufficient inducement to produce goods in India to a large extent.

Dr. Shah.—No, unless the yarn is cheap.

President.—I will tell you how the duties have been levied. First we decide what should be the protection on yarn and then we recommend compensatory duties on silk goods, so that the increase in the yarn duty is offset by the increased cost of piecegoods.

Dr. Shah.—As far as my information goes, for whatever causes, real silk is being less used in Surat.

President.—Even the imported real silk?

Dr. Shah.—Yes.

President.—That means that silk goods are on a definite decline?

Dr. Shah.—Yes.

President.—That is to a large extent due to the importation of cheaper fibres and the consumers capacity to bear the burden?

Dr. Shah.—Yes. Real silk and Spun silk were used largely formerly each in its own province and when art. silk began to come it took the place of the two.

President.—What is the opinion of the market about staple fibre?

Dr. Shah.—It makes cheap cloth and looks like spun silk yarn.

President.—Don't you think in time to come staple fibre may go out?

Dr. Shah.—Buyers are not so discriminating in India; they like showy things. Poor people can make very little distinction between staple fibre and spun silk; they only look to the lustre and the price of the cloth.

Mr. Anklesaria.—In answer to President's question you said that ghatpote and some other materials were not produced in India.

Dr. Shah.—Ghatpote is produced, gauze is not produced.

Mr. Anklesaria.—You remember kimkhab was not produced in India: it was imported from France?

Dr. Shah.—Kimkhab is the original product of Surat since hundreds of years. Only the gold thread was coming, and handpressed.

Mr. Anklesaria.—The materials mentioned just now, can they be produced if proper encouragement is given?

Dr. Shah.—Yes. Weaving has so much improved and now that mills have come into operation they can weave any cloth.

Mr. Anklesaria.—In that case these products coming from other countries will compete with your products?

Dr. Shah.—Naturally, but we are willing to manufacture these if we get adequate protection.

Mr. Anklesaria.—You say Indian silk has deteriorated?

Dr. Shah.—To some extent. When this silk was being sent to France it was of a very high grade; at that time the silk was of a very superior kind. What price they were fetching we do not know.

Mr. Anklesaria.—You have yourself compared the quality of Kashmir silk some years ago with the quality of it to-day.

Dr. Shah.—Yes. Formerly it was of a very good quality.

Mr. Anklesaria.—Have you tried Mysore silk?

Dr. Shah.—Very little.

Mr. Anklesaria.—You are not in a position to give any opinion about Mysore silk?

Dr. Shah.—It is good. It is better than imported silk in certain classes but it is dearer.

Mr. Anklesaria.—You said there is loss in degumming in Indian silk compared to foreign silk?

Dr. Shah.—Some percentage. There is loss in degumming in all kinds of silk.

Mr. Anklesaria.—We were told by the Director of Industries quite the contrary, namely that now loss in degumming is much less in the case of Indian silk.

Dr. Shah.—As far as we know there is some degumming loss which is greater in the case of Indian silk.

Mr. Anklesaria.—As regards lustrous Indian silk is as good as any foreign silk?

Dr. Shah.—They are in some cases.

Mr. Anklesaria.—As regards strength also Indian silk has much improved?

Dr. Shah.—Strength is also good.

Mr. Anklesaria.—As regards facilities in winding Indian silk is inferior to foreign silk but with the advent of filature this defect would be removed.

Dr. Shah.—Yes, if filatures are put in scientifically this defect must disappear.

Mr. Anklesaria.—Will you please just refer to page 7 of your memorandum. Did you represent your case about the duty on spun silk to the Director of Industries of your Government and did he agree that this duty should be taken off?

Dr. Shah.—He said he would represent the matter to Government.

Mr. Anklesaria.—Would you be surprised if I tell you that the Director of Industries has asked us to put a protective duty on spun silk?

Dr. Shah.—I am surprised.

President.—His opinion is based on the fact that spun silk is now being produced in India.

Dr. Shah.—That is very little.

President.—The Mill has just started working.

Dr. Shah.—When I was in Kashmir I had a talk with the Superintendent of Sericulture and he said there was not enough material to run a spun silk factory.

President.—In Mysore production of Raw Silk is about 8 lakhs pounds and the average waste percentage is about 50 per cent. and therefore there is 4 lakhs pounds of waste silk in Mysore. To run an economic unit you require 3 to 4 lakhs of pounds.

Dr. Shah.—Out of that 4 lakhs of pounds of waste 50 per cent. goes out to prepare a low grade of silk which is called karandi or silk waste yarn and that comes from other countries also. The rest is used for making spun silk.

President.—Silk waste yarn is little.

Dr. Shah.—I am telling you from the market supply.

President.—The market does not know the present condition of the industry as situated in Bangalore.

Mr. Anklesaria.—Will you read your answer to question 24 and just explain to me what you really mean? You say raw silk can never be used in place of spun silk; in what way?

Dr. Shah.—Raw silk is used in female dress in saris, because they generally like shiny articles. Males do not like the shining. Males prefer spun silk cloth, because it is durable. It has got the qualities of silk. It is non-creasing and at the same time it is cool and cheap. Gentlemen do not like the shining cloth. It is used for coating. Civilised ladies do not like to wear shining saris. Tastes change.

Mr. Anklesaria.—May I ask you if the silk can't be delustrated?

Dr. Shah.—You mean real silk?

Mr. Anklesaria.—Yes.

Dr. Shah.—What is the utility of it then?

Mr. Anklesaria.—Just to satisfy gentlemen who do not like lustre.

Dr. Shah.—When they get spun silk, why should they do it?

Mr. Anklesaria.—If real can be delustred to satisfy gentlemen's taste, then in that case spun silk can compete.

Dr. Shah.—It would be prohibitive, because we can get spun silk.

Mr. Anklesaria.—Have you tried delustring of real silk?

Dr. Shah.—I have used delustring artificial silk.

Mr. Anklesaria.—Does it involve prohibitive cost?

Dr. Shah.—Yes additional cost to that material.

Mr. Anklesaria.—Your point was that raw spun silk would compete with raw silk.

Dr. Shah.—Spun silk is mainly made from waste silk and in all countries waste silk is used in preparing spun silk yarn and therefore it is naturally very cheap. Instead of that, if you take the finest product and make it look like lower product, that won't pay to my mind.

Mr. Anklesaria.—Would it indirectly compete?

Dr. Shah.—I think it would have no standing whatever.

Mr. Anklesaria.—It won't directly compete with real silk?

Dr. Shah.—No.

Mr. Anklesaria.—What about artificial silk? Is it in the same category as spun silk?

Dr. Shah.—Different category.

Mr. Anklesaria.—In what way?

Dr. Shah.—Art. silk is replacing real silk and is very cheap.

Mr. Anklesaria.—I mean the artificial silk would not directly or indirectly compete with real silk.

Dr. Shah.—After the invention of artificial silk, naturally it has begun to replace real silk.

Mr. Anklesaria.—I am talking of competition.

Dr. Shah.—Artificial silk cloth is competing with silk cloth.

Mr. Anklesaria.—And spun silk is not competing with silk cloth. Do I take it in the sense in which artificial silk competes with real silk, spun silk is not competing?

Dr. Shah.—No.

Mr. Anklesaria.—There is a distinction between spun silk and artificial silk.

Dr. Shah.—Yes.

Mr. Anklesaria.—I thought you would forbid the use of artificial silk altogether.

Dr. Shah.—If that is possible, it would be the best thing in the interests of the silk industry of India.

Mr. Anklesaria.—You say it should be totally stopped from coming into India.

Dr. Shah.—Silk weaving people will use this on account of its cheapness. Durability is less. The fibre has to stay in the whole world on account of its cheapness. We cannot drive it from the world.

Mr. Anklesaria.—You would prohibit its use, because it is useless.

Dr. Shah.—Yes. I may prohibit for one other reason that the silk industry is a handloom weaving industry. The real silk is very durable. It is a thing which will last for years. Why should people buy useless things?

Mr. Anklesaria.—We are using so many things which do not last very long.

Dr. Shah.—That is so.

Mr. Anklesaria.—Still we do not prohibit the consumer.

Dr. Shah.—This fibre has come to stay.

President.—He is talking in the interests of the raw silk industry. You are talking in the interests of the poor people.

Dr. Shah.—Yes also generally. If this artificial silk had not been produced, people would have bought real silk and the industry would have flourished.

Mr. Anklesaria.—I am coming to the weavers' position whom you represent weavers are at present wage earners and they have ceased to be producers as they were before.

Dr. Shah.—Some of them have taken to business.

Mr. Anklesaria.—Those who remain in the weaving line are mere wage-earners and not producers as before. They produce for somebody else.

Dr. Shah.—The majority of them are wage earners.

Mr. Anklesaria.—Do they get a fair deal from their employers?

Dr. Shah.—They do.

Mr. Anklesaria.—The weavers have got no bargaining capacity. They are very poor people.

Dr. Shah.—Those who are trained and who have got the capacity do business.

Mr. Anklesaria.—I mean wage earners.

Dr. Shah.—They have not got bargaining capacity in respect of silk.

Mr. Anklesaria.—In respect of their wages?

Dr. Shah.—They have capacity. I understood your referring to their capacity for bargaining for silk.

Mr. Anklesaria.—They do not buy silk. They are wage earners and they are not in a position to bargain with their employers.

Dr. Shah.—Yes.

Mr. Anklesaria.—Have their wages increased or decreased since the protection was granted.

Dr. Shah.—When they were weaving spun cloth, their wages were good, but on account of the fact that lower grades of cloth are being produced, wages have been decreased.

Mr. Anklesaria.—They are unable to pay the same wage as they used to pay for spun silk cloth?

Dr. Shah.—Quite.

Mr. Anklesaria.—I take it for the same amount of labour, the weaver is being paid less to-day than before the protection period.

Dr. Shah.—Yes. This 14 annas protection you mean.

Mr. Anklesaria.—In that case I don't see how you can say the weaver has got bargaining capacity. The merchant *ex hypothesi* gets more than he used to do before the protection period. On his products, he takes on the duty.

Dr. Shah.—He has got to invest more money, because the silk has got dearer.

Mr. Anklesaria.—The silk cloth competing with him also pays duty.

Dr. Shah.—If it is on yarn and cloth, it would be all right.

Mr. Anklesaria.—Do I take it that if the spun silk goods imported into India were put under a tariff duty corresponding with the duty on spun silk, you would be satisfied.

Dr. Shah.—Yes.

Mr. Anklesaria.—Last time when we were in Surat, you told us that you made some requests to the Bombay Government.

Dr. Shah.—Yes. Our first request was in respect of a weaving school at Surat, because the artisans are carrying on in their old ways. If they are trained in new methods, they can produce better types of cloth. The second request was that Surat should have a finishing and dyeing factory. On account of the lack of finishing machinery, they are greatly handicapped.

Mr. Anklesaria.—Have the Bombay Government done anything in the matter?

Dr. Shah.—No. We requested the Director of Industries and he said it was receiving their attention.

Mr. Anklesaria.—How long ago was it made?

Dr. Shah.—1½ years ago.

President.—When you say wages were 12 annas per day, is that the average? What is the lowest.

Dr. Shah.—10 annas.

President.—We went round to see the handlooms at Poona and we were told that the handloom weaver who is employed by the master weaver or the merchant gets only 4 annas.

Dr. Shah.—Surat people can't live within that amount.

President.—Throughout Surat the minimum would be 10 annas?

Dr. Shah.—Yes.

President.—The Director of Industries told us that it was 4 annas. As far as your information is concerned, the lowest wage is 10 annas.

Dr. Shah.—Yes.

President.—As regards the power loom factories, what is the position with regard to electricity? At what rate are you getting?

Dr. Shan.—At a bigger rate.

President.—What is the price per unit.

Dr. Shah.—The overhead charge is Rs. 3 per H. P. On 10 H. P., it will be Rs. 30 and in addition to that we pay one anna per unit. People have complained about the overhead charge. Our silk business is very often a seasonal one and out of season it is very hard upon the people to pay that overhead charges. 10 horse power works for 3 or 4 months. Goods are not manufactured all the year round and he has to pay Rs. 30 a month.

President.—Is it a private limited Company?

Dr. Shah.—Public Limited Company.

President.—Have you made any representation about that?

Dr. Shah.—We have asked them. Recently I have made representations and they say, "All right, when our Directors come, we will look into it".

President.—Will you send me the recent prices of the various kinds of yarn you are using in Surat—Artificial, Nitto, spun, neon, raw silk?

Dr. Shah.—They will be all Bombay prices.

President.—I want to know the difference between Surat and Bombay prices.

Dr. Shah.—Not much difference. Only these people charge 1 to 1½ per cent. more and over and above that the railway charge.

President.—How much will be the railway charge?

Mr. Shah.—Rs. 2-8 per case of 200 lbs. It comes to one pice per pound.

President.—When you say you are able to manufacture these classes of goods that are coming in from China, I wonder whether you have

experimented and whether you could make them at economic prices. It is not only that you are able to make, but you must have the necessary experience.

Dr. Shah.—In Surat people have imported latest looms for manufacturing silk and they can be manufactured if a market can be found for them.

President.—You require additional protection for that?

Dr. Shah.—Yes.

President.—Have you made any experiments at the present time? The Board would like to know the approximate cost of manufacturing such articles.

Dr. Shah.—The cost of manufacturing will not be more. We have made some experiments in jacquered works. We think we can compete with them.

President.—That is all Japanese. I am now differentiating between the two for this reason that there is a differential duty on Chinese and Japanese cloths, because Chinese cloth is heavier than the Japanese cloth and that is why the duty is proportionately less. I want to make a distinction between the two, because the cloths at present made in India are competing more with the Japanese cloths than with Chinese.

Dr. Shah.—Chinese cloths can be manufactured in India.

President.—I want to know at what price.

Dr. Shah.—If 25 per cent. more protection is given, it would be made.

President.—Is there any other point that you would like to place before the Board?

Dr. Shah.—My point is that if the handloom weavers get their yarn cheaper, they will be able to manufacture cloths and compete with the foreign manufactured cloths.

Mr. Anklesaria.—You would encourage protection to the weaving industry and not to the yarn industry.

Dr. Shah.—Yes.

Mr. Anklesaria.—You understand that at present the duty on yarn is put in order to protect the raw silk industry, but if the raw silk industry disappears, if no protection is granted, then I do not know whether the manufacturers outside India would be able to give you the raw silk at the present price, because they themselves are manufacturers of the very goods which you are going to manufacture.

Dr. Shah.—That is not the monopoly of any country. China is preparing. Japan is preparing.

Mr. Anklesaria.—I am talking of the country which is preparing the yarn at a very low price. Japan instead of sending you yarn at a very low price will send you the cloth. The present prices of yarn are lower than the Indian prices, because the Indian industry exists to-day, but if the Indian industry did not exist, if protection is taken away, as you suggest, then the whole weaving industry will depend entirely for its raw material upon foreign countries.

Dr. Shah.—The industry must live in the interest of all.

Mr. Anklesaria.—Therefore you would protect raw silk and prohibit foreign raw silk coming into India.

Dr. Shah.—Yes.

Mr. Anklesaria.—You would go to the extent of putting a prohibitive duty.

Dr. Shah.—Yes.

Mr. Anklesaria.—Thereby you would like to encourage the manufacture of raw silk in this country.

Dr. Shah.—Yes.

Mr. Anklesaria.—If you prohibit the raw silk coming into India you must also prohibit silk cloth coming into India: otherwise foreigners instead of sending raw silk would send cloths.

Dr. Shah.—Yes. The consumption of real silk goods has decreased and in order to protect the industry, no silk cloth or fabric should be allowed to come from any foreign country. That is what we have stated clearly. If you want to protect the silk industry, both yarn and silk cloth should not be allowed to come in. Then, the industry will develop and flourish like anything. That is my view. Whether it is true or not, I do not know.

22. COLLECTOR OF CUSTOMS, BOMBAY.

Evidence of Mr. P. N. CHANDAVARKAR, Collector of Customs, Bombay, Mr. G. V. PADGAOKAR, Assistant Collector, and Mr. V. D. MADGAOKAR, Appraiser, recorded at Bombay on Thursday, the 1st September, 1938.

President.—Mr. Chandavarkar, you are the Collector of Customs, Bombay.

Mr. Chandavarkar.—Yes.

President.—And Mr. Padgaokar?

Mr. Chandavarkar.—Acting Assistant Collector. Mr. Madgaokar is the Appraiser dealing with silk.

President.—I would first like to clarify the position with regard to Customs Tariff Schedule—Tariff Values, so that the Board may be in a position to know how the trade is moving. At present the raw silk is classified as Chinese and Japanese according to tariff values.

Mr. Chandavarkar.—Yes; for the purpose of T/valuation the classification of raw silk is based on the country in which the silk is produced.

President.—Whilst under Chinese there are 4 qualities, under the head Japanese, I find there is only one quality which has a tariff value.

Mr. Chandavarkar.—Yes.

President.—The Japanese Chamber of Commerce that appeared before the Board gave us to understand that cheaper qualities—Dupion all kinds and hand reeled—were coming in and their impression was that they were all grouped under Japanese filature silk and the duty assessed on the tariff value of Rs. 4-12. Is that correct?

Mr. Chandavarkar.—No.

Mr. Madgaokar.—The duty is not assessed on the tariff value.

President.—How do you assess the duty—on the invoice value?

Mr. Madgaokar.—Yes.

President.—All Japanese silk which is not filature silk is at present assessed on invoice value.

Mr. Madgaokar.—Yes.

President.—Do you take any silk mentioned by the importers in their invoices as Japanese filature silk to be the Japanese filature silk or do you examine the silk and satisfy yourself that the particular silk is Japanese filature silk?

Mr. Padgaokar.—In every instance we examine it and satisfy ourselves on that point.

President.—Why was this distinction made? Why was "Japanese—other sorts" left out? I understand that tariff values are arrived at by the Director General of Commercial Intelligence and Statistics in consultation with the principal Collectors of Customs. Can you recollect the reason why two or three qualities of Japanese silk were left out?

Mr. Chandavarkar.—At that time, I don't think there were any importations of those qualities when the tariff values were fixed.

Mr. Madgaokar.—We had no importations of hand reeled silk from Japan.

Mr. Chandavarkar.—We propose to include it from this year.

President.—Another point arising out of this is that the figures of imports show separately only the Chinese varieties whereas the Japanese

varieties are all grouped together under Japanese flature silk. Are the Japanese silks shown separately?

Mr. Madgaokar.—See page 136 of Seaborne Trade Statistics for the month of July. The first heading is Silk, raw and cocoons and the second. Waste products including dupion.

President.—It means that though there is no tariff value, the grouping of imports under duppion and hand reeled silk would include the imports of those qualities from Japan.

Mr. Padgaokar.—Yes.

President.—It has been brought to our notice that recently, especially after the Sino Japanese war large quantities of Japanese raw silk and piecegoods are coming from China and as the source of origin is China, it is assessed here on the Chinese valuation. Will it be possible for the Customs authorities to distinguish the goods on arrival whether they are from China or Japan.

Mr. Padgaokar.—It won't be possible, merely on a physical examination. But there are certain other features which would render it possible to do so.

President.—I want you to consider this question again. If you look at the figures, you will find that the imports of raw silk from China have suddenly jumped up in April, May and June whereas those from Japan have gone down. The Vice-Consul for China gave the Board to understand that this was not all Chinese silk but Japanese silk coming from China. I am asking you this question because if you look at the tariff values, you will find that the Chinese flature silk is coming under all other sorts on a tariff value of Rs. 3-7 per lb. whereas the Japanese flature silk is coming in at Rs. 4-12 per lb., so that if the Japanese silk were to come from China, it would be assessed at Rs. 3-7.

Mr. Padgaokar.—Yes, unless of course we are able to distinguish it.

President.—That is the point. I have also written to the Vice Consul for China whether he could suggest any means by which the Customs authorities could distinguish the Japanese goods. I want to know from you, as you are handling both qualities and as you have had experience of both, whether you would be able to distinguish them. The Customs revenue suffers also thereby.

Mr. Chandavarkar.—Distinction could be made if we know for a fact that such a procedure is adopted. We will however look into it and let you know later.

President.—You had better make a note of that.

Mr. Chandavarkar.—Yes.

Mr. Anklesaria.—Have you got the means of distinguishing the two qualities—Chinese and Japanese silks?

Mr. Chandavarkar.—I think that the trade would help us in that.

President.—It would not be in the interests of the trade to help you.

Mr. Chandavarkar.—There are certain people who are not interested in it.

President.—As it has been brought to our notice, you may make a note of it and let us know.

Mr. Chandavarkar.—This is a point worth looking into.

Mr. Anklesaria.—May I know whether the consumer would be able to distinguish it?

Mr. Madgaokar.—Yes.

Mr. Anklesaria.—The weaver would be able to do it.

Mr. Madgaokar.—Yes.

Mr. Anklesaria.—You cannot as an expert.

Mr. Madgaokar.—No.

President.—I understand that cocoons are classified separately.

Mr. Madgaokar.—Yes.

President.—Are they all seed cocoons?

Mr. Madgaokar.—Yes. There were very few consignments. They all came from France.

President.—You don't think that there are any importations from China or Japan.

Mr. Madgaokar.—No.

President.—Is any large quantity of waste silk coming in?

Mr. Madgaokar.—Only small quantities are coming in.

President.—The Board would like to have the names of silks which are grouped under other sorts. In the last Tariff Board, report the names of the various silk were given on page 127, paragraph 147. The Board would like to know as a result of protection what has happened to these various kinds of silk mentioned therein. All the filature silks are I suppose grouped under other sorts.

Mr. Madgaokar.—Filatures are re-reeled.

President.—The names are not given. Can you supply us the names?

Mr. Chandavarkar.—Yes.

Mr. Madgaokar.—Under "other sorts" Canton filatures, Tsatlee re-reeled, Minchow filature Shantung filatures.

President.—Where do you classify Shanghai dupion filature?

Mr. Madgaokar.—"Dupion all kinds".

President.—What about Shanghai filature?

Mr. Madgaokar.—Minchow filatures, Shantung filatures are Shanghai filatures.

President.—Panjam and mathow are coming under waste products?

Mr. Madgaokar.—Yes.

President.—I would like to discuss with you the scheme which I had sent to you by post, I mean the Kashmir scheme about the levying of the duty.

Mr. Chandavarkar.—I do not think it is practicable at all. It is very difficult to ascertain the selling price

President.—I would like to explain the scheme. At present, after due investigation, if the Tariff Board comes to the conclusion that protection is necessary for the industry, it recommends the imposition of protective duty and the form of the duty may be an *ad valorem* plus specific or specific only or *ad valorem* only. The Board always arrives at the measure of protection by first taking the cost of production of the article made in India and after adding profit and overhead charges to it fixes the fair selling price. Suppose, for instance, the fair selling price is Rs. 5 per lb., and the c.i.f. price of the quality which is competing with the indigenous article is to-day Rs. 3 per lb. in that case the proposal of the Kashmir Government is that instead of a specific duty of Rs. 2 the duty should be 25 per cent. *ad valorem* which is 12 annas per pound, plus Rs. 1-4 as specific duty in order to arrive at the level of the fair selling price, namely Rs. 5 per lb. If the c.i.f. price goes up to Rs. 4 the *ad valorem* duty would be Rs. 1 and there will be no specific duty in that case. Thus the fair selling price fixed by the Board will remain assured to the industry.

Mr. Chandavarkar.—Will that be arbitrarily fixed by the Board?

President.—That will be fixed by the Board after due investigation. The fair selling price is the price which is supposed to give the protected industry a fair return on its capital. It will be seen from the illustration given above that the rate of the *ad valorem* duty is a fixed one whereas the specific duty is subject to fluctuations according to the invoice values.

Mr. Chandavarkar.—A large majority of the importers have got their firm in China or Japan and they get invoices from their own branches. We do verify them by other documents but invoices may be inflated.

President.—I do not think in the case of raw silk you are taking the invoice price at all into consideration: the duty is levied on tariff values.

Mr. Chandavarkar.—That of course is reflected by the market values.

President.—To-day even if it inflates or deflates it is immaterial for the purpose of collecting revenues. All other commodities at present come under invoice value. For instance take paper. Paper is a protected industry. Take sugar; sugar is a protected industry. In the case of paper many various qualities are coming in. Some are protected and some are not. In the protected class there are half a dozen qualities. When you get the invoice value, you take the invoice value and check it with the price in the market and assess the protective duty. The proposal put forward is this: the fair selling price is a fixed price and the 25 per cent. *ad valorem* is also a fixed quantity. The specific duty will go on changing according to the requirements of the industry in relation to the invoice price. This proposal is put forward with a view to meet the objection of the consumers. I am told that to-day the price is Rs. 6-10. Suppose the fair selling price fixed by the Tariff Board is Rs. 6 and in order to base the duty they take the average of the imported price of the article which is competing with the Indian article at Rs. 4, then the duty would be Rs. 2. That means that with the price of the Japanese silk to-day at Rs. 6-10 the consumer would have to pay Rs. 8-10. That Rs. 2 you cannot change. According to the scheme now proposed he would not pay Rs. 8-10 because it is higher than the fair selling price fixed by the Tariff Board. But in order to meet the revenue requirements of the country the importer will have to pay in any case 25 per cent. *ad valorem*. It is the specific duty which will change. Another point which is objectionable at the present moment and to which our attention has been drawn by the manufacturers is that countries like China and Japan have got depreciated currencies and whatever protection is proposed is eliminated either by further depreciated exchange or by subsidies reduced freight or other facilities. The result is that what is given in the shape of protective duty is taken away by other measures taken by foreign Governments. For instance, in April 1934 there was a duty of Rs. 1-6—25 per cent. *ad valorem plus* 14 annas. If you look at the prices prevailing in 1933 and 1934 you will find that in 1934 the prices were lower than in 1933 though there was a duty of Rs. 1-6. This means that what the Government of India gave as protection was taken away by foreign countries by other means. Therefore they feel that if the Tariff Board and the Government of India grant protection it should be given in such a manner that they would get the benefit of it throughout the protective period.

Mr. Chandavarkar.—We will think it over and give you our considered views.

President.—With regard to silk piecegoods I understand there are two kinds of duties in vogue at present—silk goods coming from Japan and silk goods coming from China. (Sec. 48 of the schedule). See the order in the footnote. I find that the duty is reduced in the case of China from Rs. 2 to Re. 1 and the maximum price in any case is not above 75 per cent. So that Chinese piecegoods are differently assessed from those of other countries including Japan.

Mr. Chandavarkar.—Yes, from As. 2 to Re. 1 in case of Chinese ghatpots and Gauge and 75 per cent. maximum applies to Gaj only.

President.—Besides those mentioned are there any other qualities coming from China which are assessed to duty mentioned in sec. 48?

Mr. Madgaokar.—We get fancy piecegoods from Canton. That will be grouped under "other sorts".

President.—I will show you the list which the Chinese Vice-Consul gave us yesterday showing the qualities coming into India at present. They mention ghatpote, gas, paj and then they mention ojaria. Where do you classify that?

Mr. Madgaokar.—Under "other sorts" 48 (c). They are also imported as embroidered.

President.—Satin?

Mr. Madgaokar.—Under the same head.

President.—Dhupchow Chicken, Khaaskhasia?

Mr. Madgaokar.—The first two under the same head: Khaaskhasia is a quality of gauze, i.e., it pays Rs. 1 specific only. Chicken mean Embroidered.

President.—Only three have got lower duty.

Mr. Madgaokar.—Yes. In the case of paj that applies also to Japanese goods.

President.—Will you just enquire whether Japanese silk goods are also classified according to this?

Mr. Chandavarkar.—Yes.

President.—Where is the tussore silk classified?

Mr. Madgaokar.—It comes under 48 (a) as Pangosa.

President.—I understand tasar raw silk is coming to Hyderabad.

Mr. Madgaokar.—It is Tussah; that comes under "other sorts". It does not come to Bombay. They may be getting it from Madras.

President.—They are importing also what is called waste silk, apart from spun silk.

Mr. Madgaokar.—That is noils.

Mr. Padgaokar.—It comes in the form of yarn. Noils are not paying specific duty.

President.—When this specific duty of 14 annas per pound was levied on silk yarn was there any rise in the duty on silk piecegoods to that extent?

Mr. Chandavarkar.—It was only a duty on yarn.

President.—There was no corresponding duty on piecegoods?

Mr. Madgaokar.—No.

President.—How do you classify spun silk goods?

Mr. Padgaokar.—They will go under Fuji and Boseki (Item 48 (b).)

President.—Excluding white cord?

Mr. Padgaokar.—That goes under other sorts. It is for suiting.

President.—What about the classification of Charmosse cloth.

Mr. Padgaokar.—That is silk and art silk mixture; it would go under 48 (4) fabrics not otherwise specified containing more than 50 per cent. silk and artificial silks. It pays Rs. 2 specific duty.

President.—Can you give us an idea of the deniers of the Raw Silk that are coming?

Mr. Madgaokar.—In filature silk there are three deniers—13/15, 20/22 and 28/32. From Japan we do not get 28/32 and imports of 13/15 are less than those of 20/22.

President.—Filature silk would be mostly 20/22?

Mr. Madgaokar.—Yes.

President.—In Chinese will it be 28/32.

Mr. Madgaokar.—20/22 from both countries.

President.—What about Italy?

Mr. Madgaokar.—We do not get any Filature silk from Italy.

President.—If you look at the figures, Italy is also sending Silk yarn.

Mr. Padgaokar.—That is spun silk yarn.

President.—And not raw silk yarn.

Mr. Padgaokar.—No.

President.—And Japan is sending raw silk yarn.

Mr. Padgaokar.—Yes.

President.—We have been told that organzine is coming from foreign countries into India and competing with the silk yarn produced in India. Is it Thrown Silk.

Mr. Madgaokar.—Yes. Thrown silk is got only from Japan and nowhere else.

President.—And that is paying a specific duty.

Mr. Madgaokar.—Yes.

President.—Is any quantity of tram single twisted coming in?

Mr. Madgaokar.—No.

President.—The imports shown here as silk yarn from the United Kingdom and Italy would be spun silk yarn.

Mr. Padgaokar.—Yes.

President.—But spun silk had not been separated then. It was separated only in 1936.

Mr. Madgaokar.—Yes.

President.—The imports from Italy are 91,000 lbs. in three months in 1938.

Mr. Madgaokar.—That is all spun silk.

President.—Though it is put under silk yarn?

Mr. Madgaokar.—Yes, silk yarn made from waste and other sorts.

President.—Will you just make a note of that point and send us a note?

Mr. Chandavarkar.—Yes, if we have not already supplied you that information.

President.—We could not trace it. I hope you will be able to send us a copy.

Mr. Chandavarkar.—Yes.

President.—Mr. Karanjia drew our attention to a representation he had made to the Central Board of Revenue with regard to the different system of levying duties in different ports in India. I have given him to understand that as far as the Board is concerned they have received representations with regard to other articles. We have enquired of the Central Board of Revenue. The practice is that the market value depends on the importance of that article in that place and it is quite possible that sometimes duties vary when they are assessed on invoice values.

Mr. Chandavarkar.—Not in the case of qualities which have a market value.

President.—It does not apply to raw silk or piecegoods. It applies to other articles.

Mr. Chandavarkar.—Some articles in Bombay have a market value and they may not have a market value in other places.

President.—In the case of articles which have no market value, how do you assess the duty?

Mr. Chandavarkar.—On the invoice value.

President.—That will make a difference. That is their contention. Suppose there is no market value for a particular commodity, how is the duty assessed?

Mr. Madgaokar.—On the invoice value.

President.—There is no demand and you are not able to get the market value.

Mr. Chandavarkar.—Our instructions are that if there is a reasonable continuous wholesale demand we assess on the market value; otherwise on invoice value if there is no tariff valuation.

President.—That is where the difference comes in.

Mr. Chandavarkar.—Yes.

President.—Have you got any suggestions with regard to that or do you think that it is not possible to deal with it? In other words all articles must come under tariff value.

Mr. Chandavarkar.—Yes.

President.—Tariff value is common to all because it does not take into consideration either the invoice value or the market value.

Mr. Padgaokar.—Yes.

President.—We had a talk about it yesterday and I was told that tariff values could only come into existence for articles having a market value and coming in quantities.

Mr. Chandavarkar.—Yes, for non-Tariff valued goods if there is a market value we have to assess on the market value. If there is no market value we fall back on the invoice value.

President.—As far as possible you make every effort to ascertain the market value.

Mr. Chandavarkar.—Yes.

President.—Twisted art silk is coming in very small quantities and the bulk of the imports are artificial silk yarn. With regard to staple fibre you are able to keep a separate record and the Board would be in a position to get import figures from time to time.

Mr. Chandavarkar.—Yes.

Mr. Anklesaria.—As Collector of Customs, I think you have taken some part in tariff making. The Government of India consult all Collectors of Customs before fixing tariff values. That is what you say.

Mr. Chandavarkar.—The practice is for each Collector of Customs to send his suggestions to the Director General of Commercial Intelligence and Statistics and he holds a conference to which representative from each port goes.

Mr. Anklesaria.—I suppose before he fixes the tariff value the Director General of Commercial Intelligence consults you and all the other Collectors.

Mr. Chandavarkar.—Yes.

President.—In a sense therefore you would be taking some part in fixing tariff values.

Mr. Chandavarkar.—Yes.

Mr. Anklesaria.—As you have some experience in tariff making, I want you to read the paragraph on page 188 of this book (handed to the witness), and tell us whether you agree with the opinion of the author—Professor Arnold Plant.

Mr. Chandavarkar.—It seems to refer to the rates of duty.

Mr. Anklesaria.—You have taken some part in fixing tariff values.

Mr. Chandavarkar.—Yes.

Mr. Anklesaria.—Tariff values are fixed for a certain purpose, viz., for the protection of the industry concerned.

Mr. Chandavarkar.—Not necessarily.

Mr. Anklesaria.—Apart from revenue duties, so far as protective duties are concerned, they are fixed for a particular purpose namely the protection of the industry.

Mr. Chandavarkar.—In the case of protective duties it may be so.

Mr. Anklesaria.—I say you have some experience in tariff making in the sense I detailed to you just now.

Mr. Chandavarkar.—Only to the extent of fixing tariff values.

Mr. Anklesaria.—Having that experience you would be able to either confirm or contradict Professor Arnold Plant.

Mr. Chandavarkar.—In regard to tariff values, I do not agree with him because we keep a record of the market values. We know the market values prevailing in previous years.

Mr. Anklesaria.—I do not know whether you would be able to give your opinion on tariff making apart from tariff values.

Mr. Chandavarkar.—No. I am not in a position either to confirm or contradict Professor Arnold Plant.

President.—I sent you a letter yesterday enclosing an extract from Mr. Karanjia's representation. Did you get that?

Mr. Chandavarkar.—Yes.

President.—Those were the allegations made before the Board with regard to the evasion of the duty. It is necessary that we should have some sort of note from you because it has a direct connection with the Bombay port. Have you anything, else to place before the Board.

Mr. Chandavarkar.—Our enquiries indicate that the extent of smuggling is not so much as is made out here. There used to be a lot of smuggling two or three years ago and vigorous measures were adopted as a result of which it has gone down. There used to be a certain amount of smuggling on the Baluchistan Frontier, but Government are taking measures to deal with that also. When I was at Karachi, they appointed local Civil Officers to be Customs Officers with powers to deal with illicit importations. They had also in mind certain proposals to appoint special Customs Officers for the purpose. Whether they have been appointed or not, I do not know. Our enquiries here made recently indicate that the extent of smuggling so far as Bombay is concerned is not very great. The amount of smuggled stuff may be 5 per cent. of the imported stuff and the suggestion that the market is widely affected by the smuggled amount obtainable in the market is not quite correct. The price factor is affected by several other factors with reference to foreign cloth, economic condition, raiyats purchasing power and also certain over-stocking by certain merchants. A few of them had been hit by overstocking.

President.—Due to speculative tendency.

Mr. Chandavarkar.—Yes. Merchants have limited their quantities of imports. They are importing less than what they used to do. The market prices are sometimes equal to the cost price and in some cases even below cost price. It is not so much entirely due to smuggling, but also to general conditions.

President.—The other thing is with regard to irregularity and the evasion.

Mr. Chandavarkar.—The suggestion that things are done with the knowledge of the department is rather absurd. There was one fraud in which two Customs Officers were involved and they have been suitably dealt with. In the course of two enquiries we conducted, we found some reluctance on the part of the merchants to give us any assistance.

President.—I should like you to tell us about the replacement of cases.

Mr. Chandavarkar.—That refers to a fraud which was attempted and discovered in time.

President.—Instead of paying Rs. 60,000 the man was assessed only Rs. 19,000.

Mr. Chandavarkar.—There were two frauds. One was in regard to transshipment. Two packages were marked in an identical manner—one for

transhipment to Karachi and the other for transhipment to a Persian port. One contained silk piecegoods and the other some other goods. The packages containing the silk goods was actually consigned to Karachi and the other sent to the foreign port. That was discovered in time. This happened before my time. In the other case the fraud was with regard to the shortage of weight. That was also discovered in time.

Mr. Anklesaria.—You say on page 2 of the record of informal discussion which we had the other day "In the case of raw silk, there is a great loss in degumming; sorting and so on". Can you tell me whether the loss is greater with regard to foreign silk than with regard to Indian silk?

Mr. Chandavarkar.—No.

President.—You have not handled Indian silk.

Mr. Chandavarkar.—No.

Mr. Anklesaria.—You say that the loss is due to bad sorting. What are the requirements of good sorting and in what way is the sorting of Japanese silk found to be deficient? The reason why I am putting this question is this. We are told that the Indian silk commits all this sin and not the foreign.

Mr. Madgaokar.—In the case of re-reeled silk, there is more wastage.

President.—There you are comparing the raw silk with the flature silk.

Mr. Madgaokar.—Yes.

Mr. Anklesaria.—Then you talk of one firm having failed.

Mr. Madgaokar.—Due perhaps to overtrading.

23. THE BOMBAY SILK MILLS, BOMBAY.

Evidence of Mr. MORARJI J. VAIDYA and Mr. CHAMPSINH NARSINH representing the Bombay Silk Mills, recorded at Bombay, on Thursday, the 29th September, 1938.

President.—Mr. Morarji, you are the proprietor of the Bombay Silk Mills.

Mr. Morarji.—We are partners of the Bombay Silk Mills. Messrs. Hansraj Sons are the proprietors of the Bombay Silk Mills. Messrs. Hansraj Sons are composed of my father Dr. Judavji Hansraj, Mr. Champsinh and myself.

President.—You are trading under the name of Messrs. Hansraj Sons.

Mr. Morarji.—Yes.

President.—They are the managing agents of the Bombay Silk Mills.

Mr. Morarji.—Yes.

President.—Before I take up your replies to the questionnaire there is one point that I want to ask, namely, with regard to your complaint that the representatives of the silk weaving industry have not been summoned by the Board for oral evidence.

Mr. Morarji.—Yes, so far as Bombay is concerned.

President.—I do not know whether you are aware that the Tariff Board examined the Silk and Art Silk Goods Manufacturers Association in Bombay the other day.

Mr. Morarji.—I am aware of the fact that that body was examined but my contention is that that body has only been recently formed. It represents mostly as far as I am aware the interests of art silk manufacturers, that is to say, art silk weaving part of it (and not the yarn manufacturing part of it).

President.—You yourself are doing art silk weaving.

Mr. Morarji.—Our main business is the manufacture of real silk fabrics and we had to weave these art silk goods because last year the price of real silk was so very high that it became rather difficult to make the weaving of pure silk goods paying. So we turned to art silk. Again we are now going over to real silk this year; in fact, we have already done so since you visited us last.

President.—I think that among those who appeared before the Board there were persons who represented the mills which manufacture silk cloths.

Mr. Morarji.—As far as I am aware I don't think they are manufacturing anything of the class that we are manufacturing.

President.—85 per cent. of your production is Georgettes and Crepes.

Mr. Morarji.—Yes. Our submission before the Board is that if sufficient facilities are given to silk weavers then naturally it will help the sericultural industry also. With that view we thought that we could give some facts to the Board which might be helpful.

President.—Your point of view is that unless there is a market for raw silk in India, it is no use producing raw silk.

Mr. Morarji.—Yes. Even if raw silk is given protection, it will be of no avail so long as it does not pay the silk weavers to buy that silk and manufacture it into silk goods.

President.—That is the very reason why compensatory duties were recommended by the last Tariff Board report. With an increase in the duty on raw silk, the price of raw silk would increase and to that extent the silk goods require to be protected as their cost of manufacture would be automatically raised.

Mr. Morarji.—Yes.

President.—Do you want something similar to be done in case the Board arrives at the conclusion that the industry deserves protection?

Mr. Morarji.—Just as protection given to the sericultural industry as the result of the last Tariff Board enquiry and Government action thereon was found insufficient so also we found that protection given to the silk piecegoods or silk weaving industry was insufficient. So we are in the same plight as the sericultural industry is at present.

President.—That is perfectly true. But I must make this point clear that the duty on silk goods which was increased on the last occasion was based on the increase in the duty on raw silk recommended by the Tariff Board.

Mr. Morarji.—Yes.

President.—Therefore as far as silk goods are concerned, there can be no complaint because the only thing that the Board can do is to recommend compensatory duties. Instead of giving protection to the extent of Rs. 2-6 per lb. as recommended by the Board for raw silk Government gave only Rs. 1-10 and therefore instead of giving you 83 per cent, which was based on Rs. 2-6 they gave a duty which was equivalent to Rs. 1-10.

Mr. Morarji.—In actual practice, due to various factories, which were beyond the control of Government, the fluctuations in the prices of silk were disproportionate to the fluctuations in piecegoods. So, our difficulties are more practical.

President.—The rise in the price of raw silk which took place between October 1936 and February 1938 did not have the full benefit on silk goods.

Mr. Morarji.—So silk goods did not rise to the same extent.

President.—But I want to know whether it is not a fact that the types of silk goods that were coming in at the time when there was no protection, have not materially changed since protection was granted.

Mr. Morarji.—As far as our information and knowledge goes, the types of fabrics which were imported and which we are manufacturing have remained practically at the same level; if anything the quantity might have increased. Of course it is not possible to give from the Customs figures how much of Georgette and how much of Crepe were imported. But what we find is that during the last six months very large quantities of pure silk fabrics have been imported and the market is overstocked with Japanese goods of those kinds.

President.—The cost of production in Japan has got to be considered when you consider the cost of cloth because apart from the price in India which may fluctuate due to several other considerations, the actual basis can only be the cost of production of raw silk and silk cloth. I want to know whether you are aware that there has also been a rise in the cost of production.

Mr. Morarji.—In Japan you mean?

President.—Yes.

Mr. Morarji.—I am not aware of that fact.

President.—If so, that might account for the reduction in the price of cloth.

Mr. Morarji.—But if there has been a rise in the cost of manufacture of cloth, there should have been a similar rise in the price of Japanese fabrics. That has not been so.

President.—You are now judging the prices in an importing market. From their point of view this is an importing market. The importer has got to take into account several things such as competition with raw silk, competition with various foreign countries, etc. The competition of raw silk and the competition of imported cloth may be quite different.

Mr. Morarji.—But they have not raised the price of silk fabrics in proportion to their cost of manufacture. It appears from what we have

submitted that it means more or less economic dumping which is most harmful to the indigenous industry.

President.—Your point of view is that having regard to such information as you have in your possession and having regard to the prices prevailing in India and in Japan, the price of cloth which has been lowered does not compensate the manufacturers in Japan unless some sort of help is given to them by their Government.

Mr. Morarji.—Quite right.

President.—That would be the correct position.

Mr. Morarji.—What sort of help it is and how it is given we cannot judge sitting here. But we have mentioned three or four reasons in our replies.

President.—I am coming to that later. You say in 1936-37 you have changed over to art silk goods.

Mr. Morarji.—Last October.

President.—Unfortunately in your replies you have given us figures up till 1936-37. I would like to have 1937-38 figures.

Mr. Morarji.—They will be completed in Dowali time.

President.—We should like to have them if it is possible.

Mr. Morarji.—Most willingly we shall give you.

President.—I find the value and the quantity to be the same.

Mr. Morarji.—Yes.

President.—You have given a price of 11 annas per lb. for art silk yarn, but here it is given as one Rupee.

Mr. Morarji.—We were using not only untwisted art silk yarn but also twisted art silk yarn.

President.—This is the price for twisted art silk yarn.

Mr. Morarji.—This is the average.

President.—What is the price of twisted art silk yarn?

Mr. Morarji.—75 denier twisted crepe yarn is selling at Rs. 1-11-6 in Bombay.

President.—Here you have given for 150 denier.

Mr. Morarji.—The market goes by that. 150 denier is considered to be the standard for judging the fluctuations. 100 denier is Rs. 1-9.

President.—What is the price of the untwisted?

Mr. Morarji.—13 to 14 annas per lb.

President.—It is slightly higher for 150 denier.

Mr. Morarji.—Much higher being a finer denier. You will find here from the figures that we have submitted from 1933 to 1935 there was no difference in the quantity of raw material used by us but in 1935-36 the value went down. In 1936-37 we have increased the consumption of raw silk. There has been a rise in both quantity and value. Still we find that it was not as much paying as it was in 1934-35, because the prices of silk fabric did not rise proportionately.

President.—You are only using Kashmir silk.

Mr. Morarji.—Yes.

President.—You have given us the reasons for not being able to use Kashmir silk at the present moment. One of the reasons is the inavailability of supplies of white Kashmir silk. I do not quite understand that. Do you mean that the quantity is not enough?

Mr. Morarji.—For example, only recently we wanted to purchase White Kashmir silk when we changed over to pure silk fabrics.

Mr. Anklesaria.—Recently means when?

Mr. Morarji.—In September. We wanted to purchase white Kashmir silk. We wrote to the Kashmir Government and they referred us to

Bheasa, Nagindas Foolchand Chinoy. The latter firm said that they had no stock but offered to order it for us. We have placed the order and it would take a month. On the contrary if we wanted to buy Japanese silk, we could get any denier we required, immediately from stocks.

President.—Formerly they were selling in lots. Now they are selling by tender practically the whole of their output.

Mr. Morarji.—I think they dispose of their entire output at one time.

President.—The result is that the dealer in Bombay becomes a sort of monopoly holder.

Mr. Morarji.—If these people held stocks in Bombay it would help the silk weavers but they do not. They have yellow silk in stock but not the denier we want.

President.—Even yellow they don't have sufficient quantity?

Mr. Morarji.—We want 20/24 denier.

President.—That is the standard size.

Mr. Morarji.—Yes, but they have 28/32. So we have to order specially this white silk which is a little more costly and which is not readily available. That is our main difficulty.

President.—Have you ever tried Mysore silk?

Mr. Morarji.—We tried sometime back in the beginning. But we found that the cost was much higher than that of Kashmir.

President.—In what way?

Mr. Morarji.—If we used Mysore filature silk, it was 6 annas higher but the quality was also slightly better.

President.—When you say "Mysore silk" do you mean the silk supplied by the Mysore Government Filature or Mr. Silva?

Mr. Morarji.—The Mysore Government do not sell their silk. They use it in their own weaving factory. Mr. Silva's prices are on the high side. The Mysore silk is slightly better than Kashmir silk because it is more white and they pay a little more attention.

President.—Is Mysore silk white?

Mr. Morarji.—Mr. Silva says that he could supply us white silk. The Kashmir silk is mostly yellow.—After twisting it is very difficult to make it white in degumming.

President.—Your point is that if there was a regular supply and the prices were reasonable just like the Japanese supply, you would prefer to use Indian silk as against imported silk.

Mr. Morarji.—Yes.

President.—Have you got any views with regard to quality apart from degumming changes that you have given?

Mr. Morarji.—As far as quality is concerned we have found that Kashmir silk is almost as good as Japanese silk.

President.—With regard to winding quality?

Mr. Morarji.—Yes. With regard to twisting quality Japan is slightly better but there is not so much appreciable difference between the two. We can use Kashmir silk without much difficulty.

President.—You have given us the percentages showing the loss in the process of degumming:—

	Per cent.
Japanese	22
Kashmir white	25

There is a difference of 3 per cent.

Mr. Morarji.—Yes, in degumming.

President.—If you see the prices there is a very wide difference.

Mr. Morarji.—At present there is.

President.—If you look at 1936-37 the prices are as follows:—

	Rs. A.
Japanese	6 10
Canton	5 8
Kashmir	5 0
	to
	6 8

Mr. Morarji.—Yes, but we have to go in for the Lotus quality.

President.—What is the price of that?

Mr. Morarji.—The price of that is Rs. 5-14 per lb. in Bombay.

President.—Even then it is 13 annas lower.

Mr. Morarji.—At present the Japanese silk is Rs. 6-2. The Kashmir silk is slightly lower because of the shortage of stocks of Japanese silk in Bombay. It is purely a local and temporary reason.

President.—Otherwise it is usually 8 annas higher.

Mr. Morarji.—It (Kashmir Silk) is always higher.

President.—What is your opinion about Canton silk?

Mr. Morarji.—It is unworkable. In twisting it refuses to go. The winding quality is all right.

President.—It used to be imported in large quantities.

Mr. Morarji.—Even now there are large stocks in India. It is largely used by handloom weavers. In our case we have to give high twisting. Canton is incapable of taking it.

President.—It is unsuitable for power loom factories.

Mr. Morarji.—Yes. Moreover its denier is ungraded. Even though they say that it is 20/22, some portion is 13/15 and some portion is 28/32.

President.—In the prices that you have given, the denier is not mentioned.

Mr. Morarji.—It is 20/22. In the case of Canton they say that it is 20/22. In actual practice it turns out something different.

President.—There is no uniformity in the denier.

Mr. Morarji.—No. Further there is too much of fluff. It sticks; it is not possible to use Canton silk in the factory whereas the Japanese silk is very clean and even. Of course in the case of Japanese silk there are grades.

President.—Can you work out the value of the 3 per cent. loss in degumming?

Mr. Morarji.—Yes, I could send you the figures later.

President.—You have given me percentage figures but I want them to be reduced to rupees, annas and pies.

Mr. Morarji.—Yes. There is another thing about the Japanese silk in India. Whatever silk is imported from Japan is not A. grade silk and therefore if the price is to-day a little higher than Kashmir it is not right. It is due to purely local reasons.

President.—Quality for quality the Japanese silk would be regarded inferior to the Kashmir flature silk.

Mr. Morarji.—Yes.

President.—Regarding market conditions it is slightly higher.

Mr. Morarji.—Yes at present, but generally it is lower.

President.—You have given large variations with regard to Kashmir silk.

Mr. Morarji.—In the beginning we purchased Kashmir silk at Rs. 7-8. At that time we purchased Iris. Subsequently we purchased Lotus.

President.—Did you purchase direct from the Kashmir Government?

Mr. Morarji.—Either from Kashmir Government or through immediate purchasers. In the case of Jammu we used to purchase it from a firm in Amritsar who had a contract with the Jammu Government. The variation in Kashmir silk is due to the fact that Lotus is Rs. 6-8 and Iris or Tulip Rs. 5-8. Saffron would be impossible to use.

President.—You have given in answer to question 6 (a) costs. What do you mean by 12 Mommos?

Mr. Morarji.—One Momme is equal to 9½ tolas. One piece of one Momme, 45" wide 25 yards long will weigh 9½ tolas. 12 Mommes will be equal 114 tolas.

President.—Therefore the cost per yard is 1.77 rupees.

Mr. Morarji.—Yes, basing the price of raw silk on Rs. 5-8. When we calculated the price was Rs. 5-8 per lb. To-day it is more.

President.—Rs. 5-8 is the Canton price.

Mr. Morarji.—When we submitted our figures, the price of Japanese silk was about Rs. 5-8 to Rs. 6-8. To-day it is about Rs. 6. We took only Rs. 5-8.

President.—Have you allowed for wastage?

Mr. Morarji.—Yes, we have allowed for it.

President.—The price given for raw material is net?

Mr. Morarji.—Four pounds raw silk; whereas we get less than 3 lbs. of finished fabric. There is wastage as well as loss in degumming.

President.—What are the items included under general charges?

Mr. Morarji.—Salaries of staff, chowkidars and other people who are not actual workers.

President.—Shall we say overhead charges?

Mr. Morarji.—Yes.

President.—You have added depreciation. You should have included interest on working capital, managing agency commission and profit.

Mr. Morarji.—I will give you those figures.

President.—With regard to the quantity of raw material required to produce a pound of cloth you say as far as art silk is concerned it requires only one ounce more.

Mr. Morarji.—Yes.

President.—What about real silk?

Mr. Morarji.—There is more wastage because of loss in degumming. We have given the figure in answer to question 8, namely that 20 to 22 ounces of raw silk have to be used to give a finished pure silk fabric weighing 1 lb.

President.—That means that 20 to 22 ounces are required to get 1 lb. of finished cloth.

Mr. Morarji.—Yes.

President.—In a Tariff Board enquiry we must take into account the raw material required in the finished cloth. In the last enquiry we had said that about 50 per cent. is required.

Mr. Morarji.—We agree with that view and we have said in our memorandum that if the duty on raw silk is increased by one rupee the duty on the fabric must be increased by at least Rs. 1-8 per lb. because one pound of raw silk can give only about 11 ounces of cloth.

President.—We have said that if Rs. 100 is the cost of the piece then Rs. 50 is the cost of the raw material.

Mr. Morarji.—That may be in the case of cheaper fabrics but in our case it is slightly different.

President.—Could you work it out on the basis of the last tariff Board Report (pp. 108 and 169). It deals with both art silk and real silk as well as mixtures.

Mr. Morarji.—Yes. We have given the raw material as .88; the total comes to 1.77. Therefore it is slightly less than 50 per cent. There is just a slight difference in our case because ours being superior class of goods labour charge is a little higher.

President.—With regard to the argument in support of dumping one reason you give is the depreciated currency. Could you give us variations in exchange?

Mr. Morarji.—I believe last time we submitted our memorandum to the Tariff Board we had given Shanghai exchange.

President.—I want you to give us similar figures for Japan for the last five years because Japanese competition came in somewhere in 1935.

Mr. Morarji.—Yes.

President.—Can you tell me how labour is very cheap in Japan.

Mr. Morarji.—I would just give an instance. In the year 1929 or 1930 Mr. Arno Pearce had been to Japan to make an enquiry into the condition of the textile industry there. He submitted a confidential report to the Bombay Millowners Association. He has described the labour system there. All the girls there are housed in dormitories. Nine big groups composed of the major portion of the textile industry of Japan have their own dormitories and after the period of their employment these girls are paid a lump sum of a few hundred yens and sent off. They take that and utilize it as dowry at the end of five years. Practically there is no wage; the employers give them food and clothe them.

President.—Have you taken the upit of productions turned out by Indian labourer.

Mr. Morarji.—Yes but we have disadvantage on both sides; our labour is not quite efficient and at the same time it is likely to be more costly because of the obligations imposed by the various provincial Government by labour legislation.

President.—Just as they have increased the wages of labour in the case of the textile industry they may do it in the case of this industry also.

Mr. Morarji.—Simultaneously we had to increase the wages also otherwise they would have gone on strike.

President.—What is the increase you have given?

Mr. Morarji.—At that time we were working on art silk and we were paying one anna per yard. We had to increase it to 1 anna 2 pies per yard, i.e., an increase of 16½ per cent.

President.—What about the freight charges?

Mr. Morarji.—As far as we are concerned we send our goods by passenger train as our fabrics are light in weight and we have not had occasion to learn what is the difference in the freight rate by goods train.

President.—I was thinking of the freight from Japan to India.

Mr. Morarji.—It is common knowledge that steamers carrying cargo from Japan are carrying it at a rate which when compared with that charged by the British or Italian steamers is very low because Government gives help to the merchant marine and they are in a position to offer low freight rates on raw silk as well as on fabrics. The c.i.f. cost per lb. or per yard is reduced to that extent and it helps Japan to compete to that extent.

Mr. Anklesaria.—Compete with what?

Mr. Morarji.—Compete with raw silk as well as piecegoods. The c.i.f. cost price of imports from Japan is based not only on the f.o.b. price in

Japan but if the freight is lower naturally the c.i.f. price becomes lower. How they arrive at the low f.o.b. price is a mystery.

Mr. Anklesaria.—You have got nothing to complain about freight charges?

Mr. Morarji.—Yes we have; because we are concerned with the total figure which is made up of the cost of manufacture, the cost of freight and everything.

Mr. Anklesaria.—My point is this that the cost of production in Japan does not concern you in any way.

Mr. Morarji.—If the cost of production in Japan is lower it affects us as much as anything else.

Mr. Anklesaria.—They are doing nothing extraordinary.

Mr. Morarji.—They may not be doing anything extraordinary but whatever the position in Japan at present compared to the position in India, it helps Japan to sell its fabrics and raw silk at a price at which we cannot compete. What leads Japan to that state of affairs we do not know.

President.—I am very anxious to get the weight of your cloth. So far we have not been able to get a correct idea. You are manufacturing four or five qualities. Could you give us the number of yards to a pound in the different qualities?

Mr. Morarji.—Take the 114 tolas per piece.

President.—Would you work it out and send it on to us.

Mr. Morarji.—Yes.

President.—With regard to labour, what exactly is the wage you are paying? You are also training people what wages do they get?

Mr. Morarji.—Anything from 6 annas to 10 annas per day and then when they get regular employment they begin with 12 annas and rise up to Rs. 2-4 for the weavers, and others 14 annas, Re. 1 and Rs. 1-2. The minimum is 12 annas and maximum Rs. 2-4. It depends upon the worker. All the workers ultimately become weavers.

President.—You are complaining of Kathiawar competition. What do you mean by that?

Mr. Morarji.—We have tried to sell our goods in Kathiawar. There is no silk mill there and we were the nearest for this class of goods, but we found that the dealers complained that the price at which they could get georgette in places like Jamnagar and Porabunder was so low that would not think of buying our fabrics.

President.—They are paying the same rate of customs duty?

Mr. Morarji.—Across the land frontier smuggling may be going on.

President.—There are two places from which goods at present are allowed to be imported into British India free of duty. We were told that Yarkand silk is coming through Kashmir free of duty and so is raw silk and silk goods from Mandalay, but with regard to the other areas where there are land frontiers duty is charged. Perhaps you have not gone into the question of freight which is a distinct advantage to an importer in Jamnagar whereas you have to pay railway freight from Bombay to Kathiawar.

Mr. Morarji.—We quote them price delivered at their place, the same as we do in Bombay.

Mr. Anklesaria.—May I know the difference between your price and the price in Jamnagar?

Mr. Morarji.—The price in Jamnagar is Rs. 2-4 per momme for georgette whereas in Bombay it is Rs. 3 to Rs. 3-2 per momme. How they manage to do it is a mystery. The only possible explanation is that what they get is possibly smuggled goods which may not have entered through the ports.

President.—The cost of production of your article in India may be higher.

Mr. Morarji.—I am giving you the Japanese prices as they rule in Bombay and Jamnagar. Rs. 3-2 is the price of Japanese fabrics in Bombay.

President.—You have given the block value of your property. I want to know what is the capacity?

Mr. Morarji.—15 Looms.

President.—What would be the maximum production?

Mr. Morarji.—600 yards working night and day.

President.—That means 300 yards for a day of nine hours. That is the average?

Mr. Morarji.—We have taken the average as 20 yards per loom, which is the average which is available in Europe, so our efficiency is not lower. About Japan we do not know.

President.—In answer to question 23 you have argued that the mill-made goods do not compete with the handloom product.

Mr. Morarji.—Yes, and I find that the Silk Manufacturers' Association have supported that view.

President.—The evidence we have received so far does not support that view. We have been definitely told that some classes of goods particularly plain saris are seriously competing with handloom products and there is a proposal whether it would not be worth while to prohibit by law the manufacture of these goods by power loom factories.

Mr. Morarji.—There will be nothing wrong in helping the handloom weaving industry by prohibiting the power loom factories from manufacturing particular classes of goods. In principle that would be a good thing, but actually in practice it will be very difficult of application. Mills may change the borders slightly and in this or that way they will try to evade the law. Our experience has been, wherever we have enquired about the price of the handloom product, that the margin is so low that we have not been able to manufacture it. For example, Bengal silk (Murshidabad silk) cloth is sold in Bombay at such a low price that even if we take Canton silk and manufacture cloth we cannot compete and sell at a price at which they sell in Bombay even after paying freight.

President.—Is the quality the same?

Mr. Morarji.—Slightly different, inferior in finish and weave.

President.—You told me there is difficulty in putting the measure into force. Suppose the Government of India decide that the manufacture of plain saris by power loom factories should be prohibited altogether.

Mr. Morarji.—That would be a very dictatorial order.

President.—For the protection of handloom weaver.

Mr. Morarji.—We will have to stop the manufacture of silk altogether.

President.—It is only for plain saris.

Mr. Morarji.—As soon as you put a border to a georgette, it comes in the name of sari, otherwise it comes in the name of georgette.

President.—Similar proposal was made when we were examining the Cotton Industry namely that up to 20 counts the mills should be prohibited from manufacturing cloth.

Mr. Morarji.—Very often handloom weavers make very much finer saris than we can make on the machinery. As the question of art and design enters more into the handloom products than anything else, they are a class by themselves. I don't think the handloom weavers are in any way affected by the mills products.

President.—You call the money which they get in the shape of wages as profit.

Mr. Morarji.—I would rather say that the weavers get a mere pittance for their labour. The merchant may be making a profit.

President.—They only got the money for their labour.

Mr. Morarji.—They are always obliged to sell it to the merchant who lends the raw material and who lends them money off and on.

President.—I have examined this question carefully and I find that even on the system of the merchant giving all the raw material and so on, wages have been reduced, because the cost of the silk goods has come down. Therefore in order that the merchant may be able to compete in the market, he has reduced the wages and that is the item which can easily be reduced in the cost of production because of the peculiar position of the weaver.

Mr. Morarji.—Yes whether the weaver likes it or not.

President.—In one or two places like Hyderabad wages have not gone down appreciably but particularly in Surat wages have definitely gone down.

Mr. Morarji.—Surat is mostly on cottage industry basis.

President.—They are power looms.

Mr. Morarji.—Yes in Surat in houses there are two or three looms worked by electricity worked by a family on a cottage industry basis.

President.—Because electricity is cheap.

Mr. Morarji.—Yes. As far as handkerchiefs are concerned, we now find that the Government of India have referred that question to the Tariff Board. We were manufacturing handkerchiefs about two years back and we had to give up the manufacture of those handkerchiefs because we could not afford to sell them on a large scale.

President.—You were manufacturing plain silk handkerchiefs.

Mr. Morarji.—With printed designs like the Japanese ones.

President.—Where did you print them?

Mr. Morarji.—We got them printed in Bombay.

President.—Hand printing?

Mr. Morarji.—Yes.

President.—What was the price at which you were able to sell?

Mr. Morarji.—Taking the standard quality (handkerchiefs can also be manufactured out of cut pieces), the cost of the cloth comes to Rs. 5-10 per dozen. The cost of printing comes to Rs. 4-8 per dozen which is a very high cost. In handkerchiefs they require variety of designs. They print all that pattern by hand.

President.—For how many dozens?

	Rs. A.	
<i>Mr. Morarji.</i> —One dozen	4 8	for printing.
Cost of cloth	5 10	
Cost of making and packing	0 6	
	<hr/>	
Total cost is	10 8	

whereas we were selling at Rs. 11 less 10 per cent. discount or Rs. 9-0 per dozen, nett.

President.—Which handkerchiefs compete with this class?

Mr. Morarji.—The best quality of real silk kerchiefs—crepe kerchiefs. I understand that the present c.i.f. is about Rs. 5 per dozen.

President.—What size?

Mr. Morarji.—22 x 22.

President.—And you used to manufacture the same size?

Mr. Morarji.—In Japan 21 x 21 and they have 23 x 23. The highest price of silk handkerchiefs is, I understand, about Rs. 5 c.i.f. per dozen and the duty is only 50 per cent.; so, the total duty paid price is Rs. 7-8. Our actual cost is Rs. 10-8.

President.—I find that Rs. 4-8 per dozen for printing is very much on the high side.

Mr. Morarji.—Yes because of particular designs.

President.—How many yards of cloth are required to make one dozen?

Mr. Morarji.—3½ yards of 45" width.

President.—Rs. 2-12 is the figure given by them.

Mr. Morarji.—That is the highest. They say that Rs. 5 stuff does not sell here.

President.—The bulk of their sales are at Rs. 1-14.

Mr. Morarji.—Yes.

President.—How many yards would make a pound of cloth?

Mr. Morarji.—10 yards in a pound.

President.—Ties according to the Customs tariff comes under apparel and pays only 35 per cent. *ad valorem* duty.

Mr. Morarji.—If the duty on ties is increased, it won't harm anybody.

President.—What about the consumer?

Mr. Morarji.—They can afford to pay a little more. Silk kerchiefs is not a necessary part of the man's equipment. He can as well use the cotton handkerchiefs made by the Calico's.

President.—The question we are asked, to inquire is only about tariff inequality. The question of substantive protection is not referred to us.

Mr. Morarji.—It goes with silk weaving and raw silk.

President.—*Ad valorem* duty is applicable to handkerchiefs whereas *ad valorem plus* specific duties are applicable for fabrics according to qualities of cloth.

Mr. Morarji.—I found there was a suggestion made by the Silk Merchants Association that an excise duty should be levied on the manufacture of art silk fabrics in India. I would just submit before the Board that the imposition of an excise duty in principle is injurious to all types of industries and that is the last thing which a Government should do and therefore I would oppose any idea of the levy of an excise duty.

President.—How do you propose to compensate the loss of revenue?

Mr. Morarji.—With the growth of indigenous industries the Government have got to forego revenue considerations just as the imposition of a policy of prohibition involves a loss of revenue to a Provincial Government.

President.—That revenue has to be made up from some other sources.

Mr. Morarji.—Similarly the Government of India may make it up either by an increase in income-tax or death duties or capitation tax or anything like that. There are various things which the Finance Department of the Government of India can find out, but the levy of an excise duty on any industry is unjustifiable in principle especially when the industry is still in its infancy. The second thing is that at present the duty on art silk yarn should be lowered if possible, because the industry for manufacturing art silk yarn does not exist. Just as the art silk weaving industry has come into existence because of the high duty on silk fabrics, so if there is a high duty on art silk yarn, there is every possibility of the art silk yarn industry being developed in India. While I was in Europe I went into the question of art silk manufacturing and from the particulars and information I have collected and the visits I have made to several factories, I found it was quite possible to start manufacturing art silk in India.

President.—What are its raw materials?

Mr. Morarji.—There may be two materials. One is bamboo pulp. The second is short staple cotton which would be more advantageous because if Japan does not take enough of Indian short staple cotton, it could be utilised in the manufacture of art silk yarn and the phenomenal imports of

cotton piece goods from Japan, which were allowed because we have to export cotton, could be stopped and the indigenous industry helped. So I would not like the idea of any reduction of import duty on art silk yarn.

President.—In order to encourage the manufacture of silk yarn in India.

Mr. Morarji.—Yes just as the spun silk.

President.—Are you aware of what is being done by the local Government as well as by the Dohra Dun Institute?

Mr. Morarji.—The Dohra Dun Institute is on the whole carrying on research work in the matter of bamboo pulp to find out whether it is suitable in the manufacture of art silk yarn and from reports of experiments I find they are making considerable progress. The Indian Central Cotton Committee's Research Department is also looking into that question. I do not know how far they have proceeded in the matter, but it is quite possible to establish the industry in India.

President.—We have been told that there are difficulties in the matter.

Mr. Morarji.—Climatic conditions?

President.—And the cost of production?

Mr. Morarji.—Yes, there may be, but as far as the other technical factors are concerned, it is quite possible. At present the position of the silk weaving as well as the art silk weaving industry is precarious looking at the present political circumstances of the world. We are at present depending mostly on imported raw silk and imported art silk yarn. Suppose to-morrow there is a war and the imports of all these yarns are stopped. What will be the position of those thousands of looms which have been put up in Bombay, Ahmedabad and other parts of India for the manufacture of silk and art silk fabrics? What would be the position of the Silk Weaving industry? The silk weaving industry might be able to get its supplies by increased production in Mysore, Kashmir or Bengal. What about the art silk weaving industry? The position of that industry is not only precarious, but very false from the economic point of view. When the raw material is not available in this country and if there is any stoppage of supply from outside, it will be nowhere. From that point of view also the establishment of the art silk yarn manufacturing industry in India would be an advantage, so also the growth of the sericultural industry. This consideration may be borne in mind when considering the question of protection to the sericultural industry as well as the silk industry. It is from the national point of view that the sericultural industry should be supported and developed, and the other thing which we would like to emphasise is as far as possible there should be no disproportionate variation in the price fluctuations of raw silk and silk fabrics as a result of the recommendations of the Board.

President.—You mean the compensatory duty.

Mr. Morarji.—Yes. Another thing I want to submit is this. At present the price of Japanese raw silk has risen to Rs. 6-2. The price of fabrics is Rs. 3-2 to Rs. 3 per momme.

President.—Can you account for it?

Mr. Morarji.—I believe it is as a result of the general nervousness in the international situation.

President.—That is not a lasting factor.

Mr. Morarji.—It may not be a lasting factor.

President.—Therefore your point of view is that the sericultural industry should be protected.

Mr. Morarji.—Yes.

President.—And that the present duty on art silk yarn should remain the same.

Mr. Morarji.—Yes.

President.—Silk association wants a reduction of duty on art silk yarn and also on raw silk.

Mr. Morarji.—I have seen that.

President.—Your point of view is that the raw silk industry should be protected and the present duty on art silk yarn continued in order to encourage the production of art silk yarn in this country.

Mr. Morarji.—I take the broader view. Along with the development of the weaving industry, the raw material of the industry, namely, yarn should also be developed. I don't think the Association raised any other particular points.

Mr. Anklesaria.—You would agree that the demand for silk is a very highly elastic demand.

Mr. Morarji.—For real silk fabrics?

Mr. Anklesaria.—Yes.

Mr. Morarji.—I should think it is not very elastic. According to the figures submitted by the Association, the world production of silk fabrics has practically remained stationary.

Mr. Anklesaria.—In this sense if you raise the price, the demand would be immediately affected. If you lower the price, the supply and demand would be affected.

Mr. Morarji.—The class of people who go in for real silk fabrics are such that they would not be affected by 10 or 15 per cent. increase in the price. They would go in for real silk all the same. We stopped manufacturing real silk fabrics and I went over to art silk fabrics. Some of our customers who are using our silk fabrics would not touch these art silk fabrics. They would not touch anything cheaper than real silk.

Mr. Anklesaria.—My point is this: suppose there is a certain demand for real silk in a particular year. I say that the demand would remain the same next year also and the price would not affect the demand.

Mr. Morarji.—The increase in price would not affect the demand much. If there is a reduction in the price, I don't think there would be any greater demand.

Mr. Anklesaria.—You are of opinion that the demand for real silk is very inelastic.

Mr. Morarji.—Yes. Even poor people go in for real silk and on occasions they do not mind spending a little more.

Mr. Anklesaria.—I take it that the demand for silk fabrics would remain constant for a number of years according to you.

Mr. Morarji.—Yes, unless there was some phenomenal change just as the invention of artificial silk yarn.

Mr. Anklesaria.—According to you art. silk has affected the silk. Then the demand for real silk must be fairly elastic.

Mr. Morarji.—It is not elastic.

Mr. Anklesaria.—If the supply of art silk has changed the conditions of demand, then the demand must be elastic, not inelastic.

Mr. Morarji.—That was a very revolutionary change in the textile field. That affected the cotton demand also.

Mr. Anklesaria.—What do you think would be the object which our Government should aim at for developing the Sericultural industry in India? Would it not be better to make the price of the silk producer remunerative?

Mr. Morarji.—Yes that should be the minimum, if you want to develop.

Mr. Anklesaria.—If you put protective duties and thereby raise the price of raw silk, you harm the weaver.

Mr. Morarji.—Yes.

President.—And affect the consumer's market.

Mr. Morarji.—Yes.

Mr. Anklesaria.—The consumer is the weaver and weaving mills.

Mr. Morarji.—Yes.

Mr. Anklesaria.—Therefore protective duties would be far from being beneficial to the weaving interests.

Mr. Morarji.—Yes, provided they were not protected simultaneously. Our submission is that protection should be given to the weaving industry at the same time.

Mr. Anklesaria.—If we give compensatory protection to the weaving industry also you will admit that the consumer would be doubly hit.

Mr. Morarji.—Only singly hit. The consumer, the ordinary man in the street, does not buy raw silk. He buys the finished product.

Mr. Anklesaria.—The price of raw silk will enter into the cost of production of the weaver.

Mr. Morarji.—The price of the fabric would be only increased to the extent to which the duty on raw silk was increased. The compensatory duty would be to the same extent to which the cost of the raw material would go up.

Mr. Anklesaria.—Suppose we do not give compensatory protection. In that case the consumer of silk cloth will pay that increase in the cost of production which is accounted for by the increase in the price of raw silk.

Mr. Morarji.—Yes.

Mr. Anklesaria.—If you also protect the weaving industry by raising the price of fabrics, then not only would the consumer pay the increased price of raw silk but also the increased price of silk fabrics.

Mr. Morarji.—There I disagree. For example if the duty on raw silk is raised by one rupee per lb. the increase in the cost of weaving would be Rs. 1-8. If no step is taken to give compensatory protection to the weaving industry, we will have to sell at Rs. 1-8 more. If we find that the consumer is not buying because the imported things are cheaper on account of the lack of compensatory protection, either we cease to manufacture or sell cheaper and make loss. The protection of the sericultural industry without giving compensatory protection to the weaving industry would be a case of tuberculosis. The patient (sericultural industry) would die of slow and gradual weakness unless protection is given to the weaving industry.

Mr. Anklesaria.—Instead of putting a protective duty on raw silk, we give the raw silk producer remunerative prices by giving him certain bounties or subventions. Do you think that that would be a better way because it would not affect the weaver.

Mr. Morarji.—Yes, if that does not increase the price of the raw material. But it is more costly to Government and therefore more costly to the country and to the tax payer as well.

Mr. Anklesaria.—Can you show me one country in the whole world in which raw silk has been protected?

Mr. Morarji.—Perhaps it may be Japan.

Mr. Anklesaria.—It is not so. There is no protection in Japan because nobody competes with her.

Mr. Morarji.—Japan is a class by itself. How about Italy and France?

Mr. Anklesaria.—Raw silk is never protected in those countries.

Mr. Morarji.—I do not know exactly what the position is.

Mr. Anklesaria.—You can take it from me. The only way in which the Italian and the French Governments help the silk producer is by giving him State help in the shape of bounties, education and supply of disease free seed and so on. Consequently the French weavers and the Italian

weavers have never complained of the protection given to the sericultural industry there.

Mr. Morarji.—At the same time there must, I think, be some quota. If there is no higher duty on silk fabrics, there must be some quota allowed for the imports of fabrics.

Mr. Anklesaria.—Don't you think that it will take years before India supplies even the home market?

Mr. Morarji.—That could also have been said about the cotton weaving industry 50 years back.

Mr. Anklesaria.—Just give me an approximate time. Suppose Kashmir Mysore and Bengal wake up and follow the Japanese methods how long do you think that it will take them to supply the Indian market only, leaving aside export?

Mr. Morarji.—25 years at the most would be enough for developing the sericultural industry.

Mr. Anklesaria.—During that period, foreign importations of silk must be allowed if the consumer is not to go without silk.

Mr. Morarji.—That is an economic truism. So long as there is a demand for a particular thing and the supply is not enough, it will have to come from outside.

Mr. Anklesaria.—In that case, for the period of 25 years, the duties must be such as to permit of foreign imports into India.

Mr. Morarji.—Even if you impose a prohibitive duty, if the raw silk production in India is not enough to meet the demand, raw silk will be imported from outside.

Mr. Anklesaria.—Even if you put a prohibitive duty?

Mr. Morarji.—Yes, it will be imported to the extent of the shortage of supply in the country itself.

Mr. Anklesaria.—If you put a prohibitive duty, won't the consumer go without silk?

Mr. Morarji.—No.

Mr. Anklesaria.—Will he not take to artificial silk?

Mr. Morarji.—No. Those who want to take to art silk have already done so, and there is no fear in that direction unless some new invention comes in.

Mr. Anklesaria.—The high protective duties on silk will not lead to an increase in the substitution of silk by art silk?

Mr. Morarji.—I don't think so. At present the price variations between real and art silk are too great.

Mr. Anklesaria.—In the 2nd page of your letter, you say "By compensating increase we mean that if the duty increased on raw silk is specific, and if for example the increase made is Re. 1 per lb., then the increase in the specific duty of silk piece goods must be increased by at least Rs. 1-8 per lb." Is that on the supposition that the raw material utilised in making one lb. of silk cloth would be one lb. of silk?

Mr. Morarji.—More than one lb. of silk.

Mr. Anklesaria.—Can you tell me how much does the dyeing add to the weight?

Mr. Morarji.—Very negligible. Of course, there are processes carried on the Continent which are known as weighting. There they add to the weight by chemical application. In India that is not feasible.

Mr. Anklesaria.—Why not?

Mr. Morarji.—We would very much like to increase the weight without putting equivalent raw materials into it! We have found that that is not feasible.

Mr. Anklesaria.—If it is possible in Europe, why not in India?

Mr. Morarji.—Because of the climatic conditions, it is not possible. The chemicals will have erosive action on the fibre. Within 5 or 6 months the whole fabric will go to pieces.

Mr. Anklesaria.—So will it be in Europe?

Mr. Morarji.—In a cold country it may take a longer time. In India nobody would buy weighted goods.

Mr. Anklesaria.—Dyeing does not add at all to the weight? As you know, silk is highly hygroscopic.

Mr. Morarji.—It is negligible. It is hardly one per cent.

Mr. Anklesaria.—Is that your experience as manufacturers?

Mr. Morarji.—Yes.

Mr. Anklesaria.—We understand that weight is even increased by 100 per cent.

Mr. Morarji.—In Europe it is being done. In India it is not possible.

Mr. Champain.—It is all diluted solution and cannot add much to the weight.

Mr. Anklesaria.—There is a big difference between 1 per cent. and 100 per cent. Do you agree with me that pure silk does not compete directly with artificial silk?

Mr. Morarji.—I agree as matters stand at present. When art silk was introduced, it competed and now things have evened up.

Mr. Anklesaria.—Would you protect those articles which do not directly compete with raw silk?

Mr. Morarji.—So long as they do not affect any other industry there is no reason why they should be penalised.

Mr. Anklesaria.—I take it therefore that as artificial silk does not directly compete with real silk, artificial silk should not be penalised by heavy duties.

Mr. Morarji.—If that is done, for example, if the duty on art silk fabrics is removed next month, there will be an application made to the Tariff Board to go into the question of protection to the artificial silk weaving industry.

Mr. Anklesaria.—That does not concern you. On page 2 of your replies you talk of protected market for your fabrics. What sort of protected market do you mean?

Mr. Morarji.—There should be sufficient compensatory duty imposed on real silk fabrics, so that we have a decent margin of profit.

Mr. Anklesaria.—What profit do you expect?

Mr. Morarji.—At present we are not getting any profit at all.

Mr. Anklesaria.—I was told at Surat that a silk manufacturer when he started the Silk Mills about 5 years ago made 100 per cent. profit and now that he would be making not less than 15 per cent. Would that be a decent margin?

Mr. Morarji.—The present position is not correct. As far as the past is concerned it was correct—not because of economic reasons, not because of any higher duty, but simply because of the awadashi movement current at that time. Perhaps that very manufacturer was ourselves. We were selling our fabrics at Rs. 5 per yard. Now we are not able to sell even at Rs. 1-12.

Mr. Anklesaria.—Do you mean to say that 5 years ago the Japanese and Chinese silks were boycotted?

Mr. Morarji.—At that time the price of the Japanese silk fabrics was also higher. It was selling at Rs. 4-8 or Rs. 5.

Mr. Anklesaria.—My point is this. 5 years ago no foreign silk fabric was boycotted.

Mr. Morarji.—I am talking of 1930 to 1933 when the swadeshi movement was strongest.

Mr. Anklesaria.—When did you start the mill?

Mr. Morarji.—In 1932 when the swadeshi movement was strongest.

Mr. Anklesaria.—I take it that the swadeshi movement did not affect the silk fabrics as much as it did cotton fabrics.

Mr. Morarji.—It affected us. As an example I might say at that time merchants were so anxious to get our fabrics that they would come to our factory and take whatever we had in stock no matter what the price was. There was such an insistent demand from the public for fine silk goods as swadeshi fabrics.

Mr. Anklesaria.—That spirit you think has disappeared from modern Indians.

Mr. Morarji.—To a very great extent. I should think, almost entirely.

Mr. Anklesaria.—Have you negotiated directly with the Kashmir Government for the supply of Kashmir silk?

Mr. Morarji.—Yes, at various times.

Mr. Anklesaria.—How many times during the last two years?

Mr. Morarji.—At least about 3 or 4 times.

Mr. Anklesaria.—And the reply has been that they cannot supply and that you must refer to the local dealer.

Mr. Morarji.—Yes, to the dealer in Amritsar or somewhere else, who has purchased a large quantity from them. We do not object to that system of theirs.

Mr. Anklesaria.—We are told by the Kashmir Government that nothing of the sort has happened. They do not get Rs. 4 for their Tulip.

Mr. Morarji.—There must be something wrong with their selling methods; we can only judge by the results obtained.

Mr. Anklesaria.—As regards your reply to question 13, where you talk about the overhead costs, you think that the difference between the selling price in India and the selling price in Japan is entirely due to lower overhead costs in Japan.

Mr. Morarji.—Almost entirely due to overhead costs. I have submitted that it may be argued by silk merchants or importers that the overhead charges in India are too high.

Mr. Anklesaria.—You say "in any industry, in our country, given the present conditions of labour, the only item which can raise the cost of production unduly is the overhead cost".

Mr. Morarji.—Because the other items are such that they can neither be increased or reduced at will. We can economise in that particular item.

Mr. Anklesaria.—It is in respect of the overhead cost that Japan scores over India.

Mr. Morarji.—My submission is that it may be argued that the overhead costs are higher in India.

Mr. Anklesaria.—You have used the word 'only'.

President.—In Japan there is mass production. As you know, the greater the production the less is the overhead cost.

Mr. Anklesaria.—I support you there.

Mr. Morarji.—My submission is that there are no other items in which we can reduce at will. I have qualified my statement by saying "given the present conditions in India".

Mr. Anklesaria.—How can you have mass production without at least a protected home market? Leaving aside exports, unless you protect your market in India, the manufacturers will not go in for mass production.

Mr. Morarji.—Quite right.

Mr. Anklesaria.—You have given 4 reasons showing why Japan is able to sell cheaper in competition with India. The first is depreciated currency. Am I wrong if I say that since 1934 the Japanese currency has been stabilised?

Mr. Morarji.—In other words it has remained depreciated and that is what I have stated.

Mr. Anklesaria.—There is no material change between the value of yen in 1934 and that of yen in 1933.

Mr. Morarji.—Yes. The same could be said of pound in relation to dollar.

Mr. Anklesaria.—So far as the difference due to depreciated currency is concerned, it has remained the same.

Mr. Morarji.—I am going to submit the figures about exchange when I can be more definite. As far as the general impression goes there has not been much change in the value of the exchange.

Mr. Anklesaria.—The second reason is “very cheap labour working without regard to all the international labour conventions”

Mr. Morarji.—They do not adopt labour conventions and therefore the question of working them does not arise.

Mr. Anklesaria.—Since Pearce wrote, it is now well known that Japan has been observing international conventions perhaps to a greater extent than India does.

Mr. Morarji.—I do not think so looking from the results. At the price at which they are selling I feel that Japan is not carrying out the convention.

Mr. Anklesaria.—There was much discussion in 1933 in the Legislative Assembly and I had to study the subject. The third advantage which the Japanese producer has is State aid. What sort of State aid is it?

Mr. Morarji.—It may be given in various ways; they may be given bounties on production, bounties on exports and so on.

Mr. Anklesaria.—Japan gives no bounties on exports.

Mr. Morarji.—Judging by the results it is very difficult to believe that. The other thing is that whatever information the Japanese themselves may be publishing may be more of a propagandist nature than actual facts.

Mr. Anklesaria.—Have you read in any book on Japanese industry that Japan gives bounties on exports?

Mr. Morarji.—Yes. Various books say that in various ways help is given to the industry by the State; that is why I have mentioned State aid.

Mr. Anklesaria.—Low freight charges, how do they affect you. Suppose there were no freight charges?

Mr. Morarji.—My submission is that freight charges form a very important part of the c.i.f. cost of any imported article.

Mr. Anklesaria.—What do you mean by very important: what percentage?

Mr. Morarji.—Practically on the art silk goods, all the way from Japan to this place, between the f.o.b. and c.i.f. price of art silk there will be a difference of half an anna per yard, so on real silk fabrics it cannot be less than 10 to 12 per cent.

Mr. Anklesaria.—What is the f.o.b. price of Japanese real silk fabrics?

Mr. Morarji.—Rs. 2 per momme so about Rs. 8 per pound.

Mr. Anklesaria.—The freight would be about 10 per cent. of Rs. 8P

Mr. Morarji.—Yes, 12 annas. When we import anything from Europe they calculate 15 per cent. for freight and packing charges so 10 per cent. that we have calculated from Japan is very low.

Mr. Anklesaria.—Because Japan sells at a lower price than the Indian price you call that dumping?

Mr. Morarji.—Dumping is a word which is used to describe those imports which we think are imported at a price which does not pay the foreign manufacturer to sell under normal conditions.

Mr. Anklesaria.—Do you know the system of two markets. You have been talking of mass production in Japan; what the Japanese producer does is this. He carries on mass production and sells at a certain price to the home consumer which is higher than the export price.

Mr. Morarji.—And that exactly is the meaning of dumping.

Mr. Anklesaria.—It is a legitimate trade practice to sell to the home consumer at a higher price than to the foreign consumer in order to increase mass production and thereby lower overhead charges.

Mr. Morarji.—That sort of practice can only be carried on with the connivance of Government, only if Government agrees in that, because that means that the people in Japan who buy the fabric are taxed to that extent.

Mr. Anklesaria.—The State does nothing; it is done by the trade organization.

Mr. Morarji.—We wish conditions in India were such that we could do it, that Government would allow us to sell at a higher price in India to enable us to export at a lower price to other countries.

Mr. Anklesaria.—You say handloom products sell at a lower price.

Mr. Morarji.—Yes; I just gave you an example that they can sell cheaper.

Mr. Anklesaria.—What about Poona weavers? For instance the Poona people have been weaving saris; do I take it that Poona weavers are able to sell saris cheaper than mill saris?

Mr. Morarji.—Yes, class for class.

Mr. Anklesaria.—They sell at a higher price and complain that prices are unremunerative.

Mr. Morarji.—That is news to me. Looking at the present organisation of the industry it ought not to be so.

Mr. Anklesaria.—Can you tell me approximately the percentage of smuggled goods with which legitimate trade has to compete?

Mr. Morarji.—It is very difficult to guess the figure, but if we can find out the figures of population of the Kathiawar States and the population round about Pondichery we can get an idea of the extent to which India is served by smuggled goods.

Mr. Anklesaria.—Are smuggled goods sold in the Bombay market?

Mr. Morarji.—They are.

Mr. Anklesaria.—Is it an appreciable quantity?

Mr. Morarji.—No, but Bombay serves a very large market; Bombay serves Kathiawar and other parts and those parts are served by smuggled goods, so the Bombay city market is not the only criterion, and to that extent the complaint of the Bombay merchants is justified.

President.—The cost that you have given on the last page is for georgette. What would be the difference between georgette and crepe?

Mr. Morarji.—There will be a slight difference. I will give you that and also for art silk.

President.—How do the Kutch Cotton Mills compete with goods coming into Cutch State from Japan?

Mr. Morarji.—I am also interested in that firm. They cannot compete.
President.—Does the State not levy British Indian duties?

Mr. Morarji.—Formerly it was only 7½ per cent., but it has been since raised to 26 per cent. But even then we found it impossible to compete with the result that we had to close down. At present the duty on silk fabrics is 16 per cent. The State is absolutely against this practice of smuggling but just as the British Government cannot help smuggled goods passing through the land frontiers so also the State cannot detect smuggling.

President.—Can the State send those imported goods into British India?

Mr. Morarji.—No. It is not the Kutch merchants themselves; I have made enquiries and find that it is the merchants from British India who make purchases in Kutch and somehow manage to send it to British India although there is a Customs barrier and evade the duty. How they manage to do it I do not know.

24. GOVERNMENT OF H. H. THE MAHARAJA OF KASHMIR.

(1) Evidence of Mr. RENE PEYCHAUD, Director of Sericulture, Kashmir, and Mr. T. C. WAZIR, Director of Sericulture, Jammu, recorded at Simla on Wednesday, the 7th September, 1938.

President.—Mr. Peychaud, you are Director of Sericulture, Kashmir.

Mr. Peychaud.—Yes.

President.—Mr. Wazir, you are Director of Sericulture, Jammu.

Mr. Wazir.—Yes. Before you proceed with the oral examination I desire to make a statement on two particular points, one is about the Board's visit to Kashmir and the other is with regard to the protection enjoyed by the industry. It appears that there is some misunderstanding with regard to the State monopoly existing in Kashmir. It is believed that the State is making enormous profits out of the industry and that there exists what is known as sweated labour. We are very anxious to remove this 'notion'. Nothing would have been more useful in this connection than a visit of the Board to Kashmir. We maintain that with due regard to all the circumstances of the case we have been paying a fair remuneration to the rearers and reeler before the depression in its worst form started. The depression has forced us to reduce the price of cocoons to uneconomic levels. Recently we have started regulating the wages of labourers and the price of cocoons according to the financial results of the working of the industry. Both these classes of labour stand to gain in case the industry makes a profit as a result of protection. Though we have acceded to the Board's request to give oral evidence in Simla, we must respectfully point out that the Board will never have a correct idea of what the various figures submitted by us indicate unless they visit Kashmir and study the position of the industry as it is to-day. As regards protection we want to make it perfectly clear that the industry has up till now never enjoyed protection in the sense of the term as generally understood. We were given a duty on the basis of the safeguarding of the Industries Act and that fell short by annas 6 a pound as compared with that estimated by the Board on this very basis. It has fallen short by further 6 annas a lb. as compared with what was found necessary for the purpose of realizing the fair selling price. We want to submit therefore that it is not strictly correct to say that the industry is a protected one. The duty has only helped the Government to obtain an increase in Customs duties as will be seen from the imports of the last five years. The industry has not derived any substantial benefit from the protection granted. The result has been that the industry has further deteriorated and to-day it is in need of greater protection than has been the case in 1933. The Board therefore will understand that the present demand of the industry for a higher protection than that recommended by the Board of 1933 is not unjustifiable nor unfair.

President.—The statement which you have just made on behalf of your Government deals with points which are likely to occur in the course of your oral evidence. I propose to discuss them as they come up. I think that would be the best way of tackling them. I am very glad that you have placed at the very outset the points which are really important from your point of view. Before I take up the replies to the sericultural questionnaire, I want to draw your attention to the fact that we have not received any reply with regard to the handloom industry. I understand from His Highness' Government that their replies to certain questions will follow. May I know whether they have already forwarded them?

Mr. Wazir.—We hope to be able to reply to that to-morrow. I have wired to the Government, on the subject.

President.—Suppose we receive those replies, are you in a position to give oral evidence?

Mr. Wazir.—No.

President.—You will not be in a position to give evidence on behalf of His Highness' Government on the question of handloom industry.

Mr. Wazir.—The handloom industry in the State is the concern of the Director of Industries. We are only concerned with the sericultural industry.

President.—The Director of Industries, Kashmir State, has not come along with the representatives of the sericultural industry to Simla.

Mr. Wazir.—No, not to our knowledge.

President.—I take it that both of you represent the views of His Highness' Government.

Mr. Wazir.—Yes.

President.—In order to facilitate our work I will just run through the replies to the questionnaire with you and see if there are any questions that arise out of them. You have supplied various costs and details in reply to different questions on a maund basis. I would like you if it is possible to convert those figures on a pound basis for the purpose of comparison.

Mr. Wazir.—Figures have been given in maunds or kilogrammes. We have also worked out these figures in lbs. as far as it was possible during the short time at our disposal.

Mr. Anklesaria.—In the last enquiry you were asked by the President and Members of the Board to give your figures in lbs.

Mr. Wazir.—Last time we gave our figures in maunds.

Mr. Anklesaria.—You were asked both by the President and Member to give them in lbs.

Mr. Wazir.—I don't remember.

President.—As regards your reply to question 1, the first paragraph deals with the present position of the industry and how far the industry has been able to realise in Kashmir the fair selling price. Your point is that you have not been able to get above Rs. 5 per lb.

Mr. Psychaud.—That is what we are getting at present.

President.—Though the Tariff Board fixed the fair selling price of filature silk as Rs. 6-10-9?

Mr. Psychaud.—That is correct.

Mr. Wazir.—During the last 5 years it was only for a short time and for a small quantity that we could get a price which was a little above or about Rs. 6-10-9.

President.—What is the recent price that you have been able to obtain?

Mr. Psychaud.—The last price for our best quality—Lotus brand—was Rs. 5 per lb.

President.—What month was it?

Mr. Psychaud.—In the month of June.

President.—Is that the net price?

Mr. Psychaud.—Ex-factory price—for a sufficiently large quantity of about 50,000 lbs.

President.—That will differ from the market price, which will include commission and freight.

Mr. Psychaud.—Yes. Rs. 5 is ex-factory price.

President.—I don't like to put to you the questions which I and my colleagues asked you on the last occasion. I would like to inquire about

the progress made during the 5 years of protective period. To ascertain that it is better that I should start from the very beginning—first mulberry, then cocoons and then the costs of silk.

Mr. Psychaud.—Yes.

President.—As regards the number of people engaged in sericulture, the figures given in the last Tariff Board Report (page 21) stopped in 1915-16. In the Written Evidence Volume we have got figures from 1915-16 right up to 1931-32. Is that correct?

Mr. Psychaud.—Yes.

President.—In 1931-32 the number of rearers was 30,836 whereas in 1936-37, the number has increased to 44,910.

Mr. Psychaud.—The number of rearers has increased since the last Tariff Board enquiry.

President.—With regard to Jammu, I don't think we have a similar statement.

Mr. Wazir.—You will find it on pages 100 to 105.

President.—Total number of hands employed?

Mr. Wazir.—Quite. In that confidential note on our raw silk industry which we have submitted, we give figures for Jammu sericulture also.

President.—What is the figure for Jammu?

Mr. Wazir.—The figure for 1931-32 is 7,598 and to-day it is 7,846.

President.—So there is a slight increase in the number of rearers?

Mr. Wazir.—Yes.

President.—With regard to reeling this also includes sorters; that means the whole establishment of the filature?

Mr. Psychaud.—They are all technical labour.

President.—The daily attendance of labour is 1,607, last time it was 1,707. There has been a reduction of 100 people?

Mr. Psychaud.—That is right.

President.—So labour is steadily going down?

Mr. Psychaud.—Yes, since 1917-18.

President.—It was higher in 1920-21.

Mr. Psychaud.—The highest was in 1928-29 before depression started.

President.—Since then it has been steadily going down. With regard to Jammu what was the figure?

Mr. Wazir.—The highest was in 1930-31; at present it is 202 roughly. Last time it was 248.6 in 1931-32.

President.—Can you tell me why the number of rearers have increased? That implies that production also increased?

Mr. Psychaud.—Some years ago when the silk industry was flourishing we were distributing something like 44,000 to 45,000 ozs. of seed a year and at that time the number of rearers was much higher than what it is at present. Our number of rearers was 48,328 in 1928-29 and 49,200 in 1929-30. Then we had to drop all of a sudden to 31,000 ozs. in 1931-32. It meant that about 19,000 of our rearers did not get seed simply because we had to cut down the seed supply. I found that it was not a good policy not to give any work to the rearers so I have reduced the quantity of supply to individuals and given it to a larger number so as to keep all the rearers working though on a small scale.

President.—That means individual rearers would get less money but all rearers would be kept employed?

Mr. Psychaud.—Yes.

President.—What is the average reduction you would calculate on this basis?

Mr. Psychaud.—About 30 per cent. was reduced.

Mr. Wazir.—In this connection we have to bring to your notice another factor and that is that the distribution of seed may be either thin or thick. If the distribution is thin, then we get a better outturn from the rearing.

President.—I will discuss with you what is a fair wage and what is the fair earning of a rearer when I come to the cost of cocoons. My idea is to find out how much reduction in the shape of money has taken place per individual rearer as a result of the increase in their number.

Mr. Psychaud.—Number of rearers alone is not an index to the progress of the industry. Sometimes what happens is, we distribute say 40,000 ozs. of silk worms among 30,000 rearers.

President.—I would like you to answer this question at a little later stage for the simple reason that I would take it up when I discuss the question of production of silk, as this has a relation to the question about why the Kashmir Government are not distributing more ounces of seed when there are more rearers. That will depend on the production of raw silk.

Mr. Wazir.—On this question of the earnings of a rearer I wish to point out that a rearer taking only half an ounce of seed may give us an outturn of cocoons which will entitle him to the same remuneration as a man taking one ounce.

President.—You will not deny that the earning capacity to-day has gone down as a result of this thin distribution as you call it.

Mr. Psychaud.—On the whole certainly.

President.—The question is what should be the minimum number of seeds or ounces of seed to be given to the rearer in order to give full satisfaction? I will have to compare it with what the position is in other provinces. That is why I said I will postpone the question now.

Mr. Anklesaria.—May I just know when you started this thin distribution?

Mr. Wazir.—It is not at any particular time. We aim at thin distribution because if a man gets less seed he gets more cocoons. The idea has been there all along, but the degree to which it has been enforced has varied from time to time.

President.—With regard to the other point "Permanent staff of the department" what do you mean by that?

Mr. Psychaud.—Directors, Deputy Director, Assistant Directors, office staff, etc., everything is there.

President.—Every person who has got to do anything with sericulture?

Mr. Wazir.—Everybody who gets fixed monthly pay whether gazetted or non-gazetted.

President.—All these men are directly or indirectly engaged in sericulture?

Mr. Wazir.—Yes. We can give you details (statement handed in).

President.—I am considering the statement given in answer to question 23, the staff and establishment figure. What about these 6+84? This is staff which is practically controlling the industry on behalf of Government.

Mr. Wazir.—These are daily wage men who are permanently employed throughout the year for looking after mulberry plantations in the valley. They work the whole year round but are employed on daily wages.

President.—The difference between permanent and temporary staff is that the permanent staff gets provident fund and pension?

Mr. Wazir.—There is no pension in the sericultural department but there is a G. P. Fund.

Mr. Anklesaria.—Would you include lambardars in your permanent establishment?

Mr. Wazir.—No.

Mr. Anklesaria.—There is no permanent staff in Jammu?

Mr. Wazir.—Yes, there is, but the lambardars are not included in it.

President.—There is a distinction between temporary and permanent staff?

Mr. Wazir.—There is. These are daily wage people.

President.—May I have a copy of your administration report?

Mr. Wazir.—Yes, we will send you one.

President.—The whole establishment—salaries, travelling allowance and everything—is debited half to silk and half to cocoons? I am talking of rearing and reeling (pages 15-16 and 20-21). You will find an item "Rearing requisites and temporary technical supervision". Then you have got "Half salary of gazetted staff", then you have got "half establishment charges" then "Travelling allowance", then "Stationery and tents", then "half postage and telegram charges". Look at page 20; the heads are the same as here. I want to understand how these figures have been allocated. Let us first take Jammu. How is the allocation made and on what basis? Let us take the first item "Rearing requisites and temporary technical supervision".

Mr. Peychaud.—We are providing a number of supervisors on daily wage for the supervision of rearings.

President.—That is over and above the figure of 117?

Mr. Wazir.—Yes. They are only engaged for the rearing season.

President.—How many are they?

Mr. Wazir.—The number varies.

President.—I must get some idea as to how much the State is spending on rearing requisites because this has got a bearing on the cost of production of cocoons. I want the establishment to be entirely separated from requisites. You said on the last occasion that the cost of appliances was negligible because the State was bearing it. Will you supply me the details?

Mr. Wazir.—The fact of the matter is that the sericultural departments in the two provinces are Government departments. We have got our budget and funds are provided under various heads and expenditure is incurred under those heads. First comes the gazetted staff. There is the Director and then the Assistant Director. This is the gazetted staff.

President.—That will come under half salary.

Mr. Wazir.—Half of this amount will be debited to reeling and rearing. That will give you a clear idea of the whole thing and then there is the office establishment. I am speaking of Jammu only.

President.—Mr. Wazir, I am now confining myself to Jammu.

Mr. Wazir.—Half of the office establishment is debited to the reeling and half to rearing.

President.—That means under the head 'Establishment charges'.

Mr. Wazir.—Yes.

President.—The figure is for 1936-37.

Mr. Wazir.—Yes.

President.—You have not given me figures for 1937-38.

Mr. Wazir.—No, that is because the year is still running. Our financial year ends by the middle of October.

President.—The Board must have the very latest figures. October, 1937, is a very old figure compared to the present conditions. I want you to supply me 1938 figures as far as you can.

Mr. Peychaud.—We could give them after the close of the year? The complete accounts will not be compiled by the end of October, but we can give you an estimate.

President.—You have sent me figures up to 1936-37 and I want figures for 1937-38.

Mr. Wazir.—Yes.

President.—The figure is Rs. 5,160.

Mr. Wazir.—Yes, for last year.

President.—And it is divided into half.

Mr. Wazir.—Yes.

President.—I will ask the details afterwards. I am just understanding the position.

Mr. Wazir.—Then there is the flature section which goes entirely to reeling.

President.—It doesn't come here.

Mr. Wazir.—It is not divided. Mulberry section goes to rearing.

President.—What page is it?

Mr. Wazir.—Page 18.

President.—It is again establishment.

Mr. Wazir.—Yes, but mulberry section.

President.—Where is this shown?

Mr. Wazir.—That is included in half establishment debited in the rearing statement.

President.—That means another Rs. 13,482.

Mr. Wazir.—Are you taking page 16?

President.—I am taking pages 17 and 18. You show Rs. 5,160.

Mr. Wazir.—That is the office section which is divided equally between reeling and rearing branches, that is the silk and the cocoons.

President.—You understand my point. I am saying here the heading is half establishment charges. Half establishment charges according to you consist of two items. One is the establishment which is given as Rs. 5,160 and another is Rs. 13,482, am I right?

Mr. Wazir.—Yes. The other half of this is Rs. 14,937 for the mulberry section.

President.—This is number 3.

Mr. Wazir.—I am afraid I have not made myself quite clear. We have got an office establishment and what is spent on this would be divided equally between rearing and reeling. For instance we spent this Rs. 5,160 on office establishment. Half of it will be debited to reeling and half will be debited to rearing. Then there is the flature section which goes entirely to reeling. There is the mulberry section which goes entirely to rearing.

President.—Half of Rs. 5,160 and half of Rs. 13,482 and Rs. 14,937, is that correct?

Mr. Wazir.—Half of this Rs. 13,482 will be debited to reeling.

President.—Leave the reeling aside. I am now talking of rearing. Is that a correct statement to make or not? Half of Rs. 5,160 should be debited to rearing.

Mr. Wazir.—Yes.

President.—What about Rs. 14,937?

Mr. Wazir.—The whole of that goes to rearing. You have taken half of this gazetted salary.

President.—That comes under a separate heading.

Mr. Wazir.—Yes.

President.—I am now talking of half establishment. Let us take reeling, baling, etc.

Mr. Wazir.—Under this head expenditure relating to wages of labourers, payment for water, electricity and purchase of rearing material is debited.

President.—Let us take rearing only.

Mr. Wazir.—Rearing only is Rs. 1,000. This is shown in the cost statement on page 15, rearing requisites and technical supervision.

President.—There are no rearing requisites at all.

Mr. Wazir.—It is actually the expenditure incurred on rearing requisites and temporary technical supervision.

President.—For 1936-37 the figure under rearing requisites and temporary technical supervision is shown as Rs. 709.

Mr. Wazir.—It is not necessary that the whole money provided in the budget should be spent. Rs. 1,000 is the provision made in the budget.

President.—You have again to revise the figures.

Mr. Wazir.—No.

President.—All these figures are actuals?

Mr. Wazir.—Yes.

President.—These are budget estimates?

Mr. Wazir.—Yes. This is only to explain how we are debiting expenditure under all the heads. These are the actual figures given here.

President.—I must have some comparative basis. If there is any retrenchment, it must be shown. I cannot get an idea of how many men have been sent away.

Mr. Wazir.—Yes.

President.—This is a lump sum.

Mr. Wazir.—These figures that we have given you are actuals. I have details of expenditure under each of these heads.

President.—That is the whole point.

Mr. Wazir.—What I wish to submit in this connection is that it is a matter of sorting out the expenditure, because for instance this rearing and temporary technical supervision expenditure is incurred throughout the year and we will have to sort out for each head a large number of items in order to show what is spent actually on the purchase of copper sulphate and other things separately.

President.—You are basing your cost of cocoons on all these items and the Board must be satisfied that every item that is connected with the cost is fully justified. I cannot make out anything from the lump sums.

Mr. Wazir.—In the statement I have given you, I have got one heading, 'Rearing and local seed', that is in Kashmir. That is an item composed of a large number of sub-heads.

President.—You realise the Board's difficulty. I cannot take everything for granted unless I am able to check.

Mr. Wazir.—Don't you think that when we take all these items and take the actual expenditure incurred, it will give you a correct idea of what the cost on the whole has been. If we were to give details for one year, would that do?

President.—Yes.

Mr. Wazir.—We might in that case try and get the complete details.

President.—Let me first of all explain that the Tariff Board never takes any figures for granted. I can never take all these costs as correct for the simple reason that some of the items should not have been in the cost of cocoons and some of the items ought to be reduced. Suppose I come to that conclusion that the statements submitted by the Government is on the high side, I have got no data to go upon in order to see whether

every item is justifiable. That is my difficulty. For instance you have not given me the statement according to what the Board wanted. If you had done so, that would have facilitated the matter very much. Look at question 23. It is very simple and if you had replied according to that, then it would have been all right for comparative purposes. But I understand your system is different, because there are no rearers independent of the State and the rearers have not to incur anything with regard to the cost of seed and mulberry. Therefore when you give me an indirect method of arriving at the cost of cocoons, it is very difficult for me to check those figures without the details.

Mr. Wazir.—There is this difficulty of sorting out all these items.

President.—Take Question No. 23. The reply given is one that I cannot understand.

Mr. Wazir.—Last time also we explained the difficulty.

President.—Last time you have seen the criticism of the Board in the report. If you look at the report, you will find that the figures were said to be excessive.

Mr. Wazir.—When we come to that, we will have to say something about that.

President.—You say the cost of seed is nil, the cost of food for worms is nil and the cost of appliances is nil. I want to understand what the rearers spend.

Mr. Wazir.—For the rearers it is nil.

President.—I am talking of the rearers.

Mr. Wazir.—We have got to bear in mind the fact that the industry in the State is run on different lines.

President.—Because you say it is run on different lines, and the whole expenditure is borne by Government that I want the details to be submitted to the Board. I am not satisfied with the lump shown here, because I cannot check I want to get the details. You have given me Rs. 2-8. I want the details of these items:—Rearing requisites and temporary technical supervision, half salary of gazetted staff, half salary of establishment charges, half postage and telegram charges and fire, insurance, sorting and baling charges, travelling allowance, stationary and depreciation.

Mr. Anklesaria.—The same requirement of the Board was pointed out to you at the last enquiry.

Mr. Wazir.—We explained the difficulty then.

Mr. Anklesaria.—And you explain in the same manner to-day.

President.—I have already told you the point of view of the Board. It is for the Government representatives to give us as much information as they can.

Mr. Wazir.—I will see how far we can supply the figures later on.

President.—Shall we proceed with Question No. 3?

Mr. Pychaud.—From the statements you were looking through just now you can find out whether we have made any progress in the last five years or not. Five years ago, the cost of production per maund of cocoons was Rs. 22-1 and now it is Rs. 21-15.

President.—That is practically the same.

Mr. Pychaud.—Yes.

President.—Even if that is so, I am not satisfied that further reductions could not have been made. My point is what would be the present day cost. In order to arrive at the fair selling price for the raw silk industry, the Board first arrives at the fair selling price of cocoons which form the raw material for the reeling industry and in order to set what the fair selling price ought to be for cocoons we take the costs which the rearer

has to incur in this connection. Your view is that the rearer does not incur anything or very little and the Government incur all the expenditure.

Mr. Psychaud.—Yes.

President.—That is why I want to see the details of Government expenditure.

Mr. Psychaud.—In most cases the sorting of cocoons or the charge for the sorting of cocoons will be debited to reeling whereas in our case we charge it to the rearing. The difference between us and other industries is this. We give the filatures cocoons ready for reeling.

President.—I could make comparisons if I get the details. At present I am very much handicapped. I cannot arrive at the cost of Kashmir cocoons. That is my difficulty. As Kashmir is producing exclusively filature silk it is important for the Board to know the actual cost of production. If you like, you can supply us later.

Mr. Psychaud.—Yes.

President.—On page 3 you say that the number of people benefited by the industry amounts to about 40,000 in the province of Jammu. How many temporary hands are at present employed in Jammu? Can you give me that figure?

Mr. Wazir.—Relating to reeling?

President.—Yes.

Mr. Wazir.—Last year we had only 10 or 11. It is not a very large number.

President.—Still we must have the exact figure.

Mr. Wazir.—I shall give accurate details. Though they are employed only for the season, they have been included to show the total number of people benefited by the industry in the province of Jammu.

President.—This does not give me a correct idea.

Mr. Wazir.—Quite.

President.—The permanent staff of the Department will be 117+10 in the case of Jammu and 347+84 in the case of Kashmir.

Mr. Wazir.—Yes. Under rearing it is put as "rearers and others" in the case of Jammu. It means rearers, lambardars and girdawars or supervisors. These people also are benefited by the industry.

President.—Here again there is confusion. These figures given by you do not represent exclusively rearers.

Mr. Wazir.—In the case of Jammu they include a small number of girdawars and lambardars. It is for that reason that we have said "rearers and others".

President.—Will you please separate them. For comparison when I gave you the figure 7,598 as the number of rearers employed from October 1931 to September 1932, you did not make that statement at that time. Now you have given us the number of rearers and others as 7,846. This does not represent only the rearers. It has got to be reduced to arrive at the actual number of rearers.

Mr. Wazir.—The question is how many people are (a) entirely (b) partly dependent upon (i) silkworm rearing (ii) reeling for their livelihood.

President.—Please understand I am not questioning your replies. I am repeatedly telling you that I want separate figures for rearers exclusive of others. That is the only point.

Mr. Wazir.—Yes.

President.—"Others" means the staff of the Government. Lambardars are the people employed by Government for sericultural work.

Mr. Psychaud.—No. The lambardar in Kashmir is 99 times out of 100 a rearer also.

Mr. Wazir.—The small number of girdawars and lambardars whom we have included are people benefited by the industry.

President.—What is their duty?

Mr. Wazir.—The duty of a lambardar in connection with rearing is to see to the needs of the rearer.

President.—Are these lambardars paid by Government?

Mr. Peychaud.—Separate payments are not made to them as lambardars. The Sericultural Department is paying a certain percentage as commission. The lambardars are revenue officers of the State.

President.—They are salaried officers of Government.

Mr. Peychaud.—Yes.

President.—Where is the expenditure shown?

Mr. Peychaud.—They are not appointed as lambardars for the Sericultural Department. What we do is we give them a small commission of 1 or 2 per cent. over the price of cocoons. In case the outturn is less than 30 seers per ounce we give them 1 per cent. If it is more than that, simply an additional lump sum is paid. They are not our employees.

President.—Are there supervisors?

Mr. Peychaud.—They supervise to a certain extent. That is why we give them a commission.

President.—Where is the commission shown on page 15?

Mr. Peychaud.—Under the price of cocoons.

President.—It should not be included under the price of cocoons. If they are part of the staff, the expenditure incurred on their account should be shown under supervision.

Mr. Wazir.—In the case of Jammu, lambardars are paid for the services that they render in regard to sericulture, that is for rearing work. They help the rearers by providing them with accommodation and also sometimes leaves.

President.—How much is the amount?

Mr. Wazir.—That is included in the price of cocoons.

President.—That is included in the price paid to rearers.

Mr. Wazir.—That means the price of cocoons.

President.—That does not go to the rearer. That is the price paid for supervision. You cannot put that under price paid to rearers. The price paid to rearers goes to different people. This is supervision charge paid by Government.

Mr. Wazir.—We shall give you separate figures.

President.—You will also give me separate figures for rearers and others.

Mr. Wazir.—Yes.

President.—What about the ten temporary people? Separate them also.

Mr. Wazir.—Yes.

President.—How did you arrive at the figure of 40,000 people who are dependent on the sericultural industry?

Mr. Wazir.—First of all we took the number of people engaged in the industry under various heads:—

Rearing	7,846
Reeling	202
Permanent staff	117
Total	<u>8,165</u>

Taking each family as comprising of 4 or 5 members, we have arrived at this figure.

President.—That is not a correct statement to make. I am talking of the rearers and reelers and not the staff. The staff figure has got to be deducted.

Mr. Peychaud.—They are also employed in the industry.

President.—They do not depend exclusively on the industry?

Mr. Peychaud.—They do.

President.—You say that the supervising staff is not exclusively employed on sericulture. They are only working part time.

Mr. Peychaud.—If you are talking of Kashmir, they are not included in this number.

President.—They are included in the case of Jammu.

Mr. Wazir.—Yes.

President.—Again you say "reelers, sorters, etc". You must make this point clear.

Mr. Peychaud.—Coolies employed for handling the goods are also included.

Mr. Wazir.—We have turners, sorters, knotters and all classes of labour.

President.—I will give you the heads and you tell me whether there is any other head apart from these:—Reelers, Cookers, Knotters, Boiler men, Fuel and cocoon coolies.

Mr. Wazir.—There are no silk waste cleaners and silk cleaners in the list you read out.

Mr. Peychaud.—In the Mysore list there is no mention of sorters.

President.—What do you mean exactly by "sorters"?

Mr. Peychaud.—Those who grade the cocoons are sorters.

President.—Are knotters separate?

Mr. Peychaud.—The term "cocoon graders" makes it clearer.

President.—As regards Kashmir, how did you arrive at the figure of 2 lakhs? Is it on the same basis as in Jammu?

Mr. Peychaud.—We added the figures given under the three heads and arrived at the number of families. We took each family to be consisting of 4 or 5 members and multiplied the total number of families by that figure.

President.—In reply to question 2, you say that sale agencies on the Continent have been discontinued.

Mr. Peychaud.—Yes.

President.—Does it mean that you have given up those markets altogether?

Mr. Peychaud.—So far as raw silk goes, we are not now exporting anything to Europe.

President.—No attempts have been made to retain those markets?

Mr. Peychaud.—The prices are not what they should be. Further we got a market almost at our door and so we have not worried about European markets.

President.—Are you able to dispose of your whole outturn in the Indian market?

Mr. Peychaud.—Yes. Formerly we could not sell the whole of our output in India.

President.—I was just telling you whether it would not be advisable to keep yourself in touch with foreign markets.

Mr. Peychaud.—We are in touch with them. High grade silk waste goes out.

President.—Have you sent any silk waste to Bangalore? I understand that there is a spun silk factory.

Mr. Psychaud.—They wrote to us for samples and prices but they did not like our prices.

President.—What was the price that you gave?

Mr. Psychaud.—According to different grades we charged different prices.

President.—Could you tell us the prices quoted by you?

Mr. Psychaud.—That was sometime ago.

President.—What would be the price to-day at which you would be prepared to sell silk waste?

Mr. Psychaud.—Rs. 1-2 per lb. for high class quality.

President.—Delivered at the factory?

Mr. Psychaud.—Ex-factory.

President.—It means Rs. 1-8.

Mr. Psychaud.—If you take it to Bangalore it will of course be very expensive.

President.—They are getting flature waste at about 10 to 12 annas.

Mr. Psychaud.—Mr. Silva told me about that.

Mr. Wazir.—Our waste is superior.

President.—If it is superior, what price are you able to get in foreign market?

Mr. Wazir.—At the last sale it fetched 2s. 2d.

President.—Is it also ex-factory?

Mr. Wazir.—Home market price.

President.—What will be your ex-factory price?

Mr. Psychaud.—About Rs. 1-2.

President.—Does it form the bulk of your silk waste or is it only a small proportion?

Mr. Psychaud.—There are several kinds of silk waste

President.—The one that you gave me is the best.

Mr. Psychaud.—Yes.

President.—What percentage does it represent? On page 18 you gave a statement about the production of raw silk and silk waste. The first column gives the total quantity of raw silk.

Mr. Psychaud.—Yes.

President.—The second column shows the silk waste. But you have not shown the different qualities of silk waste.

Mr. Psychaud.—We can give you figures separately.

Mr. Wazir.—We have given separate figures for Jammu.

Mr. Psychaud.—We have given you the total.

President.—I want to know whether I can take Rs. 1-2 as the average realised price for your silk waste?

Mr. Psychaud.—The average price is given in the silk statement. There is a certain amount of waste which we sell at half an anna a pound.

President.—That is why I want you to give it to us separately. The price of Sarnakh waste is Rs. 1-2 whereas your average price is As. 7-4; the lowest is As. 6-5.

Mr. Psychaud.—We have so many different qualities that it is rather difficult.

President.—As. 7-4 appears to be rather on the low side; flature silk waste should not be sold at that average price.

Mr. Peychaud.—We have a quality which we sell as low as half an anna per pound.

President.—I can check the Jammu figures but I cannot check Kashmir figures. I understand from your replies that you have changed the system of selling raw silk in India. When was this done?

Mr. Peychaud.—At the end of 1935 or beginning of 1936.

President.—How does this system work?

Mr. Peychaud.—This is much more satisfactory. We put the silk on the market, usually forward sales. We get offers either from big merchants or actual consumers and then we get a price which suits us and we sell it to them.

President.—They fill up tenders?

Mr. Peychaud.—They respond to tenders we issue and we sell to them and give them a short monopoly for three or four months if any firm comes forward and buys the whole of our output. We want to take advantage of the market otherwise they may become nervous. We give a sort of monopoly to these people.

President.—Have you given a sort of monopoly?

Mr. Peychaud.—Yes; we are at present under a double monopoly, one with Mr. Chinoy for "Lotus" and the other for "Tulip" with Messrs. Thakur Das Ghummal and Yesaram Khusiharam Multam merchants.

President.—Do the prices of Jammu silk differ from those of Kashmir silk? You are Mr. Wazir also selling under tender?

Mr. Wazir.—Yes, we issue tender notice to all the principal customers and give them details of the stuff available for sale. Generally every quarter we issue such notices; we get the offers and then decide.

President.—Generally you would accept the highest offer.

Mr. Wazir.—Generally we sell to the highest bidder.

Mr. Peychaud.—Unless there is very strong reason against it. It sometimes happens that a high tender comes forward for a small quantity just upset the market.

President.—The importer or a merchant can only offer you the market price ruling at that time because he has got to sell in competition with the imported article. When you sell it by tender it does not take into consideration the cost of production.

Mr. Peychaud.—Certainly not.

President.—Therefore if you accept a higher tender it does not necessarily mean that you are able to realise the full cost. Could you give a statement of the sales effected since 1935-36 and the quantities sold? That will give me an idea as to how the industry is faring with regard to the tender system.

Mr. Peychaud.—This perhaps might help you (handed in, and samples shown).

President.—Is this dupion produced along with raw silk?

Mr. Peychaud.—These are from double cocoons.

President.—Do you reel this silk?

Mr. Peychaud.—On these cocoons we use a certain class of labour. I have been working regularly 34 basins on double cocoons.

President.—Therefore what is given here is the whole of the production?

Mr. Peychaud.—Yes.

President.—The quantity given in 1936-37; that is the total production.

Mr. Peychaud.—That will be it.

President.—Practically the bulk of your silk is high class silk?

Mr. Peychaud.—Most of it is high class.

President.—And the average price realised in 1936-37 would be Rs. 5-8-4 ex-factory.

Mr. Psychaud.—There is our contract.

President.—Take your answer to question 2—Expenditure in Rupees—What exactly do you mean by expenditure in Jammu and Kashmir. This is for the whole of the sericultural department?

Mr. Psychaud.—Yes.

President.—Where is it shown on page 15 or 20?

Mr. Psychaud.—The two together make this total.

President.—Inco 1936-37; the total is 218,305 for Jammu; how many items will that include? This will include rearing requisites and temporary technical establishment.

Mr. Wazir.—This will include price paid to rearers, rearing requisites and temporary establishment, price of silk worm seed, expenditure incurred on mulberry plantation, rewards for good results, the whole of it with the exception of depreciation charges.

President.—Let us take page 15. Shall we take the total of 1,49,161? Depreciation charges 2,067 be deleted; that makes Rs. 1,47,094 in the case of Jammu. Let us now take page 20. The total is Rs. 67,000, deduct depreciation charges 2,067 that makes Rs. 65,000 roughly. The figure is short of Rs. 6,000. Shall I take your figure? There is a very big difference there.

Mr. Psychaud.—Rs. 6,50,000—Rs. 9,065=Rs. 6,47,000.

President.—The other is Rs. 3,49,000—Rs. 29,000=Rs. 3,20,000. So it is Rs. 9,60,000 as against Rs. 8,45,000.

Mr. Wazir.—We are wrong by how much?

President.—By Rs. 1,22,000.

Mr. Wazir.—On page 4 of the note we say: "To this has to be added Rs. 1,50,182 on account of extra payment made during the current year to the rearers and factory labourers for work done in 1936-37. This has come out of the profits shown for 1936-37".

President.—This is not shown in this expenditure.

Mr. Wazir.—It is there. It has to be added to the price of cocoons. We paid that.

President.—Let us understand the position. Rs. 13,006 is for Jammu.

Mr. Wazir.—That is for Jammu.

President.—Rs. 1,50,152 for Kashmir?

Mr. Wazir.—Yes.

President.—Extra payment paid to the rearers and factory labourers, where will you show?

Mr. Psychaud.—In rearing, reeling and baling.

President.—Where will you show so far as rearing is concerned?

Mr. Psychaud.—Under the price of cocoons—on page 16.

President.—How have you divided that 1,50,000 rupees?

Mr. Psychaud.—Rs. 1,12,000 went to the rearers and Rs. 37,000 to the reellers.

President.—Where will you show the amount so far as reellers are concerned?

Mr. Psychaud.—Under reeling and baling—Column 7.

President.—You have shown less expenditure than what you have spent.

Mr. Psychaud.—I will tell you how. In 1936-37 we budgeted for Rs. 4,32,000 under the head 'price of cocoons', while we paid according to the statement on page 16 Rs. 4,91,000. That is where the extra payment comes in.

President.—You have told me that the budget figures are not actuals whereas those are actuals.

Mr. Psychaud.—Yes.

President.—You say that you paid Rs. 1,12,000 to the rearers. There is still a difference between this figure and the budget figure.

Mr. Psychaud.—When we prepare the budget we want always to be on the safe side. We may expect a crop of 35,000 maunds instead get 30,000 maunds. So much depends upon the crop. We can never foretell what the crop is going to be.

President.—I do not know whether that item Rs. 112,000 is included. You say that you budgeted for Rs. 4,32,000. The figure shown here on page 16 is Rs. 4,91,000. There is an increase of roughly Rs. 60,000.

Mr. Psychaud.—The amount of cocoons produced is 29,900 maunds or practically 30,000 maunds. We first paid the rearers at the rate of Rs. 12-8 per maund. Then when we found that we had made a profit, we paid at the rate of Rs. 16-4 per maund. We paid him an excess of Rs. 3-12 per maund straight away. Therefore the price of cocoons should be 30,000×Rs. 16-4, and that is the figure given here.

President.—I can only say that the figure is not included.

Mr. Psychaud.—We paid the extra amount of Rs. 3-12 per maund* to bring the price up to Rs. 16-4. This figure of Rs. 4,91,000 is the cost of 30,000 maunds of cocoons.

President.—In your replies somewhere you say payments were made at Rs. 18-12.

Mr. Psychaud.—That was when we paid in the years of prosperity. Rs. 16-4 was the price we paid last year. We paid first of all at Rs. 12-8 and since we found that we had made a profit we decided to pay back to the rearers the extra sum of Rs. 3-12 per maund.

President.—What profit did you make in order to induce you to pay more to the rearers.

Mr. Psychaud.—We made Rs. 2 lakhs and odd.

President.—On what production?

Mr. Psychaud.—On the working of the whole year.

President.—And the production is about 2 lakhs of lbs. of silk.

Mr. Psychaud.—Yes.

President.—Out of Rs. 2 lakhs profit you gave back Rs. 1,50,000. That is to say, you made a profit of only Rs. 50,000.

Mr. Psychaud.—That is what the Government made.

Mr. Wazir.—In this connection we have to remember that interest on capital has not been taken into consideration in arriving at the profit.

President.—I am only saying that the Kashmir Government have been induced to part with such a big sum as Rs. 1,50,000 out of the profit of Rs. 2 lakhs when there is a production of 2 lakhs of lbs.

Mr. Psychaud.—Yes.

President.—It gives you no return on the capital.

Mr. Psychaud.—Government get very little out of it. There is no interest charged on capital required for working. The cost of leaf also has not been taken into consideration.

President.—I think that the cost of leaf is included.

Mr. Psychaud.—No.

Mr. Wazir.—The cost of leaf is not included in this expenditure.

President.—I think it is included for this reason that in order to produce leaves, you must have nurseries and supervision. All that is charged.

Mr. Psychaud.—We have got 8 lakhs of trees standing in the valley.

President.—But that costs Government nothing.

Mr. Psychaud.—They can sell it.

President.—There is an item "mulberry culture expenditure".

Mr. Wazir.—That is all pertaining to nurseries.

President.—I want to understand the various costs because they do not tally. That is our difficulty. In Jammu also there is a difference of Rs. 8,000 and if I take Rs. 13,000 into account, there is again a shortage.

Mr. Wazir.—We have paid Rs. 13,000 this year.

President.—Mr. Psychaud wants me to include the amount in last year's figures.

Mr. Wazir.—The difference lies in the fact that our accounts in Jammu are not commercialised. They spend money during the current year but debit it to the preceding year. So their costs of production include the arrears payments.

President.—How can that be?

Mr. Psychaud.—We have done that way. Last year was the year in which profit was made. So the expenditure should be shown against the profits of last year.

President.—Why Jammu has not done that way?

Mr. Psychaud.—It has a different system of accounting.

Mr. Wazir.—We debit to the year what we spend in the year.

President.—How do you account for the excess of Rs. 8,000?

Mr. Wazir.—So far as that goes, we have taken the figure of expenditure (page 4) from the balance sheet which is made out in the Accountant General's office, viz., Rs. 2,06,832-8-3 plus depreciation charged for that year, pension contribution, etc. So far as the total expenditure is concerned there is this authority, the figures having been taken from the balance sheet. In working out the cost statements we have taken the expenditure figures from the books in our office.

President.—Let us take Question No. 8. You have given here the maximum production of cocoons and maximum production of silk if protection is granted for a period of 20 years. What is the basis on which you have taken this into account. For instance in Jammu it is 45,000 cocoons in green maunds. What has been the production of cocoons up till now? The highest I understand was in 1910-11. That was for Kashmir.

Mr. Wazir.—Yes.

President.—What is it for Jammu?

Mr. Wazir.—The amount of silkworm seed distributed in ounces was 7,598 in 1912.

President.—I am talking of cocoons produced. On page 100 of the evidence Volume I, You have given the amount of cocoons produced in maunds as 7,964 which is the highest.

Mr. Wazir.—Yes.

President.—I don't understand how such a big difference can arise and how you will be able to produce 45,000 maunds if protection is granted.

Mr. Wazir.—We have taken the stock of leaf that is available for rearing in the province of Jammu. At present there is a large number of mulberry trees which are not being utilised for rearing purposes, because the department is not in a position to expand its activities on account of the depression in the market and on account of want of adequate protection to the industry.

President.—What about the boom period when the prices were high. I am taking the years from 1909 to 1938, about 30 years and I find that you have never exceeded this figure and there have been boom periods

when the prices of raw silk were very high and you have yourself made lakhs of rupees in the past.

Mr. Wasir.—Yes.

President.—In spite of that fact you have not been able to get anywhere near this figure.

Mr. Wazir.—If you look through the figures, you will see that in 1908 the production was only 850 maunds, then it went up to 1,000; it remained at about 1,500 for a few years and then went up gradually until there was a heavy setback in 1921-22.

President.—I am taking the maximum.

Mr. Peychaud.—We were working gradually up to this maximum.

President.—45,000 is the figure given by you which is nowhere compared to 7,000 which is the maximum in the depressed state.

Mr. Peychaud.—You are quite right. The thing is that the department has been educating the people and bringing them up gradually. If to-morrow the price of silk went up to Rs. 20 a lb. the people in Jammu could double their production.

President.—Will you submit to me the years on which the State made profits in the raw silk industry? What were these years?

Mr. Peychaud.—Up to 1926 they made profits.

President.—What were the number of trees at that time?

Mr. Peychaud.—We have given in the last report the profit and loss in Jammu Sericulture.

Mr. Anklesaria.—There you said that you were working all right up to 18 months previous to the last enquiry.

Mr. Wazir.—There were years of profit and years of loss.

President.—Can you tell me what were the number of trees in 1926? Your point is that you have based the cocoon production on the number of trees.

Mr. Wazir.—Existing as well as those that we will grow if there is adequate protection to offer necessary incentive.

President.—I want to show you that you have not been able to utilise the trees planted till 1926 when there was a boom for 5 or 10 years. How do you expect to utilise all the trees now?

Mr. Wazir.—We have to proceed gradually. We have to educate the people. It is not only the stock of leaf that can produce cocoons.

President.—Since how many years the raw silk industry in Kashmir exists.

Mr. Wazir.—The raw silk industry in Kashmir is of very ancient origin.

President.—You still require education for the rearers and reelers?

Mr. Wazir.—That is not for Jammu province.

President.—Where do you get your leaves from?

Mr. Wazir.—From the northern part of the province.

President.—Can trees be planted there?

Mr. Wazir.—Yes. A number of trees already exists there and more can be planted.

President.—I want to find that out. I personally think that this figure is very much on the high side—45,000 maunds.

Mr. Peychaud.—They have already 5,56,000 trees in Jammu.

President.—To-day?

Mr. Peychaud.—Yes.

President.—What was the number in 1926?

Mr. Wazir.—A census was taken only last year and we came to know of the existence of this number of trees in the province of Jammu.

President.—Let us take this figure and see how it works out. 2,000 lbs. of leaves are required for an ounce of seed. Is that correct?

Mr. Psychaud.—Yes.

President.—One ounce of seed, according to your present production, produces how many pounds?

Mr. Psychaud.—About a little more than a maund.

Mr. Wazir.—You can take about 90 lbs.

President.—We have taken 25 trees per ounce of seed.

Mr. Psychaud.—You can take 20 trees. The Jammu trees are bigger in size. If you divide this figure of 5,50,000 by 20 or 25, you will find the figure given is almost correct.

President.—That will give a figure of 28,000 and not 45,000.

Mr. Wazir.—Then we have to take into consideration the plantations that will be made in the course of twenty years.

President.—In 20 years you will have 11 lakhs of trees which will double your production.

Mr. Wazir.—You can see the amount of leaf available.

President.—You are increasing 20,000 trees every year.

Mr. Wazir.—Yes.

President.—The plantation was 3½ lakhs in 1926.

Mr. Wazir.—Yes.

President.—If you take 20,000 as the normal increase per year, in ten years it will be 2 lakhs of trees.

Mr. Wazir.—I am taking 20,000 plants to be planted successfully every year if the zamindar has a real incentive to grow the mulberry tree. That can be possible only if he is paid adequately.

President.—My point is that he was paid adequately before 1929 according to your own statement. During the depression only you reduced the rate. I am taking the period till 1926. Up till that time the industry was making profit and was in a flourishing condition. You have not been able to make full use of your own plantations and trees taking your own figures. Now let us take the industry in Kashmir. You have given 170,000 maunds of cocoons and I find that the highest production was about 40,000 maunds.

Mr. Psychaud.—To me it means roughly 4 times what we are doing.

President.—As against the 7 times production contemplated by Jammu.

Mr. Psychaud.—Yes.

President.—In their case it is 7,000 maunds to 45,000 maunds and in your case it is from 40,000 to 170,000 maunds. For 1936-37 you have given 30,000 and the highest has been 40,000 maunds. Is that correct?

Mr. Psychaud.—Yes.

President.—So, this will be a little more than 4 times?

Mr. Psychaud.—Yes.

President.—What is the number of trees in Kashmir to-day?

Mr. Psychaud.—The number of trees is 1,377,000. This includes 584,000 small and medium sized trees which has to come off 1,377,000.

President.—That roughly 8 lakhs of trees.

Mr. Psychaud.—Yes.

President.—To-day the number of trees is 1,377,000.

Mr. Psychaud.—Yes.

President.—Would it be 25 trees per ounce?

Mr. Psychaud.—We take it at 20 trees.

President.—If I take 20 trees, the production is 68,500 maunds. But this figure is not correct because your production is only 31 seers per ounce. If I take 20 trees, it comes to 62,000 maunds.

Mr. Psychaud.—Yes.

President.—It means that it is still four times as large as the present production. The number of trees ought to be 6,000,000.

Mr. Psychaud.—We are planting trees to the tune of 75 to 80,000 trees per annum.

President.—It means you will have to require 14 lakhs plus 60 lakhs. There is a difference of 4,600,000 and therefore you will require 43 years and not 20 years.

Mr. Psychaud.—Most of the rearing depends on the old big trees. That is why we have to take 25 trees.

President.—I have not taken into consideration the life of the tree.

Mr. Psychaud.—Most of them are over 200 years old. Twenty young trees of 12 or 13 years will give us plenty of leaves for one ounce of seed.

President.—If I take 12 trees your production will be much higher. I must reduce your cost proportionately to arrive at your future cost. If I will base my calculation on the basis of 12 trees to an ounce of seed. Your production to-day ought to be 125 lbs. of cocoons to an ounce of seed.

Mr. Psychaud.—I made some experiments last year and we collected leaves from young trees. We found that we were able to collect up to 170 lbs. of leaves from one tree.

President.—If you look at page 13, the average yield of cocoons per ounce of seed is 31 seers. It means 62 lbs.

Mr. Psychaud.—Yes.

President.—That is taking 25 trees to an ounce. If you take 12 trees it will come to about 125 lbs. In that case the cost of production will be reduced.

Mr. Psychaud.—It won't affect the cost.

President.—Because they are using less quantity of leaves.

Mr. Psychaud.—The amount of leaf is the same.

President.—When the cocoon production is doubled, the cost will be proportionately cheaper.

Mr. Psychaud.—But the amount of leaf consumed is the same.

President.—If the expenditure is 5 lakhs of rupees for a certain number of cocoons and if I say that the expenditure remains the same while the production has doubled, the cost of cocoons will be less.

Mr. Psychaud.—Yes.

President.—So, I must make the reduction from the figures given by you. The figures given by you on page 5 will have to be revised. You say "Cocoons produced in maunds" and "value according to cost of production" but the production in future will be double and the cost will be about the same.

Mr. Psychaud.—In case you give us protection which enables us to keep things going and encourage people.

President.—To-day you are telling me apart from the question of protection you are able to rear one ounce of seed from 12 trees. Feeding has nothing to do with protection.

Mr. Psychaud.—We are at present rearing 35 seers of cocoons.

President.—With 25 trees to an ounce of seed. I say that when you have 12 trees to an ounce of seed, the cost of cocoons will be reduced.

Mr. Psychaud.—Why? It will only enable us to increase our production.

President.—The cost of cocoons will go down. 12 and 25 trees do not mean the same thing.

Mr. Psychaud.—We are not interested in the number of trees. We want 2,000 lbs. of leaves. Whether we get it from 10 or 20 trees or 30 trees it makes no difference to us. We have to get 2,000 lbs.

Mr. Anklesaria.—In one case you have to look after 12 trees and in the other case you have to look after 25 trees.

Mr. Psychaud.—The trees look after themselves.

President.—When I come to the cost of cocoons I will show you how the cost of cocoons will become less if you double the production. The yield per ounce of seed is 31 seers. On the basis of 31 seers you have got the mairdage as 30,000. The expenditure remains at Rs. 6,56,000 but that very ounce of seed gives you 125 lbs.

Mr. Psychaud.—Why?

President.—Instead of 62 lbs. you will get 125 lbs. irrespective of the number of trees. I am taking the production by lessening the number of trees.

Mr. Psychaud.—For rearing one ounce of seed to produce 31 seers of cocoons we have to use 2,000 lbs. of leaves. If we increase the leaf production of our trees we can increase the amount of ounces of seed we rear. But we have to get 2,000 lbs. of leaves per ounce of seed. There is no doubt about that.

President.—It comes to 62 lbs. per ounce of seed.

Mr. Psychaud.—Do I understand you to say that it is immaterial what amount of leaves you use and what the number of trees required is for feeding an ounce of seed? We require 2,000 lbs. of leaves to feed an ounce of seed.

President.—I want to show you how the expenditure is reduced. If it costs you 4 annas and three on the basis of 31 seers it must cost you less if you produce 125 lbs. or 62 seers.

Mr. Psychaud.—The expenditure remains the same.

Mr. Wazir.—We require a definite quantity of leaves. Whether we get it from ten or fifty trees, it does not make any difference.

President.—What does it cost you to maintain the trees? 80 per cent. of the cost of cocoons is the cost of leaves and therefore if it does not cost you to maintain the trees and if the cost of leaves are immaterial to you then you do not need protection.

Mr. Psychaud.—The trees stand on zamindars' land and State lands. That tree has got a value.

President.—Its only value is its leaves but it does not cost you anything to produce those leaves. If you say the cost of feeding the worms is nothing then I don't think you require protection.

Mr. Psychaud.—We do not say that the cost of feeding is nothing.

President.—A particular tree must cost you something. You must calculate that on the basis of the cost of 100 trees therefore the cost of maintaining 25 trees will be so much, to maintain 12 trees it will cost you so much and therefore in that proportion the cost must be reduced.

Mr. Anklesaria.—You pay something to the zamindars?

Mr. Psychaud.—Not directly for leaf; we pay him the price of cocoons which includes the price of leaf for him.

President.—But it costs him nothing?

Mr. Psychaud.—The trees he has inherited. We certainly pay him for the leaf which he sells for producing cocoons.

President.—For which he has got to incur no expenditure?

Mr. Psychaud.—But it is his property and he should get the benefit of these trees.

President.—The tree costs him nothing?

Mr. Psychaud.—No, the tree will cost something.

President.—I want to know what it would cost a zamindar to maintain a mulberry tree.

Mr. Anklesaria.—In the price of cocoon you pay the zamindar. You assess some value for the leaf on which he feeds his worms. What is that value?

Mr. Psychaud.—This year we have paid the zamindar Rs. 14-6 per maund for cocoon delivered at the factory.

Mr. Anklesaria.—How much out of that should I take for the leaves?

Mr. Wazir.—That has not been worked out.

President.—Unless I get correct figures I cannot assess. Do you mean to say I should not take into consideration at all the number of leaves required to feed an ounce of seed?

Mr. Wazir.—The price we pay for cocoons is including the cost of leaf provided by the rearer as well as the remuneration for labour that he has put in. 8 annas per lb. of silk has been charged for leaf supplied free from Government lands.

President.—Should I say it costs Government 8 annas per lb. of leaf for maintenance?

Mr. Wazir.—Eight annas has been taken as the cost of leaf which has been supplied to the zamindar free from Government land for rearing.

President.—How many pounds of leaf?

Mr. Wazir.—For a pound of silk 25 per cent. of the leaf is being supplied free to the zamindar from Government land.

President.—Per pound of silk you require 14 lbs. of cocoon.

Mr. Psychaud.—Roughly 13 lbs.

President.—Yours is 12. I was referring to Jammu. Let us take 13 lbs. On 13 lbs. of cocoon the leaf will cost 8 annas. That means that for one pound of silk it will be negligible.

Mr. Psychaud.—Three quarters come from zamindars' land and one-fourth from Government land. I can tell you exactly the number of trees standing on Government land and the number standing on zamindars' land for Kashmir:—

In possession of the State	202,399
In possession of the zamindar	1,175,269

President.—Roughly one-fifth?

Mr. Psychaud.—Yes. That leaf along with the leaf from trees standing on State land is used for rearing.

(2) Evidence continued on Thursday, the 8th September, 1938.

President.—We were on page 4, when we adjourned yesterday.

Mr. Wazir.—We have been able to get some information from the records regarding some of the points which were raised in yesterday's discussion. May I submit that?

President.—If you could give me that, I will be able to see and discuss it in the afternoon.

Mr. Wazir.—If some details were asked for, I could give it. For instance as regards the figures given in answer to question 1, we were asked to separate the details. I have got the information. In 1933 the number of rearers was 8,388; the number of Girdawars was 44; the number of lambardars and other carriage contractor was 936. This makes a total of 9,368 in the case of Jammu. For 1934-35 the number of rearers was 5,583; Girdawars—6; lambardars and other carriage contractors—864 making a total of 6,443. For 1935-36 the number of rearers was 6,101; Girdawars—6; lambardars and other contractors—900 making a total of 7,007. For 1936-37 the number of rearers was 6,939; Girdawars—6; lambardars and other contractors—907 making a total of 7,846.

President.—Before we go on further, will you please explain to me the duty of the lambardars and the girdawars?

Mr. Wazir.—The duty of girdawars is to supervise the rearing.

President.—And they are paid monthly?

Mr. Wazir.—They are paid daily wage. We generally recruit them from among the rearers themselves, the best men among them. Instead of taking to rearing, they are asked to supervise the rearing of other people.

President.—Those who have passed the examination so to say.

Mr. Wazir.—Those who have shown very good results in rearing.

President.—And those who have agreed to assist in doing the work.

Mr. Wazir.—Those who have agreed to do the work on daily wage and conso doing rearing work themselves. With regard to lambardars, their duty is to help the rearers in their villages to carry on rearing. For instance a rearer in a village has not got sufficient accommodation for rearing silk-worms. It is the duty of the lambardar to arrange the accommodation he wants. If he is in need of leaf and another man has the mulberry, he gets it from the other man. For that work we pay him panjodra, 5 per cent. of the value of cocoons paid to rearers in his village.

President.—Let me understand that 5 per cent. of the value of cocoons reared in his village. The cocoon price is the fixed price.

Mr. Wazir.—We used to pay Panjotra at the rate of 5 per cent. We have reduced the rate to 3 per cent.

President.—Never mind the rate. The value of cocoons produced in his village is a fixed price.

Mr. Wazir.—Yes.

President.—The rates are fixed by Government.

Mr. Wazir.—Yes.

President.—He gets 3 per cent. according to the number of ounces.

Mr. Wazir.—According to the amount of cocoons produced in his village.

President.—He is paid by Government.

Mr. Wazir.—Yes, and this payment has nothing to do with the payment which the lambardar receives from the Revenue Department as lambardar of the village.

President.—That is paid monthly?

Mr. Wazir.—Yes.

President.—How many lambardars are there in a village?

Mr. Wazir.—Generally we have one lambardar for each village but there are instances in which one village has got more than one lambardar. There are villages where there are even more than two or three.

President.—Do you have more than one lambardar in view of the large number of roarers in that place? What is the basis?

Mr. Wazir.—The basis is the requirements of the Revenue Department. Since the main function of lambardars is the collection of revenue, if it is a big village, they will have more than one lambardar.

President.—That means the lambardar is not specially appointed for this purpose.

Mr. Wazir.—No. He is there already. For instance we have got four lambardars.

President.—How many rearers are there?

Mr. Wazir.—Say 50. In one man's jurisdiction there are 10; another man's jurisdiction—20 and so on. We pay each of them according to the amount of cocoons produced in his jurisdiction.

President.—The lambardars are definitely assigned their jurisdiction.

Mr. Wazir.—Yes.

President.—What about the contractors?

Mr. Wazir.—The carriage contractors are those whom we employ for importing cocoons from different crop receiving centres in the mufassal to the factory at Jammu.

President.—Who pays the transport charges?

Mr. Wazir.—The factory pays.

President.—Is there any other point that you wish to make?

Mr. Wazir.—Another point is that some disparity was pointed out on page 4 in answer to question 2. I have been looking into the figures overnight and I find that there is disparity between the figures of expenses given in answer to question 2 and the figures arrived at in the cost statement. I have studied the figures of all the five years for which costs have been given. I find that these figures of expenditure on page 4 have been adopted from the balance sheet as made out by the Accountant-General of the State. Fortunately I have got those balance sheets in original with me which I can produce.

President.—The point is that the balance sheets show the actuals.

Mr. Wazir.—The balance sheets show the manufacturing expenses of the department.

President.—The actual manufacturing as compared with the budget.

Mr. Wazir.—Yes. Those manufacturing expenses include as I will show presently certain items which could not be and have not been included in the statement of costs. I will give you all the figures and show you how we have arrived at them. In 1932-33 the figure of expenditure is given as Rs. 3,04,995. The balance sheet for this year is here and I can show it.

President.—How much amount is not shown? Show me the disparity.

Mr. Wazir.—We have shown in our statement of costs (it comes to Rs. 2,76,215) less than what is shown in the balance sheet itself. The difference is due to this: as regards the figures of costs, we have taken our own departmental registers and worked out the costs. From these expenses which are included in the balance sheet, we have excluded those things which cannot form part of the cost statement. There is one item here—statements shown and explained. As regards the commission paid on profits, it could not possibly be included in the cost statements.

President.—What profits?

Mr. Wazir.—Profits made by the department in previous years.

President.—That is bad account.

Mr. Wazir.—I submit that it is not bad accounting. May I explain the position? I submit that it is not a case of bad accounting.

President.—Please explain it.

Mr. Wazir.—Take 1937-38. The balance sheet of this year will be made out after the year is over.

President.—At the end of the year?

Mr. Wazir.—Not necessarily.

President.—It should be. That is not regular. Every balance sheet must be completed at the end of the year to know the financial position of the company. If it is done after one year, it is bad accounting.

Mr. Wazir.—Even if it were made at the end of the year, the commission paid on profits could not be debited to the current year.

President.—It should be. When you say at the end of the year you made 5 lakhs profits. Then you say Rs. 50,000 should be included which is the profit. Rs. 5 lakhs is the gross profit.

Mr. Wazir.—When will it be paid?

President.—As soon as the accounts are made.

Mr. Wazir.—Accounts are made after the close of the year. So the payment will be made anyhow during the next year.

President.—It must include in that very budget. It is paid after finding out what the profit is.

Mr. Wazir.—When is the actual payment made?

President.—May be after 10 days.

Mr. Wazir.—It is made during the next year.

Mr. Anklesaria.—Won't you give a false idea of the profit?

President.—It is wrong accounting.

Mr. Wazir.—The debit has to be raised.

President.—But the expenditure has already been incurred when you say it is Rs. 5 lakhs. The payment is not made.

Mr. Wazir.—The practice is there. The point is clear.

President.—I want to know the details of Rs. 13,000.

Mr. Wazir.—It is the commission paid to the staff on the profits shown by the department. In the case of Jammu it is paid at the rate of 5 per cent. of the profits to the Director and 5 per cent. to the staff.

President.—Everybody gets 5 per cent. of the profit.

Mr. Wazir.—In proportion to the pay drawn by the persons concerned.

President.—Suppose Rs. 5 lakhs is the profit; then 5 per cent. will be Rs. 25,000.

Mr. Wazir.—Rs. 25,000 will go to the Director and Rs. 25,000 will go to the staff.

President.—Rs. 25,000 will be distributed according to their salaries.

Mr. Wazir.—Yes, in proportion to the pay drawn.

President.—Rs. 13,000 will be for which year?

Mr. Wazir.—Previous year or years. The balance sheet may have been made one or two years or even three years after.

President.—It is not made every year?

Mr. Wazir.—No. There is a good reason for it. I will explain to you. The reason lies in the fact that accounts are compiled partly in the Accountant-General's office and partly in our own office. The Sericultural Department of the State has got connections with other departments of the State. These connections involve certain expenditure. Unless the

Accountant-General's office gets information of the debits which have to be raised by the other departments against the Sericultural Department, balance sheets can't be made out. For instance the Public Works Department does some work for the Sericultural Department. In our books we have no account of the expenditure incurred by the Public Works Department for us.

Mr. Anklesaria.—Why is it so? Why don't you credit the Public Works Department?

Mr. Wazir.—It will come later on. They have to make out the accounts and send the information to the Accountant-General about the debit that they raise against the Sericultural Department. The Accountant-General communicates the figures to us and asks us to verify whether such and such work has been done by the Public Works Department and then we send the verification. We don't get the information from other departments. That is one reason why the balance sheet is not made out regularly at the end of every year.

President.—I personally think it is an unsatisfactory state of affairs because it gives me no idea of how this Rs. 13,000 have been arrived at and for how many years the profit has been calculated.

Mr. Wazir.—If you wish to have the detail of Rs. 13,000, we will try to submit it.

President.—What other items?

Mr. Wazir.—There is another item "repairs, buildings and machinery".

President.—When you say depreciation, you don't show repairs.

Mr. Wazir.—In our cost statements, we have taken separately depreciation and repairs.

President.—See page 15—Rs. 1,49,161 includes depreciation.

Mr. Wazir.—Yes, but these manufacturing expenses include one of the two charges. Rs. 30,499 are made after deducting only Rs. 1,418 on account of "repairs", but "buildings and machinery" have been included in the manufacturing expenses. This is another cause for the disparity.

President.—Even so there is a disparity of Rs. 20,000.

Mr. Wazir.—For that there may be other causes.

President.—You had better give me another statement.

Mr. Wazir.—I have taken four years and I have found that the position during that period on the whole is that Rs. 36,741 have been undercharged in cost statements as compared with the figures given

President.—Undercharged on the total.

Mr. Wazir.—In the case of 4 years.

President.—You had better give me these figures separately.

Mr. Wazir.—There are some years in which the cost statements show Rs. 2,000 more than the manufacturing expenses. On the whole we find that the cost statements are Rs. 36,000 less.

President.—My idea is to find out the details and we shall discuss it in the afternoon. What other points have you?

Mr. Wazir.—Those are the two points.

President.—The other point is with reference to question 3 on which you have promised information.

President.—Shall we start with page 4? I want to understand this figure. When you say 9,052 maunds of cocoons were produced, how did you arrive at its value—Rs. 2,18,325?

Mr. Wazir.—We took the total production of cocoons as 9,052 maunds and worked out the cost.

President.—This is only a lump sum. The details are given I take it, on page 15.

Mr. Wazir.—Yes.

President.—We will discuss that when we come to page 15.

Mr. Wazir.—Yes.

President.—There are two points which we discussed yesterday. I want to get them settled. One is with regard to the profit of Rs. 2 lakhs made by Kashmir in 1936-37.

Mr. Psychaud.—It is Rs. 2,54,000.

President.—If you look at page 13, the profit shown for 1936-37 is only Rs. 1,05,032.

Mr. Psychaud.—Yes, after we paid Rs. 1,50,000 to rearers and reeler.

President.—So, this is net profit.

Mr. Psychaud.—Yes.

President.—It means that the actual profit was Rs. 2,54,000.

Mr. Psychaud.—Yes. Then we had to pay again at the rate of Rs. 10-4 per maund to the rearers. When we paid them that extra sum, the gross profit was reduced to Rs. 1,05,032.

Mr. Wazir.—There is however one point which you have to take into consideration in connection with this matter. Though Rs. 1,05,032 represents the net profit, it does not include any interest on capital or the value of leaf supplied free from Government lands.

President.—You have put down Rs. 11½ lakhs as working capital required. I think that it is very excessive. But I will discuss it when I come to that question.

Mr. Psychaud.—This is the actual figure.

President.—I would now like to take up the point which we were discussing the other day about the charges of mulberry.

Mr. Psychaud.—Yes.

President.—You have stated that 8 annas is the cost of leaves for a pound of silk. Is that correct?

Mr. Psychaud.—Yes.

President.—You require 12 lbs. of cocoons to a pound of silk, don't you?

Mr. Psychaud.—Yes.

President.—Mr. Wazir has said that this is only the cost of 25 per cent. of the leaves. Therefore I multiplied 8 annas by 4. That comes to Rs. 2.

Mr. Psychaud.—Yes.

President.—It comes to Rs. 2 for 12 lbs. of cocoons and for one pound of cocoons, it is 2 annas and 8 pias.

Mr. Psychaud.—I do not follow that.

President.—We shall discuss that in the afternoon because it has got a bearing on costs.

Mr. Psychaud.—Yes.

President.—Let us now take page 6. You have given us the average yield per green maund of cocoons in which I find that you require as far as the Baghdad white is concerned as many as 17 lbs. of cocoons to produce a lb. of silk.

Mr. Wazir.—Yes.

President.—To be exact, you require 17 lbs. 6 oz. 12 dms.

Mr. Wazir.—Yes.

President.—The number of pounds of cocoons required per lb. of silk will be more in the case of Baghdad White than in the case of others. Therefore I want to know why you are still rearing this Baghdad White.

Mr. Wazir.—Because it gives a higher yield of cocoons. For instance, from an ounce of seed we get an yield of 1 maund 5 seers. This is in

the case of cross Chinese seed. From the same quantity of seed of Baghdad White, we will get 1 maund 15 seers of cocoons. I am just giving you an idea.

President.—Even then, it won't compensate you. Let us work out. In the one case you require 13 lbs. 2 oz. 9 dms. and in the other you require 17 lbs. 6 oz. 12 dms. The difference comes to more than 4 lbs. I want to know whether the 4 lbs. difference is compensated by getting more yield.

Mr. Wazir.—We have worked out and found that what is lost in reeling in the case of Baghdad White cocoons is made up by the gain in rearing.

President.—Will you work out and give me the figures in the afternoon?

Mr. Wazir.—In this connection I may explain another point with regard to Baghdad White. We have studied the suitability of different parts of the province for different races of worms. There are certain climates which suit Baghdad White better than Cross Chinese. All the same I shall give you the information you want in the afternoon.

President.—There is another point arising out of this. On page 13, you have given us the yield per ounce of seed.

Mr. Wazir.—Yes.

President.—Will you give me separately for Baghdad White and the Cross?

Mr. Wazir.—Yes.

President.—This, I understand from what you have stated, is the average of the two.

Mr. Wazir.—Yes.

President.—I want them to be separated.

Mr. Wazir.—All right.

President.—In that case the cost of cocoons will be different.

Mr. Wazir.—Quite.

President.—Whenever figures are placed before the Board, the Board assumes that they are actually worked out and therefore they can be worked backwards if necessary.

Mr. Wazir.—Yes.

President.—What is the proportion of Baghdad White and Cross Chinese?

Mr. Wazir.—About 25 per cent. is Baghdad White and the rest is Cross Chinese mostly.

President.—I do not understand why you say that the cross bred cocoons have been found to give you the same silk content as pure breeds. What are the pure breeds?

Mr. Wazir.—European yellow.

President.—It means that you have derived no benefit as a result of crosses.

Mr. Wazir.—I don't see much difference in practice between the cross cocoons and pure European yellow cocoons so far as the yield of silk is concerned.

President.—With regard to the prices, what are the prices of cross-breeds and Baghdad White?

Mr. Wazir.—The rates vary from supplier to supplier. Baghdad White we used to get from Persia and they quoted in Indian currency—I am speaking from memory—about Rs. 3-8 or Rs. 3-10 per ounce of seed f.o.r. Jammu. It came overland from Persia.

President.—Are you still importing or not?

Mr. Wazir.—This year I have not ordered anything from Persia. I am ordering Baghdad White from certain French firms.

President.—Do you get Baghdad White from France?

Mr. Wazir.—Yes.

President.—What is the price?

Mr. Wazir.—29 d. per ounce c.i.f. Bombay.

President.—What will it be f.o.r. Jammu?

Mr. Wazir.—I can work it out for you.

President.—Give it to me in the afternoon.

Mr. Wazir.—Yes.

President.—What is the price of European Yellow f.o.r. Jammu?

Mr. Wazir.—I shall give you in the afternoon.

President.—With regard to Kashmir there is no such thing as Baghdad White.

Mr. Psychaud.—No.

President.—So that your figures are for crosses.

Mr. Psychaud.—For pure yellow and crosses.

President.—What proportion will that be?

Mr. Psychaud.—Half and half.

President.—And the yield you got from both is practically the same.

Mr. Psychaud.—I find that the yield is better with crosses.

President.—That was what I was told in Mysore.

Mr. Psychaud.—The yield is more in the case of crosses.

President.—What is the percentage of increase?

Mr. Psychaud.—I worked it out and found that there was a slight difference in costs. Pure Yellow would be 20 to 24 d. c.i.f. Karachi and crosses 27 to 32 d. In some cases the price quoted was as high as 36 d. It was a fancy price which we did not accept.

President.—What percentage of silk do you get more from crosses?

Mr. Psychaud.—We do not keep all those records.

President.—You have given me in reply to question 7 the number of cocoons required to a kilogram and in the revised statement you have given me the number of cocoons to a pound. I want these for Jammu and Kashmir separately and also the silk content of crosses as against the silk content of pure breeds.

Mr. Psychaud.—I will give you from memory. The ordinary yellow gives an average of 3.85 to 3.55 dry cocoons to a pound of silk. As regards the other it is something like 3.18 to 3.30. I am just quoting these from memory. This is for the best quality.

President.—Confirm it later.

Mr. Psychaud.—Yes.

President.—The reason why I am asking you is this. When I was examining the Mysore Government we were told that 600 Mysore cocoons (pure) used to weigh one pound. When they started producing crossbreeds they were able to get 450 to 480 cocoons to a pound. It means that the rendita now would be much less than what it was before. Formerly the rendita was about 16 lbs. to a lb. of silk and now because they are using 100 per cent. cross breeds the rendita comes to 14 lbs. to a pound of silk.

Mr. Psychaud.—There is a difference between Mysore cocoons and ours. Mysore ordinary cocoons are fluffy and are not solid. When they cross with European or Japanese they become more solid. In our case pure yellow is solid and cross breed is more solid.

President.—I want to understand what proportion of cross breed you are using at present.

Mr. Psychaud.—About half and half.

President.—Is it because you are unable to get sufficient quantity of cross breed?

Mr. Psychaud.—Not exactly that. I do not produce the whole of the seed locally. This year I am expecting to make 22,000 to 23,000 ozs. of seed and I will have out of that about 16,000 ozs. of crossbreed and the balance will be pure yellow.

President.—It is in the interest of the silk factories to rear as many cross breed as possible because thereby they will be unable to reduce their costs, and I want to know whether it is possible for you under the present system of working to get 100 per cent. crossbreed.

Mr. Psychaud.—I am out to make locally 100 per cent. crossbreed. Until now about 30 to 40 per cent. of our local production has been crossbreed. This year I want the whole system of local production to be on crossbreed basis. I am producing 13,000 to 14,000 ozs. of crossbreed out of a total of 22,000 ozs. and I am making suitable arrangements to produce 75 per cent. of our requirements and all that will be crossbreed.

President.—Will you please give us details of the proportions of crossbreed and pure yellow with regard to Kashmir?

Mr. Psychaud.—I will send it on to you later.

President.—I would like to understand the question with regard to imported seed. You gave us the prices just now c.i.f. Karachi. I would like to have the prices f.o.r. Srinagar.

Mr. Psychaud.—I will send it on later.

President.—If you look at your answer to question 9, you have given the quantity of disease-free seeds produced in ounces of 30 grms. Is that the standard weight?

Mr. Psychaud.—That is the standard in Kashmir.

President.—Though the real standard weight will be 32 grms. and it varies from 25 to 36 grms.?

Mr. Psychaud.—That is so. If I buy from Europe Chinese golden female crossbreeds I will be given 36 grms. to an oz.

President.—What about 25 grms.?

Mr. Psychaud.—Some makers are packing 25 grms. also.

President.—This is the weight of an ounce of seed. I would like to have in a little more detail with regard to the various seeds you are getting because the weights will differ. I do not know how you have arrived at the average.

Mr. Psychaud.—Actually we have produced 17,297 ozs. and that multiplied by 30 grms. will give you the weight in grammes and from that you can get the weight in lbs.

President.—How have you arrived at the cost?

Mr. Psychaud.—This is the cost for producing seed locally.

President.—Can you give me details because I find that this year it is higher.

Mr. Psychaud.—The reason is that in the preceding year we produced 21,200 ozs. Now the staff employed, overhead charges such as insurance and depreciation remained the same and that amount was distributed over 17,297 ozs. instead of 21,200 ozs. in the previous year.

President.—Will you give me the details of Rs. 1-14-1? It is necessary for me to know how the allocations have been made as I find the charge rather heavy compared to the charge for local production in other places.

Mr. Psychaud.—In other places it is multivoltine, we do univoltine.

President.—Apart from the cost of seed there will be other charges. I want to get at the other charges for purposes of comparison.

Mr. Psychaud.—You wanted information with regard to the number of layings (handed in). Here are the details for Rs. 1-14-1 (handed in).

President.—What about Jammu?

Mr. Wazir.—We do not produce local seeds in Jammu province.

President.—Where is this expenditure shown in the total expenditure?

Mr. Psychaud.—Under the head "rearing and local seed" on page 16.

President.—If you look at that page you will find under the head "Rearing and local seed" a figure of Rs. 26,978 whereas the figure given by you here is 32,539.

Mr. Psychaud.—But salaries have to be added. This item here of 26,978 includes quite a number of items that have nothing to do with local seed production such as sorting of cocoons séchoiring, dyeing of cocoons, handling of cocoons and so on.

President.—These details do not tally here.

Mr. Psychaud.—They can not be shown separately.

President.—You have given here the cost of seed. Cost of seed is Rs. 26,000.

Mr. Psychaud.—That is rearing and local seed.

President.—What about cost of seed? Where is it shown?

Mr. Psychaud.—They are all included here.

President.—Take salaries and establishment Rs. 61,147 in the original statement. This Rs. 19,000 is included in that?

Mr. Psychaud.—Yes.

President.—What about the balance?

Mr. Psychaud.—The balance goes to all other jobs that are carried on in the cost of production of cocoons. For instance one month's salary of the Director is debited to seed production, 6 months to rearing and 5 months to reeling.

President.—It gives the Board no idea at all of the costs as presented by the Kashmir Government. I must get satisfactory answers with regard to the various items. I don't say that they are not correct; when you come before the Tariff Board for protection you must be able to satisfy the Board that your expenses are presented in such a manner as the Board will be able to understand.

Mr. Psychaud.—The point is that I am in charge of mulberry culture, I am in charge of silkworm rearing, I am in charge of seed production and in charge reeling; I am the only man in charge of 4 separate departments.

President.—You have grouped under local seed items like establishment, salaries and so on, but these are not legitimate charges under this head.

Mr. Psychaud.—These are charges that are incurred for producing seed and also for producing cocoons.

President.—How much for seed and how much for cocoons? Is it the same position with regard to Jammu, Mr. Wazir?

Mr. Wazir.—We do not produce seed. This cost statement has been worked out to help the Board to see how the cost of seed separately works out. We have got our accounts made on certain lines which have been followed for so many years and it is not easy to change those lines at once and produce figures to suit the line the Board has been following in conducting their enquiries.

President.—These things we pointed out to you even on the last occasion and I thought you would be able to give better statistics this time.

Mr. Wazir.—We will do our best to give you the details asked for.

President.—Let us take the number of layings. Number of layings necessary to produce 30 grms. weight is 98?

Mr. Psychaud.—Yes.

President.—What about crossbreeds?

Mr. Psychaud.—147 layings with Chinese females.

President.—We were given 140 layings to an ounce of seed in Mysore.

Mr. Psychaud.—That probably would be the case as their moth is small.

President.—You told me that crossbreeds would be fairly comparable. They are producing crossbreeds not only out of pure Mysore but also out of other varieties like Chinese and Japanese.

Mr. Psychaud.—Pure Chinese will give you 147 and female crossed by male yellow will give 142 which is practically the same as 147. Female moth of a particular breed whether crossed with any other male does not make any difference.

President.—All these will weigh 30 grms.?

Mr. Psychaud.—Yes.

President.—In reply to question 10 you say that the law in the State forbids the rearer to use any seed except that provided by the department which is all disease free. That means that 100 per cent. of the seed in Kashmir is controlled?

Mr. Psychaud.—Only disease free seed is distributed.

President.—Why is it prohibited by law.

Mr. Psychaud.—Because it is a State monopoly.

President.—I want to know why the law is passed. Suppose I am a Zamindar and I do not propose to take seeds from you, if there was no law, would I not be in a position to import seeds?

Mr. Psychaud.—If there was no law to prevent it, you could. But there is a law to prevent that.

President.—The law is justified, because it is open to anybody to import.

Mr. Psychaud.—Quite, and I think it is necessary. It should be for the whole of India.

President.—We had recommended that in our last Report. If you could oblige the Board by sending me a copy of this, we would refer to it in our Report, the kind of law that should be in force.

Mr. Wazir.—Quite.

President.—Could you give me a copy? Is this a state law?

Mr. Wazir.—Yes.

President.—With regard to the figures you have given on page 10, answer to question 14, I understand that Jammu has done well with regard to the yield of cocoons, 43 seers and 11 chataks or 91 pounds. Even then it falls short of what was stated last time by the Kashmir representatives that they were able to produce 50 to 56 seers.

Mr. Wazir.—The average yield of cocoons would be 50 to 56 seers in favourable circumstances. This is a factor which is not entirely in the hands of the department.

President.—But the department expected to make improvements.

Mr. Wazir.—In fact we expected more than 55 seers, but then the weather conditions have not been favourable.

Mr. Psychaud.—In the last three years we suffered.

Mr. Wazir.—Towards the later stages of silkworm rearing, so far as Jammu province is concerned, the heat wave played havoc with our rearing.

Mr. Anklesaria.—Do heat waves trouble you since 1933-34?

Mr. Wazir.—Yes, almost every year we have this trouble.

Mr. Anklesaria.—Your yield has gone down from 37 to 34?

Mr. Wazir.—Yes.

President.—On page 100 of the written evidence, Volume I, I find that in Kashmir you have given the yield per ounce of seed in 1932 as 41 seers

8 chataks. At present yours is 33 seers 1 chatak. Can you tell me the reason why it has gone down?

Mr. Peychaud.—This particular year 1931-32 we only distributed; if I am not mistaken, 24,000 ounces of seed only, because matters were going so bad that the Government decided to close half the business.

President.—In 1936-37?

Mr. Peychaud.—In 1931-32. It is a very good average.

President.—The yield was so high.

Mr. Peychaud.—They worked very hard because of the very few seeds.

President.—You have done better.

Mr. Wazir.—Yes. The weather conditions in Jammu and Kashmir are altogether different. If there had not been these heat waves, we would have got an outturn of 60 seers.

President.—How many ounces of seed did you distribute in 1936-37?

Mr. Peychaud.—38,000 ounces.

Mr. Anklesaria.—The more seed you distribute, the less yield you get.

Mr. Peychaud.—Not necessarily.

President.—Have you given me the ounces of seed distributed?

Mr. Peychaud.—Yes, 38,645 ounces for Kashmir.

President.—If you look at the figures given by you on page 99, you will find that when the quantity given is 34,000, the yield is 47 seers in 1910-11. Take the next year 36,000 ounces—41 seers.

Mr. Peychaud.—We were getting very good results for those years.

President.—There must be some other cause which brought the yield to 33 seers.

Mr. Peychaud.—This is practically at the beginning of the industry. When the Sericultural industry was very seriously started in 1897-98, they practically disposed of the mulberry trees that were existing in the valley. They were all used. There was a huge quantity of leaf at that time. In those days ounces of seed were not given as they are given to-day.

President.—There was no control of the disease then.

Mr. Peychaud.—They used imported seed.

President.—I do not know why the conditions are different. Is there any shortage of leaves?

Mr. Peychaud.—We are suffering at present from shortage to a certain extent.

President.—Yesterday you gave me a contrary information. The number of ounces that you were able to rear was less, because the quantity of leaves that could be obtained was less.

Mr. Wazir.—That was with reference to Jammu.

President.—One tree would produce how many pounds of leaves?

Mr. Peychaud.—We take 25 trees on an average.

President.—55,000 ounces of seed you are producing and for that you have enough quantity of leaves.

Mr. Wazir.—I admit that, but the quality of leaf is not so good as it used to be. If you come and see it for yourself, you would understand the position very clearly. This is the total number of trees existing in the Kashmir State, but some of these in the valley are not used for rearing purposes.

President.—You have taken all that into consideration for the future production. You can expand, but the present production of 55,000 on the present basis is not quite correct.

Mr. Peychaud.—We have not gone into other districts, because it doesn't pay us.

President.—I am talking of the present number of trees which are distributed in Kashmir. You say certain proportions are not able to be used.

Mr. Peychaud.—Some of them not.

President.—That was not taken into consideration when we took the full number.

Mr. Peychaud.—Quite right.

President.—I wish you could give me a little more explanation with regard to 33 seers. I think it is definitely on the low side.

Mr. Wazir.—I am not at all satisfied with that myself. We are very unfortunate last year. We expected a bumper crop, but we lost a third of the crop in one week owing to bad weather.

President.—Last time there was a disease called masecardine in Kashmir.

Mr. Wazir.—Yes, in Kashmir.

President.—What is the position to-day.

Mr. Wazir.—We have not suffered for the last two years.

President.—How much percentage of worms do you lose?

Mr. Peychaud.—The result is 30 seers. 50 seers would be a very ordinary yield if it is reared on proper conditions.

President.—What is the percentage of loss I should put down?

Mr. Peychaud.—40 per cent. in Kashmir.

President.—In Jammu.

Mr. Wazir.—A little loss.

President.—35 per cent.

Mr. Wazir.—30 per cent.

President.—In 5 years instead of improving it has gone worse if you look at the figures last time.

Mr. Wazir.—Last time it was 20 to 30 per cent. on account of the disease. When we give this figure of 30 and 40 per cent., there is a little wastage on account of carelessness of the rearers included.

President.—In spite of the fact that there are lambardars who assist them.

Mr. Peychaud.—It is a very peculiar position that just at the time when the cocoons are ripening, if the season warms up, that is the time when the zamindars have to plant their rice. They are caught between two fires, because that is also the time when the worms want more attention.

Mr. Anklesaria.—That has been happening all along.

Mr. Peychaud.—Not necessarily. If the temperature is cool, then they finish the rearing and start rice cultivation.

President.—The climate has remained the same.

Mr. Peychaud.—It has changed a lot.

Mr. Anklesaria.—The climate has changed since protection was granted.

Mr. Peychaud.—No.

President.—On page 160 of the oral evidence, Volume II, I enquired 'how much do you hope to do', Mr. Lal said: "Between 50 and 55 seers I look upon within the range of possibility".

Mr. Anklesaria.—Is that correct?

Mr. Wazir.—Yes.

President.—It is not quite correct to say that you have lost 20 to 30 per cent. purely on diseases. On page 4 of your note you have given the reply to question 13 of the questionnaire issued on the last occasion.

"It is not easy to isolate a particular factor that is inhibitive to the production of cocoons by silkworms. Roughly however 20 to 30 per cent. may be taken as an average figure."

That is for everything. You don't say that it is entirely due to disease. I am only trying to point out to you that that was an average taking into consideration for everything.

Mr. Psychaud.—40 per cent. is the total loss.

President.—So it becomes worse.

Mr. Psychaud.—I am rather inclined to think that 20 to 30 per cent. might have been an underestimate.

President.—You are prepared to say that it was an incorrect statement.

Mr. Psychaud.—That was only an estimate.

Mr. Anklesaria.—The estimate was incorrect.

President.—When the Board is arriving at the production figures, it has to deduct this percentage in order to find out the yield and if you say that the yield was underestimated then the figures quoted on the last occasion would be wrong.

Mr. Wazir.—We gave actual figures.

President.—The yield can only be got after deduction of this percentage. That goes without saying. If I have deducted last time as I have done then my estimates given on Kashmir and Jammu would not be correct.

Mr. Wazir.—As regards the maximum outturn possible, it is right.

President.—When you give an underestimate, that figures goes wrong.

Mr. Wazir.—It might have been an underestimate of the total loss. It should have been 30 to 40 per cent.

President.—You say you are not using ordinary farmyard manure, but you are using silkworm chrysalises as manure.

Mr. Wazir.—Yes, we use that in nurseries.

President.—How many trees you have got in nurseries?

Mr. Psychaud.—Nurseries are the places where we raise young trees. After three years we give them to the villages. We don't manure them afterwards.

President.—How are they manured?

Mr. Psychaud.—Zamindars give sometimes.

President.—Do they not spend money?

Mr. Psychaud.—You cannot purchase manure in Kashmir. Whatever manure is available is used by the cultivator himself and there would not be anything for sale.

President.—You must require proper manuring if you want good quality of leaves.

Mr. Psychaud.—I have 8 nurseries. You can see their condition from the photographs I have brought. (Shown and explained.)

President.—How many feet apart do you plant trees?

Mr. Psychaud.—25 feet apart.

President.—How many would there be in an acre?

Mr. Psychaud.—64 trees to an acre.

President.—As regards the question of manure I would like you to just send me a note after enquiry from Zamindars on the kind of manure they are using for their mulberry trees.

Mr. Wazir.—In Jammu they use farmyard manure.

Mr. Psychaud.—They use a certain quantity of farmyard manure.

President.—That costs them something.

Mr. Wazir.—Generally villagers have got their own farmyard manure. As a matter of fact not much is used.

President.—We were told in Bangalore definitely that more the farmyard manure or other kind of manure—such as groundnut, etc.—the better the quality of the leaf.

Mr. Psychaud.—Naturally. But there is nothing available in Kashmir.

Mr. Anklesaria.—Can you not buy ammonium sulphate?

Mr. Psychaud.—It is expensive to use in Kashmir.

President.—I wonder whether His Highness' Government have seriously considered this question because if it increases the yield as well as the quality ultimately it will mean that the cost of production will be less.

Mr. Psychaud.—But the cost of manure is prohibitive in Kashmir.

President.—I wonder whether you have tried it.

Mr. Psychaud.—We tried Sulphate of Ammonia but the price was prohibitive. It cost us Rs. 3 per maund from Pindi alone.

President.—In this connection I might refer you to the Customs problem which is quite unique with regard to Kashmir. The imported goods coming into Kashmir do not pay the British duty.

Mr. Psychaud.—Not if they come in bond.

President.—I understand that the amount of duty collected in British India is given over to the Kashmir Government. But a small percentage (one or two per cent.) is deducted for charges incurred.

Mr. Psychaud.—Yes.

President.—What is the amount of the duty?

Mr. Psychaud.—The same as in British India.

President.—Hyderabad has got a right under the agreement, we were told, to levy a duty of 5 per cent. on imports which is the maximum they could levy on imports into Hyderabad.

Mr. Psychaud.—Imports into Kashmir have to pay the same duty or duties as are in force in British India. For instance take the case of a motor car which pays a duty of 37 per cent. When it is first brought into India, it pays a duty of 37 per cent. but if it is taken from British India to Kashmir it will have to pay again 37 per cent. The total duty paid will be more than 74 per cent.

Mr. Wazir.—I have a note from the Customs Department.

President.—Tell me what it is.

Mr. Wazir.—Certain articles on which rates of duty have been prescribed by the Kashmir Government are on special rates. A copy of the Schedule is enclosed (handed in).

President.—I am now confining myself to silk. I want to understand the position with regard to silk. Suppose Bengal or Bangalore silk goes to Kashmir, what duty will it pay?

Mr. Psychaud.—The same as a pound of Chinese silk coming into India.

President.—It means 25 per cent. plus 14 annas per lb.

Mr. Psychaud.—Whatever the duty is in British India.

President.—I am talking of existing facts. The present duty is 25 per cent. plus 14 annas per pound of raw silk.

Mr. Psychaud.—Yes.

President.—If Bengal or Mysore silk is going to be imported into Kashmir State, it will have to pay the British Indian duty of 25 per cent. plus 14 annas.

Mr. Wazir.—Yes.

President.—Suppose one pound of Chinese or Japanese silk is imported by a merchant in Bombay, it pays the duty in Bombay and if the same merchant from Bombay wishes to send it to Kashmir, it will also have to pay the same amount of duty again in Kashmir.

Mr. Psychaud.—Yes, unless it comes in bond.

President.—It means that the imported article will pay double duty as far as Kashmir is concerned. It will first pay the British Indian duty when it is imported into British India, and he will have to pay again the same duty if he sends it Kashmir unless it comes in bond.

Mr. Psychaud.—Yes.
President.—Will it have to pay double duty?
Mr. Psychaud.—More than double duty if you calculate. But no Indian made raw silk comes into Kashmir.
President.—It cannot come.
Mr. Wazir.—It has not come so far.
President.—Your point is that it cannot come.
Mr. Psychaud.—Under present conditions it cannot come.
President.—Because the competition of Chinese and Japanese silk is so great that with that duty it cannot come.
Mr. Psychaud.—Quite.

President.—Suppose a merchant in Kashmir imports Chinese or Japanese silk will he have to pay a single or double duty?

Mr. Psychaud.—Only single duty if he brings it in bond direct.
Mr. Wazir.—What happens is this. We place an order for some goods from a foreign country. The goods arrive in Bombay and there pass through the Customs. The Customs duty is paid and the goods forwarded by forwarding agents under Customs seal. The goods come to State; when they enter the State they are examined by British Customs officials specially appointed for the purpose along with the State Customs officials and they see that the Customs seal is intact. Then the importer will forward the Kashmir invoice to the Customs authorities of the Kashmir State. They obtain a refund of the duty from the British Government.

President.—It enters the Kashmir State without duty?

Mr. Wazir.—It enters the State without duty but with the Kashmir invoice. That Kashmir invoice is handed over to the Customs department and the customs department of the State obtain refund of the duty from the British India authorities.

President.—That means that the merchant does not pay double duty.

Mr. Wazir.—Yes.

President.—In your customs returns you show the amounts of imports and exports. Are there any silk imports?

Mr. Psychaud.—There are. It is mostly spun silk and Yarkand silk.

Mr. Wazir.—I have got figures from the Customs Department in this respect. In the State Customs tariff, there is only classification available. Silk raw, silk manufactured European, and silk manufactured Indian. We have got figures for the last 10 years.

Raw silk 1920-27 125 maunths Rs. 39,436

President.—Suppose raw silk comes from Yarkand, does it pay duty?

Mr. Wazir.—Yes, the same duty as the British Indian duty.

President.—Whatever raw silk comes into the State, it pays 25 per cent. plus 14 annas?

Mr. Wazir.—Yes. Here are the figures:—

	Mds.!	Rs.
1927-28	222	38,733
1928-29	124	38,398
1929-30	207	58,677
1930-31	413	96,979
1931-32	937	2,06,754
1932-33	342	50,437
1933-34	319	39,643
1934-35	591	55,552
1935-36	329	37,748

President.—What is the position with regard to silk fabrics? That pays only 15 per cent. duty?

Mr. Wazir.—Yes, that is only suiting cloth.

President.—Apart from suitings others come under the ordinary duty?

Mr. Peychaud.—Yes.

President.—Suppose Yarkand silk which is coming into Kashmir and pays duty goes to Bombay, then what is the position with regard to the Kashmir duty?

Mr. Wazir.—If it is not intended for consumption in Kashmir then it will be sent in bond outside the State into British India and they get a refund.

President.—As the matter is important and as you are not directly concerned with this question you might submit a fuller statement later on.

Mr. Wazir.—The position as I have stated is correct. Yarkand silk meant for British India passing through the States does not pay any duty in the State.

President.—Yarkand silk coming into Kashmir pays the duty when it comes and if it is meant for consumption in British India it gets a refund?

Mr. Wazir.—Yes.

President.—That means it does not pay any duty at all?

Mr. Peychaud.—This year practically no Yarkand silk has come through.

President.—The correct position can only be ascertained from the Customs Department.

Mr. Wazir.—When the goods come into the State and are meant for consumption in the State they pay a duty otherwise if the goods are intended for British India the Customs Department put on a seal. However to be more sure we will find out the actual position and inform you.

President.—When Yarkand silk enters the State it pays the duty. The moment it pays duty the figure goes into the import returns. If they go into the import figures then the figure shown is not silk that is actually consumed in the State.

Mr. Wazir.—I can give you exactly the figures of imports of Yarkand silk into Kashmir.

President.—I understand that the moment the duty is paid record is kept even if the duty is refunded on account of Kashmir transaction. Therefore if a record is kept after the Yarkand silk goes into British India, then that might be separated from that consumed in the State. For example you can show that out of 100 pounds of silk worm from Yarkand 50 lbs. was meant for British India.

Mr. Wazir.—We will find out from the Customs. I have got a statement here. The statement shows the quantity and value of silk yarn imported from Central Asia into Kashmir:—

	Srs. ths.	Rs. 1.
1932-33	49 11 13	4,735 14
1933-34	10 6 4½	2,241 12
1934-35	8 3 4	2,515 6
1935-36	nil	nil

President.—I want the figures of imports of Yarkand silk into British India.

Mr. Wazir.—I will submit a note later on if possible.

President.—With regard to mulberry you told us that there is only one leaf crop and you were not able to give me costs with regard to mulberry plantation. I quite understand that it cannot be given in the manner in which we want it but some sort of statement could be given as to what is the cost for the upkeep of the nursery. We would like to have an idea of the cost of mulberry. It is bound to cost something.

Mr. Psychaud.—We can work out the cost and give you an idea. To the Zamindar we give it free of cost.

President.—Take 84 trees and then say what it will cost to plant them.

Mr. Psychaud.—We will work it out and give it to you.

President.—On page 54 of the last Tariff Board report it is stated "There is no alternative to mulberry since it is a wayside or boundary tree and the price could go down as low as its value as a fodder crop." That has been the position at the time of the last enquiry. Is it still the same?

Mr. Psychaud.—That would not be a correct statement to say. Supposing the mulberry had not any value for zamindars, they would plant walnut or fruit trees.

President.—Therefore the question of protection would not arise because the agriculturist does not suffer. If mulberry plantation goes out, he will put in some other crop.

Mr. Psychaud.—He can put in other crops if he likes.

President.—As far as protection is concerned, the Zamindars will not be benefited in any way.

Mr. Psychaud.—The zamindars will manage it one way or the other.

President.—At present he is utilising the land.

Mr. Psychaud.—He has got mulberry on it.

President.—That mulberry costs him nothing.

Mr. Psychaud.—If you want to put it that way. It is very difficult to estimate what it costs him.

President.—I do not know whether the zamindar can be negligent of his own interests. He may not be an educated man. But every one knows his own interest.

Mr. Anklesaria.—Why does he not plant a walnut or any other fruit tree?

President.—That land is not used for anything. It is a waste land.

Mr. Psychaud.—The trees are standing in his fields.

Mr. Anklesaria.—If he plants a fruit tree, he will get a return. If he has a mulberry tree, he does not get anything.

Mr. Psychaud.—He gets Rs. 16-4-0 per maund of cocoons.

Mr. Anklesaria.—There must be an alternative crop of some value in comparison to mulberry tree.

Mr. Psychaud.—Supposing he puts down a fruit tree in place of mulberry. If a man has 4 or 5 mulberry trees, he will rear an ounce of seed by supplementing his leaf with leaf obtained from Government trees. If he has 4 or 5 fruit trees in place of an equal number of mulberry trees, he will not be able to get any return because there is a tremendous number of wild birds in Kashmir. Unless he watches them, he will not be able to collect a single fruit.

President.—What about the fruit trees grown all over Kashmir?

Mr. Psychaud.—Every tree is watched.

President.—What about utilising that land for rice cultivation?

Mr. Psychaud.—It is utilised and it pays him better.

President.—What is the inducement then for him to plant the mulberry tree?

Mr. Psychaud.—The mulberry tree grows without any attention.

Mr. Anklesaria.—Why should he allow the mulberry to stand in his land?

Mr. Wazir.—The fact of the matter is that the zamindar gets benefit from the mulberry leaf through rearing of silk worms. If the rearing of silkworms were not available to him, then he would certainly not like

to keep the mulberry. If he was not to derive any benefit, he would certainly not like to have the mulberry trees but would take to other crops from which he might get a better return. There is another question. Since in Kashmir it is possible for the rearer to get leaf from other people or from the State land, why does he cultivate the mulberry on his own land? So far as that goes, the supply of leaf is not so unlimited that it can satisfy the wants of every zamindar.

Mr. Anklesaria.—That is not the point.

Mr. Wazir.—Since there is a limited stock of leaves that could be obtained from trees standing on Government land, it has to be divided amongst the zamindars.

Mr. Anklesaria.—It has to be divided amongst a number of rearers.

Mr. Wazir.—There is a physical limit also. He can only go up to a certain distance to fetch his leaves and not beyond that. Whatever leaf there is in a particular locality, it is meant for the people of that locality. That supply is limited. If silkworm rearing is conducted on an intensive and extensive scale, the supply of leaves cannot satisfy all the zamindars. Those people who feel that they cannot get leaf from the State land or from others who do not do their own rearing plant trees on their own land.

Mr. Anklesaria.—Are there also zamindars who do not plant mulberry but get leaves from others?

Mr. Peychaud.—Yes.

Mr. Anklesaria.—What is the percentage of those zamindars?

Mr. Peychaud.—It will have to be worked out.

Mr. Anklesaria.—I want only an approximate estimate.

Mr. Wazir.—Generally the position is that every rearer has got a few trees of his own and depends for the rest of his requirements on others.

President.—There are two important issues that arise out of that. I understand that in Kashmir the zamindar is not at liberty to uproot mulberry trees on his own land.

Mr. Peychaud.—He cannot without the permission of the Department.

President.—Therefore even if the mulberry is paying him nothing, he cannot have a substitute crop.

Mr. Peychaud.—Supposing no rearing was done in Kashmir what would be the sense in protecting mulberry?

President.—The point is that even if the State does not pay him an adequate price for his cocoons, he is still unable to replace his mulberry by any other plantation.

Mr. Peychaud.—In the districts where there is no rearing, there is no mulberry law.

President.—Suppose I am a zamindar. I am doing the rearing work. Government pay me Rs. 12-8-0 per maund as the price. That price is not economic I think that if I grow rice or anything else I would get Rs. 15. Therefore I feel I am losing Rs. 3 or Rs. 4 and I do not want to have these mulberry trees. But I cannot uproot the trees because Government prohibit me for doing so unless there is no alternative crop.

Mr. Wazir.—Exactly, since there are these rules prohibiting people from uprooting trees, it is not open to them to cut them out. That is quite true.

President.—Under the present regulations, zamindars are suffering. In order to enable the zamindars to get the same return which they would get by raising any other crop, the cocoon price ought to be raised in order to make it worth their while.

Mr. Wazir.—That is what I am saying.

President.—My point is that in order that the Board could appreciate this position, you must supply to the Board what return the zamindar would get from alternative crops. That is the question I have but you say "the same as last time". You must tell me by how much the price should be raised?

Mr. Wazir.—We could not work out the cost of mulberry cultivation under the peculiar circumstances of Kashmir.

President.—Work it out on the basis of rice.

Mr. Anklesaria.—Have you tried to work it out since the question was put to you last time?

Mr. Wazir.—No.

Mr. Psychaud.—We have to have other crops.

President.—Take any other crop. You say that Rs. 12-8-0 is in relation to other crops.

Mr. Psychaud.—Yes. Rs. 12-8-0 includes so many items such as labour, hiring of accommodation, etc.

President.—In your reply to question 13, you have given me the number of trees planted in Kashmir and Jammu from 1928 to 1937. Do all these trees belong to Government?

Mr. Psychaud.—No, not in Kashmir.

President.—Are these trees planted by you?

Mr. Psychaud.—Those that are planted on Government land remain Government property.

President.—Of these 75,085 trees, how many belong to Government?

Mr. Psychaud.—I cannot tell you that. There is very little Government land left in Kashmir. Government have given away lands for grazing purposes. They have been given to zamindars. We really have three classes:—(1) trees that are planted actually on Government land, that is, on road sides, canal banks, etc.; (2) trees that are planted on village commons.

President.—By Government?

Mr. Psychaud.—No, by zamindars. We give them trees and tell them how to plant them.

President.—Will the zamindar plant a tree on a voluntary basis or will he be asked to plant it?

Mr. Psychaud.—We go to the villagers and ask them "do you want any trees". They say "we want so many trees". The officers of the Department go there and mark the places where they are to be planted.

President.—Supposing a zamindar says that he does not want it.

Mr. Psychaud.—There is an end of it.

President.—What is the third class?

Mr. Psychaud.—Trees that are planted by zamindars on their own lands.

President.—Do they get seedlings from Government?

Mr. Psychaud.—We give seedlings.

President.—I want to know why there is a distinction between the second and third class.

Mr. Psychaud.—The trees that are planted on the village common belong to the whole village.

President.—The trees on the zamindars' own lands are their private property.

Mr. Psychaud.—Yes.

President.—What is the assessment on mulberry plantation?

Mr. Psychaud.—There is no assessment.

President.—Supposing I have 1,000 acres of mulberry land?

Mr. Psychaud.—You do not pay any tax on that land.

President.—Am I exempted?

Mr. Psychaud.—Yes.

President.—For the trees on the border land do they give any concession?

Mr. Psychaud.—Yes, there is some concession in land revenue.

President.—As regards page 13, can you give us the yields in European countries?

Mr. Wazir.—I will try to give you some information.

Mr. Psychaud.—The yield will be between 60 and 70 scores of cocoons per ounce of seed under ideal conditions.

President.—Under conditions similar to yours?

Mr. Psychaud.—No.

President.—What is the difference between your conditions and theirs?

Mr. Psychaud.—There they are have buildings specially erected for rearing and they look after the worms most carefully. They look after these worms with their life practically whereas the people here do it in a very careless manner.

President.—Is it due to want of sufficient education?

Mr. Psychaud.—Education has nothing to do with it. They drop the worms from their hands. Many a time I have seen them doing so. They crowd them. They say "Worms have started spinning and so we need not bother about them". That is the time they should take more care about them.

President.—Before I take up the costs, I want to understand one or two points with regard to cocoons. We have a full description of the cocoons from the stage of seed down to the spinning stage. First of all you get the seeds.

Mr. Psychaud.—Yes.

President.—After 8 or 10 days they hatch.

Mr. Psychaud.—Yes. Before a univoltine worm hatches it has to go through a period of cold round about freezing point. It should not be more than zero degree. In that temperature it should remain for not less than one month preferably for more than one month. Having been kept in the cold, the embryo takes life when the temperature changes. When it is removed from the cold, it should be kept under a temperature rising up to 45° or 50° without the embryo making any effort to start changing so as to hatch. After the temperature has passed 50° life comes into the embryo and then you have to continue raising the temperature gradually and after 14 days as soon as a temperature of 75 or 76° is reached, the worm actually hatches.

President.—I want to know whether all the seeds hatch in one day.

Mr. Psychaud.—They do not hatch all in one day. Theoretically they should, but in a well conducted incubation, the whole hatching should be completed in three days.

President.—In the last Tariff Board report, we said that it was possible to hatch all the eggs in one day.

Mr. Psychaud.—Theoretically yes, but practically not.

President.—In Madras we are told that they all hatch in one day.

Mr. Psychaud.—I do not know how to do it. They may know how to do it.

President.—Perhaps multivoltine worms do.

Mr. Psychaud.—We rear univoltine worms only. They do not hatch all in one day.

President.—95 per cent. of the worms hatch in one day.

Mr. Psychaud.—It takes three days:—

	Per cent.
1st day	20
2nd day	60
3rd day	20

President.—The reason why I ask this question is this. As the r are uneducated, they won't be able to control if the seeds hatch in days instead of one.

Mr. Psychaud.—They manage all the same pretty well.

President.—How many worms are there in an ounce of seed?

Mr. Psychaud.—It depends upon the race.

President.—Take univoltine.

Mr. Psychaud.—Races differ even in univoltine.

President.—I am taking of the races that you rear.

Mr. Psychaud.—28,000 to 35,000 per ounce.

President.—You have got experience of multivoltine and bivoltine w

Mr. Psychaud.—Yes.

President.—Tell me what will be their number?

Mr. Psychaud.—I could not tell you exactly, but certainly it a
be more.

President.—Will it be more than 35,000?

Mr. Psychaud.—Not less than 35,000.

President.—We have been given a figure of 35,000 to 36,000.

Mr. Psychaud.—It should be about that.

President.—The Mysore Government say that it is 42,000.

Mr. Psychaud.—They would go far as that because the moth small and they lay very small eggs.

President.—Another point is that with regard to food, we have told that there are 5 ages.

Mr. Psychaud.—Yes.

President.—Is the number of ages the same in the case of univolt

Mr. Psychaud.—Yes.

President.—We have been told that 90 per cent. of the leaves are consumed in the 4th and 5th ages.

Mr. Psychaud.—In the last age, that is in the 5th age, they con most.

President.—We have been supplied with the quantities of leave worms consume during these 5 ages. If you could also supply us similar figures it would be useful.

Mr. Psychaud.—Yes.

President.—As regards pages 15 and 16, I want to tell you additional information we would like to have.

Mr. Wazir.—I wonder whether you want to know how much the r that is, the real zamindar gets in his hands per pound of cocoons.

President.—How much does he spend out of his own money?

Mr. Psychaud.—This is how I worked out:—

Amount paid to the rearer per maund	Rs. 10 4
Value of seed given to him free (he would not have to pay cash)	2 3
Value of leaves supplied from Government land	0 12
Total	19 3

If we divide Rs. 19-3 by 82 lbs. it comes to 8 annas 8 pies per 1 green cocoons.

President.—How much does he spend out of his own pocket?

Mr. Psychaud.—Nothing.

President.—Seed you give him.

Mr. Psychaud.—Yes.

President.—What about the cost of labour?

Mr. Psychaud.—This money which we pay at the rate of Rs. 16-4 per maund is for his labour, the accommodation that he puts at the disposal of the Department and the value of the leaf that he takes out of his own lands.

President.—We have been told that in the 4th and 5th ages, the rearer is unable to feed the worms by himself and his family and therefore employs extra labour. He hires labour.

Mr. Wazir.—Not necessarily. He may be helped by the members of his family. Otherwise he will require other people to help him.

President.—What is the daily wage of an agricultural labourer?

Mr. Psychaud.—We can give any figure we like in this matter.

President.—Not any figure?

Mr. Psychaud.—In Kashmir they never pay cash. If one farmer requires extra help, he requests his neighbour to help him and pays back his neighbour with his own labour some other day when it is wanted.

President.—How much does he spend on the leaves consumed by worms? He spends 5 times more. So his price of 3 annas 8 pies would be reduced to that extent.

Mr. Wazir.—Yes.

President.—What about the cost of appliances?

Mr. Psychaud.—They are very rudimentary. He uses whatever he gets handy. He does not buy anything.

President.—Last time we were told that Government were supplying some appliances.

Mr. Psychaud.—The rearers use branches of wild trees and twigs. It is a very kutchra arrangement. It is difficult to put any value on it.

President.—What about other expenses?

Mr. Psychaud.—There is some extra expense in the case of Kashmir. Formerly we used to pay in Kashmir for the carriage of cocoons. At present we do not pay anything.

President.—What amount did you pay before?

Mr. Psychaud.—One pice per maund per mile.

President.—How many miles will it be ordinarily speaking?

Mr. Psychaud.—In some cases, it is a mile; in others it is 50 to 60 miles.

President.—What will be the average?

Mr. Psychaud.—25 miles.

President.—The rate was one pice per maund per mile.

Mr. Psychaud.—Yes, the average cost will be 25 pice.

Mr. Anklesaria.—I thought you paid half an anna.

Mr. Wazir.—Yes. We in Jammu paid half an anna and to some rearers even 3 pice.

President.—I suppose the system is the same in Jammu.

Mr. Wazir.—During the last 4 years we have not been paying to the rearers for carriage separately but included it in the price of cocoons.

President.—The carriage expense comes out of his pocket. He gets 3 annas 8 pies per lb.

Mr. Psychaud.—Out of 3 annas 8 pies he has to spend something to bring the cocoons to the factory.

President.—Then he is actually working at a loss. For the carriage of cocoons he has to spend 6 annas 8 pice per maund.

Mr. Psychaud.—That was what he used to get but which he does not get now. He is certainly entitled to that.

President.—Would that be the actual?

Mr. Psychaud.—That was what we used to pay.

Mr. Wazir.—Generally what happens is this. The rearer brings himself the cocoons to the place where the delivery has to be given to the factory. Only in very rare cases he engages labour for the purpose. He brings his own cocoons. We used to pay in Jammu 2 pice per maund per mile and in the case of green cocoons 3 pice per maund per mile.

President.—You generally have dry cocoons for reeling silk.

Mr. Psychaud.—Yes.

President.—How many days cocoons do you get?

Mr. Psychaud.—We get them at one time in the year.

President.—Whilst we were examining the Mysore representatives they told us that generally speaking they got 3 days old cocoons but that if they got 5th day cocoons they would get more silk.

Mr. Psychaud.—Naturally.

President.—Then the rendita would be less because the silk would be more. If they reeled 3rd day cocoons and 5th day cocoons, there would be a slight difference between the two in respect of rendita.

Mr. Psychaud.—They would get more silk in the latter case.

President.—I want to know what is your practice.

Mr. Psychaud.—We don't reel them green. We always dry them before reeling.

President.—How many days do you require to get them dried?

Mr. Psychaud.—We receive them in the morning and in the evening they are dry.

Mr. Wazir.—We insist on cocoons being fully formed.

President.—How do they dry them?

Mr. Psychaud.—They dry them in the sun.

Mr. Anklesaria.—How many days does it take?

Mr. Psychaud.—If the sun is fairly hot, it takes only a few hours. But the sun treatment is neither good for the colour nor for the yield of silk.

President.—What is the present system?

Mr. Psychaud.—From within a radius of 15 miles from the factory they bring in their cocoons green and we receive annually 8,000 maunds.

President.—In Japan Government are providing drying houses and the rearers take their cocoons there and then sell them as dry cocoons. They get better price for dry cocoons because of Government providing them with drying houses.

Mr. Psychaud.—Government has to charge something because they have to provide heat.

President.—Is it not more paying to the rearer to sell dry cocoon?

Mr. Psychaud.—It is to the interest of the rearer to dry his cocoons and keep them until he finds the most favourable market.

President.—This Rs. 16-4 that you give is that for green cocoons?

Mr. Psychaud.—Yes.

President.—And for dry cocoons?

Mr. Psychaud.—We pay the same rate only we take $\frac{1}{3}$ rd of the green. When we take green cocoons we weigh them on the scale and when we take dry we measure them by volume.

President.—They almost balance?

Mr. Psychaud.—Yes.

President.—Take the last figure, paid to rearers for 7,000 maunds. Take the total Rs. 1,49,161. I worked it out and it comes to Rs. 93,506 and for 7,000 maunds it comes to Rs. 13-5 per maund.

Mr. Psychaud.—That is correct.

President.—You have given to the rearer only Rs. 12-8.

Mr. Psychaud.—If I deduct from Rs. 13-5 this Rs. 12-8 it comes to 13 annas.

Mr. Wazir.—I have got the thing worked out separately. In 1933-34 the amount paid to the rearers was Rs. 87,897. Besides there was cartage paid from crop receiving centres to Jammu. There is a difference between Kashmir and Jammu in this respect. In Kashmir the crop of the whole province is delivered at the factory; the rearers bring it and deliver the cocoons at the factory in Srinagar, whereas in the case of Jammu we take only one tahsil at the factory in Jammu. For the rest we have different centres for receiving crop and we depute our officers to go and receive the crop at those centres and when the crop is delivered at those centres it is brought over to the factory and the cartage is paid by the department.

President.—So it is not paid to the rearer?

Mr. Wazir.—No.

President.—So Rs. 2,980 goes out.

Mr. Wazir.—Yes.

President.—That is included in the total cost?

Mr. Wazir.—Yes, and the total cost of which it forms part, viz., Rs. 93,506 is composed of this price paid to the rearer plus cartage paid from crop receiving centres and other charges.

President.—This comes to exactly Rs. 12-8?

Mr. Wazir.—Yes. Then there is another item Lambardari Rs. 2,342 and there is miscellaneous expenditure Rs. 277. For instance some coolies are engaged at the crop receiving centres for filling the bags and so on and the total is Rs. 93,506.

President.—The next item is rearing requisite and temporary technical supervision. This will increase the price because certain price must be attached to rearing requisites.

Mr. Wazir.—We send our party; we disinfect a certain number of houses; we lend them spray pumps and they do the job.

President.—These new rearing houses which you have built, are for demonstration purposes.

Mr. Psychaud.—These houses are made with the express purpose of rearing first class cocoons. That will give me more first class seed in the future; that is what we are aiming after.

President.—This expenditure you have shown on mulberry plantation, this is in nurseries?

Mr. Wazir.—I can give you some details about the rearing requisites. I have tried to get as much information as possible. The cost of supervision for rearing amounts to Rs. 293-15 out of this Rs. 709 and the rest is what we have spent on drugs supplied by Government to the zamindars—arsenic, copper sulphate, etc.

President.—Rs. 12-8 is the price you pay to the rearers?

Mr. Wazir.—We paid that in 1933-34. In the current year we have made some extra payment to the rearer. We paid about Rs. 13,000 more.

President.—That means it works out to 2 annas 5 pies per pound.

Mr. Psychaud.—Yes.

President.—That is his remuneration for working for one month?

Mr. Psychaud.—More than that.

President.—How many days does it take to get the cocoons?

Mr. Psychaud.—It usually takes him 5 or 6 days to incubate the seed. Then it will take him with pure races and cross races between 33 and 36 days up till it starts spinning.

President.—Roughly 40 days?

Mr. Psychaud.—And then he has to dry his cocoons; that will take another 4 or 5 days and then he has got to gather them.

President.—Let us say it is a 50 days job.

Mr. Psychaud.—Yes.

President.—On an average how many ounces of seed does he rear?

Mr. Psychaud.—It comes to a little less than an ounce per rearer.

President.—One ounce crop is equal to 82 lbs. of cocoons?

Mr. Psychaud.—In our case 63 lbs.

President.—63 lbs. and 2 annas 5 pios that comes to about Rs. 9-8-6 for a period of 50 days?

Mr. Psychaud.—Yes.

President.—Suppose he was employed in some other work what will he be earning?

Mr. Psychaud.—It is not a whole time labour for him; he has hard work for him for only about 15 days.

President.—What else does he do in those days?

Mr. Psychaud.—They have not much to do at that time. It is just when the cocoons get ready their planting season begins.

President.—Is it a part time occupation or a full time occupation?

Mr. Psychaud.—It is a part time occupation except for the last 15 days. I am trying to get the women do the work in Kashmir as everywhere else. Then it will be all right; until then I have to suffer.

President.—What is the customs duty in Jammu; is it on seed?

Mr. Wazir.—Yes.

President.—What is the duty?

Mr. Wazir.—25 per cent. This item includes the duty on drugs also if we have to import them.

Mr. Anklesaria.—Whatever is imported on behalf of the State has to pay duty?

Mr. Wazir.—Yes, it does. Ours is a commercial department.

Mr. Anklesaria.—That would not be actually the sum to be paid to the British Government?

Mr. Wazir.—No, it goes to the State. For instance we get water from the Government water works, we use electric power; we pay for these.

Mr. Psychaud.—Even if we pitch our tents on Government land we have to pay for it.

Mr. Anklesaria.—But so far as the duty is concerned?

Mr. Psychaud.—The State Customs department charge it; they wont forego it.

President.—What about contingencies and house rent?

Mr. Wazir.—We generally receive crop from the zamindars in the months of *jaith* and *Har*. We have to store the cocoons pending their transport to Jammu and charges are incurred on this account.

President.—What is this depreciation?

Mr. Wazir.—On account of filature buildings, cocoon godowns and so on.

President.—What is the value of the property on which depreciation has been charged?

Mr. Wazir.—We have taken all the buildings together and put half for rearing and half for reeling.

President.—There will be more for reeling?

Mr. Psychaud.—More buildings for rearing than for reeling. We have stocks of cocoons for the whole year because we have one crop.

President.—Pension contribution in Kashmir; what exactly is it?

Mr. Psychaud.—The Accountant General never charged pension contribution in the balance sheet before but since last year they have started charging it because they say there are some members in the sericultural staff whose services are pensionable, for example the clerical establishment, and there are some officers in the executive service who have decided to take pension and not commission. This charge is made on account of their pension at certain fixed rate according to the Kashmir service regulations.

President.—If you look at the figures for Kashmir, the amount of cocoons produced is about 30,000 and the amount paid to the rearers is Rs. 61,147.

Mr. Psychaud.—That is salaries.

President.—What is paid to rearers?

Mr. Psychaud.—Item No. 3, Rs. 4,91,021.

President.—This work out to Rs. 16-11.

Mr. Psychaud.—Yes, we paid Rs. 16-4 to the rearer as we gave them Rs. 12-8 and then gave another Rs. 3-12. In addition to this we pay lambardari.

President.—The balance will be for that?

Mr. Wazir.—There is only lambardari charge because we do not pay cartage to rearers now.

President.—Do you import separate seeds for Jammu?

Mr. Psychaud.—They get their own. It costs us in addition to what we pay to the rearers in addition to this 3 annas 8 pies. It costs us 9 pies per pound to deliver those cocoons ready sorted to the filature. That is salaries, laboratory, repairs, contingencies, fuel, postage, electric charges and so on; that is an additional 9 pies per lb.

President.—Rs. 1-14 has not been taken into consideration. I do not know what you mean by this?

Mr. Psychaud.—In the case of Kashmir as we explained the other day, the extra payment that was made was Rs. 3-12 per maund; that is included in this figure of price of cocoons.

Mr. Wazir.—That is included in this figure. In our case the extra payment that we made this year is not included in this item.

President.—It should not be Rs. 1-14.

Mr. Wazir.—They paid at the rate of Rs. 3-12.

President.—Do I understand that the price fixed by the Government with regard to cocoons varies from Jammu and Kashmir?

Mr. Wazir.—It has varied this year.

President.—Up to this year.

Mr. Wazir.—The minimum price that I paid was Rs. 11-4.

President.—What is the Government order exactly?

Mr. Wazir.—With regard to what?

President.—The price to be paid to the rearers.

Mr. Wazir.—During the last few years orders have been passed separately with regard to the two departments in Jammu and Kashmir Provinces. First they decided about the Kashmir province and they paid Rs. 3-12 when they calculated the profits of that department. When they calculated

the profits of the Jammu Sericultural Department they ordered payment at the rate of Rs. 1-14.

President.—It would work out to about Rs. 13,000.

Mr. Wazir.—Yes. This question of further payment to Jammu rearers is under correspondence. We have not come to any final conclusion about that.

President.—You have not paid Rs. 1-14.

Mr. Wazir.—The question of paying another Rs. 1-14 is still under consideration.

President.—In answer to question 24, page 17, you have given me the figure for Jammu as 4 annas 3 pies for 1930-37.

Mr. Wazir.—Yes.

President.—In the latter portion you say if you had Rs. 13,000, it would come to 5 annas a pound.

Mr. Wazir.—Yes.

President.—But it does not come to 5 annas. Rs. 13,000 work out to 4 pies increase and not 9 pies. Your own calculation is Rs. 1-14 for 82 lbs.

Mr. Wazir.—I will look into it.

President.—Page 18: We shall start with reeling. I have already dealt with the question of silk waste and you will be able to send me the information.

Mr. Peychaud.—Yes.

President.—With regard to silk I understand that all the silk produced in the State is reeled by power driven machinery?

Mr. Peychaud.—Yes.

President.—How many filatures have you got?

Mr. Peychaud.—3 filatures in Kashmir.

Mr. Wazir.—One full filature and one part filature in Jammu.

President.—How many basins have you got in each?

Mr. Peychaud.—At present I am working 2 filatures of 102 basins each and another is 72 basins.

President.—What is the normal working days per year?

Mr. Peychaud.—300 days in a year would be impossible.

President.—Without strikes, or without any difficulties, suppose you get adequate protection.

Mr. Peychaud.—I think it will be between 250 to 260 days. We have got 52 Sundays. We have to close one day a week. There are certain Hindu and Muhammadan holidays on which we have to close. Then we have always to allow 15 days or 3 weeks at least for frost. We get heavy frost in Kashmir.

President.—Do you get that every year?

Mr. Peychaud.—Practically. This year it lasted two months. We could not put a drop of water for two months in our filatures.

President.—You rather lose 150 days in a year.

Mr. Peychaud.—Yes.

President.—How many hours a day do you work per single shift?

Mr. Peychaud.—We work 9 hours throughout the summer months, 8 hours during the four months and 7 hours during the very short winter months.

President.—Have you worked double shifts?

Mr. Peychaud.—At present I am working 14 to 15 hours.

President.—Since how many months have you been working double shift?

Mr. Peychaud.—Since the end of April, 1938.

President.—What is the number of basins you have got?

Mr. Wazir.—We have got 96 basins in one filature and 11 in another.

President.—How many days do you work in a year?

Mr. Wazir.—300 days.

President.—Another point is the production per basin.

Mr. Peychaud.—In my case with my 8 skein reelers I have got two lots of 192. They give me an average of 28 ozs. per basin per day.

President.—That is more than 1½?

Mr. Peychaud.—Yes.

President.—What is the bulk of your quality?

Mr. Peychaud.—Mostly first class.

President.—What is the denier that you are producing?

Mr. Peychaud.—Most of our stuff is from 15 to 35 for which there is a great demand.

President.—I want to compare it with the qualities that are at present coming to India, namely 13/15, 20/22, 22/24 and 28/32.

Mr. Peychaud.—We are reeling a lot of these sizes.

President.—Tell me the proportion.

Mr. Peychaud.—I can't tell you that.

President.—Can I say that the bulk would be 20/24 or 13/15?

Mr. Peychaud.—The bulk would be 20/24.

President.—And the production is 1½ pounds?

Mr. Peychaud.—Per basin.

President.—A good reeler could do that.

Mr. Peychaud.—A first class reeler on a first class machine could do that.

President.—An ordinary reeler?

Mr. Peychaud.—Not more than one pound. If you put an ordinary reeler on an ordinary machine, he will do between 1 and 1½ lb., but to do this 24 to 28 ounces, you want a first class man. That is why we pay them.

President.—What is the production you are getting for double cocoons?

Mr. Peychaud.—Roughly 2 lbs.; not with dupion but with dopost silk.

President.—What is the production in other foreign countries?

Mr. Wazir.—In European filatures equipped with up-to-date machinery working under modern conditions, the following results are obtained for average quality of cocoons with the average speed of 75 revolutions of reel per minute:—

9/11 denier with Attacca Bave—8 sk. 550 grammes for a day of 8 hours.

9/11 denier without Attacca Bave—6 sk. 400 grammes for a day of 8 hours.

13/15 denier with Attacca Bave—8 sk. 650 grammes for a day of 8 hours.

13/15 denier without Attacca Bave—6 sk. 500 grammes for a day of 8 hours.

18/22 denier with Attacca Bave—8 sk. 720 grammes for a day of 8 hours.

18/22 denier without Attacca Bave—6 sk. 630 grammes for a day of 8 hours.

President.—How many grammes to a pound?

Mr. Wazir.—450 grammes to a pound.

President.—What is the production you are able to get in Jammu?

Mr. Wazir.—Our average outturn per basin during the year 1936-37 has been 1 lb. 5 oz. 10 drams.

President.—What is the denier you are turning out? What would be the bulk?

Mr. Wazir.—40 to 100 deniers.

President.—Very coarse?

Mr. Wazir.—Yes. We sell mostly in the Punjab and only the coarse silk is in demand in the Punjab.

President.—I would like to understand the position of labour. I want first the number of men per basin. One reeler for one basin would be good enough.

Mr. Peychaud.—Yes.

President.—And one cooker for how many basins?

Mr. Peychaud.—2 basins.

President.—And sorter?

Mr. Peychaud.—Leave the sorter out. Then there is the knotter.

President.—For how many basins?

Mr. Peychaud.—4 basins. Then we have silkwaste cleaners for the high grade silk. I shall give you later the details of the labour employed.

President.—You have got 8 skeins?

Mr. Peychaud.—Yes.

Mr. Wazir.—Would you like to hear about Jammu? We have got one reeler for each basin. We don't go by the number of basins so far as the allotment of cookers is concerned, but we go by the amount of cocoons which they have to cook. They may be able to serve two basins, 3 basins or even more.

President.—What is the actual average?

Mr. Wazir.—2 to 1. Knotter in fine sizes one for 4 basins. In rough sizes one for 6 or 8 basins and for certain sizes, we don't give any knotters at all. Similarly with regard to silk cleaners, we go by the amount of skeins they clean. We pay them a rupee for 32 or 40 skeins of silk cleaned.

President.—How many cleaners do you employ for 102 basins.

Mr. Wazir.—We would require 20 to 25 cleaners.

President.—But you don't generally clean all the silk?

Mr. Wazir.—It depends upon the orders we receive.

Mr. Peychaud.—In our case for lotus silk we employ cleaners.

President.—What is the percentage?

Mr. Peychaud.—65 per cent.

President.—Yours will be how much?

Mr. Wazir.—A small quantity.

President.—In Kashmir you have given 12 lbs. 7 ounces and 8 drams to a pound of silk, whereas in Jammu it is 13 lbs. and 2 drams. Can you explain to me why there is a difference? Is it due to different kinds of cocoons?

Mr. Wazir.—There is difference in the quality of cocoons. There is difference in machinery and there is difference in the quality of labour.

President.—Does the difference in the quality of cocoons show that the rearers are not efficient?

Mr. Peychaud.—Not exactly that. There is a difference in the rearing value of the leaf in the province.

- President.*—That means the quality of the leaf.
- Mr. Psychaud.*—Yes.
- President.*—The works expenditure given in reply to question 29 is Rs. 8,57,000.
- Mr. Psychaud.*—That is the total expenditure for the year, rearing, reeling and everything, for 466 basins.
- President.*—There is a slight difference between the figures given on page 4 and those given on page 19. On page 4 the figure given is Rs. 8,45,000 for the same year.
- Mr. Psychaud.*—There are some small adjustments to be made.
- President.*—In the case of Jammu the difference is very big.
- Mr. Wazir.*—The Jammu figures are all right.
- President.*—How many basins have you got?
- Mr. Wazir.*—107 basins.
- President.*—This is only works expenditure.
- Mr. Wazir.*—Yes.
- President.*—What item under overheads have you omitted? The interest on working capital has been omitted.
- Mr. Wazir.*—Yes.
- President.*—What about depreciation?
- Mr. Wazir.*—It is included.
- President.*—What is the cost of the raw material?
- Mr. Wazir.*—The cost of raw material is the cost of cocoons. If you will kindly turn over to page 20 you will find the value of cocoons consumed per pound of silk entered as Rs. 3-9-3.
- President.*—How did you arrive at this figure? Is it according to the rendita?
- Mr. Wazir.*—Yes.
- President.*—The cost per maund given by you is 4 annas 3 pies.
- Mr. Wazir.*—Yes.
- President.*—Your rendita would be 13 lbs.
- Mr. Wazir.*—Yes.
- President.*—It comes to Rs. 3-7-3.
- Mr. Wazir.*—Yes.
- President.*—The reason why I was asking you is this. You have not taken into consideration the Baghdad White.
- Mr. Wazir.*—We have taken into account.
- President.*—Rs. 3-9-3 does not represent the average.
- Mr. Wazir.*—The cost that we have worked out is for all qualities of cocoons.
- President.*—My point is this. You cannot get Rs. 3-9-3 as the average. I will tell you why. 4 annas 3 pies is the price per pound of cocoons irrespective of the race of the worm.
- Mr. Wazir.*—Yes.
- President.*—When you put on the reeling machine, Baghdad white cocoons are different in silk content. In one you get 13 as the rendita and in the other 17 as the rendita. How can you reel both together and get 13 as the rendita.
- Mr. Wazir.*—We have worked out the cost of cocoons for all qualities.
- President.*—Leave the cost of cocoons apart.

Mr. Wazir.—So far as the cost of silk is concerned we have taken the whole quantity of silk produced during the year from all qualities of cocoons.

President.—I am not talking of the cost of reeling. I am talking of the works cost—the value of cocoons consumed per pound.

Mr. Wazir.—The value of cocoons consumed per pound is Rs. 3-9-3.

President.—When you are manufacturing a pound of silk you require a certain quantity of cocoons. It may be 9 or 20 lbs. Take 20 lbs. as the quantity of cocoons required to get a pound of silk. Then you arrive at the cost of that quantity. One pound of cocoons costs you 4 annas 3 pies, and therefore the total under raw material will be $20 \times \frac{4}{2}$. Am I right?

Mr. Wazir.—Yes.

President.—When you say you are using two qualities of cocoons you cannot have one *rendita* for both. At present if I take 4 annas 3 pies as the cost per lb. of cocoons and the *rendita* as 13 lbs. 2 oz. I get the figure of Rs. 3-9-3 which is the figure given by you. This does not take into consideration the higher *rendita* required for Baghdad White. If you take the average of the two, the cost of cocoons consumed per pound of silk will be more than Rs. 3-9-3.

Mr. Wazir.—What we have done is we have taken the total amount of silk reeled in the year and the whole amount of cocoons consumed during the year.

President.—Let us see how that works out. Let us take the amount of silk reeled, which is 38,757 lbs. The quantity of cocoons issued for reeling is 8,659 mds. The *rendita* comes to 16.

Mr. Wazir.—The proportion of Baghdad White is 25 per cent.

President.—In that case the *rendita* comes to a little over 14. If I take 14 as the *rendita* and the cost of cocoons as 4 annas 3 pies per lb., it comes to Rs. 3-11.

President.—Let us take the other figure—commission to silk agents.

Mr. Peychaud.—It has been discontinued.

President.—Take item 4, page 20. As regards establishment it should be half establishment.

Mr. Wazir.—Yes.

President.—What is the Customs duty you are paying?

Mr. Wazir.—We are paying Customs duty on certain building material that we purchase.

President.—Do you import?

Mr. Wazir.—Yes from India.

President.—When you say "Not cost of silk per pound", what exactly do you mean? Do you mean after the deduction of silk waste?

Mr. Wazir.—Yes.

President.—At what rate have you calculated the interest on working capital?

Mr. Peychaud.—6 per cent.

President.—What is the amount taken into consideration when you arrived at the figure of 9 annas 3 pies?

Mr. Wazir.—Rs. 18 lakhs and odd.

President.—For Jammu?

Mr. Wazir.—No.

Mr. Peychaud.—For the two together.

President.—You cannot have the full charge in both cases. Have you divided it 50—50?

Mr. Wazir.—9 annas 3 pies has been worked out only on the Kashmir factory assets.

President.—It cannot be the same for Jammu.

Mr. Wazir.—We have taken that figure for Jammu because we have not worked out any figure for Jammu separately.

President.—Mulberry leaf charge would be more appropriate under cost of cocoons rather than under silk.

Mr. Psychaud.—It will have the same effect but it would be better there.

President.—That may raise the price of cocoons, but that would be more appropriate because other people have done the same.

Mr. Psychaud.—Yes.

President.—With regard to Kashmir I want to know about this contingencies including uniforms. What is that?

Mr. Psychaud.—I think for contingencies you will find the details there, e.g., collection of wood, packing charges, sweeping charges and so on.

President.—What is the amount for uniforms?

Mr. Psychaud.—Rs. 600 or Rs. 700 a year.

President.—I want to understand your costing. Jammu costing is divided half and half between cocoon and reeling charges.

Mr. Psychaud.—That is for the establishment.

President.—Postage and stationery has been half and half, whereas I do not find any half and half in Kashmir.

Mr. Psychaud.—Whatever we use in our factory we put down under different heads whether under reeling or somewhere else.

President.—What about your salary?

Mr. Psychaud.—My salary is shown half and half.

President.—Under which item have you included it?

Mr. Psychaud.—Salaries and establishment.

President.—Is only one item divided half and half?

Mr. Psychaud.—Not necessarily; one deputy director is also half and half.

President.—What about these electric power, stationery, postage stamps, telegrams, travelling allowance?

Mr. Psychaud.—Power used for rearing is separate. This is for reeling machine and power in the seed house.

President.—On page 22 you have given the reductions effected. You say amongst the several measures of economy and retrenchment in expenditure adopted to achieve this end, the most important was the reduction effected in the price of cocoons and the wages of factory labourers. Are there any other reductions which you have been able to carry out?

Mr. Psychaud.—These are the most important.

Mr. Wazir.—We had effected a number of cuts in labour wage. The last cut effected was 12½ per cent. We have not yet restored it retrospectively from 1936-37 but have restored it from the current year.

President.—From 30 per cent. it came down to 12½ per cent.

Mr. Wazir.—It is about 17 to 18 per cent. still in force after restoring the 12½ per cent. cut. In this connection we have taken only the labourers and cocoon rearsers here. Retrenchment has been effected in respect of the staff also. There was a 10 per cent. cut in salary and pay of the staff which was restored only a year and a half ago. Formerly the Director, Deputy Director and Assistant Directors were provided with rent-free houses; that concession has been entirely withdrawn except in the case of one officer in Kashmir sericulture. Again, restrictions were imposed

on touring officers, travelling allowances have been reduced and departmentally we have imposed restrictions on tourings in the mofasil.

President.—Will you tell me whether those retrenchments have been taken into consideration in arriving at the 1936-37 costs in the case of Jammu?

Mr. Wazir.—They are included in it.

President.—They are still in force?

Mr. Wazir.—Only 10 per cent. cut in salary and pay of the staff has been restored.

President.—Suppose adequate protection is granted what further economies you are likely to achieve in regard to the costs of producing a pound of silk?

Mr. Wazir.—We have dealt with that.

President.—You say you are at a disadvantage with regard to the quality of labour?

Mr. Wazir.—Yes, to some extent.

President.—What exactly do you mean by that? Do you mean that production per reeler is more in foreign countries?

Mr. Psychaud.—Foreign countries labour cannot be compared with the labour here. They produce more; they produce without strict supervision; they do not waste anything; they produce better quality and they do not spoil the machinery.

President.—They produce more per basin?

Mr. Psychaud.—They produce more with less supervision.

President.—Is it not a fact that wages there are high compared to the wages you pay?

Mr. Psychaud.—Naturally.

President.—That is compensated by the low wages existing in India?

Mr. Psychaud.—Yes, to a certain extent.

President.—In answer to question 32 you have given the maximum capacity if you work 834 basins?

Mr. Psychaud.—Yes.

President.—Have you worked to full capacity?

Mr. Psychaud.—Yes.

President.—In which year?

Mr. Psychaud.—We were working the 834 basins until lately until the boilers were condemned.

President.—Therefore the costs given by you on page 21 relate to how many basins? You have given me the quantity of silk reeled. Shall I say for the first year it will be 834 basins?

Mr. Psychaud.—For the whole period.

President.—What about Jammu?

Mr. Wazir.—192 basins.

President.—Did you work to full capacity?

Mr. Wazir.—No.

President.—The costs relate to 107 basins?

Mr. Wazir.—Yes. We had two filatures. We discarded one of these and started a new filature with 96 basins which we are working fully. Out of the other old filature only 11 basins are working.

President.—192 basins would not be correct to-day.

Mr. Wazir.—If we had to produce more silk we would certainly work all the 192 basins.

President.—At present 85 basins are idle.

Mr. Wazir.—We dismantled some of these basins and are replacing them by basins of a new type.

President.—Would that make any difference? How many are in existence to-day?

Mr. Wazir.—To-day it would be about 185 to 190.

President.—Could you give us an idea of the wages in foreign countries for a period of years?

Mr. Wazir.—We have some figures in hand. We will try to get the information.

President.—You have stated here one rupee for 8 skeinor.

Mr. Peychaud.—We have 5 skeiners too.

President.—Do you remember what skein we took on the last occasion. Production I have taken at 1½ lbs. per day and the average denier I have taken as 28/33. What will be the skein?

Mr. Wazir.—That will be 8 skein.

President.—If I take 20/22 denier as the average for an economic unit of 200 basins then 1½ lbs. would be correct?

Mr. Wazir.—Yes. Sometimes we make only 6 skeins according to the demand of the market but all the same we have 8 skeiners.

President.—What about the wages in Jammu, regular and irregular?

Mr. Wazir.—We have got a system whereby in order to encourage regularity in attendance we pay more to those labourers who come regularly every month and a little less to others.

President.—Buildings, plant and machinery that you have given in reply to question 36 are for 834 basins?

Mr. Peychaud.—Yes.

President.—Buildings also will be for 834 basins?

Mr. Peychaud.—Yes.

President.—What is this item "leases"?

Mr. Peychaud.—That is calculated on the normal price of land in Kashmir.

President.—They are worth about Rs. 55,000 in the case of Jammu and Rs. 1,80,000 in the case of Kashmir. On what basis have you calculated that?

Mr. Wazir.—On the normal market price of the land.

President.—How many acres you have taken?

Mr. Peychaud.—The silk factory itself is 220,500 square yards, that is to say 42 acres.

Nurseries.	Kanals.
Verinagh	32
Rampore	250
Losdano	100
Tumlahab	425
Lalpore	100
Nihalpura	32
Langeth	32

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The value has been taken at Rs. 30 per kanal for the nursery land and Rs. 400 per kanal for the silk factory.

President.—In answer to question 33, page 25, you have given the rates of depreciation. Are they incometax rates?

Mr. Wazir.—You take less. We have been following these rates.

President.—When you are having systematic accounts, what do you do with the profits that you get?

Mr. Wazir.—That goes to Government.

President.—There is no reserve fund created?

Mr. Wazir.—No.

President.—Whatever money you earn goes to the State.

Mr. Wazir.—Yes.

President.—Take the interest on working capital. You say Rs. 11½ lakhs are required. Is that for the total production of Jammu and Kashmir?

Mr. Wazir.—That is for Kashmir.

President.—When you gave the depreciation figure, you took 9 annas 3 pies for both.

Mr. Psychaud.—We took that and they adopted that.

President.—Your production for 834 basins is 2 lakhs of pounds.

Mr. Psychaud.—Yes roughly.

President.—Production in Jammu for 107 basins is how much?

Mr. Wazir.—About 40,000 pounds.

President.—You say throwing is not carried on at all in the State. I want to understand this point. If you look at page 28, it is stated that 378 lbs. of silk is used locally in Jammu as against 42,405 and 14,300 pounds of silk is used locally in Kashmir as against 182,253 lbs. That means roughly it works out to only about 6 per cent. of the entire production being used locally.

Mr. Wazir.—Yes.

President.—Raw silk as such cannot be used unless it is thrown for weaving purposes. So if Government is not throwing it and if this large amount of silk is used in the State, there must be handloom weavers who must be throwing this silk.

Mr. Psychaud.—There are two small throwing plants in Kashmir. They are not working satisfactorily.

President.—You will be able to give me some idea about the cost, because we have got to find out the duty on silk yarn.

Mr. Psychaud.—I am having the silk thrown by one of the mills.

President.—So you will be able to give me an approximate figure.

Mr. Psychaud.—Yes. As a matter of fact we will be putting up a throwing plant and also looms.

President.—You say with regard to re-reeling you are not concerned.

Mr. Wazir.—We are not concerned with re-reeling.

President.—I wonder whether you know the opinion of the market with regard to the Indian silk and with regard to the imported silk, they say that the Japanese silk is being used in India, because it has got a very good winding quality and it is easier to weave but it has got a very few knots. I was told on the last occasion by your representatives that as far as Mysore filature and Kashmir filature silk are concerned, they do not require re-reeling.

Mr. Wazir.—No, they do not.

President.—Because the quality of the silk would be about equal to the filature re-reeling silk coming from Japan.

Mr. Wazir.—Yes.

President.—We enquired about that and as the bulk of the Indian production is charka silk, we were not able to get a clear idea about the winding quality of filature silk specially of Kashmir, but when we went to Surat, we were told definitely that the quality of Kashmir silk has deteriorated and that the winding quality is not so good as it was before.

Mr. Peychaud.—That is not a fact. It suited them to say that, because I didn't agree to the price they were prepared to pay. (Samples shown and explained including one quality from Japan.)

Mr. Anklesaria.—Can you bleach the coloured silk into white silk?

Mr. Peychaud.—Yes.

Mr. Anklesaria.—Just as ordinary white silk.

Mr. Peychaud.—Yellow silk can dye to any colour.

Mr. Anklesaria.—I was told we had some process in India by which our Indian coloured silk could be bleached into silk exactly as Palestine white silk.

Mr. Wazir.—Might be. In fact we don't do bleaching. We only produce raw silk and export it to foreign countries and Indian markets.

President.—Page 88 of the last Tariff Board's Report contains a statement showing the comparative silk tests done in Government Filature, Mysore, based on International Standards—December, 1932. I want a similar statement for Kashmir.

Mr. Peychaud.—Yes.

(3) Evidence continued on Friday, the 9th September, 1933.

Mr. Anklesaria.—Mr. Wazir, I suppose you have studied the history of the silk industry in Kashmir as well as in India.

Mr. Wazir.—Yes, to some extent.

Mr. Anklesaria.—I just want to know whether your Srinagar is the same as the country of the Siris. Does the word 'sericulture' come from the country of the Siris spoken of by the Greek writer Polynescius? I want to know that because there is the question of the age of the Silk Industry in India as well as in China.

Mr. Peychaud.—It is very difficult to say. It is said that the silk industry came from China.

Mr. Anklesaria.—Some contend that it had its origin in India independently of China.

Mr. Wazir.—That opinion has also been expressed.

Mr. Anklesaria.—Is the name Srinagar the same as the country of the Siris?

Mr. Wazir.—We cannot say for certain. In fact, it is generally believed that Srinagar derives its name from the Sun. It is only believed by some, but Sericulture is an industry which has been existing from time immemorial in Kashmir. It is also very widely believed that it owed its origin to the Chinese people in Central Asia. In those days trade in silk was carried on between Central Asia and Europe. There were two routes which this trade followed. One of them passed through Kashmir. It is believed that because of that fact this industry was introduced into this country in those days.

President.—What was the year?

Mr. Wazir.—Long, long ago.

Mr. Anklesaria.—Any way I take it that you do not know whether Srinagar is the same as the country of the Seres spoken of by Polynescius.

Mr. Wazir.—I do not know.

Mr. Anklesaria.—From your oral evidence given in the last enquiry I find that you were able to compete in Europe successfully with your rivals—just about 18 months before 1933:—

President.—No representation was made on the subject at that time?

Mr. Lal.—No. We did not feel it necessary 4 years ago. We were getting along all right. The necessity arose only when we were hit hard by the competition.

President.—When was that? Which was the year in which you felt the necessity for protection?

Mr. Lal.—We have been suffering for a little over 18 months."

Mr. Wazir.—That is to say, 18 months previous to February 1933, it paid us to export our goods to Europe.

Mr. Anklesaria.—That is to say, you could sell your goods successfully in European markets.

Mr. Wazir.—Yes.

Mr. Anklesaria.—It is only after 1931-32 your foreign exports stopped.

Mr. Wazir.—Yes.

Mr. Anklesaria.—So that I can take it that your natural resources, your labour and your industrial organisation compared very favourably with those of your competitors in Europe.

Mr. Wazir.—In fact, the question of competition did not arise at all in those days.

Mr. Anklesaria.—Why?

Mr. Wazir.—Because we used to export our goods to Europe and get good prices for the stuff we sent.

Mr. Anklesaria.—That is to say, your competitors were nowhere before you.

Mr. Wazir.—We were exporting goods in small quantities compared with very large quantities which used to go from China and Japan to Europe.

Mr. Anklesaria.—You could afford to sell at competitive prices in Europe, that is to say, at the same price as your competitors in Europe demanded. That follows.

Mr. Wazir.—We got prices according to the quality of our goods.

Mr. Anklesaria.—That is to say, so far as your natural advantages, labour and industrial organisation were concerned, you could compare favourably or at least you were on equal terms with your competitors in Europe.

Mr. Wazir.—It is very difficult to give a definite answer to this question simply because of the fact that we never thought of the competition at that time. We never studied the comparative conditions.

Mr. Anklesaria.—Whether you thought of the competition or not, competition must have existed. You must agree to that.

Mr. Psychaud.—There was room for everybody in the market and we sold our own.

Mr. Anklesaria.—Your prices were competitive prices with those of foreign rivals.

Mr. Psychaud.—Certainly.

Mr. Anklesaria.—Therefore you could sell.

Mr. Wazir.—The price was always determined by the quality of the goods.

Mr. Anklesaria.—Therefore I say so far as your natural advantages, labour conditions and industrial organisation were concerned, in fact in all respects, you could compare favourably; if not, you could be said to be at least on equal terms with your competitors in Europe. I know how your industry declined. I am just going to tell you that. Up to 1931-32 you were on equal terms with regard to all these factors with your foreign competitors.

Mr. Wazir.—It is difficult to admit that fact.

Mr. Anklesaria.—Why do you say 'it is difficult to admit that'?

Mr. Wazir.—It is difficult to admit that fact for the simple reason that the conditions of the market at that time were altogether different from those that have been prevailing in the last few years.

Mr. Anklesaria.—What are the peculiar conditions in the last four years so far as competition is concerned?

Mr. Wazir.—Competition is the same.

President.—Has the market contracted?

Mr. Wazir.—The market has changed. Before 1932 we were getting sometimes as much as Rs. 20 per pound. For the same quality of silk we could not now get even Rs. 5 per lb.

Mr. Anklesaria.—And the same price was obtained by your rivals.

Mr. Wazir.—Exactly, but it does not necessarily follow from that that the conditions under which the industry was carried on in other countries were the same as those in our country.

Mr. Anklesaria.—If your cost of production is the same as that of your rivals, you and your rivals can sell on equal terms in the foreign market.

Mr. Wazir.—The selling price was the same. From that we cannot conclude that the cost price was the same.

Mr. Anklesaria.—Was your cost of production higher in 1931 than that of your rivals?

Mr. Peychaud.—Here is a chart which will interest you (shown).

Mr. Anklesaria.—I do not know what the prices were. Your prices must be same as your competitors demanded.

Mr. Wazir.—Quality for quality, the selling prices were the same.

Mr. Anklesaria.—Your silk was of the same quality as your competitors?

Mr. Wazir.—Yes, when the price fetched was the same.

Mr. Anklesaria.—Your decline began after 1931-32.

Mr. Wazir.—Yes, the decline of our exports.

Mr. Anklesaria.—What is the reason?

Mr. Wazir.—The European market was not paying enough.

Mr. Anklesaria.—Or did your industry in any way deteriorate as regards the quality of silk produced?

Mr. Wazir.—Certainly not.

President.—Or did your cost of production increase which did not enable you to compete with your rivals?

Mr. Wazir.—If you will kindly refer to the costs given you will find that the costs have been coming down.

Mr. Anklesaria.—So have the costs of your competitors been coming down?

Mr. Wazir.—Of the costs in China and Japan we do not know anything.

Mr. Anklesaria.—You cannot say whether the Japanese costs were equal to yours or not?

Mr. Wazir.—We cannot say.

Mr. Anklesaria.—If I prove to you that the Japanese costs have been lower than yours, what have you to say to that?

Mr. Peychaud.—It is totally impossible. They can manipulate their exchange and then sell their silk for what they like.

Mr. Anklesaria.—My question is: to what do you attribute your deterioration in the foreign export trade? Due to unfair competition of China and Japan? May I take it, they were and are unloading their stocks?

Mr. Wazir.—There was this unprecedented depression.

Mr. Anklesaria.—That depression was common to all.

Mr. Wazir.—It was common to all. That is a fact. But so far as silk was concerned the prices quoted by the Chinese and Japanese people bore no correspondence to the fall in price of other commodities. We know that there is a quality of silk whose price was reduced to 1/10th of its original price.

Mr. Anklesaria.—We are talking of the same quality as that of your competitors. Your quality was as good as any of your competitors.

Mr. Wazir.—It corresponded to a certain quality of Japanese and Chinese silks and not all.

Mr. Anklesaria.—Is it because the Chinese and Japanese sold other qualities of goods that they were able to oust you?

Mr. Wazir.—They were able to sell other qualities, as well.

Mr. Anklesaria.—Did they compete with yours?

Mr. Peychaud.—The whole thing is wrong. The question is not one of quality dropping or deteriorating or the Japanese new quality competing with ours. There is nothing of that kind. We belong to a country which

has no voice in the manipulation of currency. Let the same method be adopted in India as is in vogue in China or Japan. We give you silk and you give us Rs. 10. You sell afterwards at Rs. 5 outside. There is no harm done.

Mr. Anklesaria.—I take it that it was because of the manipulation of currency that they were able to sell.

Mr. Wazir.—That was one of the important factors.

Mr. Anklesaria.—And bounties also are an important factor.

Mr. Wazir.—Yes, and there are various other directions in which they help their industry.

Mr. Anklesaria.—These disable you from competing with Japan and China.

Mr. Wazir.—Yes, to a large extent.

Mr. Anklesaria.—If the manipulation of currency and bounties had not been there, you would have been able to compete successfully with your competitor.

Mr. Peychaud.—Certainly.

Mr. Wazir.—With this difference that the industry there has a definite advantage in other respects over the industry here because they have the advantage of up to date research.

Mr. Anklesaria.—What are the advantages in Japan to which you refer?

Mr. Wazir.—Advantage of up to date research, advantage of organization and the advantage of exchange.

Mr. Anklesaria.—Leave aside exchange. We have already dealt with the question of exchange.

Mr. Wazir.—Many other things besides. These are the important factors.

Mr. Anklesaria.—The silk industry was taken under State control in 1891.

Mr. Wazir.—About that time.

Mr. Anklesaria.—Between 1891 and 1938 how many years have elapsed?

Mr. Wazir.—47 years.

Mr. Anklesaria.—That is nearly half a century ago. During that period you were not able to organise or were not able to undertake any research.

Mr. Wazir.—Not exactly that. The basic line of policy being monopoly, we had to devote our attention first to the establishment of the industry on practical lines.

Mr. Anklesaria.—Do you mean to say that from 1891 to 1931 you were not able to establish the industry?

Mr. Wazir.—As you will see, we are very well established.

Mr. Anklesaria.—Were you established in 1931? I take it you were.

Mr. Peychaud.—Certainly.

Mr. Wazir.—Even two years before 1931, we started taking up this work of research. There was a proposal mooted to establish a research institute for sericulture but afterwards depression set in and it bound down our hands.

Mr. Anklesaria.—On page 32 of their report the Tariff Board say about the Kashmir monopoly as follows:—"But the system possibly suffers at the present stage like all socialistic enterprises of its kind, from routine, inelasticity, failure to respond quickly to changed technical and market conditions and excessive overhead charges, factors which are fatal to the success of an industrial or commercial enterprise".

Do you agree with that opinion of the Tariff Board?

Mr. Wazir.—Yes, with some qualifications. These defects are inevitable to the system that is in force in Kashmir.

Mr. Anklesaria.—With what qualifications?

Mr. Psychaud.—For instance, labour has been paid more than it ought to be paid.

Mr. Anklesaria.—You don't agree with the Tariff Board's opinion that your defect was excessive overhead charges.

Mr. Wazir.—We do not agree.

Mr. Anklesaria.—Do you think that your overhead charges are the same as those of any other economic industry.

Mr. Psychaud.—Much lower.

Mr. Wazir.—If the conditions are the same, the overhead charges will be the same. We maintain that we are paying a fair rate to our labour.

Mr. Anklesaria.—Do you agree with me about the other disadvantages from which your industry is suffering as stated by the Tariff Board? You are suffering from routine.

Mr. Wazir.—To a large extent.

Mr. Anklesaria.—You are suffering from inelasticity.

Mr. Wazir.—Yes.

Mr. Anklesaria.—You are suffering from failure to quickly respond to changes.

Mr. Wazir.—I agree. These are inevitable to the system.

Mr. Anklesaria.—These defects are inherent in a State monopolistic system.

Mr. Wazir.—Yes, to a large extent.

Mr. Psychaud.—Personally I am of opinion that it is only the monopoly which has kept up the standard.

Mr. Anklesaria.—Have you been able to overcome these defects and if so to what extent during the period of protection?

Mr. Wazir.—To this extent that it is now seriously considered that we should take up research work. In fact, we are here to consider that question among ourselves, Mr. Psychaud and I. We have to consult each other.

Mr. Anklesaria.—What about the next defect—namely your suffering from routine? Have you made any improvement in that direction?

Mr. Psychaud.—Certainly; the idea of establishing modern rearing houses was to get over that.

President.—As regards inelasticity?

Mr. Wazir.—Formerly we used to have fixed prices for cocoons supplied to Government. Now this has been changed to this extent that we are regulating the wages of rearers according to the financial results of the working of the department. Last year we made extra payment to the rearers.

President.—Since when have you instituted this improved method?

Mr. Wazir.—Since last year.

Mr. Psychaud.—At the present moment we are building up a new filature which is going to cost us Rs. 160 per basin.

President.—Is there any other improvement as regards your organization?

Mr. Psychaud.—I can think of this only just now. If anything else occurs to me I will send it on to you afterwards. We are seriously considering the question of doing research work.

Mr. Anklesaria.—You are considering what improvements you have to make.

Mr. Psychaud.—What has stood in the way is this depression otherwise we would have taken it up long ago.

Mr. Anklesaria.—Do you agree with the Tariff Board that the difficulties of the transitional period were over when they were writing their report?

Mr. Wazir.—In the sense that the industry was established? The industry was well established.

Mr. Anklesaria.—I take it that this State monopoly system is meant to be a transitional system. You mean to hand over the industry to private enterprise in course of time?

Mr. Wazir.—All that I can say in this connection is that monopoly cannot be and is not a permanent feature of the industry.

Mr. Peychaud.—It will mean the ruin of the industry if it is to be handed over to private enterprise. There is monopoly in Europe and everywhere.

Mr. Anklesaria.—In answer to question 68 you say "To a large extent the industry in the State has succeeded in achieving its object as evidenced by the facts and figures mentioned above". So that to a large extent protection has benefited you?

Mr. Wazir.—We have done all that we possibly could to reduce the costs.

Mr. Anklesaria.—You say that you have increased your efficiency to a large extent?

Mr. Wazir.—We have succeeded in increasing our efficiency.

Mr. Anklesaria.—The only complaint you have made is that you have fulfilled the expectations of the Tariff Board to a large extent but they did not reckon the new forces that have come into play and consequently never provided against those forces. What are your difficulties at present?

Mr. Wazir.—Those costs have been reduced to a large extent. That is admitted. It is quite clear from the replies we have given that costs have been reduced by having recourse to extraordinary measures of economy; for instance we have reduced the price of cocoon to an un-economic level. We have brought it so low that it does not offer any incentive to the samindar to grow mulberry on his own and take to rearing of silkworms.

Mr. Anklesaria.—You say the Tariff Board did not reckon with the new forces which is the general labour awakening?

Mr. Wazir.—That is our difficulty.

Mr. Anklesaria.—If you refer to the last Tariff Board report you will find that they took full account of the new forces and also suggested a remedy against the new forces.

Mr. Wazir.—What I am referring to is the awakening that has come among the people in the villages.

Mr. Anklesaria.—The Tariff Board refers to the awakening of the masses and the likelihood of their demanding a higher price and therefore they suggested a remedy. They say give up your monopolistic system.

Mr. Wazir.—So far as that goes we are not in a position to say yes or no. That is a matter of policy for the Government to decide.

Mr. Anklesaria.—Do you agree with the suggestion as a silk expert that there is some inherent defect in the monopolistic system?

Mr. Peychaud.—My personal opinion is that this monopoly system has done a lot of good. We do not agree with the suggestion of the Tariff Board that we should give up the rearing part of the industry and allow anybody and everybody to take up rearing and sell cocoon. I would not personally be in favour of it.

Mr. Anklesaria.—The Tariff Board enumerates on page 33 several things which the Mysore industry has done. Have you done anything in the Kashmir State in these directions? You have mentioned here something about research. What about education?

Mr. Peychaud.—With regard to the education of the ryot we have published pamphlets on rearing and mulberry culture. Practically in all villages we have schools where education is compulsory. The education department is going to take one of the books on sericulture and introduce it as a text book in primary schools.

Mr. Anklesaria.—I want to know whether within a reasonable period of time you would be able to do without protection?

Mr. Wazir.—In this connection I have only to say that what has been done is only a little of the large amount of work that has to be done.

Mr. Anklesaria.—You have done very little so far as education is concerned?

Mr. Wazir.—Mr. Peychaud has explained what has been done. It is very little compared to the large amount of work that has to be done in order to get the maximum efficiency and the best results.

Mr. Anklesaria.—Take the second point, expansion.

Mr. Wazir.—We have done the best we could.

Mr. Anklesaria.—To a substantial extent?

Mr. Wazir.—So far as expansion is concerned, the last 5 years of protection have not helped matters.

Mr. Anklesaria.—You have not expanded very much?

Mr. Wazir.—As soon as there was an improvement in the position we started expanding. For instance, last year I was doing only 6,000 or 6,500 ounces. When we found that the Department has made a little profit we increased the amount of seed to 8,000 ounces.

Mr. Anklesaria.—Have you made substantial progress in the direction indicated in the last Tariff Board report?

Mr. Wazir.—Substantial progress was out of the question because of the inadequacy of protection.

Mr. Anklesaria.—Say so. I will ask you 'why' and you may answer it if you like later. As regards research, have you started or are you thinking of doing research work?

Mr. Peychaud.—A tremendous lot we have done in respect of mulberry.

Mr. Anklesaria.—As regards the improvement of seed supply, you have done a fair amount of work.

Mr. Peychaud.—This year the quantity has increased a lot. We are producing about 23,000 ounces.

Mr. Anklesaria.—As regards demonstrations and advice, have you done anything?

Mr. Wazir.—It is clear from our replies that model rearing houses have been established to demonstrate the right methods of rearing to the rearers.

Mr. Anklesaria.—How many rearing houses have you?

Mr. Peychaud.—We have got 7 and demonstration is carried on in all big centres.

Mr. Anklesaria.—As regards the sixth direction in which improvement is suggested, viz., help in cases of silk worm diseases, you say that lambardars and girdawars go and see the things. I suppose you have done something substantial in that direction.

Mr. Wazir.—There has been no improvement so far as that goes because the system continues to be the same. That was also the case before protection was granted.

Mr. Anklesaria.—Progress in that direction is the same as before. Nothing new has been done.

Mr. Wazir.—No.

Mr. Anklesaria.—As regards loans, do you give any?

Mr. Wazir.—No.

Mr. Anklesaria.—As regards the formation of co-operative societies?

Mr. Wazir.—It does not arise because the industry is under the control of the State.

Mr. Anklesaria.—What about the establishment of filatures?

Mr. Wazir.—Money has been provided in the next year's budget for another filature which can only start if protection is adequate.

Mr. Peychaud.—I am building one.

Mr. Anklesaria.—Have you done anything in the way of popularising your silk by advertisement and so on?

Mr. Peychaud.—There is sufficient market for our silk.

Mr. Wazir.—The quality of Kashmir silk is so well established and so well known that we do not see any reason for the adoption of such measures as advertising and so on.

Mr. Peychaud.—I would advertise straightaway if I thought that there was any benefit to be derived.

Mr. Anklesaria.—What about the improvement in reeling machinery?

Mr. Wazir.—We are thinking of introducing the most upto-date machinery in Jammu. A proposal has been submitted to Government and it is under their consideration. In the budget estimates we have provided a sum of Rs. 55,000.

Mr. Anklesaria.—I take it that the matter is under serious consideration.

Mr. Wazir.—Yes.

Mr. Peychaud.—I am building a new filature.

Mr. Anklesaria.—As regards the investigation of markets for your silk, you had substantial markets in Europe before 1931. Have you investigated any further markets?

Mr. Peychaud.—We have approached the Air Ministry in England.

Mr. Anklesaria.—Have you failed or succeeded?

Mr. Peychaud.—They like our silk.

Mr. Anklesaria.—Are they going to buy it?

Mr. Peychaud.—I do not know.

Mr. Anklesaria.—My point is: have you increased your market?

Mr. Peychaud.—No.

Mr. Wazir.—The necessity for creating any new markets does not arise.

President.—Your production is so small that it can be consumed in the home markets.

Mr. Peychaud.—Some years ago India did not require high class silk. Europe wanted that class of silk and we therefore exported it to Europe. Nowadays there is demand for high class silk in India.

Mr. Anklesaria.—In paragraph 35 of their report, the last Tariff Board say "The sericultural industry is a unique industry, differing from other industries in this sense that in its modern form it cannot stand without Government organisation and assistance". Do you agree with that opinion?

Mr. Wazir.—Yes.

Mr. Anklesaria.—Is it absolutely correct?

Mr. Wazir.—Yes, it is.

Mr. Anklesaria.—You have no qualifications to make to this opinion.

Mr. Wazir.—No.

Mr. Anklesaria.—I take it that if Government assistance and Government organisation are not forthcoming, the industry will never stand on its own legs whatever protection is given to it.

Mr. Wazir.—It will be extremely difficult for the industry to stand on its legs without Government assistance and I regard protection as a form of Government assistance.

Mr. Anklesaria.—The Tariff Board is talking of Government assistance apart from protection.

Mr. Peychaud.—In Europe they give subsidies.

Mr. Anklesaria.—I am coming to that.

Mr. Wazir.—There is no chance for the industry to stand on its legs without Government assistance.

Mr. Anklesaria.—If you refer to your note which you handed last time, you will agree that there is a great deal of misunderstanding about the state of affairs regarding this industry in Kashmir.

Mr. Wazir.—Yes.

Mr. Anklesaria.—What do you think is it due to?

Mr. Wazir.—We do not know what it is due to.

Mr. Anklesaria.—Can you account for it?

Mr. Peychaud.—We do not know where it comes from.

President.—In fact they would like to know it.

Mr. Anklesaria.—The fact is that it does exist.

Mr. Wazir.—Yes.

Mr. Anklesaria.—In order to remove this misunderstanding you will agree with me it is essential that you should give the Board the fullest possible information as to the state of affairs regarding this industry in Kashmir.

Mr. Peychaud.—We have placed all our cards on the table. There is no secret about it. Every day there are 14 or 15 visitors to our factories.

Mr. Wazir.—We have not manipulated our figures.

Mr. Anklesaria.—Whether the system of monopoly existing in Kashmir is good or bad can only be seen by its results. Do you agree with me?

Mr. Wazir.—Yes.

Mr. Anklesaria.—This monopolistic system has been in existence for nearly half a century.

Mr. Wazir.—Yes.

Mr. Anklesaria.—And the results have been very poor?

Mr. Peychaud.—Not necessarily poor?

Mr. Wazir.—It has done a lot of good to the industry. The depression came and that affected the industry.

Mr. Anklesaria.—So far as results are concerned, are you satisfied with the results of the system?

Mr. Peychaud.—We are. Otherwise we could not have existed. Now we are existing because of that.

Mr. Anklesaria.—Would you agree with me that this monopolistic system leads to non-development of initiative in the private individual?

Mr. Wazir.—I am sorry I am not in a position to answer these questions on behalf of Government.

Mr. Peychaud.—I think you are under the impression.

Mr. Anklesaria.—I am under no impression.

Mr. Psychaud.—I am afraid you have an idea that the rearer in Khasmir is subject to some kind of trouble because he is working under the monopolistic system.

Mr. Anklesaria.—I am coming to that. In paragraph 2 of your statement you say "the industry has up till now never enjoyed protection in the sense of the term as understood". What do you mean by that?

Mr. Wazir.—Protection when it is granted, it is assumed, will be effective and produce results which are desired. Protection is to help the industry to stand on its legs against its foreign competitor. The protection that was eventually granted to us in 1934 has not served that purpose.

Mr. Anklesaria.—You say that you were given a duty on the basis of the Safeguarding of Industries Act. What do you mean by that?

Mr. Wazir.—I mean that no substantial protection as such was given. The protection that was given was less than what was recommended by the Tariff Board of 1933.

Mr. Anklesaria.—You made a distinction here between protection and safeguarding. If you read that paragraph again you will see that you complain that the tariffs were calculated on the basis of the Safeguarding of Industries Act and not on the basis of substantial protection.

Mr. Wazir.—That is what we say.

Mr. Anklesaria.—Can you tell me the distinction between protection and safeguarding? The safeguarding of industry is to defend it against attacks from foreigners in abnormal conditions.

Mr. Wazir.—Yes.

Mr. Anklesaria.—Protection on the contrary commits Government to a certain fixed scheme for a definite period of time. Whether the tariff was proposed on the safeguarding basis or on the protection basis, it makes no difference.

Mr. Wazir.—The fact remains there the amount of protection given was inadequate.

President.—There is a distinction between the two. Protection means fair selling price and safeguarding connotes no fair selling price.

Mr. Psychaud.—We got nothing in practice from protection.

Mr. Anklesaria.—My point is that if there is safeguarding Government are not committed to any scheme. At any time Government can take it off.

Mr. Wazir.—Protection too has been granted for only 5 years and they can take it away after that.

Mr. Anklesaria.—I take it that the main object of protection is to ensure an economic price to the producer.

Mr. Wazir.—Yes.

Mr. Anklesaria.—In the silk industry the producers are of two classes—rearsers and reelers.

Mr. Wazir.—Yes.

Mr. Anklesaria.—I take it that if the rearer gets an economic price, the reeling part of the industry need not be considered because that industry is carried on by the State.

Mr. Wazir.—The State is not the reeler.

Mr. Anklesaria.—You own the filatures.

Mr. Wazir.—Yes. Reelers are labourers.

Mr. Anklesaria.—The reeling industry is in the hands of the State.

Mr. Psychaud.—The whole industry is under State control. There is no distinction between rearing and reeling.

Mr. Anklesaria.—That is true. If the rearer who is a raiyat gets an economic price, he would continue his productive activities.

Mr. Wazir.—Yes.

Mr. Anklesaria.—And also increase his productive activities.

Mr. Wazir.—Yes.

Mr. Anklesaria.—And then he would have nothing to complain so far as production is concerned.

Mr. Wazir.—Quite.

Mr. Anklesaria.—The fact remains that the rearer does not get an economic price.

Mr. Wazir.—Not at present.

Mr. Anklesaria.—Because the State does not give him the economic price.

Mr. Peychaud.—We have to cut down price because the price of silk is so low.

Mr. Anklesaria.—The State is the sole buyer of cocoons.

Mr. Peychaud.—Yes.

Mr. Anklesaria.—The rearer cannot sell his cocoons to anybody except the State.

Mr. Wazir.—No.

Mr. Anklesaria.—He is prevented by law?

Mr. Wazir.—Yes.

Mr. Anklesaria.—So the State is in a position to give any price, economic or uneconomic, to the rearer?

Mr. Peychaud.—Provided the rearer is willing to work at that rate.

Mr. Anklesaria.—Yes. If he produces cocoons and then offers them to you for sale, has he any choice to refuse whatever price you may give?

Mr. Peychaud.—He is under a contract with us. We give him seed free.

Mr. Wazir.—It is open to him to take the rearing or not. We cannot compel him.

President.—When he takes seed free?

Mr. Peychaud.—Yes, he is under contract when he takes free seed from us. But he is a free agent to take it or not.

Mr. Anklesaria.—I take it that the Kashmir State by this monopoly does not aim at making a profit like an ordinary businessman but aim at simply developing the industry in the interests of the rearer.

Mr. Peychaud.—Certainly.

Mr. Anklesaria.—It does not want to make profit.

Mr. Peychaud.—They want to get a return for the money they have invested.

Mr. Anklesaria.—Like a businessman.

Mr. Peychaud.—Suppose in a silk factory you invest some share capital or something like that.

Mr. Anklesaria.—I want an answer as a statement of fact. The State does not want to make profit like an ordinary businessman but desires to develop the industry in the interests of the raiyat.

Mr. Peychaud.—Do you mean whether Government take advantage of the monopoly to make undue profits?

Mr. Anklesaria.—Like an ordinary businessman?

Mr. Wazir.—So far as this question involves a matter of policy, we will not be able to answer it. But the beneficent character of the

Department is certainly recognised. The maintenance of the Department is for the benefit of the people.

Mr. Anklesaria.—The benefits of protection, whatever they mean, would go to the pockets of the State.

Mr. Wazir.—If the industry is in a position to show profits the price of cocoons will be increased and the wages of labourers will be increased. In that way the people derive benefit.

Mr. Anklesaria.—The State being the sole buyer of cocoons is in a position to pay the lowest price which it thinks is consistent with inducement to the rearer.

Mr. Psychaud.—That is not what I told you.

Mr. Wazir.—If the State does not pay an economic price to the rearer, the rearer will not rear.

Mr. Anklesaria.—As a matter of fact you have admitted that at present the State does not pay an economic price to the rearer.

Mr. Wazir.—It does not pay.

Mr. Anklesaria.—How long has it not been paying an economic price?

Mr. Wazir.—For some years.

Mr. Anklesaria.—For the last 5 years you are not paying an economic price.

Mr. Wazir.—No.

Mr. Anklesaria.—If you are not paying an economic price to the rearer for the last 5 years, why does he rear at all?

Mr. Psychaud.—Because of persuasion.

Mr. Anklesaria.—You have been able to make him rear by persuasion.

Mr. Psychaud.—To make him rear we have to explain to him the position and point out that if he does not accept the price for a little while until the conditions improve a bit, we will have to stop rearing. So it is up to him to refuse or accept our terms. As soon as the industry showed a little profit we gave them the full benefit.

Mr. Anklesaria.—For the last 5 years you have been holding out a promise to the rearer that in case things improved you would pay an economic price to the rearer. The rearer continues to take you at your word for the last 5 years. That is my point.

Mr. Psychaud.—Yes.

Mr. Anklesaria.—What is your system of buying cocoons from the rearer? The rearer brings a load of cocoons. Where does he take it to?

Mr. Wazir.—I shall explain the system prevalent in Jammu and Mr. Psychaud will explain the system in Kashmir.

Mr. Anklesaria.—Is it different?

Mr. Wazir.—Yes. In Jammu the rearer brings his cocoons to a centre fixed for a group in his vicinity. An officer of the Department goes to that centre and takes delivery from the rearer. The cocoons are weighed and the money is paid then and there to the rearer. He then goes home. All the cocoons are then taken charge of by the officer of the Department.

Mr. Anklesaria.—How does the officer fix the price?

Mr. Wazir.—The price is already fixed before-hand.

Mr. Anklesaria.—Under the contract of rearing?

Mr. Psychaud.—At the time of distribution of seed, we announce the price. It is up to him to take it up or not.

Mr. Anklesaria.—May I know if you have got classes of cocoons, good, bad and indifferent?

Mr. Wazir.—You mean after the cocoons are taken over?

Mr. Anklesaria.—Suppose a rearer comes with a load of cocoons. He says that my cocoons are first class and I want first class price.

Mr. Wazir.—There is only one price. If the quality is below normal, we impose a little penalty. In certain cases the cocoons are called No. 2.

Mr. Anklesaria.—How many prices have you? Who decides the question of quality? The rearer says "my cocoons are No. 1" and the Officer says "No, your cocoons are No. 2". Who decides the dispute?

Mr. Wazir.—There is hardly any difference of opinion about that. The cocoons speak for themselves. With the rearer all cocoons get mixed up. Cocoons of one rearer are very much like those of the others so far as general conditions are concerned.

Mr. Anklesaria.—I take it that the rearer quietly accepts the judgment of the officer buying the cocoons as regards quality No. 1 or No. 2. He does not dispute it.

Mr. Psychaud.—Because there is not much room for dispute.

Mr. Anklesaria.—How do you buy?

Mr. Psychaud.—In Kashmir when a man brings one maund of cocoons, there are a few bad cocoons and we will never treat the whole maund of cocoons as No. 2.

Mr. Anklesaria.—Do you do that in Jammu?

Mr. Wazir.—No.

Mr. Psychaud.—Generally he deserves much less than what we pay.

President.—What is the price of the second quality?

Mr. Psychaud.—Rs. 2 less than the first.

President.—What percentage is rejected?

Mr. Psychaud.—Hardly 2 per cent.

Mr. Anklesaria.—If we go to Kashmir, your books can be seen by us.

Mr. Wazir.—Yes.

Mr. Psychaud.—Everything is entered in the books whether a man has brought 5 scores or 2 maunds of No. 1 quality or No. 2 quality.

Mr. Anklesaria.—The scheme of protection which you suggest is not protection restricted to raw silk only but extends to all allied industries.

Mr. Wazir.—Yes.

Mr. Anklesaria.—That is a very wide range you will admit.

Mr. Wazir.—Yes.

Mr. Anklesaria.—An article which a poor man consumes has also to be included in that range.

Mr. Wazir.—I am not sure of that.

Mr. Anklesaria.—You want protection not only against silk fabrics but also against artificial silk fabrics.

Mr. Wazir.—Yes.

Mr. Anklesaria.—And artificial silk fabrics are generally consumed by the poor.

Mr. Wazir.—No.

Mr. Anklesaria.—They are used by middle class men.

Mr. Wazir.—I believe it is a commodity whose use is restricted to the rich and middle class people.

Mr. Anklesaria.—And poor man also?

Mr. Wazir.—No.

Mr. Anklesaria.—The number of consumers of pure silk goods will have no proportion to the number of consumers of artificial silk goods.

Mr. Psychaud.—It is difficult to get at the statistics in India.

Mr. Anklesaria.—You have studied the silk industry in France and Italy.

Mr. Wazir.—Yes.

Mr. Anklesaria.—And I suppose in other European countries like Czechoslovakia.

Mr. Wazir.—Yes.

Mr. Anklesaria.—Can you name one country in Europe which has laid tariffs on raw silk. I can tell you that no country has put tariffs on raw silk in Europe. Neither France nor Italy has put tariffs.

Mr. Peychaud.—Why should they?

Mr. Anklesaria.—I shall come to that point. Do you agree with me, *Mr. Wazir*?

Mr. Wazir.—I cannot agree, nor can I disagree. I have no knowledge to tariffs of other countries. But it is a fact and I have quoted it in the replies to the questionnaire that we have received a letter from a very responsible body in France where they have indicated how they felt the effect of the Japanese and Chinese competition.

Mr. Peychaud.—They have stopped rearing in France.

Mr. Anklesaria.—Is it because of want of protection?

Mr. Peychaud.—I do not know.

Mr. Anklesaria.—You must be able to tell me. Are there any tariffs on raw silk in France?

Mr. Peychaud.—They don't have tariff protection. But they have subsidies from Government. They have subsidies on cocoons and subsidies on silk. We do not mind what you call, tariff or subsidy. What we want is protection.

Mr. Anklesaria.—Would you agree with me, looking to the wide range of protection involved, that the French method of helping the silk producer would be a better method.

Mr. Wazir.—So far as that goes, our object is to seek effective protection to the raw silk industry. Whether it can be secured by raising the Customs duty sufficiently high or by granting subsidies or bounties is more than we can answer. We have not consider that question. If the Board consider it a feasible proposition, they are at liberty to recommend it.

Mr. Anklesaria.—Does the subsidy system in France work well or ill?

Mr. Peychaud.—That I could not tell you.

Mr. Anklesaria.—I take it, *Mr. Wazir*, that the price of cocoons which you pay to the rearer is not a constant figure.

Mr. Wazir.—No, it varies. Formerly it was steady for some years, but it has varied during the last few years.

Mr. Anklesaria.—For how long has it varied?

Mr. Wazir.—After the depression set in, it has varied.

Mr. Peychaud.—We paid Rs. 12-3 at one time. Before that there was Rs. 14-6.

Mr. Anklesaria.—During the period of protection, it has varied considerably.

Mr. Wazir.—We have been going up and down year after year.

Mr. Anklesaria.—Is it varying?

Mr. Wazir.—Do you mean year after year?

Mr. Anklesaria.—Yes.

Mr. Wazir.—We have been reducing it.

Mr. Anklesaria.—So, it does vary from year to year?

Mr. Wazir.—I shall explain what exactly has happened. The rate was Rs. 18-12. The market conditions did not warrant payment at that rate. We reduced it to Rs. 18-4, then we reduced it to Rs. 13-2 and again we reduced it to Rs. 11-4.

Mr. Anklesaria.—When was it reduced to Rs. 11-4?

Mr. Wazir.—1934-35.

Mr. Anklesaria.—Since 1934-35 up till today it has remained the same.

Mr. Wazir.—It has varied again. In 1935-36 it was Rs. 12-8. There was a slight improvement in the market. In 1936-37 we made a little profit, I mean our balance sheet showed a little profit. I wish to make this point clear because I find a statement has been made that the industry has shown a profit of over Rs. 2 lakhs in 1936-37. That profit is no unqualified profit. That is the profit shown according to the lines on which our balance sheet is drawn up, in which no interest on capital is charged; nor is any charge made on account of leaves supplied from trees on Government land. If they were taken into consideration. . . .

President.—I will take all that into consideration when I go into the question of costs.

Mr. Peychaud.—We have paid Rs. 1,50,000 out of profits to the rearers.

President.—That has nothing to do with profits made. That is the distribution out of profits. The profit made in Kashmir was Rs. 2½ lakhs.

Mr. Peychaud.—We gave back Rs. 1½ lakhs out of that.

Mr. Anklesaria.—Do I take it that it is not on the quality of cocoons but on the state of your balance sheet that you fix the price?

Mr. Wazir.—It depends upon the price we get for our silk.

Mr. Anklesaria.—These rearers have been producing the same quantity of silk but the price has varied.

Mr. Wazir.—Yes.

President.—What is the percentage of variation?

Mr. Wazir.—From Rs. 18-12 we have gone down to Rs. 11-4.

Mr. Peychaud.—Kashmir went down from Rs. 18-12 to Rs. 12-8.

Mr. Anklesaria.—Your cocoon production from an ounce of seed has continuously deteriorated during the period of protection?

Mr. Wazir.—I do not think so. In answer to question 21 we give the details: in 1932-33 it was 47 wra. 14 chks.

Mr. Anklesaria.—In your oral evidence during the last enquiry you gave figures and you will find you have stated that a good rearer produces about 155 lbs. of cocoons from an ounce of seed.

Mr. Wazir.—Yes, under ideal conditions that is the outturn that can be obtained from cocoons.

Mr. Anklesaria.—In 1933 your average yield was 86 lbs.

Mr. Peychaud.—That is for Kashmir sericulture.

Mr. Anklesaria.—Between 1934 and 1937 it ranged from 76 lbs. to 60 lbs. That shows that from 1933 it has continuously deteriorated.

Mr. Wazir.—You are probably speaking about Kashmir.

Mr. Peychaud.—It did decline but there was a reason for it. It has gone up again further this year. Something went wrong with the local seed production and we had to change the whole of the arrangements. Matters have improved of late.

Mr. Anklesaria.—Mr. Wazir, why are crossbreeds not suitable in Jammu?

Mr. Wazir.—We are using crossbreeds.

Mr. Anklesaria.—Mr. Psychaud, have you considered the possibilities of multivoltine races?

Mr. Psychaud.—We have tried them but the results are not encouraging.

Mr. Wazir.—If the idea of your visit to Kashmir materialises you will be in a position to see a little experiment going on in Jammu with bi-voltine races. We have got some seed from Madras and the same is under rearing.

Mr. Psychaud.—We have got some in Kashmir also.

Mr. Anklesaria.—You have started experiments very lately?

Mr. Psychaud.—No, years ago. Some years ago we tried and abandoned it. It was so discouraging that we had to leave it alone.

Mr. Anklesaria.—Your leaf also has deteriorated?

Mr. Psychaud.—Yes it has as regards the old trees.

Mr. Anklesaria.—Have you tried to remedy it?

Mr. Psychaud.—We have been planting new trees to remove the difficulty.

Mr. Anklesaria.—Can manure do anything to improve leaf production?

Mr. Psychaud.—Old trees are very difficult to revive and make into new ones.

Mr. Anklesaria.—What do you think would be a fair wage for a rearer?

Mr. Psychaud.—I think anything below Rs. 20 a maund is very low considering the amount of work he has to put in.

Mr. Anklesaria.—You make this statement taking into consideration what he would get in other branches?

Mr. Psychaud.—It won't encourage him to leave his other work and give more time to rearing.

Mr. Anklesaria.—How much cocoon does a rearer produce?

Mr. Psychaud.—A little less than an ounce and from that he produces 30 srs.

Mr. Anklesaria.—What is the average income of a labourer?

Mr. Psychaud.—It is Rs. 9-8 as we worked it out the other day.

Mr. Anklesaria.—What is his agricultural income?

Mr. Psychaud.—I will make a note of this and send it on to you. The Rural Uplift committee has collected all these figures.

Mr. Anklesaria.—Why don't you export cocoons now? Can you export?

Mr. Psychaud.—Our silk does not sell in foreign markets. Formerly we used to export some cocoons but now there is no market for our cocoons in Europe.

Mr. Anklesaria.—Are they bad?

Mr. Psychaud.—No, but the market conditions are bad.

Mr. Anklesaria.—I can give you authority to show that there is unlimited market for cocoons in Europe.

Mr. Wazir.—At a price, not at the price that will pay us to export.

Mr. Anklesaria.—What are your difficulties as regards export of cocoons?

Mr. Wazir.—In the first place prices are not remunerative. Then the bales have to be exported in such a way that the cocoons do not get crushed. From Kashmir you have to send them 200 miles by road by lorries and cocoons get crushed in transit. Then the railways and Shipping Agencies charge heavy freight on cocoons.

Mr. Anklesaria.—Do you know that Persia exports raw cocoons to Europe and get remunerative prices?

Mr. Wazir.—Possibly they have got better markets and cheaper and better means of carrying cocoons. We have to carry them 200 miles by road. And then we have not got cocoons enough to export.

Mr. Anklesaria.—In those days you could get a remunerative rate?

Mr. Psychaud.—That is why we used to sell the surplus stock.

Mr. Anklesaria.—You do not think that your cocoons have deteriorated?

Mr. Psychaud.—No.

Mr. Anklesaria.—Why don't you send your cocoons now if the quality has remained the same?

Mr. Psychaud.—For the same reason that we are not exporting silk. Apart from that we have got a ready market for our silk in India and we have not got surplus stock of cocoons available for export.

Mr. Anklesaria.—Can you increase the quantity of cocoons?

Mr. Wazir.—It depends on the protection that is granted.

Mr. Anklesaria.—Suppose protection is not granted and you restrict yourself to cocoon producing?

Mr. Wazir.—It is difficult to say what we will do under these conditions but for the industry to live without protection is very difficult under the present circumstances.

Mr. Anklesaria.—You agree with me that want of capital is one of the main difficulties of the sericultural industry in India?

Mr. Wazir.—Not at all so far as Kashmir is concerned.

Mr. Anklesaria.—You have got plenty of capital?

Mr. Wazir.—Yes because Government is at the back of the industry.

Mr. Anklesaria.—And is prepared to invest sufficient capital?

Mr. Wazir.—Not only to invest the capital but even shoulders the losses as it has done for so many years.

Mr. Anklesaria.—Do you know, Mr. Psychaud, that in France there is a great demand for cocoons and that filatures are idle for want of cocoons?

Mr. Psychaud.—I do not think they are doing much reeling there at all. As a matter of fact I am not satisfied with the seed they are sending now. They are giving me seed at such a low price that I can't believe that they can produce at that price. It costs us to produce local seed Rs. 1-14 and they give seed at Rs. 2-8 and I don't believe they can give me good seed at that price.

Mr. Anklesaria.—Will you please read paragraph 97 of the Fiscal Commissions report and tell us how the three conditions laid down there are satisfied by the silk industry?

Mr. Wazir.—One condition, as I understood it, is that relating to natural advantages. I hope nobody will dispute that in case of Kashmir. In fact in this regard we have made comparison with other sericultural countries like Japan and China

Mr. Anklesaria.—And your conditions are superior?

Mr. Wazir.—Yes. With regard to this condition there is not so much disparity between the two countries. The climate is very good, there is plenty of labour and there is tradition of skill behind them; the three requisites of successful sericulture are land, labour and accommodation. So far as Kashmir is concerned we can grow mulberry wherever we like. The only question so far as that goes is to pay the rearer a price which will give him an incentive to grow mulberry trees.

Mr. Anklesaria.—You have as much natural advantage as Japan?

Mr. Wazir.—In certain parts of the country they are better.

Mr. Anklesaria.—What about the second condition?

Mr. Wazir.—All the replies that we have given go to show that unless there is protection the industry can make no progress. If this is not granted what will happen in the case of our country is that the industry will linger on so long only as the State is prepared to help it, but there is a limit to that also.

Mr. Anklesaria.—Before 1931 you could compete successfully with your rivals without protection?

Mr. Psychaud.—If they are in the same position as we are, we will compete with them to-morrow.

Mr. Wazir.—At that time the question of competition did not arise at all. The market conditions suited us.

Mr. Anklesaria.—So far as 1931 is concerned you did not need protection?

Mr. Wazir.—Up to that time the necessity did not arise.

Mr. Anklesaria.—That is to say this industry could go on for nearly half a century without protection?

Mr. Wazir.—It did go on.

Mr. Anklesaria.—And after 1931 Japanese bounties and dumping made the position difficult?

Mr. Psychaud.—Yes. But the year 1931 is a wrong year to take because previous to that we had accumulated stocks to the extent of several lakhs of pounds of silk which we could not sell.

Mr. Anklesaria.—But these two extraordinary circumstances hit you hard, Bounties and depreciation of currency?

Mr. Wazir.—I don't accept that. What has happened is that until the depression set in conditions of the market were such that we could carry on the industry on a profitable basis. Of course this remark has to be qualified by the statement that in Jammu we sometimes showed profit and sometimes loss, but the State bore those losses for the conditions in which the industry was carried on in that Province were not favourable. Even for the Kashmir factory there were losses sometimes but the conditions were not intolerable. In 1929 depression started

Mr. Anklesaria.—Up to that you did not require protection?

Mr. Wazir.—We did not feel the necessity of any protection.

Mr. Anklesaria.—The necessity of protection arose on account of these extraordinary circumstances of dumping of silk into India by the Chinese?

Mr. Wazir.—That may have been one of the factors which created the necessity for protection.

Mr. Anklesaria.—What is the other factor?

Mr. Wazir.—Exchange depreciation for instance. That is an advantage they have got.

Mr. Anklesaria.—As regards the first condition about the natural advantages of producing silk, you were on the same level, if not on a superior level to your rivals.

Mr. Wazir.—Yes, if all the other things were equal. It is not the climate only that creates or does not create necessity. We have got a climate which is as good as that of Japan.

Mr. Anklesaria.—When I asked you, you said up to 1931-32, your natural advantages, your labour and your organisation, if not superior, were at least equal to your rivals.

Mr. Wazir.—So far as natural advantages are concerned.

Mr. Anklesaria.—Up to 1931 you held your own without protection.

Mr. Wazir.—We held our own without protection in the sense that we had no competition to reckon with. We didn't take note of that.

Mr. Anklesaria.—Competition there must always be.

Mr. Wazir.—There may have been.

Mr. Anklesaria.—Suppose A and B want to sell their goods, both can sell.

Mr. Wazir.—Yes.

Mr. Anklesaria.—If B sells at a rupee less, A would immediately say, "I will also sell at the same price".

Mr. Wazir.—That is not exactly the thing. Take the example of A and B which you have given. They have certain commodities to sell which they send to the market. A doesn't know at what rate B has sold and B doesn't know at what rate A has sold. They both carry on so long as the rates which they get are remunerative from their own point of view.

Mr. Anklesaria.—I won't pursue this subject. So far as 1931 is concerned, you didn't need any protection.

Mr. Wazir.—Till then we didn't feel the necessity.

Mr. Anklesaria.—After 1931 you wanted protection.

Mr. Wazir.—Yes.

Mr. Anklesaria.—Because I said that there was unfair competition against you.

Mr. Wazir.—We know what the situation has been. After 1931 we have not been able to stand the competition from the foreign countries.

Mr. Anklesaria.—In your answer you said it was not normal competition, but it was unfair competition.

Mr. Wazir.—Yes.

Mr. Anklesaria.—That unfair competition was due to depreciation of exchange and bounties by the Chinese Government to be exporter. These are the two causes.

Mr. Wazir.—Yes and unfair in the sense that they have been selling at rates at which if we sell we are not able to pay economic price to our people.

Mr. Anklesaria.—If competition is under normal conditions, it would show that your natural advantages were not inferior to your competitors, but that is not the case. Whenever there is normal competition, you are able to stand on your feet successfully.

Mr. Wazir.—Yes.

President.—They never sold a single pound in India.

Mr. Anklesaria.—I am thinking of competition in India as well as outside. It does not matter whether the silk is sold to Frenchmen or to Indians.

Mr. Wazir.—So far as sales are concerned, sales in India were not very considerable in the beginning. We gradually developed the Indian markets and the time has now come when we are selling the whole of our production in India.

Mr. Anklesaria.—Up till 1931 you never wanted protection.

Mr. Wazir.—We never felt the necessity of protection. That has been unequivocally admitted.

Mr. Anklesaria.—Read the second condition of the Fiscal Commission.

Mr. Wazir.—The industry must be one which without the help of protection either is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interests of the country.

Mr. Anklesaria.—It is an ancient industry.

Mr. Wazir.—There is no question about that. We may take the industry as it is. We have succeeded, we believe, in establishing that the industry here is at this time in a very critical state, and that if it receives help from Government, it will grow and make profit.

Mr. Anklesaria.—Therefore I say till 1931 when you wanted protection the industry was an ancient established industry in India.

Mr. Wazir.—I cannot say about India. I can say about the State. The industry in the State has been established on modern lines for the last three or four decades. That is a fact.

Mr. Anklesaria.—Why did you require protection, because, as I said, of unfair competition?

Mr. Wazir.—Because we could not stand in the market against the Chinese and Japanese silks which were ousting us from our markets and reducing the price of our silk to such an extent that it would not pay us.

Mr. Anklesaria.—We now come to the third condition.

Mr. Wazir.—The industry must be one which eventually must be able to face world competition. We stand by that. It is a fact and we can do that.

Mr. Anklesaria.—If you remember the answer which you gave me when I referred to the Tariff Board's report, page 31, paragraph 33, you agreed with me that whatever may be the protection granted by tariffs, unless and until the Government give help, the industry will never be able to stand on its legs.

Mr. Wazir.—I believe I didn't say that. Protection is also a form of assistance by Government. If Government give assistance in the form of protection and also perhaps in organisation

Mr. Anklesaria.—Leave aside protection. Take it for granted that protection is given by tariff or bounty whatever it is, but that Government help spoken of by the Tariff Board here is not given.

Mr. Wazir.—Protection itself is assistance.

Mr. Anklesaria.—Apart from that.

Mr. Wazir.—May I point out what other forms of Government assistance would be desirable—assistance in the sense of helping in research work, establishing conditioning houses to facilitate trade in silk and things like that.

Mr. Anklesaria.—If such help is not forthcoming from Government, whatever may be the degree of protection, the industry will not be able to stand.

Mr. Wazir.—Protection is the most important thing. These are the other kinds of help that the industry should get from Government.

Mr. Anklesaria.—Tariff Board says protection plus Government help.

Mr. Wazir.—Government organisation and assistance.

Mr. Anklesaria.—That is an additional element.

Mr. Wazir.—The Tariff Board can say what the significance of that comment is. I do not know whether it is used in the sense that assistance may be given in the form of protection as well as organisation of research.

Mr. Anklesaria.—You may take it that protection is granted by tariff or bounty, but Government assistance and Government organisation are not forthcoming. You agree with the opinion that the industry will not be able to stand.

Mr. Wazir.—I will express my opinion in this way that if there is adequate and effective protection, the industry will be able to hold its own and it will be able to hold its own much better if these other things are also forthcoming and that will facilitate the realisation of the object of granting protection.

Mr. Anklesaria.—I take it whether Government organisation or Government help mentioned by the Tariff Board in paragraph 35 is forthcoming or not, protection pure and simple, if it is adequate

Mr. Wazir.—So long as it is adequate and effective, it will help the industry.

Mr. Anklesaria.—Will enable the industry to stand on its legs.

Mr. Wazir.—What are we to understand from the expression the industry must be able to stand on its legs.

Mr. Anklesaria.—The industry would be able to develop and stand against foreign competition.

Mr. Wazir.—The progress will not be so satisfactory.

Mr. Psychaud.—We will never be able to stand competition so long as we don't employ the same methods of manipulating the currency as these other countries.

Mr. Anklesaria.—You mean unfair competition.

Mr. Wazir.—So far as the rest goes, we will hold our own.

Mr. Anklesaria.—Suppose the unfair competition is removed.

Mr. Psychaud.—They can't compete with us. We have got a modern organisation as they have. We have got good labour. We have got everything suitable.

Mr. Anklesaria.—I take it therefore that if unfair competition is removed, the industry in Kashmir has got such advantages and such facilities that it will not need protection.

Mr. Psychaud.—It will still need assistance.

Mr. Anklesaria.—Your colleague says one thing and you say another.

Mr. Psychaud.—My point is at present we are paying better wages. The standard of living of the Japanese labourer is better than ours. How can they then come and compete with us? It is only just a manipulation of the currency.

Mr. Anklesaria.—If there is no manipulation?

Mr. Psychaud.—Naturally we can hold our own. If they put up a fair price as well as a standard currency, we can hold our own.

Mr. Anklesaria.—About your scheme of protection have you got any authority or has it ever been worked anywhere?

Mr. Wazir.—No, that is only thought out by us.

Mr. Anklesaria.—This scheme which you have mentioned is suggested by no writer and is practised in no country.

Mr. Wazir.—I cannot say if this system is obtaining anywhere, but after having carefully thought of the difficulties with which this problem of protection to the Sericultural industry is bristling, we have come to the conclusion that this would be the best solution.

Mr. Anklesaria.—I take it that it is your original scheme.

Mr. Psychaud.—Absolutely original.

(4) Evidence continued on Saturday, the 10th September, 1938.

President.—I have one or two questions to ask with reference to your reply to question 46 contained on page 27. You say that you are unable to sell your silk of superior quality at competitive rates without involving the Department in heavy loss.

Mr. Wazir.—Yes.

President.—That is due to what is known as unfair competition from Japan and China.

Mr. Wazir.—Yes.

President.—The prices given by you on page 30 are actual realised prices ex-factory for Jammu and Kashmir.

Mr. Wazir.—Yes.

President.—The lowest price that you were able to obtain is Rs. 5-8-5.

Mr. Psychaud.—That is the average price.

President.—Is that the average for Kashmir?

Mr. Psychaud.—Yes. But the lowest price at which we sold was Rs. 5. This sale took place in the month of June last and that is for a huge amount—50,000 pounds.

President.—I am rather surprised that Kashmir should sell at a price lower than the Japanese filature silk when she claims, that her quality is equal, if not superior to the Japanese filature silk.

Mr. Psychaud.—I do not know what the Japanese silk is selling at.

President.—From Rs. 5-12 to Rs. 6.

Mr. Psychaud.—Our information is that the price of Japanese filature silk (white) is Rs. 553 per picul.

Mr. Anklesaria.—That would be how much per lb.

Mr. Psychaud.—About Rs. 4-2.

President.—Is that c. i. f.?

Mr. Psychaud.—Yes.

President.—Therefore it is Rs. 6-3 annas per lb.

Mr. Wazir.—Yes.

President.—You are selling definitely at a lower price than you should.

Mr. Psychaud.—There was no possibility of getting any better price.

President.—If you are not able to get a better price, it goes without saying that your silk is not equal to Japanese silk.

Mr. Psychaud.—Probably the position is slightly different to-day.

President.—I have seen the prices of the last two years and I can tell you that they are ranging from Rs. 5-8 to 6-8.

Mr. Psychaud.—In June, the buyers were nervous.

President.—Still the prices were not lower.

Mr. Psychaud.—I do not know what they were exactly in June.

Mr. Wazir.—I have before me the prices ruling in the month of June and July. The price of Japanese silk in the month of June was Rs. 5-4 to Rs. 5-10 and the price in July was Rs. 5-3 to Rs. 5-14.

President.—Which is your market?

Mr. Wazir.—So far as Jammu is concerned, it is mostly the Punjab.

Mr. Psychaud.—My markets are Southern India, Bombay and Surat.

President.—There you are not selling at Rs. 5.

Mr. Psychaud.—I am selling it to middlemen.

President.—I do not know why you should sell at this low price.

Mr. Peychaud.—This is not the retail price.

President.—I have got the invoice price and I will show you. From 1936 October to 1938 February, the Japanese prices with duty and landing charges were ranging in Bombay between Rs. 5-8 and Rs. 6-4.

Mr. Peychaud.—Last year we were selling at Rs. 6-10.

President.—Your average for the last year was Rs. 5-9.

Mr. Peychaud.—Last year I was selling at Rs. 5-7. In between there were certain classes of silk which were being sold at Rs. 3.

President.—Your silk is of the best quality.

Mr. Peychaud.—The best quality was selling at Rs. 6-10.

President.—There is a complaint that Kashmir silk is higher in price than the Japanese silk. You tell me that you are selling at a lower price than the Japanese silk. I cannot understand this.

Mr. Peychaud.—Last year we sold our best silk at Rs. 6-10. That was the Lotus quality.

President.—You tell me that the bulk of your production is Lotus.

Mr. Peychaud.—Yes. But there is a good deal of silk which I sell at Rs. 2-8 and Rs. 3.

President.—That is dupion.

Mr. Peychaud.—Yes.

President.—You should not mix up the two.

Mr. Anklesaria.—In the average you do mix up dupion.

Mr. Wazir.—May I invite your attention to page 32 of our replies where prices are given for Jammu.

President.—I am not concerned with Jammu at present.

Mr. Wazir.—We have got different qualities of silk.

President.—Your qualities are inferior to the quality known as Lotus.

Mr. Wazir.—Our Neel silk is almost up to the quality of Lotus.

President.—What percentage is Neel?

Mr. Wazir.—The percentage of Neel production is low compared to the whole production. There are even in Kashmir qualities other than Lotus.

President.—If you look at page 32, you are comparing with Canton quality which is a lower quality. You have not compared with the Japanese flaturo silk.

Mr. Wazir.—There are different qualities.

President.—There are 5 qualities coming into India from China and Japan and they have been classified in the Customs Schedule according to their intrinsic value. I want Kashmir qualities should also be classified similarly.

Mr. Wazir.—I have given you a statement showing the prices at which we sell our best quality and inferior quality of silk.

President.—The current year's average is Rs. 5-13-11.

Mr. Peychaud.—I sold wholesale at Rs. 6-10 and then the price dropped tremendously.

President.—May I take it that this is the average for 1936-37.

Mr. Wazir.—Yes.

President.—I have been told and I have definite information that the prices of Japanese and Chinese silks are rising.

Mr. Wazir.—They may be rising at present, but they were not at the time when we went to the market.

President.—The prices may have gone down for two months. It does not mean that the average for the whole year would be less. It is

very difficult for me to agree when I find that the price and the opinion of the market are contradictory.

Mr. Wazir.—These are the facts.

President.—I say you need not have sold it when your quality was equal to Japanese filature silk at such a low price.

Mr. Peychaud.—At that time I enquired of the Bombay market and sold at the same price.

President.—I think your tender system is defective.

Mr. Peychaud.—Not necessarily.

President.—But you are getting lower prices.

Mr. Peychaud.—If we had gone to the market with 1,000 or 2,000 lbs., probably we could have got better prices. But when we go to the market with 50,000 lbs. it is a different proposition.

President.—That is why I say your method is wrong. The Indian demand is 40 lakhs of lbs. and your production is 2 lakhs of lbs. It should sell like hot cakes whereas you are selling at low prices and incurring unnecessary losses.

Mr. Wazir.—May I submit to you a point in this connection. The fact of the matter is that in June and July the market was falling. We went to the market and got offers for the silk that was available. The market was falling. There is incontestable evidence that the buyers were very nervous about it. In fact they were nervous to the extent, as I stated in Poona when I met the Board last, that Mr. Peychaud got an offer of Rs. 5-1 at Lahore but when he reached Srinagar after a day or two only, he found a telegram awaiting him cancelling the offer of Rs. 5-1 and reducing it to Rs. 5.

President.—My reply to that is that you made a bad bargain because you sold at a bad time of the month.

Mr. Wazir.—I respectfully beg to submit that I have another statement to make which will complete the explanation and that is this. In the past we have had experience of waiting and bidding time thinking that the market might improve. We held up the stocks. The result was that lakhs of pounds of silk were accumulated because the price that we could get at a certain time did not come up to our expectation. The market went on going down and down with the result that it involved the Department in the loss of lakhs of rupees. With such experience it would certainly not be advisable for us to hold our hands saying that the market is falling and thinking that it would improve. While there is a chance of the market improving there is also the chance of the market going further down.

President.—That may be a general statement but you will admit from October 1936 to February 1938 the market was in good condition. Therefore your 1936-37 average was too low compared with the market price. I am not making a survey of your prices during the slump period. I am taking the whole year.

• *Mr. Wazir.*—It was remarked that we had made a bad bargain. I think that it is a loss in the course of business to stop sales and I am perfectly certain of that.

President.—The reason why I am considering this point at present is that the prices to the rearer and reeler depend upon your profit. In order that they should get an economic wage or price for the cocoons and reeling, it is necessary that when the industry is carried on under a monopoly, you should be able to get the best price that could be obtained unless I know from you that the quality of your silk is lower than that of Japanese filature silk.

Mr. Wasir.—That is exactly what we mean. We made the best bargain at that time. We have got to imagine what the result would have been if the market instead of rising as it has done had actually gone down.

President.—You are talking of June 1938 but I am talking of 1937-38 prices.

Mr. Wasir.—Rs. 5-13-11 which is the average is a good one.

President.—I have not got 1937-38 prices.

Mr. Wasir.—I respectfully submit that this point was raised in connection with the sale which was effected in June last at Rs. 5. In that connection it was remarked that the system of tenders was faulty.

President.—I will tell you why. Mr. Peychaud said that they were not selling 1,000 or 2,000 lbs. but they were selling 50,000 lbs. and the merchant had to take the responsibility of selling 50,000 lbs. when he buys that huge quantity. If you had sold in small lots, you might have got better prices.

Mr. Peychaud.—I would like to tell you another thing. I am doubtful whether any of the two firms to whom I sold would be able to stand by the contract of taking delivery of the whole quantity within 4 months.

President.—What was the price?

Mr. Peychaud.—Rs. 5 ex-factory. For freight it will be 2½ annas.

President.—It will come to Rs. 5-3 at Bombay.

Mr. Peychaud.—Yes.

President.—I am prepared to give you a merchant who can take delivery of your silks at that price. The price is Rs. 5-12.

Mr. Peychaud.—That is retail.

President.—Yes. There is a margin of 9 annas per lb. I want the percentages of various qualities you turn out. On page 8 of the enclosure you give the names of qualities but not the proportion in which they are turned out. Take page 8, "Lotus", "Tulip", "Iris", "Saffron". What would be the quantity of Lotus?

Mr. Peychaud.—Lotus 65 per cent.; Tulip 25 per cent.; Iris 10 per cent.

President.—I suppose dupion silk is not classified separately except as dupion. You have not shown me the production. Look at page 28. You have shown only the Kashmir silk-waste and silk in both cases, local and sold in Europe. It comes to roughly 220,000 lbs.

Mr. Peychaud.—Yes.

President.—That does not show the dupion?

Mr. Peychaud.—That is a very small quantity, about 7,000 lbs. a year.

President.—From where should I deduct this 7,000 lbs.: from local or from sales in India?

Mr. Peychaud.—From sales in India.

President.—Therefore your production of good quality silk will be a little less than 2 lakhs; it will be roughly 195,000 lbs?

Mr. Peychaud.—That is right.

President.—With regard to freight, have you got any complaint to make?

Mr. Peychaud.—We are at present paying Rs. 2 per maund from Brinagar to Rawalpindi.

President.—I want to know your freights to the various markets when you come into competition with Chinese and Japanese silk. We want a typical market. What would be the freight from Kashmir to Bangalore?

Mr. Wazir.—I have got rates from Rawalpindi to different markets in India and we will supply the same to you—the rate per maund for luggage, by goods as well as passenger train from Rawalpindi.

President.—Generally it is by goods train?

Mr. Wazir.—Generally by goods train.

	By Passenger.	By Goods.
	Rs. A. P.	Rs. A. P.
Multan Cant.	3 8 0	1 8 9
Amritsar	2 12 0	0 15 4
Benares	8 2 0	4 0 0
Calcutta	11 8 0	5 5 11
Nagpur	9 12 0	5 1 0
Surat	9 2 0	4 12 3
Bombay	11 5 0	4 10 6
Madras	12 6 0	8 0 1
Bangalore	12 6 0	7 12 3

President.—This is per maund of 82½ lbs.?

Mr. Wazir.—Yes.

President.—And the important markets from your point of view would be Bangalore, Surat and Bombay?

Mr. Wazir.—Yes.

President.—What about the Punjab markets?

Mr. Wazir.—Most of Jammu stuff goes to the Punjab, Tulip of Kashmir also goes to the Punjab, especially to Multan and Amritsar.

President.—Rs. 2 per maund more will have to be added in the case of Kashmir?

Mr. Wazir.—These are the rates from Rawalpindi. Rates from Jammu will be a little lower; we are on the rail head.

President.—Your freight will be very much cheaper for the Punjab markets than from Kashmir?

Mr. Wazir.—It will be very low for us. Srinagar is sending to such distance markets as Bangalore and Calcutta as well. Besides they have an additional road journey of 200 miles to cover.

President.—What is this Japanese unfair competition that you speak of?

Mr. Wazir.—What we mean is that not only India but even advanced sericultural countries like France have been feeling the pinch on account of Japanese competition.

Mr. Peychaud.—We will have to face new difficulties with regard to the method adopted by the Japanese in China. I suppose you have seen the letter that has come out in one of the Shanghai newspapers.

Mr. Wazir.—One of our agents has sent us an extract from a Shanghai newspaper. We have our agents in England and they keep us informed of the developments that are taking place with regard to silk. The article referred to explains the method of the Japanese with regard to the organisation of sericulture in the occupied parts of China.

President.—It may interest you to know that when we were in Bombay we examined the Vice Consul for China and we were told that since this Sino-Japanese conflict most of the Japanese silk was coming through China. From April to July we have figures of imports from China into India and they show a considerable increase as compared to previous months. I will give you an instance: in 1937 four months from 1st April to 31st

July Japanese silk imported into India amounted to 6,03,000 pounds and for the same period in 1938 Japanese silk has gone down to 1,98,000 lbs. whereas in the case of China the figure has increased from 11,48,000 to 11,86,000 lbs. The simple reason for this is that in the Customs tariffs schedule the tariff value for Chinese silk is Rs. 3-7 whereas in the case of Japan it is Rs. 4-12. We have drawn the attention of the Collector of Customs, Bombay, to see whether he could find out the difference between the Chinese silk and Japanese silk and it would help us if you could give us some idea.

Mr. Peychaud.—These are the methods employed by our rivals.

President.—Suppose silk comes from China would you be in a position to say whether it is Chinese or Japanese silk by the feel?

Mr. Peychaud.—It is very difficult to say.

President.—Take Japanese filature silk and Canton filature silk, can you distinguish the difference between the two?

Mr. Peychaud.—For good class of silk it is very difficult to say. Our own silk we can distinguish because we are handling it daily.

President.—With reference to the exchange since March last the rate of Shanghai, Dollar has dropped from 79 to 68 per 100 and at the same period prices have fallen from Rs. 5-8 to Rs. 3-15-6. You do not give the Japanese rate of exchange?

Mr. Peychaud.—I think it has remained stationary.

President.—The latest quotation that we have got for Shanghai is Rs. 49 to 100 dollars. Japanese has remained somewhere between Rs. 79 to Rs. 78 to 100 yens.

Mr. Wazir.—Japanese exchange at the end of May was Rs. 76½ and at the end of August it is Rs. 79.

President.—With regard to the percentage of milkwaste you have given 45 in case of Jammu and 36 in the case of Kashmir (Q. 61). Why is there an increase in the case of Jammu?

Mr. Wazir.—In Kashmir they have got a large number of modern basins and their cocoons are also of a better quality.

Mr. Peychaud.—Our cocoons have got more silk. What you lose in silk you gain in waste.

President.—But you do not get the same price. With regard to machinery, have you ever tried Indian machinery?

Mr. Peychaud.—I have made my own machinery.

President.—What is your opinion of it?

Mr. Peychaud.—I have made that machinery myself which is working for over a year. I am going to make 200 basins and they are going to give the same results as the foreign ones and the value is Rs. 108 per basin all told.

President.—What about jette-honte?

Mr. Peychaud.—I am not using it.

President.—Machine brushes?

Mr. Peychaud.—I am not using that either.

President.—Electric motor?

Mr. Peychaud.—Yes.

President.—Can machine brushes be made in India?

Mr. Peychaud.—I am not making these.

President.—What price do you get for your pierced cocoons?

Mr. Peychaud.—We sell them at Rs. 1-8 per lb. That is the last sale I made.

President.—What about cocoon fluff?

Mr. Psychaud.—I get very little of that. I have not sold.

President.—Which is your market for that?

Mr. Psychaud.—Certain mills in Ahmedabad used to take that.

President.—What price did you use to get for it?

Mr. Psychaud.—It was some years ago. I don't get very much fluff. If I do not find a market for my fluff it goes into waste.

Mr. Wazir.—We have been selling our fluff to Sholapore mills at 7 annas per pound ex-factory.

President.—In answer to question 67 you say that a certain amount of fabrics are made by weavers in Kashmir out of local silk.

Mr. Psychaud.—Yes.

President.—You have given me the kinds of cloth that are made. I did not take down the import figures that you gave of silk fabrics into Kashmir. I would like to have those figures.

Mr. Wazir.—Silk, manufactured, European and silk manufactured Indian? For 1926-27, it is 83 maunds and the value is Rs. 49,761.

President.—The duty on foreign and Indian is the same—15 per cent. *ad valorem.*

Mr. Psychaud.—There is nothing in this.

President.—What is the duty in vogue in British India at the present moment?

Mr. Wazir.—The imports are as follows.—

Year.	"Silk manufactured—European."	
	Maunds.	Value. Rs.
1926-27	83	49,761
1927-28	205	1,16,608
1928-29	799	3,51,570
1929-30	924	3,76,762
1930-31	1,596	5,05,843
1931-32	1,353	4,07,161
1932-33	1,209	3,58,779
1933-34	1,708	3,40,269
1934-35	1,238	2,08,667
1935-36	978	1,64,457
Year.	"Silk manufactured—Indian"	
	Maunds.	Value. Rs.
1926-27	239	1,26,635
1927-28	176	99,848
1928-29	109	68,665
1929-30	91	57,425
1930-31	215	78,925
1931-32	18	9,422
1932-32	28	8,473
1933-34	23	5,270
1934-35	29	8,559
1935-36	23	6,268

President.—You will give me a copy of these figures.

Mr. Wazir.—Yes.

President.—What is the tendency? Is the figure going up or down?

Mr. Wazir.—“Silk manufactured, European” was the highest in the year 1933-34 when it was 1708 maunds and the highest for “silk manufactured, Indian” was 239 maunds in 1926-27.

President.—Are there any articles at present imported free of duty apart from silk or is every article taxed?

Mr. Wazir.—That we can't say.

President.—I want you to supply that information.

Mr. Wazir.—I shall ascertain from the Customs Department and inform you later.

President.—When you are claiming protection, it doesn't appear to be right to tax an Indian article in the Kashmir market and I think it is necessary that the attention of the State Authorities should be drawn to that fact.

Mr. Wazir.—I will place this matter before my Government and communicate to you their views.

President.—As long as the industry is protected, if the Kashmir Government allow foreign silk to be imported into British India free of duty, that would create a menace to the protected Indian industry.

Mr. Anklesaria.—I think the Hyderabad Government is going to abolish the 5 per cent. duty and it is a good example to follow.

President.—In Hyderabad they are going to abolish the duty.

Mr. Anklesaria.—They are going to do something in the matter.

President.—According to the evidence recorded, it is stated that the Hyderabad Government will reduce this duty on both foreign as well as Indian raw silk.

Mr. Anklesaria.—They are now charging 5 per cent. import duty.

President.—That 5 per cent. is over and above the duty which the foreign article pays when it comes to India, you are on a different footing. It has got no parallel with your system.

Mr. Psychaud.—As far as I know most of the stuff manufactured there is spun silk.

President.—Another point I want to draw your attention is that you should take into consideration along with raw silk, silk fabrics and all other articles connected with our present enquiry.

Mr. Psychaud.—You mean those manufactured in India.

President.—When you ask for protection, it is only fair that the Indian article which is also a protected article should be allowed to enter the State free of duty.

Mr. Psychaud.—Yes.

President.—Page 8 of the note: Just as Mr. Psychaud had given the information, I would like to have that information from you Mr. Wazir. Give me the neel percentages. Neel is about 10 per cent.

Mr. Wazir.—Yes.

President.—What will be the percentage for No. 1 quality?

Mr. Wazir.—60 to 70 per cent.

President.—And the rest would be No. 2.

Mr. Wazir.—Yes.

President.—I will take to the Kashmir costs first, page 21. I want to get information similar to the one which you were good enough to supply on the last occasion—pages 158 and 159 of the Board's Report. Look at the information you were good enough to supply. In these two tables here

you have supplied on the pound basis and items are given in a different manner in which it is given here. I want them grouped according to these headings for the purpose of our enquiry.

Mr. Psychaud.—You want the whole thing to be made up on these two tables.

President.—You can give it to me to-morrow, as we are not sitting in the afternoon.

Mr. Psychaud.—I will try.

President.—There are three paragraphs, 179 to 181. I will go through the figures given by you as they are. Let us take items by item. In 1936-37 you only reeled 1,66,000 lbs. and your average number of working days was about 260.

Mr. Psychaud.—That is the maximum I could work.

President.—How many days did you work in that particular year?

Mr. Psychaud.—In that particular year I don't think I worked more than 175 days.

President.—Can you tell us the reason?

Mr. Psychaud.—We were short of cocoons.

President.—Then take 1935-36. How many days did you work?

Mr. Psychaud.—220 days. We turned about 1,000 lbs. of silk a day.

President.—If I divide that by 1,000 lbs. it will give me an idea. It will give me 224 days.

Mr. Psychaud.—That would be more or less correct.

President.—You have never been able to work 260 days.

Mr. Psychaud.—No.

President.—Though you could work.

Mr. Psychaud.—Yes.

President.—Could you tell me why during all the five years you have not been able to work?

Mr. Psychaud.—We didn't get sufficient crop.

President.—There is shortage of cocoons.

Mr. Psychaud.—Yes. Either I reduce my labour and work for a larger number of days in a year or I work with the whole staff for a less number of days.

President.—How many basins have you been working?

Mr. Psychaud.—834 basins.

President.—834 basins turn out 1½ lbs. per day per basin.

Mr. Psychaud.—No, 384 basins will give 1½ lbs. and the balance 14 ozs. each basin.

President.—450 basins at 14 oz. per basin.

Mr. Psychaud.—Yes.

President.—That makes it 95,040 lbs.

Mr. Psychaud.—Yes.

President.—There is a slight shortage of 6 lbs.

Mr. Psychaud.—Roughly 1,000 lbs. a day.

President.—What measures are you adopting to increase the production of cocoons?

Mr. Psychaud.—I am increasing the quantity of seeds we are issuing this year.

President.—The last Tariff Board thought that the economic unit was 200 basins and 300 as the average number of working days.

Mr. Wazir.—Yes.

President.—You have got more basins, so that is all right. As far as the number of days is concerned

Mr. Psychaud.—We are running very short.

President.—That is probably the reason why your cost of production is high.

Mr. Psychaud.—Probably if it was a private concern, it would reduce the labour.

President.—They would get more cocoons.

Mr. Psychaud.—Supposing they do not get more cocoons they would reduce the labour.

President.—Have you got at present more labour than you need have?

Mr. Psychaud.—Yes. That is my difficulty.

President.—You have given the amount of labour required per basin. I want to see what the excess is at present.

Mr. Psychaud.—The number employed per basin is quite all right. Suppose instead of having 800 basins working I had only 700 or 650 basins working, those basins would work for 260 or 265 days a year. That would bring down the cost.

President.—Your cost of production has gone up by 7 annas per lb.

Mr. Psychaud.—That is because I have paid Rs. 16-4 per maund of cocoons and 20 per cent. more for labour.

President.—That is what you paid out of the profit.

Mr. Psychaud.—I have paid straight off.

President.—Could you give me a statement showing what would be the cost if you were working 260 days.

Mr. Psychaud.—I could not tell you straight off.

President.—I want to see if you had adequate supplies of cocoons and you were able to work 260 days in a year, what would be your cost of production per lb. of silk?

Mr. Psychaud.—I will send you later.

President.—834 basins are producing very much less and that is why the overhead charges are higher. If the production was greater, the overhead charges would be distributed.

Mr. Psychaud.—Naturally.

President.—You are working 100 days short.

Mr. Psychaud.—Yes.

Mr. Wazir.—The number of working days in 1936-37 was 280, so far as Jammu is concerned.

President.—In the previous year?

Mr. Wazir.—Almost the same.

President.—Shall I take 280 days as the average for the last 5 years?

Mr. Wazir.—No.

President.—Tell me what I should.

Mr. Wazir.—We were rearing more seed before, 4 or 5 years back. In fact the consumption of seed had gone up to 8,000 ozs. At that time we had more cocoons and so we could work for a larger number of days. Afterwards we had to curtail our operations and bring down the consumption of seed to 5,000.

President.—Why did you do that?

Mr. Wazir.—Because of the effect of unfair competition from foreign countries and of the inadequate protection granted by Government in 1934.

President.—That is stretching the point a little too far. You must understand, apart from competition, whether fair or unfair, it is very

necessary in this country when you want to put up a factory for any concern—whether it is wool, cotton or anything else—it must be an economic unit. Otherwise you cannot compare your costs with those of foreign countries and without such a comparison the Tariff Board cannot give you any protection.

Mr. Wazir.—We had to take the factory as it was with 107 basins working.

President.—The number of basins is 107. But you are not able to work for 300 days.

Mr. Wazir.—The losses of the Department were heavy. To cut down losses we had to cut down the operations. As soon as there was an improvement in the market we increased our scale of operations.

President.—The losses would have been lower if your production had been more.

Mr. Wazir.—By rearing more seed and selling at a loss, that way we would be increasing the loss. So we have curtailed our operations.

President.—That may be so, but the cost will increase. Tell me the figures for the last 5 years.

Mr. Wazir.—The number of working days is as follows:—

Days.	Year.
282	1936-37
283	1935-36
282	1934-35
282	1933-34
284	1932-33
281	1931-32

President.—*Mr. Peychaud*, if you look at page 23, you say that the maximum capacity of your factory in Kashmir per annum would be 4 lakhs of lbs. I do not get this figure. How have you worked it out?

Mr. Peychaud.—We cannot do it now. We can increase the production of other basins.

President.—If I take the production as 160,000 lbs. for 165 days and if I add 100 days to the working days, it comes to another lakh of lbs.

Mr. Peychaud.—These 400 old basins were only turning out 14 oz. We can increase the production on those basins. We can turn out 6 oz. more out of these basins.

President.—Can you give me the figures?

Mr. Peychaud.—Until I get my new filature I cannot get them.

President.—At present your production would be 2,68,000 lbs. if the basins are worked to their full capacity.

Mr. Peychaud.—As soon as the other thing is ready, I shall have 584 basins plus 72 basins. I shall have 584 basins turning out 1½ lbs. and 72 basins turning out 1 pound per day per basin.

President.—That does not amount to 4 lakhs.

Mr. Peychaud.—I have got the buildings ready. If I want to work we can fix the filature in a month.

President.—You say that the maximum capacity of the existing filatures is 4 lakhs of lbs. The question is: "Please state the maximum capacity of the filatures for which costs are given; give the actual output of (a) raw silk and (b) waste for each of the last 5 years". The costs are given on page 21. The filature has 834 basins working at present. The maximum capacity of that filature whose costs are given is 260,000 lbs.

Mr. Peychaud.—Those figures are for 1936-37.

President.—You say that the maximum capacity is 4 lakhs.

Mr. Peychaud.—Yes, because we can turn out much more.

President.—Why did you not do so?

Mr. Peychaud.—Because we were short of cocoons.

President.—Even if you had cocoons, you could not do that. At present you have got shortage of cocoons. That is why you are working only 165 days and your production is 160,000 lbs. Suppose you were working 260 days, there would be one lakh of lbs. more.

Mr. Peychaud.—As I pointed out, we have a number of basins turning out 14 oz. which can easily turn out $1\frac{1}{2}$ lbs.

President.—The figures that you have given me are based on 14 oz. per basin.

Mr. Peychaud.—Not necessarily.

President.—I cannot get these figures. I have got 165,000 lbs. on the basis of 14 oz. for 450 basins. If you are able to turn out $1\frac{1}{2}$ lbs. per basin, why don't you do so?

Mr. Peychaud.—We actually worked for a small number of days in that year. If we had increased the output per basin, we have had to work for a smaller number of days, say 150 days.

President.—What does it matter? You must get the maximum production out of a basin. If a basin is capable of turning out $1\frac{1}{2}$ lbs. and if it actually turns out only 14 oz. you are losing silk.

Mr. Peychaud.—It does not harm us.

President.—It harms you in this way that your costs go up.

Mr. Peychaud.—We do not pay the labour as much for turning out 14 oz. as we would for turning out $1\frac{1}{2}$ lbs. The labour that turns out $1\frac{1}{2}$ lbs. we pay one rupee and others we pay 10 annas.

President.—Therefore you are penalising the labour who could turn out $1\frac{1}{2}$ lbs.

Mr. Peychaud.—Yes.

President.—Then it is not right.

Mr. Peychaud.—There is no reason why the labour working at 10 annas should not get one rupee like others.

President.—With regard to the second item, you have stated the amounts of cocoons required. That is I suppose on the *rendita* basis—I am referring to page 21. Is it on the basis of 12 lbs. to 1 lb. of silk?

Mr. Peychaud.—That would be roughly the *rendita*.

President.—As regards salaries and establishment, I am not in a position to check at the present moment. That will come I take it under the item establishment.

Mr. Peychaud.—That will come under establishment.

President.—The travelling allowance will also go there.

Mr. Peychaud.—Yes.

President.—Postage and telegraphs will come under miscellaneous.

Mr. Peychaud.—Yes.

President.—One more point with regard to cocoons, does it include transport and stifling?

Mr. Peychaud.—Everything.

President.—The price given here includes everything.

Mr. Peychaud.—Yes.

President.—With regard to reeling and baling, I want these to be separated.

Mr. Wazir.—We shall try.

President.—I want the cost of labour to be shown separately in respect of Kashmir.

Mr. Peychaud.—Yes.

President.—"Repairs" is all right. Fire insurance will come under miscellaneous or insurance. As we have not got insurance I think it will come under miscellaneous.

Mr. Peychaud.—Yes.

President.—Fuel you have got three items—cost of power, cost of light and cost of fuel.

Mr. Peychaud.—That is fuel.

President.—Contingencies will come under miscellaneous; stationery will be miscellaneous; pension contribution will be miscellaneous. Depreciation you have calculated on what capital?

Mr. Peychaud.—This is on the value that has been fixed for machinery and building.

President.—Building Rs. 3,63,999 and Rs. 2,67,421 for machinery for Kashmir and the other item is Rs. 1,80,000 for value of land. If I take land and building together, for Kashmir it will come to Rs. 5,44,000 and 2½ per cent on that will be 13,600. For machinery at 7½ per cent. on Rs. 2,67,000 it will be Rs. 20,000 roughly. Your figure will of Rs. 29,000 have to be reduced.

Mr. Peychaud.—More than Rs. 29,000. We have got Rs. 29,000 against reeling and Rs. 8,800 against cocoa production.

President.—What is the proportion? It is half and half?

Mr. Peychaud.—Rs. 10,000 and Rs. 30,000.

President.—That means 25 per cent. 25 per cent. of Rs. 15,000 would be about Rs. 3,800. So Rs. 3,800 has to be deducted from Rs. 15,000 so that it will be Rs. 11,200.

Mr. Peychaud.—Yes.

President.—You have given value of by-products. This item of machinery includes tools and scientific appliances?

Mr. Peychaud.—Yes.

President.—How much will that be? On that the depreciation is 10 per cent.?

Mr. Wazir.—With regard to this question of depreciation I wish to point out that the Accountant General charges depreciation on buildings and machinery only. You have taken lands and leases also. So far as our accounts are concerned, the rate taken for depreciation on buildings is 5 per cent. and that on machinery 10 per cent.

President.—On the last occasion we did not allow anything for land.

Mr. Wazir.—I am grateful that you have given us this time.

President.—The value you have put is Rs. 1,80,000. Mr. Peychaud. has given me the acreage and I will have to work it out.

Mr. Peychaud.—Some lands have been sold quite close to the factory and the selling price of that land is what we have taken as the average though we did not take advantage of the fact that our land is better situated. As regards nursery we took the value as Rs. 30 per kanal. Which is their normal price.

President.—Personally I am inclined to put it down as Rs. 1,00,000.

Mr. Peychaud.—We would get a lot of buyers for a lakh of rupees. The place where I have put the rearing house Government have charged Rs. 60 per kanal.

Mr. Wazir.—Perhaps even our Government is paying more than Rs. 30 per kanal as compensation to the agriculturists for agricultural land acquired for State purposes.

President.—Let us take the next item, value of by-products. What is the amount of by-products? It is not given here. I want to get the quantity of silk-waste.

Mr. Peychaud.—We will supply the information later.

President.—We have to deduct the value of by-products. Add value of cocoons per pound. Do you think that the charges for transport and stifling given on the last occasion would be correct charges per pound? I have given 4 pies for transport and 2 pies per pound for stifling.

Mr. Psychaud.—We will check that.

President.—A interest on working capital is another overhead which the Board allows. The Board allowed you Rs. 2,50,000 on the last occasion for 200 basins and yours now is 800 basins. That means about Rs. 10,00,000 and the interest we are allowing at present is only 5 per cent. We will take that into consideration in the cost of production. I want you to work out on that basis. I am now giving you 5 per cent. for 3 months output of cocoons and silk, so you will have to divide your cocoons and silk by $\frac{1}{3}$ and then take the value of cocoons and silk and 5 per cent. on that value. The quantity of silk produced is 1,35,000 lbs.; $\frac{1}{3}$ of that will be about 40,000 lbs. The quantity of cocoons is 25,000 maunds. $\frac{1}{3}$ of that will be 8 maunds. You take value of cocoons 6,000 maunds and value of silk 40,000 lbs. and add that; that will be the working capital.

Mr. Psychaud.—I follow.

President.—Now we take the next point, interest on capital invested. Capital invested is Rs. 8 lakhs as given here. We allow 6 per cent. on that as profit. When you are giving me the cost of production on the basis of full capacity you will have to work out that figure also.

Mr. Psychaud.—Yes.

President.—The next item is the cost of leaf. You say 8 annas is the cost of leaf for 12 lbs. of cocoons.

Mr. Psychaud.—Yes.

President.—Is that the total expenditure according to you or is it for $\frac{1}{3}$?

Mr. Psychaud.—That is what the Government gives free.

President.—Is that enough to feed 12 lbs. of cocoons?

Mr. Psychaud.—Yes.

President.—I think there is some misunderstanding. According to you the cost of leaf required to produce 12 lbs. of cocoons will be 8 annas. According to Mr. Wazir it is Rs. 3? One ounce of seed produces 63 lbs. of cocoon?

Mr. Psychaud.—Yes.

President.—If you were to settle the question about the cost of leaf when I will be able to work the figure out. Your point is that to feed 12 lbs. of cocoons you require 8 annas worth of leaves. How many leaves will that be? According to your statement it will be 375 lbs. According to Mr. Wazir to produce 1 lb. of cocoons the leaf required will be worth 3 annas.

Mr. Wazir.—3 annas is the cost of leaf per pound of cocoons. 8 annas is the cost of that portion of leaf which is supplied free from Government land for producing 12 lbs. of cocoons. To that we have to add the cost of leaf which we get from the zamindars which is 5 times as much or say worth Rs. 2-8. So the total comes to Rs. 3 which is the total value of leaf supplied by the Government and the zamindar, or 3 annas a pound.

President.—Say 3 annas 8 pies. You produce 63 lbs. to an ounce. If you multiply 3 annas 8 pies by 63, that will give you the cost of leaf per ounce of seed which will come to Rs. 14-7 or about Rs. 15.

President.—Government pays only 8 annas. How much does the Government pay for leaves for producing an ounce of seed?

Mr. Psychaud.—Rs. 10.

President.—That means the rearer is out of pocket to the extent of Rs. 13-11. The value of the leaves with which the zamindar or the rearer feeds the worms for an ounce of seed is Rs. 13-11 and he is paid by Government Rs. 9-8. So he is actually out of pocket by Rs. 4-3.

Mr. Psychaud.—Yes.

President.—He doesn't get anything for his rearing.

Mr. Wazir.—He is spending labour also. I fully realise that this price of Rs. 12-8 or Rs. 14-6 that we pay is not really an economic price.

President.—The position is that he is out of pocket to the extent of Rs. 4-8 apart from the value attached to his labour for picking the leaves and for rearing the worms.

Mr. Wazir.—I quite agree subject to this one remark that we have taken here as basis that the outturn from one ounce of seed will be only what it is.

President.—I am taking the yield for 1936-37.

Mr. Wazir.—I am explaining my position. From one ounce of seed, he gets 62 pounds.

President.—Let us see what the position is in Jammu. Do these calculations apply to Jammu also?

Mr. Wazir.—So far as the price of leaf is concerned, it applies.

President.—Does it apply to seed?

Mr. Wazir.—About seed we also supply that free. In our case it will probably cost a little more, because they are producing some seeds locally.

President.—What is the price you pay?

Mr. Wazir.—Rs. 14-0 last year.

President.—The value of the mulberry leaf is Rs. 13-11.

Mr. Wazir.—Rs. 14-6 per maund of cocoons, while we get more than a maund average per ounce of seed.

President.—Yours is difficult.

Mr. Wazir.—In the case of Kashmir you have taken 31 seers which is the actual for 1936-37.

President.—Your actual is 86.

Mr. Wazir.—86 to 87.

President.—We can take 87 lbs. or 43 seers, 7 chataks.

Mr. Wazir.—We might take 87. He will get Rs. 14-6 for 40 seers. For 43 seers, he gets more.

President.—Shall we take 43½ for this calculation?

Mr. Wazir.—Yes, it would be Rs. 15-10.

President.—The cost of leaf is Rs. 13-11. That means he gets Rs. 2.

Mr. Wazir.—This cost that we have taken is the actual cost of leaf which goes to produce one ounce of seed. We have actually seen that from the rate at which we are paying, he does not make anything.

President.—On page 15 you have given me the price paid to rearers. If I take the price, Rs. 14-6 for 40 seers, it will come to somewhere about 3 annas which I say is not correct, because actually he gets nothing apart from the question of labour employed for picking the leaves and for labour for rearing worms.

Mr. Wazir.—I fully agree that taking the economic value of the leaf and taking the proper wage remuneration that is due to the rearer, the price that we pay him does not cover all that.

President.—I want to understand the position of the zamindar. The zamindar is a very big name in other provinces, and you have put the zamindar as a rearer.

Mr. Psychaud.—He is the cultivator.

President.—Will he be called the agriculturist in British India?

Mr. Psychaud.—He is a cultivator.

President.—Shall we say he is a mulberry cultivator?

Mr. Psychaud.—Not necessarily.

President.—He is the ordinary cultivator.

Mr. Psychaud.—Yes.

Mr. Wazir.—In this connection may we add another point? In our State the rearer does not always provide the leaf from his own land. Owing to this monopoly basis and the mulberry being declared a "reserved tree", every rearer who takes to rearing is free to obtain leaf from other people.

President.—In this case I have calculated the amount of leaves consumed for an ounce of seed whether he borrows it or buys it has it on his own land. *Mr. Psychaud* told me at the very beginning that in Kashmir one cultivator didn't work for another for money but only exchanged labour.

Mr. Psychaud.—Yes.

President.—That has also certain value, because he doesn't do his work on that day and he goes and helps his neighbour.

Mr. Wazir.—There is value for every service.

President.—I have just gone through the details about Kashmir in order to give you an idea of what I want about Jammu. You will be able to give me the same information. I don't want to repeat.

Mr. Wazir.—Last time you wanted only for Kashmir Sericulture. This year you want both for Jammu and Kashmir with the details worked out on the same lines.

President.—Let us take page 18. You give first the amount of cocoons produced in maunds. That is all right. Salaries and establishment, we have discussed a good deal. We know what it is. The price of cocoons is the fixed price.

Mr. Psychaud.—Yes, Rs. 18-4.

President.—You will be able to give me a statement similar to the one given to us by *Mr. Wazir* separating rearers from other. When you say lambardars included, you understand what the question is. It is question No. 1.

Mr. Psychaud.—Yes.

President.—Price of seed from Europe is all right.

Mr. Psychaud.—They got Rs. 18-4.

President.—Here it works out to Rs. 16-11. You work out the rest and give me.

Mr. Psychaud.—Yes.

President.—With regard to certain items, I do not know whether the allocation is correct. With regard to this electric power, you are showing it here as well as in the rearing.

Mr. Psychaud.—Electric power is used in sechairing and in seed production.

President.—What is repairs?

Mr. Psychaud.—All the plant that is required for seed production, etc.

President.—Answer to question 30, page 24: I would like to know in case you want to put depreciation in the cost of cocoons, how much of that you are able to separate? I want you to separate depreciation. You have given me lump sums which includes both.

Mr. Psychaud.—Yes,

President.—Rewards given here are for good work?

Mr. Psychaud.—Rewards have not been paid. Nothing was paid last year.

President.—I want to understand for what these rewards are given.

Mr. Psychaud.—I shall look that up.

Mr. Wazir.—In Jammu we used to pay the rearers. We have considerably reduced it. Our expenditure was about 1,000. We have cut it down to Rs. 100.

Mr. Anklesaria.—You could not follow any policy consistently.

Mr. Wazir.—We could not.

President.—As regards mulberry culture expenditure, you have not done anything in 1936-37.

Mr. Peychaud.—No. We used to pay zamindars for planting trees at one time.

President.—Do they incur expenditure?

Mr. Peychaud.—Naturally they have to do the work.

President.—Can you give me an idea of what they do?

Mr. Peychaud.—I have already made a note.

President.—Pension contribution, is that for the staff?

Mr. Peychaud.—Yes.

President.—There is only one point I want to discuss with you and i.e., the scheme of protection. There is one difficulty which I want you to explain.

At present there are tariff values for certain kinds of silk and invoice values for other articles like Japanese dupions. Your point is that tariff values should be abolished and the future scheme of protection should be based on the invoice values. According to the scheme proposed by you, the future specific duty will be an unknown quantity, whilst the *ad valorem* duty would be a fixed one. Therefore I am told that the basis of check which is now adopted by the Customs authorities will not be there. I will tell you how. To-day suppose the invoice is Rs. 5, and the Customs authorities want to check it. They go to the merchants and ask what is the market price. They say that it is Rs. 7. Deduct 14 annas out of that and the balance is Rs. 6-2. If they deduct 25 per cent. again, they will be able to say whether the market price has got any relation to the invoice price. When you take away the fixed specific duty and if the specific duty keeps on changing, there is no check. Therefore an importer could produce a factory's invoice in order to avoid the specific duty altogether and pay only the *ad valorem* duty.

Mr. Wazir.—Do you mean that there will be over-valuation?

President.—Yes. It will be impossible to check it. I want to know whether you can suggest some checks.

Mr. Wazir.—We shall think it over and submit what strikes us in this connection.

(5) Evidence of Messrs. R. PEYCHAUD and T. C. WAZIR continued
on Sunday, 11th September, 1938.

President.—Gentlemen, it is no pleasure to me to ask you to give your oral evidence even on a Sunday nor to prolong the evidence beyond what is absolutely necessary. But the difficulty of the Board has been that they have not yet been able to understand certain figures with regard to your costs and that is the reason why we have troubled you today. I am confining my attention mainly to the costs given by Kashmir because theirs is considered to be an economic unit. I will take Jammu afterwards.

If you take the production of cocoons given by you in reply to question 23, you have been now good enough to give figures in pounds. I will take these figures. In 1932-33 it was 26,16,866 lbs. Is that the total production in Kashmir?

Mr. Peychaud.—Yes.

President.—What percentage of that will be double cocoons?

Mr. Peychaud.—It will be about 5 per cent.

President.—Then 5 per cent. has got to be deducted from that for reeling purposes?

Mr. Peychaud.—Yes.

President.—I am separating it because you said on an average 7,000 lbs. will be the production of double cocoons silk. I will first deduct it from cocoon and then also from silk in order to get an idea of the production of raw silk as distinguished from dupion silk.

Mr. Peychaud.—Yes.

President.—Your figure here is 26,16,866 whereas the quantity of cocoons reeled in that year was 28 lakhs.

Mr. Peychaud.—Our year starts from October and our crop comes in in the month of June so the crop of one year runs into the other.

President.—Then how can the Board get an idea of these various comparisons. You give me a figure of your annual production and say in 1932-33 it was 26,16,866 lbs.; how is it related to this 28 lakhs?

Mr. Wazir.—We get a certain crop every year but it does not necessarily follow that the whole crop of that year is consumed in that very year.

President.—Why not when you are short of cocoons?

Mr. Peychaud.—The crop comes in June and the year closes in October, after nearly three or four months.

Mr. Wazir.—In 1932-33 we started with a certain balance in hand of the previous years stock and we got some cocoons during the year. Out of that we reeled what we could during that year and left the balance.

President.—Does not cocoon deteriorate in storage?

Mr. Peychaud.—No.

President.—What is the normal period for which you can keep cocoons without deterioration?

Mr. Peychaud.—18 months.

President.—For what period could you keep raw silk without deterioration?

Mr. Peychaud.—It is a problem but still I think we can keep for 18 months.

President.—Cocoon produced in 1936-37 was 24,55,654 lbs. whereas you have reeled only 20,68,000. What have you done with the balance?

Mr. Peychaud.—We reeled them off afterwards.

President.—If you can give me the storage and production separately that might give me an idea, My difficulty is that you say the balance

is 2 lakhs in 1932-33; it is evident you have reeled more cocoons than you produced during that year. I want to get the annual production and see what the shortage is and the number of days you have actually worked. If I take your silk production at 1,65,000 as given by you and deduct from that 7,000 lbs., that means 1,58,000 lbs. of silk reeled in 1936-37 and according to you the mill worked for 158 days.

Mr. Wazir.—We started the year for instance with a balance of 2,000 lbs. of cocoons in hand from last year. We started the year with this balance. During the year we got, say, 10,000 lbs. more. When we started the year we reeled off the balance from the last year first. Meanwhile comes this new crop of 10,000 lbs. and by the end of the year out of a total of 12,000 lbs. we may have reeled the whole or we may have reeled 8,000 or we may have reeled 11,000 lbs. There will be left a certain balance at the end of the year which will go over to the next year.

Mr. Antlesaria.—At what time of the year are you idle for want of cocoons?

Mr. Wazir.—In the case of Jammu, it will be at the end of the spring, that is about March or April.

Mr. Peychaud.—Our crop comes in June.

President.—Why should there be a balance left?

Mr. Peychaud.—Our year closes on 15th October. We have got our crop, say, 25,000 maunds in June or July. On that we can only work for 2½ months—August, September and half of October—and that crop has to last up to the time of the next crop that will follow.

President.—Suppose you had to work 300 days in a year?

Mr. Peychaud.—It will be the same thing.

President.—Let us take Jammu. When do you get the first cocoons?

Mr. Wazir.—We get our cocoons in June.

President.—You start reeling in June?

Mr. Wazir.—Yes.

President.—When do they stop coming?

Mr. Wazir.—They all end by July.

President.—You reel till October.

Mr. Wazir.—Yes.

President.—Do you reel in November or not?

Mr. Wazir.—Yes.

President.—So from June to May will be your year.

Mr. Wazir.—Yes.

President.—I want figures for those months on this basis if you could send it on to us regarding consumption of cocoons and production of silk.

Mr. Wazir.—In this connection there is another point which I have to mention. For instance we start the year with 2,000 lbs. and receive 10,000 during the year. It makes 12,000 lbs. We find during the year that on this stock of cocoons we may not be able to work more than 200 or 150 days. Then it is not necessary that we should leave those two months preceding the receipt of the fresh crop idle; we may rather close in the worst part of the year which is winter and reel the stuff in better days.

President.—I want to know why you have stopped reeling unless there is shortage of cocoons?

Mr. Wazir.—There is shortage of cocoons too.

President.—Why is there no attempt to get cocoon month by month according to your reeling capacity?

Mr. Wazir.—We will give you figures of consumption of cocoons month by month.

President.—And the reeling?

Mr. Wazir.—Yes.

Mr. Peychaud.—It will be difficult in my case because I am changing the whole method.

President.—Then give us a note on the changes you propose.

Mr. Peychaud.—Yes.

President.—The point you mentioned can probably be solved in another way. Suppose we take the total production given by you for the last five years and add them together. Will that give an idea?

Mr. Peychaud.—That will be much closer.

President.—Even then there is a big balance left.

Mr. Peychaud.—That is because of the balance we carried at the beginning of the year.

President.—The total of these five years figures leaves a balance of 8,38,000 lbs. of cocoons?

Mr. Wazir.—It has also to be remembered that the stock of cocoons include pierced cocoons which are not reeled at all.

President.—What is the percentage of pierced cocoons?

Mr. Peychaud.—We shall let you know.

Mr. Wazir.—Another big item in this is puda cocoon.

President.—Give us the percentage. Take the first five years figures. If you look at the figures, you have reeled 8 lakhs lbs. more cocoons than you have stock.

Mr. Peychaud.—1 crore and 19 lakhs is the quantity of cocoons produced.

President.—Take reeling.

Mr. Peychaud.—One crore 27 lakhs.

President.—You reeled 1 crore 27 lakhs and you produced only 1 crore 19 lakhs. How can you reel more than what you produce?

Mr. Wazir.—All I can think of is that they must have started with a much bigger stock.

Mr. Peychaud.—We started with a large stock, with nine months of crop in hand I started and 8 lakhs of pounds might be the balance left over.

President.—It will be about 10,000 maunds.

Mr. Wazir.—It may be the balance with which we start next year.

Mr. Peychaud.—That is what we started with a year ago.

President.—If I got the production correctly, I can understand the reeling.

Mr. Peychaud.—It has got to be because it is one quarter of the year which runs between the crop coming and the closing of the year and three-fourth before.

President.—If I take the five years average, it is the same.

Mr. Peychaud.—I will try and show from figures.

President.—Will you take the Jammu figures?

Mr. Wazir.—Yes. I am getting 27,38,238 lbs. of cocoons.

Mr. Peychaud.—You won't find such a big difference in the case of Jammu. Their crop comes in half way through.

President.—Therefore there is a balance of production.

Mr. Wazir.—Yes.

President.—Your point is that you carry a stock. In the other case you have consumed more than you can produce.

Mr. Wazir.—In 1932-33 they got a crop of 31,900 maunds in Kashmir and used only one quarter during 1932-33, three-fourths was left for the next year.

Mr. Anklesaria.—You might say that you cannot explain.

Mr. Wazir.—No, the point is quite clear.

Mr. Anklesaria.—In any case it is not quite clear to me.

President.—Let us take the other figures. The other figure you have given is 225,229 maunds of cocoons reeled. If you look at the 1936-37 figure, you have reeled 20,68,778 pounds of cocoons, out of which I must take the dupion cocoons out, is that correct?

Mr. Peychaud.—You might if you like.

President.—I want to see the raw silk production.

Mr. Peychaud.—That too is part of the production.

President.—I want to separate the two. I want to know first of all how much I have to take out.

Mr. Peychaud.—5 per cent.

President.—One lakh of cocoons is dupion.

Mr. Peychaud.—Sometimes it is more and sometimes it is less, but usually we allow 5 per cent. If you want exact figures, I have to get them from Srinagar.

President.—I want to know whether one lakh of pounds of cocoons would produce 7,000 pounds of silk.

Mr. Peychaud.—It will.

President.—I want to know the rendita.

Mr. Peychaud.—You will find that it would give you more than that in many cases.

President.—The rendita will be a little over 14 lbs. for dupion silk.

Mr. Peychaud.—It comes to that.

President.—19,64,000 is the balance of cocoons left.

Mr. Peychaud.—Yea.

President.—12½ is the rendita for 1936-37. On working out I find that it is about 1,000 lbs. less. But I find the Jammu figure works out to be correct.

Mr. Wazir.—I feel that I might mention, subject to verification from the records, that apart from the cocoons produced in Kashmir during these years, I have sent some cocoons from Jammu to Kashmir. That might explain the difference.

Mr. Anklesaria.—How much is that?

Mr. Wazir.—I can't say offhand.

President.—You will be able to send me revised figures.

Mr. Peychaud.—Yes separating the dupion from the other.

President.—I want to ask you one or two questions with regard to the position of the rearers. What is the system with regard to the payment to the rearers.

Mr. Peychaud.—All the rearers bring the cocoons to the factory. There the cocoons are weighed and there is a big table like this. Here is the weighing officer who weighs the cocoons and gives the man the receipt and he passes on to that table, takes the money and clears off.

President.—Generally you are present.

Mr. Peychaud.—My Deputy Director is always present and I am present most of the time.

President.—What is the system in Jammu?

Mr. Wazir.—In Jammu the system is that the Director or the Assistant Director goes and receives the crop personally.

President.—Who passes the receipt?

Mr. Wazir.—In the course of the rearing, Inspectors of the Department supervise the rearing. Towards the end, they make an estimate of the crop which each rearer has been able to produce and to each rearer a chalan is given showing that he has so much seed of this quality for which the estimated crop is so much. This estimate is formed by taking the actual weight of cocoons from a certain percentage of rearers. This is only an Inspector's estimate. The Director or the Assistant Director goes out and the rearers are produced. They come one by one and they produce their chalan. We have got our books which contain the names of such rearers and also the quantity and quality of seed given to them, and then in our presence we have the cocoons weighed or measured as the case may be. That weight is entered in the personal ledger of the rearers as well as in the chalan estimate which he has brought. The estimate according to the chalan produced by the rearer is useful in the sense that it enables us to see that there is no wide disparity between the estimate and the weight that we have actually received. Then we give the chalan back under the initials of the Director or the Assistant Director to the rearer. The account is made showing what is due to the rearer and payment is made cash there and then.

President.—Please look at question 8. I want you to work out these figures as given by you. You have got 45,000 maunds of cocoons which would produce 2,50,000 pounds of silk. The rendita will be 14 lbs.

Mr. Wazir.—Yes.

President.—Let us take Kashmir.

Mr. Psychaud.—13.04 or nearly 14 lbs.

President.—You have calculated a higher rendita than you what actually is the case.

Mr. Psychaud.—There are difference qualities in it.

President.—The number of qualities will not make it 14. Do you reel bad cocoons?

Mr. Psychaud.—Why not?

President.—The average you have given me for 1936-37 is 12½.

Mr. Psychaud.—We have single cocoons, double cocoons and bad cocoons. We are on the safe side when we give these figures.

President.—I want to know how you arrived at the rendita. Did you take those things into consideration or not?

Mr. Psychaud.—That means we allow ½ lbs. more.

President.—It is more than I can allow. Look at your figures. The maximum is 12½ lbs. during the last five years and the minimum is 11½ and you have given me here 14 lbs. That means, these figures require to be revised if you have not taken into consideration pierced cocoons and other things.

Mr. Psychaud.—The figures on the other side are correct.

President.—This figure is wrong.

Mr. Psychaud.—There is a slight difference.

President.—½ lbs. is not a small difference. It is a big difference.

There is only one point and, i.e., depreciation which shows a difference between Kashmir and Jammu. If you look at the figure for depreciation in the case of Jammu (see page 20) it is about Rs. 2,000.

Mr. Wazir.—Yes.

President.—And the production is 38,700 lbs. of silk.

Mr. Wazir.—Yes.

President.—Whereas the production in Kashmir is 165,000 lbs. and the depreciation is Rs. 30,000. That requires some explanation.

Mr. Wazir.—This Rs. 2,000 which has been given is an approximate figure for the whole Department in Jammu because the balance sheet was not out. This approximate figure in fact happens to be lower than the depreciation charge actually debited by the Accountant General. The balance sheet was issued very late.

President.—What is the figure?

Mr. Wazir.—With regard to Jammu Circle—

	Rs.
Depreciation on buildings	3,985
Depreciation on machinery	2,004

President.—The total is nearly Rs. 6,000.

Mr. Wazir.—Yes.

President.—As against Rs. 2,000 given by you?

Mr. Wazir.—Half has to be charged to rearing and half to reeling.

President.—Let us take reeling. I think it is Rs. 2,000 less.

Mr. Wazir.—Yes. If we have at all erred we have erred on a side which is unfavourable to us.

President.—I am sorry I cannot agree with you. Kashmir figures are very high. Let us not generalise.

Mr. Wazir.—For 1933-34 the figures that I gave correspond to actuals. As regards the other years:—

	Rs.
1934-35—	
Depreciation on buildings	3,640
Depreciation on machinery	1,883
1935-36—	
Depreciation on buildings	3,824
Depreciation on machinery	1,706
1936-37—	
Depreciation on buildings	3,759
Depreciation on machinery	1,814

President.—Tell me (in what capital this has been calculated. See page 24 of your replies. These figures must be based on something. With regard to capital expenditure, the value of buildings is given as Rs. 71,482. If you calculate at 5 per cent. it will come to about Rs. 3,500 as against Rs. 3,900 calculated by you.

Mr. Wazir.—Out of that repairs have to be deducted. They deduct the amount spent on repairs and charge the net amount.

President.—“Repairs” is shown separately.

Mr. Wazir.—Not so far as Jammu is concerned.

President.—I do not know whether any figure for contingencies has been included.

Mr. Wazir.—No.

President.—Let us take your machinery figure. The figure for machinery given here is Rs. 16,000. 10 per cent. on that comes to Rs. 1,600 whereas your figure is Rs. 2,300.

Mr. Wazir.—We have divided that between rearing and reeling in the proportion of fifty—fifty.

President.—I am taking your revised figures. For the year 1933-34 it comes to Rs. 1,600.

Mr. Wazir.—The amount spent on repairs has to be deducted. The repairs figure given is for both buildings and machinery.

President.—Rs. 400 you require for repairs to buildings and Rs. 700 you require for repairs to machinery. That means every year the repairs bill is Rs. 1,100.

Mr. Wazir.—Something like that. I can give you exact figures if you want. In 1933-34 Rs. 1,289 was actually spent on repairs.

President.—On buildings and machinery together?

Mr. Wazir.—Yes.

President.—What is the repair charge given for Kashmir?

Mr. Peychaud.—My repair charges are about Rs. 8,000 a year. In 1936-37 it was Rs. 9,215.

President.—If you add Rs. 103, it means Rs. 9,400.

Mr. Peychaud.—Yes.

President.—If you take Rs. 9,400 on a production of 1,65,000 lbs. and see the incidence of Rs. 1,200 on 38,000 lbs., your incidence is very high.

Mr. Peychaud.—I have very strong reasons for that. I have an Italian machinery, which is a very good one and produces a lot of silk. Parts have started wearing out and we have had to replace a large number of parts. Last year the cogwheels have had to be changed. They are very expensive.

President.—The average is about Rs. 6,000.

Mr. Peychaud.—In previous years it was less than that.

President.—The average will be Rs. 6,000 during the last 5 years.

Mr. Peychaud.—It comes to that.

President.—Will this figure continue?

Mr. Peychaud.—It will continue for one more year and then it will become less.

President.—So, the average of Rs. 6,000 will be right.

Mr. Peychaud.—Yes.

President.—One more figure I want to check and that is with regard to seeds. Where do you show the issue of seeds?

Mr. Peychaud.—For which year do you want?

President.—Give me for 1936-37.

Mr. Peychaud.—38,045 ounces.

President.—One ounce of seed has produced 68 lbs. of cocoons.

Mr. Peychaud.—Yes.

President.—You have said that there is a loss of 40 per cent.

Mr. Peychaud.—I value it at that.

President.—Apart from valuation, I want to know what is the percentage. Is it 30 per cent. in the case of Jammu and 40 per cent. in the case of Kashmir?

Mr. Peychaud.—Yes. That is why Jammu gives you better results.

President.—I want to work out these figures.

Mr. Wazir.—It is an estimate for Kashmir.

President.—Could you give exact figures of losses?

Mr. Wazir.—If you want to know the ideal that is possible.

President.—I want to know the present position. I think that 40 per cent. loss is on the high side and I want to satisfy myself whether it is correct. Five years ago the representatives of the Kashmir Government gave me to understand that it was only 20 to 30 per cent.

Mr. Peychaud.—It depends upon what is taken as the basis.

President.—I want to know what is your basis.

Mr. Peychaud.—50 to 60 per cent. yield would be a good result.

President.—That is not a good result. Mr. Wazir has given a production of practically 90 lbs.

Mr. Wazir.—That is 45 seers.

President.—That is more than 60 per cent.

Mr. Wazir.—You can take anything.

President.—I want actual figures. On what calculation have you based your production?

Mr. Peychaud.—I allow 110 lbs. when I say the loss is 40 per cent.

President.—If you get 110 lbs. your cost will be substantially reduced.

Mr. Peychaud.—Yes, certainly.

President.—Let us take the question of mulberry. I am not satisfied with the statement given by you with regard to 8 annas as the cost for leaf required per pound of silk. A representative of the Punjab Government appeared before the Board yesterday and he gave us to understand that the cost of leaf for an ounce of seed is 8 annas. That comes to 1 pie per lb. of leaves.

Mr. Peychaud.—Is that the actual expense incurred by Government on mulberry leaf?

President.—Yes, and it is very much less in the case of a private rearer. A private rearer also appeared before us yesterday who is also rearing univoltine worms and he has also his own trees, and his idea is about 25 trees for an ounce of seed. That tallies with the figure you have given me as the figure for an average number of trees to an acre, and he says the distance between two trees is about 10 feet apart with 90 trees to an acre.

Mr. Peychaud.—That is absolutely wrong. Anybody who has seen mulberry plantation know that it is a huge thing.

President.—How many trees do you grow to an acre?

Mr. Peychaud.—64 trees, 25 feet apart.

President.—You will have to revise your figures with regard to mulberry. Have you been able to prepare any figures for waste silk?

Mr. Peychaud.—We have not done that yet.

President.—Have you got any other information?

Mr. Wazir.—I have got some information with regard to the price of cocoons in 1936-37. The price of cocoons alone paid to the rearers amounts to Rs. 67,897-7.

President.—That is based on a fixed price?

Mr. Wazir.—Yes, because there is no variation of price as between one rearer and another.

President.—I want to ask you a question with regard to the evenness and winding quality of your silk. We were told on the last occasion that as far as Kashmir silk was concerned it was very good with regard to tenacity and elasticity.

Mr. Peychaud.—Yes.

President.—With regard to winding quality and evenness it is not very good.

Mr. Peychaud.—Winding quality is very good.

President.—I will show you a statement made on the last occasion and I want to know what the position is today. "We are told that the Indian silk is better so far as tenacity and elasticity is concerned but as regards uniformity and winding quality we have been definitely told that these are lacking in Indian silk".

Mr. Wazir.—It is correct but incomplete.

President.—One point was mentioned yesterday that there is a tendency not to remove the gum or sometimes to add more gum in Indian silk in order that it may weigh more, as the business is done on a pound basis and it is very difficult to untie the knot and remove the gum.

Mr. Wazir.—What we think is that the complaint of some of the Indian dealers relates to gum-tack-marks, that is the hardening which takes place at the points at which the silk touches the reel. In the course of reeling the silk is wet as it is coming out of the water basin. There is the reel having 6 Kamries, i.e., the points at which the silk touches the reel. At the same time steam is going on in the encasing and as it dries up the silk gum sticks at the reel points. That leaves what is known as gum-tack-marks.

President.—Have you tried to get it rectified?

Mr. Wazir.—In the case of Neel and Lotus it is automatically solved because we open the skeins thread by thread after reeling.

President.—What about the others?

Mr. Psychaud.—We can easily do it if only the buyer of silk pays us a little more for the extra labour involved.

President.—What will it cost you to get rid of the gum-tack-marks?

Mr. Psychaud.—I don't think it would more than an anna or two per pound.

Mr. Anklesaria.—How do you fix the quality of silk?

Mr. Psychaud.—We fix the quality of silk according to the quality of cocoons from which they are reeled and the condition of reeling.

President.—Look at page 43 of your replies. You have shown profit and losses. The Board would like to have copies of Balance Sheets in order to judge them.

Mr. Psychaud.—We will supply them with the greatest pleasure.

President.—Could you let us have them for the last ten years?

Mr. Psychaud.—Yes.

President.—The reason why I want is this. If it is run on business lines and if the profit is made, generally that profit by a businessman is divided amongst the shareholders and a reserve fund created of the balance if any. As there are no shareholders and no reserve fund the profit that has been made in previous years has been taken over by Government for revenue purposes. In a business concern this is accumulated for bad years. You have lowered the price of cocoons simply because you are making losses for the last five years but you have not taken into consideration the profit that you have made in good times.

Mr. Psychaud.—I quite realise that if there had been a reserve fund the losses might have been made up. This question was taken up by the Revenue Minister and he wanted to have a reserve fund. The matter is still under consideration; no conclusion has been arrived at.

President.—I am unable to proceed with regard to the cost per pound of silk because of the allocations. You have given the number of men employed in the reeling branch. Will you separate it? You have got reeling and baling together (page 21, question 29). I think in answer to question 1 you have given the number of reelers, sorters, etc., in Kashmir as 1,607 when you have got 834 basins working. I find that is on the low side.

Mr. Psychaud.—It is not on the low side.

President.—I want the details. I am told generally you require one reeler for one basin, half cooker for one basin, $\frac{1}{4}$ th knotter for one basin, $\frac{1}{4}$ th examiner for one basin and $\frac{1}{4}$ th skein maker for one basin. I want you to give the details of the labour employed and separate the 1,607 under various heads.

Mr. Poychand.—Yes.

Mr. Wazir.—With regard to Jammu I can give you the figures of labour. The figure is Rs. 33,130 for reeling and baling together. This is composed of labour wage Rs. 29,837; that is the wage paid to the average labour made up of 202 people and the balance is Rs. 3,292, that is the charge incurred on purchasing water, electric power and baling material.

President.—Have you given me separate figures for the 202 men?

Mr. Wazir.—I will give you.

President.—Now I come to the question of protection. Have you thought over the point which I mentioned yesterday?

Mr. Wazir.—As best as I could. The fact of the matter is this: we have to see how to safeguard against manipulation.

President.—Overvaluation of invoices.

Mr. Wazir.—The risk of manipulation is there in every case. I have no cut and dried scheme.

President.—I have got one or two suggestions which I want to discuss with you with regard to this matter. One suggestion is that as the qualities of silk are well known in the market and known to the Customs Authorities, it will be difficult for the people to overvalue the invoice without being detected. I will tell you one example. Take waste product or dupion silk. In order to overvalue it, they will have to pass it off as filature or re-reeled silk. I say that that is not a possibility, because the filature silk can be distinguished from the dupion re-reeled native reeled or waste product. If a man puts down the invoice value as Rs. 4 instead of Rs. 1-10, then he will be at once told that that is not filature silk and that he must pay the higher duty. The second point is that every day in Bombay we get quotations from China and Japan as to the prices ruling in those countries with regard to the different kinds of silk.

Mr. Wazir.—Spot prices are available of Yokohama, Shanghai and Canton. The Customs Department can easily maintain a record of the prices varying from day to day. Those prices they could check with the rate given in the invoices. If it comes to that, there is another check available and that is the selling rate in the market.

President.—Selling rate must deduct the duty and the charges.

Mr. Wazir.—Some idea can be formed whether the prices are inflated or not.

President.—Suppose we are two merchants. You have today's price and I might have 5 days later price. The depreciation of exchange may be there. The subsidy may be there. The difference of the specific duty may be there. So, that can be no guide.

Mr. Wazir.—The best guide then will be to adopt the spot prices from the country of origin.

President.—If we get the price in yens or dollars, then we will have to convert it into rupees.

Mr. Wazir.—There is this consideration to be borne in mind. It is not only to India that Chinese and Japanese goods are exported. Exports from China and Japan to India form only a small fraction of the total exports of China and Japan to other countries of the world. The prices are there. The manipulation cannot be possible in the case of home markets and in the case of all countries.

President.—Is there any other point that you can think off?

Mr. Wazir.—I thought over that and came to the conclusion that that was the only remedy.

President.—Take the last question, page 45, with regard to the reduction in costs. You have shown it for Jammu.

Mr. Wazir.—We have taken this as an instance.

President.—I am not able to follow it.

Mr. Wazir.—The statement showing the reduction possible in Jammu on the basis of various scales of operation, not involving very large extension over the present scale, has been given. The object of giving these figures is only to show that if we are in a position to extend our operations which of course depends upon our goods finding a suitable outlet, we can effect a reduction in the cost of production.

President.—What steps you propose to take with regard to the shortage of cocoons which is a very serious proposition?

Mr. Wazir.—We propose to extend the operations.

President.—Today you are not working to your full capacity.

Mr. Wazir.—We are not working because of the adverse conditions of the market.

President.—If you work to your full capacity, your cost automatically will be less.

Mr. Wazir.—That can be possible only if there is a demand for the soed from the rearers. At the price we are paying them, there can't be a demand. If we can increase the price of cocoons, the rearing will be extended.

President.—Are they disinclined to rear?

Mr. Pychaud.—They are keen, because they are very poor. They would like more money and then they would give more attention to it. If we incur a heavy loss and if we give less price for cocoons, they won't give proper attention to it.

President.—At present they are rearing, because they are being persuaded to do so.

Mr. Pychaud.—They do it as a matter of course. We have told them: "We are paying you a low price. We can't help it" and they continue rearing.

Mr. Anklesaria.—That would be called sweated labour.

Mr. Pychaud.—I do not know.

President.—I do not know whether you know that labour in Fiji Island is called sweated labour.

Mr. Wazir.—What is that?

President.—That means you are paying a ridiculously low price.

Mr. Anklesaria.—The labourer has got to work whether you pay him Rs. 5 or Rs. 10, and he works.

Mr. Wazir.—I understand from your "sweated labour" then he is made to work at an uneconomic rate. That would be called sweated labour.

Mr. Anklesaria.—Suppose a poor man is starving and the ordinary wage is 4 annas. You know the necessities of the man and if you offer him only 2 annas, he will either accept two annas or go and starve. That is what is called sweating.

Mr. Wazir.—If he has 4 annas available to him elsewhere, he will never take to Sericulture.

Mr. Anklesaria.—He cannot go out of the country to get 4 annas.

Mr. Wazir.—He is free and can go out.

Mr. Anklesaria.—The economic necessities account for that compulsion. You don't directly compel him.

Mr. Wazir.—Economic necessities apply to all kinds of labour. He takes to sericulture, because he finds it economically profitable to him.

Mr. Anklesaria.—You yourself say that it is not profitable. 4

Mr. Wazir.—Compared to other occupations. If another occupation were available to him, he would not take to sericulture. Since he has not got that, he takes to it.

Mr. Anklesaria.—He is too poor.

Mr. Wazir.—The question of trees is not there as in Mysore. There the trees are scattered.

Mr. Anklesaria.—As at present advised, personally speaking I think your labour does come within the terms of sweated labour. You must give us more information.

Mr. Wazir.—If you ask me for more information, I can give it.

Mr. Psychaud.—Our filature labour is not sweated.

President.—It is starving. Please take page 21 and take the average of 5 years and see how many days your reelers starve.

Mr. Wazir.—In 1889-90 the factory worked for 225 days as compared with 319 days previously.

President.—Will that tally with 1932-33?

Mr. Wazir.—Yes.

President.—How many days did you work?

Mr. Psychaud.—225 days.

President.—But you have told me that you are producing on an average 1,000 lbs.

Mr. Psychaud.—Roughly.

President.—You are producing only 206,000 lbs.

Mr. Psychaud.—About 1,000 lbs. a day. There is not much difference.

President.—It comes to 225,000 whereas you have produced 206,000.

Mr. Psychaud.—We have different qualities of cocoons and some men turn out less than others.

President.—Every time I ask you, you give me a different explanation. You definitely told me that 1,000 lbs. would be an average. I don't get 1,000 lbs. from your statement. The difference is great. I am taking the actual production. You might work 100 days. I want the actual figures.

Mr. Psychaud.—If you want the exact figures, I can give you.

President.—For how many days did you work?

Mr. Psychaud.—In the year 1933-34 the factory worked for 233 days; 1934-35—213 days; in 1935-36—231 days and in 1936-37—200 days.

President.—In 1936-37 you have produced 785 lbs. a day instead of 1,000 lbs. That cannot be an approximate figure. For Jammu we have taken an average of 300 days.

Mr. Wazir.—In fact if it is necessary, we can work even more than 300 days.

Mr. Anklesaria.—For how many hours do you work?

Mr. Wazir.—9 hours for 10 months of the year and 7 hours a day for 2 months.

Mr. Anklesaria.—In Kashmir?

Mr. Psychaud.—In Kashmir 7 hours in winter, 8 hours in the spring and summer. At present we are troubled, because the filature is not complete.

President.—If I take the average production as 1,000 lbs. per day, I get the quantity of cocoons required according to the figures given by you. From that I find your production is more than what is given. On the other hand if I take the number of days that you have worked and take the average of 1,000 lbs. per day, then I get a figure of one crore 30

lakhs of pound of cocoons which is the figure given by you. That explains the disparity of about 8 lakhs of pounds of cocoons on the basis of one thousand pounds of silk per day, so that those figures of quantity of cocoons reeled have to be revised.

Mr. Pechaud.—Those are quite correct.

Mr. Wazir.—But the average outturn varies. It depends upon the denier (size) that we reel.

President.—About 1,000 lbs. per day. That is the average given to me by Mr. Pechaud.

Mr. Pechaud.—I have got my balance sheets here, but unfortunately instead of weight of cocoons given at the close of the year, the value of cocoons is given.

President.—Tell me about the prices. Neel fetches the same price as lotus.

Mr. Wazir.—Not always.

President.—I want to know the difference between the two with regard to prices.

Mr. Wazir.—We have no fixed prices.

President.—You have got three qualities. I am taking the prices realised as given on page 30. The statement gives the average for the whole production. I want to get separate figures to see what the difference is with regard to the different qualities of silk.

Mr. Wazir.—I try to sell Neel at 4 annas above No. 1.

President.—How much below Lotus?

Mr. Wazir.—Comparison with Lotus is not possible. We can take the actual prices at which Lotus has been sold.

President.—What about Tulip?

Mr. Wazir.—2 to 4 annas cheaper than Lotus.

President.—And Saffron?

Mr. Pechaud.—We do not reel Saffron.

President.—Please give me separate figures for various silks. No. 1 quality would be 4 annas less than Neel.

Mr. Wazir.—2 to 4 annas less. The difference between No. II and No. I was much larger before.

President.—Now it would be 2 to 4 annas.

Mr. Wazir.—Yes.

President.—The difference in price between Neel and No. I would be 4 annas.

Mr. Wazir.—Yes, generally.

President.—What is the difference in actual sales with regard to those qualities. You have been selling all these qualities. Take last year.

Mr. Wazir.—About 4 annas. But a situation like this may arise. Last sale was made by Kashmir in June at Rs. 5 per lb. and the quality offered was Lotus. The quantity also was fairly large. Only a fortnight before that I was in the market with my goods and I sold No. I quality, coarse sizes, on a basis of Rs. 5. Mr. Pechaud sold Lotus all sizes at Rs. 5. This is what happened then. But last week I had an enquiry for Neel silk. I quoted first Rs. 6 and then I came down to Rs. 5-10. They said that they could not offer more than Rs. 5-6. I struck the bargain for a small quantity. Thus the Neel silk was sold at Rs. 5-6; in fact information regarding the advance money has just been received. Immediately before my departure however I had an enquiry for another quality, viz., No. I and they accepted Rs. 5-6 quoted by me. The offer has not yet been confirmed—at least I am not aware of it. But I do expect to get Rs. 5-6 per No. I.

President.—Why was Mr. Psychaud so unlucky?

Mr. Wazir.—He came into the market at a very unfortunate time.

Mr. Psychaud.—At a time when nobody would buy. The merchants would not buy and the quantity was big.

President.—Last time it was mentioned that you got better silk by the use of machine brushes.

Mr. Psychaud.—Machine brush has nothing to do with the quality.

President.—What is the object of having them?

Mr. Psychaud.—It saves time. Simply it is more economical. You have to have one cooker for two basins—just the same.

President.—I want to know what is the advantage in having them?

Mr. Psychaud.—I have not found it to be of any great advantage.

Mr. Anklesaria.—Why do you go in for that?

Mr. Psychaud.—I am not putting that up.

President.—Our experience shows that people who come to give evidence are inclined to dissociate themselves with what was said before and when they find themselves in a difficult position they say that it is an under-estimate or an over-estimate or that it is not a correct statement. If you will turn to page 169 of the Oral Evidence Volume, you will find:—

Mr. Botkejo.—It is your definite opinion that in a flature of economic size machine brushes should be used.

Mr. Lal.—Yes. In the existing conditions of India, machine brush will be a boon.

Now Mr. Psychaud says that it is bad, that it adds to the expenditure and that it has nothing to do with quality. I really do not know what to make of it.

Mr. Psychaud.—It is a matter of opinion.

President.—That was the opinion given by the former Director of Sericulture of Kashmir.

Mr. Psychaud.—I am building a flature now and I am not putting down machine brushes.

Mr. Anklesaria.—You will admit that one of the objects of protection is to make our country self-sufficient.

Mr. Wazir.—Yes.

Mr. Anklesaria.—Now you are entirely dependent on foreign countries for your seed.

Mr. Wazir.—That is not a fact. We are not entirely dependent on foreign countries. Taking both the provinces together, we are ourselves producing a substantial proportion of seed required by us.

Mr. Anklesaria.—Are you largely dependent for your seed upon foreign countries?

Mr. Wazir.—The figures are there for you to judge from.

Mr. Anklesaria.—I am not criticising.

Mr. Wazir.—It is not a case of criticising us. We take it as you mean. The figures of local production of seed are there before you and it is possible to increase the local production of seed.

Mr. Anklesaria.—Would you be able to do away with the necessity of importing seed within a reasonable time.

Mr. Wazir.—To a very large extent.

Mr. Psychaud.—This year I have obtained Government sanction to increase the local seed production in Kashmir to 35,000 ounces as against 20,000 ozs. before. This year on my own I have increased to 23,000 ozs.

President.—Out of the total production of 40,000 ozs.

Mr. Psychaud.—Yes.

Mr. Anklesaria.—You have made considerable progress.

Mr. Wazir.—Yes.

Mr. Anklesaria.—Will you be self sufficient within a reasonable time?

Mr. Wazir.—Yes.

Mr. Psychaud.—Because it is not safe to depend upon foreign countries for seed.

Mr. Anklesaria.—Was there not an indigenous race of silkworms in Kashmir?

Mr. Psychaud.—There is a race of wild worms in Kashmir but there are so few of them.

Mr. Anklesaria.—From my reading I have come to know that there was an indigenous race and the silk produced from that indigenous race was as good as any produced from imported worms.

Mr. Wazir.—That might have been so a long time ago. Later on the sericultural industry had almost died out and then it was revived.

President.—The industry almost went out of existence and then it was revived.

Mr. Anklesaria.—Could you not revive the indigenous race?

Mr. Psychaud.—The races that we have got are first class races and they do very well in Kashmir.

Mr. Anklesaria.—The silk produced from the indigenous race and sent to Europe was found to be as good as the silk produced from the European race.

Mr. Psychaud.—I have not been able to find the indigenous race. I have not seen them though I have been in the country for 25 years. My father who was here before that was not also aware of the existence of that race.

President.—Have you got any other point to place before the Board?

Mr. Psychaud.—No.

(5) Evidence of Mr. R. C. KAK, Chief Secretary, His Highness' Government, Jammu and Kashmir, recorded at Srinagar on Monday, the 31st October, 1938.

President.—Mr. Kak, you are the Chief Secretary to the Government of His Highness the Maharaja of Jammu and Kashmir.

Mr. Kak.—Yes.

President.—I take it that you have already been apprised of the reason why we have troubled you this afternoon.

Mr. Kak.—I have been given a letter which tells me that you want to ask me some questions about (1) the Customs procedure in general followed in the State, (2) Customs duties levied on imports into the State of raw silk and silk manufactures from British India and foreign countries, (3) Yarkandi silk imported into the State, and (4) figures of imports of Yarkandi silk into British India for the last five years through the State and the procedure followed at Customs ports in regard to this.

President.—And some others that might arise during the course of our discussion.

Mr. Kak.—Yes, I shall answer them to the best of my knowledge which I am afraid is not quite up to date.

President.—Unless the procedure has changed since you left the Customs office you would be in a position to give us information.

Mr. Kak.—Yes, generally speaking; and my friend Mr. Pahal Haq will be able to give you up to date information regarding tariff.

President.—Is he in Customs?

Mr. Kak.—He is one of our junior officers corresponding to the rank of Assistant Collector of Customs in British India.

President.—The point that I would like to ask is about the duties on Yarkandi silk. That is rather important for our enquiry because I understand that it is entering into British India without any duty, either Kashmir or British Indian?

Mr. Kak.—That is so.

President.—Then the position is that the Yarkandi silk is allowed to pass through your territory if it is meant for consumption in British India, without any duty whatsoever.

Mr. Kak.—That is so.

President.—From the figures given by your Government I find that out of the total production of raw silk in the State, only about 10 per cent. is consumed locally.

Mr. Kak.—I am not quite familiar with the question of production of silk in the State.

President.—I am giving you the figures that we have received from your Government, practically 90 per cent. of your production is sent to British India. If the industry in Kashmir requires protection, it requires protection against all imported silk and one does not understand how the Kashmir Government themselves become a party to this sort of competition by allowing Yarkandi silk to British India without duty.

Mr. Kak.—We do not send it. We shall certainly be pleased to collect any duty on behalf of the Government of India if they want us to do so. But so far as we are concerned, the question of imposition of a duty on Yarkandi silk or Central Asian silk as we comprehensively call it, is primarily one which the Government of India must themselves consider. As far as we are concerned, on this class of silk which is imported into and consumed in Kashmir and Jammu, we impose the usual duty.

President.—That we know.

Mr. Kak.—As far as the consumption in British India is concerned, we have nothing to say. If you move the Government of India to impose a duty, we certainly will not object provided that duty is collected in a manner which will be acceptable to us. If they collect the duty in British India, that is a different matter. But if they want us to collect the duty which is the more feasible way, we shall do so for them.

Mr. Houghton.—Does this silk come into Kashmir free of duty?

Mr. Kak.—The procedure is this. All Central Asian goods which pass through the State (as they call it in Custom "the goods are in transit") pass free of duty. To the extent they are consumed in the State, whatever they are, they are subject to our schedule of Customs. But in case they are nearly transit through the State, the Government of His Highness have nothing to say or do one way or the other.

President.—Is it not a fact that this is due to some treaty agreement between His Highness' Government and the Government of India?

Mr. Kak.—That is a very much more comprehensive question than what you mention or are concerned with at the present moment.

President.—I am confining myself to the question of silk. If silk comes to Kashmir in bond through British India, it does not pay the duty in British India but pays the duty in your State. Similarly if goods pass in transit through Kashmir, they do not pay any duty in Kashmir but enter British India free of duty unless the British Government impose any duty.

Mr. Kak.—Where else they are not charged any duty.

President.—The difference is that in one case, duty is charged and in the other no duty is charged at all.

Mr. Kak.—So, the difference being that, the question is one fundamentally of British Indian concern.

Mr. Houghton.—Can you give the figures of the quantity that passes through without duty?

Mr. Kak.—Yes, to the extent to which it is possible. There is a good deal of smuggling going on under the present system. We are trying to prevent that and I think we shall succeed. But so far the arrangement has been defective and a good deal of silk comes in without paying our duty.

Mr. Houghton.—It comes here under the pretence of going through but stays on.

Mr. Kak.—From our frontier districts, consignments are sent by post. When goods are sent by post from one post office to another in the State, no duty is payable. The merchants send goods in parcels weighing up to 5 seers by post and thus escape our duty. I find from the figures which have been supplied to me to-day that during the last three years we are supposed not to have consumed any Yarkand silk whatsoever in the State. The Statement shows *nil, nil, nil* for three years.

President.—That is the position during the last three years.

Mr. Kak.—Only two seers of silk are shown to have been consumed in 1935-36, nothing at all in 1936-37 and 15 seers of silk in 1937-38.

President.—Are the accounts ready for 1937-38?

Mr. Kak.—Yes.

Mr. Houghton.—What is the amount supposed to have passed through this year?

Mr. Kak.—For the corresponding three years the figures are 1,277 maunds, 1,247 maunds and 850 maunds.

President.—Is this all raw silk?

Mr. Kak.—Yes. There are figures for manufactured silk also—

Raw silk.	Manufactured silk.
Mds.	Mds.
1,277	48
1,247	43
860	18

I have left out seers and chittaks.

Mr. Anklasaria.—What is the rate of duty you charge on Yarkand silk?

Mr. Kak.—The rate of duty varies in the same way as in British India but for purposes of assessment of duty we have got a separate tariff valuation which we can supply you if you want. Our tariff valuation for raw silk and silk cloth is two annas per tola. The figures I have given you refer to the quantities which passed through.

President.—Over and above that these will be local.

Mr. Kak.—Yes.

Mr. Boughton.—Some of this stuff comes in bond and does not go out.

Mr. Kak.—We don't call it "in bond". In our frontier districts, before the goods enter the taxable area of the State, they are split up into small parcels and sent by post to the taxable areas. We have not so far been able to conclude an agreement with the postal authorities with regard to this particular matter. But now we have made a reference and I believe they will agree to an arrangement in future by which the goods which are posted in one particular post office in the State for being sent to another post office will also be listed and the list supplied to us so that if we find it necessary or if the goods are dutiable, we can levy duty, this is the practice in vogue with regard to inland parcels for Kashmir State. If you post a parcel in Bombay for delivery in Srinagar, it is delivered here, but the Customs Department is supplied with a list by the post office in which the parcel is entered and we collect the duty. We propose that this arrangement should be started in respect of post offices within the State also.

President.—Silk manufactures means silk goods.

Mr. Kak.—I think you are referring particularly to Yarkand silk.

President.—Yes.

Mr. Kak.—I have got some samples with me which if you want I can show you to give you an idea of the sort of goods that are coming in. (Samples shown.)

President.—What is the position with regard to the duties in Kashmir? All the articles which are protected at present, viz., silk yarn, spun silk and raw silk, etc., pay the same duty as in British India.

Mr. Kak.—Yes.

President.—The only other point that I wanted to discuss with you is this. We are told that if silk or silk goods are imported into Kashmir State and if they are not in bond, they have to pay double duty.

Mr. Kak.—Not double duty. They pay the same rate of duty as the goods coming in bond.

President.—They must also pay duty in British India.

Mr. Kak.—Yes, if they are foreign goods.

President.—Foreign goods pay double duty, in a sense, in Kashmir.

Mr. Kak.—Yes.

President.—What is the position of goods manufactured in India if they enter the Kashmir territory?

Mr. Kak.—The position is different for different commodities.

President.—I am concerned with raw silk at the moment. Suppose Mysore silk comes into Kashmir, what duty will it pay?

Mr. Kak.—The usual duty.

President.—25 per cent. *plus* 14 annas per lb.?

Mr. Kak.—Yes.

President.—If Kashmir silk goes to Mysore, it does not pay any duty. But if Mysore silk comes to Kashmir, it pays 25 per cent. *plus* 14 annas per lb.

Mr. Kak.—That is the present position.

President.—It looks rather very peculiar.

Mr. Kak.—That is a question of policy.

President.—If the Kashmir Government come before the Tariff Board for protecting the Kashmir silk industry, it is the duty of the Board to know what the position of the Indian silk industry will be *vis à vis* Kashmir because whatever protection we give it is for the whole of India.

Mr. Kak.—That is a legitimate question to be put to the Kashmir Government.

President.—That is the reason why I have asked you that question. When we protect the whole industry, we protect everything that is manufactured in the whole of India, Kashmir being included in that.

Mr. Kak.—That is so.

President.—If Kashmir is allowed to send goods under a protective scheme to places in British India

Mr. Kak.—What do you mean by a protective scheme?

President.—The protective scheme is not to allow foreign goods into India without payment of the duty which is known as protective duty.

Mr. Kak.—Yes.

President.—The object of protection is to industrialise the country and help the country in such a way that it will be able to meet all her requirements in course of time.

Mr. Kak.—To give reply to a question like this off hand is very difficult. For instance anybody who has to deal with that question will have to consider whether the protection that we receive provides an adequate *quid pro quo* for what we may lose otherwise. If as a result of that examination we find that it is advisable for us to fall in line, I dare say that the Kashmir Government will not be so obstinate as to refuse to fall in line. But this is a question which has to be examined with reference to statistics both of exports and of imports and the financial effect of any modification of the present position on our revenues. That being so I cannot off hand give a reply.

President.—I quite understand that position. But I think you will agree that the question is very important. We are not concerned with the present policy or the financial needs of the Kashmir Government. What we are really concerned is the treatment accorded to Indian silk when it enters your territory especially when an industry is a protected one.

Mr. Kak.—True.

President.—If it is so then the Kashmir Government must make up its mind about the future treatment of Indian goods if the Tariff Board recommends that the industry should be protected.

Mr. Kak.—The only hindrance that I am pointing out is: what the Kashmir Government will have to pay for the benefit that it will receive. If it finds that the benefit is greater than the cost involved, I don't see why the Kashmir Government should refuse to consider it.

President.—What would you consider as adequate?

Mr. Kak.—I am afraid I am not in a position to say. I do not know the position with regard to the silk factory or the silk industry either here or in India. That is not my job. When the question is referred to the Kashmir Government, they will have to consider

it in all its aspects. I can only give you a reply with reference to Customs.

President.—Could you kindly send me a note on the subject?

Mr. Kak.—Mr. Wasir could do so. Suppose we get protection to the extent of Rs. 1-14 or roughly Rs. 2 per lb. and our gain in the price of silk is say Rs. 4 lakhs. If on the other hand we are asked to do away with duties which give us a return of Rs. 8 lakhs, naturally it will be difficult for us to agree.

Mr. Anklesaria.—I take it that you are not prepared to answer any questions concerning the policy of your Government.

Mr. Kak.—That is generally true, but to the extent to which it is possible for me to answer any question, I will answer it even if it is a question of policy.

Mr. Roughton.—Even if it is admitted free, very little Mysore silk will come in.

Mr. Kak.—Quite.

President.—You have already supplied us with figures for the last five years. I suppose the figure that you have given us, viz., 1,277 maunds is only for raw silk.

Mr. Kak.—Yes. We have two heads, viz., raw silk and manufactured silk.

President.—Do you keep any statistics of silk goods coming through British India in bond?

Mr. Kak.—Yes. We can supply you those figures if you want.

President.—We want to know how much Japanese silk is being imported into your State. If you can give us figures separately for raw silk, spun silk, artificial silk, silk goods and mixtures and staple fibre, it will be helpful.

Mr. Kak.—I am collecting figures for our own purpose and there will be no difficulty in supplying them to you. I rather doubt whether we will be able to give you information regarding all these but whatever is possible to be given we shall give you.

Mr. Roughton.—There are no particular Customs posts on your frontier.

Mr. Kak.—Which frontier?

Mr. Roughton.—On the British frontier?

Mr. Kak.—There are no British Indian Customs ports on that or any other frontier of the State.

Mr. Roughton.—It is not really practicable for British India to put on duties except through you.

Mr. Kak.—That is so. As a matter of fact I remember I raised the point regarding the imposition of British Indian Customs duty on goods imported through the State into British India and it was on this account. What happened was when trouble started in Central Asia—that was in 1938—we found that daily, parcels were being received by post from Ladakh containing solid silver. The Tungan refugees from Central Asia carried all their bullion, treasures on their persons with them and these were sent on here. So far as we were concerned that would not matter, but they sold the silver in the State. So, we referred the question with the Government of India. At that time the suggestion was made with reference to these and other matters that if the Government of India desired to levy duty on Central Asian goods—because the existing arrangement was made in 1870 when conditions were different and it might be necessary now for the Government of India to levy duty on these goods, at least on some of them, and I believe they did subsequently levy duty on some of these Central Asian goods—we would collect the duty on behalf of the Government of India and forward the goods in bond and refund the duty in the same way as the Government of India refund the duty on goods received in Kashmir in hand from overseas.

**(7) Evidence of Messrs. R. PEYCHAUD and T. C. WAZIR,
recorded at Srinagar on Monday, the 31st
October, 1938.**

President.—Gentlemen, you have both been good enough to supply us supplementary answers to the various points raised on the last occasion. Some of them still require to be explained and we would like to ask you a few questions in this connection. In one statement you give different prices of cocoons for Jammu. What do you think would be a reasonable price to pay in order to stimulate the industry?

Mr. Wazir.—I think in the course of the oral evidence at Simla Mr. Peychaud gave you about Rs. 20 as a fair price.

President.—That was the maximum. For how many years were you paying Rs. 20?

Mr. Peychaud.—We paid that for two years, in 1930-31 and 1931-32.

Mr. Wazir.—We were paying Rs. 18-12.

President.—What did you pay last year?

Mr. Peychaud.—Rs. 10-4. First of all we paid Rs. 12-8 and then when we made a profit we paid them another Rs. 8-12 which made a total of Rs. 18-4.

Mr. Anklesaria.—What would be the fair price of cocoons?

Mr. Peychaud.—Taking everything into consideration as it is at present I think Rs. 20 should be a fair price.

Mr. Anklesaria.—When you were giving Rs. 10 before 1929 they were producing cocoons all right?

Mr. Peychaud.—Not as well as they might. Peoples ideas have changed since then. Education has spread; expenses in the villages have increased and children have to be dressed to go to school.

President.—In the cost of cocoons is the cost of mulberry included?

Mr. Wazir.—The price of leaf is probably not included here.

President.—The price of leaf would be an additional expenditure. That has to be added?

Mr. Peychaud.—Yes.

Mr. Wazir.—In the fresh statement we have given for Jammu we have added the value of mulberry leaf supplied free from Government land.

President.—Where is that?

Mr. Wazir.—That is annexure D.

President.—You said it was not included.

Mr. Wazir.—It was not included in the cost of cocoon statement at page 15. You said it would be more proper to do it.

President.—We want the details of this 8 annas for a pound of silk. You remember we discussed it at Simla and I then inquired whether it was 8 annas per ounce of seed or per pound of silk and you then said you would give the information later.

Mr. Wazir.—It will be seen that this 8 annas is uniform for the whole State in 1933. I have looked up my old file for 1933 and I find this is how it has been worked out for both the provinces. We took the average earnings of a rearer from one ounce of seed to be Rs. 20, taking one man's average. In fact it is slightly more in Jammu. We took one mound as the average yield of cocoons per ounce of seed and that will be worth Rs. 20. The cost of leaf—taking cost of leaf as forming 50 per cent. of the total cost of cocoons—comes to Rs. 10. The average yield of silk obtained from 60 lbs. of cocoons was roughly 5 lbs. the cost of leaf per pound of silk therefore comes to Rs. 2. Then we have taken the estimated

proportion of leaf supplied free from Government land for rearing purposes as 25 per cent. The cost of that comes to 8 annas. This was in 1933, and this was adopted this year also. We have had a census of mulberry trees taken last year, the result of which alters the situation a little because we find that instead of 25 per cent. trees coming from Government land, it is only about $\frac{1}{4}$ th.

Mr. Psychaud.—How that has occurred is that since 1933 Government have given over to the zamindars certain lands which were Government lands before and thus we have lost a good proportion of trees that we previously owned.

President.—Apart from that my point is this that the figures which Mr. Wazir read out just now are figures which have been worked backwards but I want to work forward. This is a negative way of doing it; I want the positive way. How does Government justify that it costs them 8 annas for a pound of silk?

Mr. Roughton.—Is your position this, that owing to the fact that all your expenditure on mulberry plantation is lumped together it is really impossible to differentiate between the cost of leaf supplied to the cultivators and the cost of supplying new trees for further development?

Mr. Wazir.—It certainly is very difficult. Another difficulty is that a zamindar who takes to silkworm rearing does not necessarily provide his own leaf. There is a law which provides that he can take leaf free from other people.

President.—You have supplied with figures showing how many trees on an average they have got to destroy every year. Do you give permission to the zamindars every year to destroy a certain number of trees.

Mr. Psychaud.—Not destroy. When the tree dies naturally the tree is out, and is removed by the zamindars.

President.—Substitution would be a different thing. This is normal depreciation if we may so call it.

Mr. Wazir.—That is natural wastage which is taking place over year.

President.—That has got to be substituted by new trees. I want to know what additional expenditure Government have to incur for the replacement by new trees?

Mr. Psychaud.—That is the expenditure incurred on mulberry culture.

Mr. Anklesaria.—Your expenditure is mostly concerned with expansion?

Mr. Psychaud.—And replacement.

President.—What is the total number of trees you have got?

Mr. Psychaud.—About 12 lakhs.

President.—Shall we say 30,000 to 40,000 every year?

Mr. Psychaud.—No. We will give you how much mulberry wood we collect in a year: that is about 20,000 maunds which is brought to the factory as fuel. That would account for about 1,000 trees. In addition to that we give permission to people on whose land the trees stand, if a tree dies, to use the wood. So far as that goes I can collect figures and give you the figure.

Mr. Anklesaria.—Would it be about the same as the quantity of wood used in the factory?

Mr. Psychaud.—I can't tell you. It won't be more than 1,000 trees.

Mr. Anklesaria.—At the most you have to replace about 2,000 trees.

Mr. Psychaud.—Yes.

Mr. Anklesaria.—And your expansion comes to 80,000 trees?

Mr. Psychaud.—Allowing for decay it will be about 50,000 every year.

Mr. Anklesaria.—In that 50,000 you have got 2,000 to be replaced; that means 48,000, so your expenditure should be divided between these two categories.

Mr. Roughton.—Your future expansion is being partly financed out of the present revenue?

Mr. Psychaud.—Yes.

President.—How much would that be? Suppose there was no expansion by how much would the expenditure be reduced?

Mr. Psychaud.—It would cost us very little. To produce a tree it costs us about 4 annas.

Mr. Roughton.—There are some questions I want to put to you about interest. In the information which you have just supplied you have put interest on fixed capital. That is what you would call the block capital of your concern?

Mr. Psychaud.—Yes.

Mr. Roughton.—How is it that the block capital decreases by such a very large amount every year? In one year it is Rs. 20 lakhs, next year Rs. 18 lakhs and in the following year Rs. 14 lakhs. These figures have been borne out by the balance sheets. The items in those balance sheets which I do not understand are those which show the amounts withdrawn by the Government during the year.

Mr. Wazir.—We will give you a detailed note on the method of working in consultation with the Accountant General.

Mr. Roughton.—As regards pension charges I suppose you charge a fixed proportion of the pay in the same way as they do in other parts of India?

Mr. Wazir.—Yes.

Mr. Psychaud.—The local weaver has the advantage of buying his raw material from the factory at wholesale prices even if he buys one pound of silk. That has enabled him to exist all these years.

Mr. Roughton.—The figure of 20,000 in 1934-35 as against 5,000 and 12,000 in the following years, are they correct?

Mr. Psychaud.—That was the year when we reduced the price and sold at Rs. 3-12 and that accounted for the high consumption.

(8) Evidence of Mr. M. G. KOTIBHASKAR, Director of Industries, Jammu and Kashmir, recorded at Srinagar on Monday, the 31st October, 1938.

President.—Mr. Kotibhaskar, you are Director of Industries, Jammu and Kashmir.

Mr. Kotibhaskar.—Yes.

President.—The replies that you have given to us apply to both the provinces.

Mr. Kotibhaskar.—Yes, but the survey that we made refers to Kashmir only because the silk weaving industry does not exist very much in the Jammu province.

President.—You have given the total number of handlooms in the State.

Mr. Kotibhaskar.—That is for the whole State.

President.—That includes Jammu?

Mr. Kotibhaskar.—Yes.

President.—Out of 46,000, only 1,000 are working on silk.

Mr. Kotibhaskar.—About 1,000.

President.—There is a figure of 15,610.

Mr. Kotibhaskar.—That is the number of handlooms working on cotton. The rest is on wool.

President.—You say that silk yarn is obtained from the Government Silk Factory. What exactly do you mean? They do not manufacture yarn.

Mr. Kotibhaskar.—They re-reel it and call it yarn. It is not yarn in the sense that it is spun.

President.—It is only raw silk that is obtained from the factory.

Mr. Kotibhaskar.—Yes.

President.—You have given the price of artificial silk. Is artificial silk being used in Kashmir?

Mr. Kotibhaskar.—In very small quantities.

President.—Where did you get the quotation from?

Mr. Kotibhaskar.—The manufacturers, i.e., the handloom weavers gave us the price.

President.—Are they using it?

Mr. Kotibhaskar.—They say that they use it to the extent of 5 per cent.

President.—The prices seem to be higher.

Mr. Kotibhaskar.—Here they have to pay these prices.

President.—In Bombay and other places, the price is about 12 to 13 annas per lb.

Mr. Kotibhaskar.—Yes.

President.—What extra charges have the importers to incur in Kashmir?

Mr. Kotibhaskar.—Probably this is the maximum price.

President.—How much duty has the importer got to pay?

Mr. Kotibhaskar.—I cannot tell you.

President.—Would you just make enquiries and let us know?

Mr. Kotibhaskar.—Yes.

President.—It seems to me that the price is on the high side because it is a rupee over the Bombay price.

Mr. Boughton.—Do they pay double duty?

Mr. Kotibhaskar.—Yes, if they buy from any place in British India. That might account for the higher price.

President.—You might make enquiries.

Mr. Kotibhaskar.—Yes.

President.—You give the price of Kashmir silk as Rs. 5 to Rs. 6 per lb. Is that the local price?

Mr. Kotibhaskar.—Yes.

President.—Is this the price at which the silk factory sells to the handloom weavers?

Mr. Kotibhaskar.—Yes. The Silk Factory sells even one or two pounds. If a weaver has not got money to pay for this small quantity, he may have to pay a higher price to the middleman as he then buys it through the middleman.

President.—Are you referring to foreign silk?

Mr. Kotibhaskar.—Even local silk. But this differs very rarely. The prices have been up to Rs. 8.

President.—What quality is generally used by the handloom weavers? There are three or four qualities manufactured in Kashmir.

Mr. Kotibhaskar.—They use all the qualities but mostly Lotus Tulip.

President.—During our visit, we have found that the bulk is probably Tulip. We have not seen much of Lotus being used. Would that be a correct statement to make?

Mr. Kotibhaskar.—The silk factory people will be able to tell you that.

President.—How many big factories are there?

Mr. Kotibhaskar.—Do you mean those employing more than 20 people?

President.—Yes.

Mr. Kotibhaskar.—Two or three.

President.—You say that the major portion of the cloth is made in bigger factories.

Mr. Kotibhaskar.—The factory which you saw has got 110 employees. It manufactures more than one-third of the total quantity of finished goods produced.

President.—I take it that no raw silk of Japan is being used.

Mr. Kotibhaskar.—They do not say so but I believe it is used—especially thrown organzine and tram.

Mr. Anklesaria.—What leads you to believe that?

Mr. Kotibhaskar.—One or two are occasionally producing georgettes and crepe de chine and there are no throwing plants which can supply thrown silk.

President.—Are they using any Yarkand silk?

Mr. Kotibhaskar.—Just a little not on the loom but for embroidery purposes. It does not stand on the loom.

President.—Is the quality inferior?

Mr. Kotibhaskar.—Yes.

President.—That is the reason why the quantity imported is so small.

Mr. Kotibhaskar.—Yes.

President.—Wherever we have been we have been told that the embroidery work is done mostly from Kashmir silk.

Mr. Kotibhaskar.—Some embroiders use Yarkand silk also.

President.—The total production is about 4 lakhs of yards.

Mr. Kotibhaskar.—About that.

President.—That is for both the provinces.

Mr. Kotibhaskar.—Yes.

President.—And the value you have given for this is about Rs. 4 to Rs. 5 lakhs.

Mr. Kotibhaskar.—Yes.

President.—So, about a rupee per yard would be the average.

Mr. Kotibhaskar.—Yes.

President.—How much silk is required to produce that? I suppose this will include mixtures and spun silk also.

Mr. Kotibhaskar.—Yes. Ordinarily if we take 8 yards to the pound, it will be 50,000 lbs.

President.—It is very difficult to say how much of that is local raw silk.

Mr. Kotibhaskar.—Figures for local silk have been given on page 4.

President.—All that is local silk.

Mr. Kotibhaskar.—Yes.

President.—1933-34 of yours will be corresponding to the year 1936-37.

Mr. Kotibhaskar.—Yes. These are the figures which we got from the Silk Factory.

President.—They say that this much is consumed locally.

Mr. Kotibhaskar.—Yes. Out of 50,000 lbs. about 50 per cent. will be spun silk. If we take the raw silk at 15,000 lbs. spun silk will be another 15,000 lbs.

President.—That comes to 30,000 lbs.

Mr. Kotibhaskar.—Then they use wool also. 5 per cent. is artificial silk as I have said. That might account for 20,000 lbs.

President.—You say here that the Kashmir silk and spun silk are consumed in the ratio of 50:50.

Mr. Kotibhaskar.—Yes, and there may also be some twisted silk from Japan.

President.—Is it coming in bond?

Mr. Kotibhaskar.—Yes, but people buying in small quantities may be buying from Amritsar.

President.—Can any importer get his goods in bond?

Mr. Kotibhaskar.—Yes.

President.—Any quantity?

Mr. Kotibhaskar.—Yes.

Mr. Anklesaria.—May I know if there is any individual importer importing in bond in Kashmir? I am speaking with reference to raw silk.

Mr. Kotibhaskar.—Messrs. Sarvanand Rains are importing in bond. They do not say that they are importing Japanese yarn but we think they are, when the prices are favourable.

Mr. Boughton.—Don't you keep Customs returns? Can't you check it?

Mr. Kotibhaskar.—We have got Customs returns but they are not classified to show the different qualities imported, their origin, etc.

Mr. Anklesaria.—I don't follow you. Can't you find out how much bonded silk is imported?

Mr. Kotibhaskar.—It is not, I believe, classified separately. I shall make a note of that and send you the information later.

President.—You say that Kashmir silk possesses less lustre.

Mr. Kotibhaskar.—Yes, that is the belief of some here. There are two opinions on this point. Some people say that our silk possesses more lustre than the Japanese imported silk and some hold the contrary view.

Mr. Anklesaria.—What is your opinion?

Mr. Kotibhaskar.—I am not in a position to give a definite opinion.

President.—Your point is that there is a difference of opinion.

Mr. Kotibhaskar.—Yes.

President.—You say that your silk fetches a better price except when it is not uniform. Do you mean better price in the local market?

Mr. Kotibhaskar.—Yes, in the local market.

President.—When there is no competition practically, there is no better price. When raw silk from Japan is not coming here, there is no competition as far as the local silk is concerned.

Mr. Kotibhaskar.—A portion of it is coming in the form of organsine. The manufacturers may be getting quotations of Japanese raw silk. If we ask the manufacturers they say "we can afford to pay 2 to 4 annas higher for the local silk". This may be due to bad qualities of Japanese being imported.

President.—That will be more than compensated by freight probably.

Mr. Kotibhaskar.—Probably.

President.—Those who take the raw silk do themselves the work of dyeing, twisting and winding.

Mr. Kotibhaskar.—The larger factories do all the operatives. Some of the smaller ones give dyeing outside.

President.—There is nothing much in it. The only thing I wanted to enquire was about the charges. You have not given me the price of organsine silk in Kashmir. Otherwise I would be able to find out that the charges plus the price of raw silk would be equal to the price of organsine silk in Kashmir. If you could give me the price of organsine silk or the price of the Japanese silk in Kashmir, it would be helpful.

Mr. Kotibhaskar.—Yes.

President.—I don't quite follow your reply to question 21. What exactly do you mean?

Mr. Kotibhaskar.—For instance the deniers the silk factories use are 90/110. That is too wide a range. If there is a little more uniformity in the yarn or in the silk, then it might pay us to advertise.

President.—The bulk of their yarn are 20/22 and 20/24 and some 13/15.

Mr. Kotibhaskar.—On the power looms it has been found that there are far too many breakages on account of the variation.

President.—That means the winding quality is not so good.

Mr. Kotibhaskar.—No. On the loom it breaks more frequently.

President.—Has the attention of the factory been drawn to that?

Mr. Kotibhaskar.—Yes. They have been improving. I have said that in my replies also.

President.—As regards the process of re-reeling, we have been told that Kashmir silk does not require to be re-reeled because it is as good as re-reeled silk of Japan which is not so according to your statement.

Mr. Kotibhaskar.—By re-reeling what I mean is this. They supply in the form of hanks. From the hanks they put on the bobbins. From bobbins either it goes to warp or if it has to be twisted—I am talking of people who are doing the twisting—it goes to the twisting machine or throwing machine. There they put it directly on paper tubes. From paper tubes again they have to put it on the warp. For that they have to put it on bobbins again. There the re-reeling referred to by me comes in.

President.—Not the re-reeled silk?

Mr. Kotibhaskar.—No. For that they have got some machines where from paper tubes they can prepare the warps direct.

President.—In reply to question 25, you have given us three qualities of cloth, viz., Tabia, Twill and Sarcoes. Do they form the bulk of the production here?

Mr. Kotibhaskar.—They have also coatings, shirtings and dupettas.

President.—But those three will form the bulk.

Mr. Kotibhaskar.—Yes.

President.—When you say that the existing duties have been decidedly of some benefit to the handloom weavers, do you mean the present duties on cloth?

Mr. Kotibhaskar.—Yes.

Mr. Boughton.—Do you mean that the handloom weavers benefit by the combination of the duties on raw silk and the duties on finished articles?

Mr. Kotibhaskar.—Not the combination. They benefit by the duty on the imported cloth.

Mr. Boughton.—They lose by the duty on raw silk.

Mr. Kotibhaskar.—They are bound to.

Mr. Boughton.—What would be their position if both are taken off?

Mr. Kotibhaskar.—The existence of the silk industry may be in jeopardy and if it is destroyed handloom weavers will be at the mercy of the foreign producer of silk which is very undesirable.

Mr. Boughton.—Are they better off with the two duties?

Mr. Kotibhaskar.—I think so.

Mr. Boughton.—Because I understand the origin of the duty on finished articles was to compensate them exactly for the duty which was put on raw silk. Do you think that they are more than compensated?

Mr. Kotibhaskar.—I don't think so. If the handloom weaver is to be benefited the duty on finished articles must be more than justified by the higher price of the yarn.

President.—You have given on page 5 various charges for making cloth.

Mr. Kotibhaskar.—I want to draw your attention to one mistake there regarding weaving charges 1 anna 6 pies is not per lb. but per yard.

President.—That is what I thought.

Mr. Kotibhaskar.—All the other charges referred to are per lb.

President.—How many yards will there be in a lb. of cloth?

Mr. Kotibhaskar.—7 to 8 yards.

President.—The total charges will be about Rs. 1-14 to Rs. 2.

Mr. Kotibhaskar.—Yes, over the price of silk.

President.—To make organzine out of Indian silk, it costs Rs. 7-8 a lb.

Mr. Kotibhaskar.—The price of organzine will be Rs. 2 to Rs. 3 per pound more than the price of raw silk.

President.—Whereas Japanese organzine is sold in Bombay at about Rs. 7. Therefore it would be cheaper to import than to manufacture.

Mr. Kotibhaskar.—Yes.

President.—The weavers are paid per piece.

Mr. Kotibhaskar.—Yes.

President.—What do you consider would be the average wage per day?

Mr. Kotibhaskar.—10 annas.

President.—When we visited the handloom weavers, they said that they were getting about 6 annas.

Mr. Kotibhaskar.—I am talking of the average. During the survey it came to 10 annas—1 anna 3 pies per hour.

President.—Do they get work throughout the year?

Mr. Kotibhaskar.—Not all.

President.—Even those who are employed by the bigger merchants and so on?

Mr. Kotibhaskar.—They work mostly throughout the year.

President.—How many days do they work?

Mr. Kotibhaskar.—300 days.

Mr. Roughton.—Is it not a fact that the weaving industry is in a specially favourable position in Kashmir in that it has a ready public at home—it can dispose of its goods at an attractive price—in the shape of visitors?

Mr. Kotibhaskar.—Yes, to some extent that is true but competition among the seller also operates.

Mr. Roughton.—It would not really require so much protection as in other parts of India.

Mr. Kotibhaskar.—We have got certain disabilities also. Some portion of our production that we send out has got to bear the freight. Imported spun and artificial silk yarn has to pay freight.

Mr. Anklesaria.—On the goods that you sell to visitors you don't pay any freight.

Mr. Kotibhaskar.—No. But I was referring to the goods sold outside.

President.—What quantity is sold outside? You say that the production is worth about Rs. 4 to Rs. 5 lakhs. What proportion do you think is sold outside your State?

Mr. Kotibhaskar.—It is rather difficult to say. I should think about one-third or 40 per cent. is sold here and 60 per cent. outside. Further we have to pay more freight if we sell in the United Provinces. For instance, the Bengal People are closer to the United Provinces than we are.

President.—There was a local Tariff Board enquiry. Was that connected with silk?

Mr. Kotibhaskar.—No. It was not with reference to any specific commodity or industry. We surveyed the whole Tariff generally and suggested certain changes.

Mr. Roughton.—So far as the Punjab is concerned, you will be well off as regards freight.

Mr. Kotibhaskar.—Yes.

President.—That will be only for raw silk.

Mr. Kotibhaskar.—For goods also.

President.—The Punjab also is producing a large quantity of goods.

Mr. Roughton.—It uses a lot of Kashmir silk on which freight has to be paid.

Mr. Kotibhaskar.—The balance of advantage will lie with the outside manufacturers. We have to pay freight on imported spun silk and on the cloth produced here when it is exported to outside markets.

President.—You might let us have a note on that.

Mr. Kotibhaskar.—Yes.

Mr. Roughton.—On the whole with a fairly large home market and a fairly large market in the Punjab, you would be well off in respect of freight.

Mr. Kotibhaskar.—To a very small extent only.

President.—It depends upon the cost. Their cost is not very much lower: in fact, it is higher.

Mr. Anklesaria.—You say in reply to question 1 (b) there has been some increase in the number of handlooms engaged in silk weaving. On what do you base your reply?

Mr. Kotibhaskar.—On the consumption of silk. During the last three or four years we have had a big rise.

Mr. Anklesaria.—In reply to question 7 you say that the lot of these cottage weavers can be improved only by Government agency. Have your Government done anything in that direction to help them?

Mr. Kotibhaskar.—We are thinking of arranging

Mr. Anklesaria.—You are thinking. I am asking you: have they done anything?

Mr. Kotibhaskar.—We are selling even one lb. of raw silk to the weaver at wholesale rates which is very important.

Mr. Anklesaria.—In reply to question 8, you say that you produce sarees, dupattas, suitings, shirtings, hankies and gown pieces. As regards all these silk goods, you say the local fabrics sell cheaper than imported fabrics.

Mr. Kotibhaskar.—Yes, article for article. As a matter of fact, they are not comparable.

Mr. Anklesaria.—If they are not comparable, how do you say that they sell cheaper?

Mr. Kotibhaskar.—Cheaper in the form in which they are.

Mr. Anklesaria.—But I take it that between those fabrics locally made and those imported, there is no competition.

Mr. Kotibhaskar.—There is competition in a sense as the prices of these two varieties are relative. Sarees made of untwisted silk as we make have to be sold cheaper than those of twisted silk.

Mr. Anklesaria.—If there is competition, do you say that in that competition the local products sell cheaper?

Mr. Kotibhaskar.—People who want the other class of goods will buy those goods, even at a higher price.

Mr. Anklesaria.—Then there will be no competition between the two.

Mr. Kotibhaskar.—True, but if we produce the other quality also we might get a better price and a wider market.

Mr. Anklesaria.—If there is competition, you say your goods sell cheaper in that competition, and if there is no competition the question does not arise.

Mr. Kotibhaskar.—I have not understood your question. What I want to say is this. If there are two classes of goods produced and put on the market

Mr. Anklesaria.—And if they compete

Mr. Kotibhaskar.—There will be customers for one quality as well as the other quality. With regard to the other quality, we produce that quality. Those who produce that quality say that competition does not exist in a sense because they do not produce the other class, namely fabrics of thrown silk but they are compelled to sell cheaper against fabrics made from slightly thrown silk.

Mr. Anklesaria.—I say that if they do not belong to the same class, then there can be no competition.

Mr. Kotibhaskar.—That cannot be said because if we want to prepare our own organsins, the price might go up by one or two rupees. The cost of production of fabrics will go up and we do not know whether we shall be able at all to compete with Japan.

Mr. Anklesaria.—I shall put it in another way. In what sense do you say that your local products sell cheaper than foreign products?

Mr. Kotibhaskar.—Taking the price of piece against piece: only in that sense and no other.

Mr. Anklesaria.—Taking piece against piece your products sell cheaper than foreign products.

Mr. Kotibhaskar.—Provided they are of silk.

Mr. Anklesaria.—In what sense have you given us the information?

Mr. Kotibhaskar.—I have, I think, explained my meaning.

Mr. Anklesaria.—But I have not followed it. As regards your reply to question 15, you say "Most of the weavers get their requirements of

Kashmir silk direct from the Government silk factory and other silks from the middlemen". Do you include in "most of the weavers" some weavers whose requirements are on a small scale?

Mr. Kotibhaskar.—Yes.

Mr. Anklesaria.—Does the Kashmir Silk Factory sell even 2 lbs. retail?

Mr. Kotibhaskar.—Yes.

Mr. Anklesaria.—You gave me only one instance of a big manufacturer importing silk from Japan direct. Are there any others?

Mr. Kotibhaskar.—I do not know. I might be able to give you that information later.

Mr. Anklesaria.—You say in reply to question 18 that the Kashmir silk always fetches a better price than the imported silk. Is that correct?

Mr. Kotibhaskar.—This is based on the statements made by manufacturers.

Mr. Anklesaria.—Are these statements correct or not?

Mr. Kotibhaskar.—They must be correct.

President.—That means locally.

Mr. Kotibhaskar.—Yes.

Mr. Anklesaria.—In reply to question 24 you say that there is no competition between the imported spun silk and the local raw silk.

Mr. Kotibhaskar.—Not directly, but indirectly there is.

Mr. Anklesaria.—You also say that the local silk does give decidedly a better fabric and is comparatively not very dear. What do you mean by "not very dear"? It is so very indefinite.

Mr. Kotibhaskar.—It is better in the sense that it has a better wearing quality.

Mr. Anklesaria.—Can I take it that it is on account of these reasons that you say that the local fabrics compete successfully with imported fabrics or sell cheaper?

Mr. Kotibhaskar.—I have not understood your question.

Mr. Anklesaria.—You say that there is no competition between spun silk and your own raw silk.

Mr. Kotibhaskar.—No direct competition.

Mr. Anklesaria.—So far as your own raw silk is concerned, it is of good quality.

Mr. Kotibhaskar.—It has got certain properties in which it is superior.

Mr. Anklesaria.—Those are the two reasons why you say that the local fabrics sell cheaper.

Mr. Kotibhaskar.—They sell cheaper because of the type of cloth, i.e., made out of untwisted silk.

Mr. Anklesaria.—I take it that though the price of raw silk has varied considerably during the last 5 years, the weaver has continued to receive the same wages as he did before.

Mr. Kotibhaskar.—Yes. But the position of manufacturers has not been the same. They go on adjusting by importing cheaper spun silk.

Mr. Anklesaria.—So far as the weaver is concerned, any increase in the price of raw silk could not possibly help him.

Mr. Kotibhaskar.—No, it does not.

President.—Has he been getting the same wages?

Mr. Kotibhaskar.—More or less the same.

Mr. Anklesaria.—So even if the price of silk goes down, there won't be much benefit.

Mr. Kotibhaskar.—But the factories may not exist. Then the weaver will get no wages.

Mr. Anklesaria.—In reply to question 26, you say "The production has increased as a result of protection of 1934 as the figures of consumption of raw silk given below will show". By consumption you mean consumption in Kashmir?

Mr. Kotibhaskar.—Yes.

Mr. Anklesaria.—You must be exporting Kashmir silk also.

Mr. Kotibhaskar.—The figures are of raw silk consumed in the State by handloom weavers and embroiders.

Mr. Anklesaria.—How would it show your production? You might be consuming more than you used to do before in the home market and exporting less?

Mr. Roughton.—By "the production" I took it to mean the production of cloth.

Mr. Anklesaria.—Do you mean that?

Mr. Kotibhaskar.—Yes.

Mr. Anklesaria.—Then, that is all right. In reply to question 34, you say "But for protection it is doubtful if the industry would have been able to hold its own and do as it has done". Do I take it that your industry has been able to hold its own in the competition?

Mr. Kotibhaskar.—Yes, I think so. But they are making small profits.

Mr. Anklesaria.—Never mind the profits. It has been able to hold its own.

Mr. Kotibhaskar.—Yes, but it might have done better.

Mr. Anklesaria.—Instead of getting 5 per cent. people might have got 50 per cent. profit.

Mr. Kotibhaskar.—It might have developed. Instead of 1,000 looms we might have had 5,000 looms.

President.—Is there any other point which you would like to place before the Board?

Mr. Kotibhaskar.—If you want any statements with regard to costs of production, I can give them for different varieties of cloth.

President.—Yes, with all details.

Mr. Anklesaria.—Have you enquired of the sale price of sarees? Is Rs. 6 really the sale price prevailing in the market?

Mr. Kotibhaskar.—It depends upon the customer. The prices that we have given are wholesale prices.

Mr. Roughton.—If the customer is not intelligent, he would pay more.

Mr. Kotibhaskar.—Probably but sometimes less too, if the customer is a keen buyer.

25. GOVERNMENT OF THE PUNJAB.

**Evidence of Rai Bahadur RAM LAL, Director of Industries,
Punjab, recorded at Simla on Monday, the 12th
September, 1938.**

President.—Mr. Ram Lal, you are the Director of Industries, Punjab?

Rai Bahadur.—Yes.

President.—You have been instructed to represent the Punjab Government's views before the Tariff Board?

Rai Bahadur.—Yes.

President.—Five years ago when the Tariff Board enquired into the sericultural industry the sericultural department was not under the Industries Department?

Rai Bahadur.—No. Sericulture came to my department as a result of recommendations of the Industries Conference in 1935. We got on to the work actually from 1936 onwards.

President.—I will just run through your replies and compare them with what was the position five years ago as is given in the replies of the then officer in charge. I find that as far as ounces of seed distribution is concerned it is definitely on the increase?

Rai Bahadur.—Yes.

President.—But as far as the number of people is concerned I think there is a decrease.

Rai Bahadur.—No. We have got now 508 men as against 454 in 1931, 147 in 1932, and 239 in 1933.

President.—And the figure then given was about 1,000.

Rai Bahadur.—The maximum number of rearers was reached in 1930 when they had 1,238 rearers, and when the price of cocoons was more than double.

President.—Can you tell us briefly what is the reason for the decline?

Rai Bahadur.—The reason for the decline is the drop in the price of silk yarn. When I took over in 1936 I went to Taxila and found that the people there had the cocoon crop of the previous year still lying with them unsold and they were worried about its disposal because there was no reeling, and it did not pay the ordinary reeler to get a good price for his yarn.

President.—At that time the rearer was not the reeler but to-day the rearer is also a reeler?

Rai Bahadur.—Yes, half the crop is now reeled by the rearer himself. He has started this system this year.

President.—Your reply to question 2, gives an idea of the work which the Industries Department is doing by way of helping the rearers and reelers. I will take this up when I deal with the question of grant from the Government of India which you receive.

Rai Bahadur.—It was only last year that I got a grant of Rs. 10,000 from the Government of India.

President.—When did you start the seed production work?

Rai Bahadur.—As a matter of fact I started this work last year with some money given by the Punjab Government because they felt that the price at which we were getting seed was too high. Actually last year I found it cost me more than Rs. 3 per ounce generally, and as much as Rs. 5 for the seed imported from Italy. The Punjab Government felt that even Rs. 2 was too high as compared with 12 annas charged in Assam.

We wanted to develop the industry; so I approached the Government of India through the Punjab Government. The view taken by them was that it was not the function of the grant which the Government of India was giving to help in starting or reviving the industry. They considered that the Punjab industry was dead. Then the Government of the Punjab gave me some money and I produced 150 ounces of disease free seed locally. Later, i.e., in December, 1937, I succeeded in getting a grant from the Government of India as well. We got Rs. 10,000 and this year we have produced 457 ounces and we hope to go on increasing this production.

President.—This change of attitude came up after the provincial autonomy?

Rai Bahadur.—I would say that this was due to the persistence of the Punjab Government. I raised this question at the Lucknow Industries Conference in 1936. Last year I asked the permission of my Government and raised the question again in the Industries Conference and in the Sericultural Committee. Although I would not ordinarily have attended the meeting of the Sericultural Committee, I did so after the matter had been discussed by the Conference. The Sericultural Committee recommended the grant of Rs. 10,000 which the Government of India ultimately sanctioned.

President.—I understand that recently you have not confined yourself to imported seed but you are making efforts to produce local seed?

Rai Bahadur.—Yes. In future the local seed we will sell cheaper than the imported seed. This will all be cellular disease-free seed.

President.—What is the percentage of that?

Rai Bahadur.—Last season out of the 997 ounces distributed, the local seed was 150 ounces. This year we have produced 457 ounces. Next year we propose to distribute 1,500 ounces so that the local seed will be about one-third of the total seed to be distributed by us.

President.—Question 3 deals with the question of maximum production under the present organisation. You think that there is a great future for this industry in the Punjab.

Rai Bahadur.—Of course there is.

President.—On an average you produce about 10 seers of dry cocoons which means 30 seers of green cocoons, that is 60 lbs.?

Rai Bahadur.—Exactly. That is our average: we will go above it in due course. We think that we should be able when the people get proper guidance, to go up to 15 seers dry.

President.—You think within a short time you will get 15 seers of dry cocoons or 90 lbs. of green cocoons?

Rai Bahadur.—Yes.

President.—You have not been able to give me the silk content of typical varieties of cocoons though in one answer you have given the kinds of cocoons you rear.

Rai Bahadur.—We started so recently that we have not yet been keeping complete statistics. We have given you the results of our rough calculations.

President.—If can you give me the deniers I can get the silk content worked out. You have given the denier as 40/45 and 90/110. What I want is per yard. You say you are able to manufacture these two deniers of silk and what I want is the length of filament per denier.

Rai Bahadur.—I will work it out and let you know.

President.—You say your experiments with regard to multivoltine and bivoltine races were not successful.

Rai Bahadur.—We tried to produce bivoltine but the experiment did not prove successful.

President.—Was it due to climatic conditions?

Rai Bahadur.—It was more due to the newness of the work for the rearers. We started in April, the ordinary season is February to April.

President.—Was it due to climate?

Rai Bahadur.—No. It was the first year and people did not understand the work properly—hence there was a very poor crop. We will again try this year. I am also sending up proposals to Government to introduce if possible sericulture. Experiments are in hand.

President.—You are not in a position to give any information about it now?

Rai Bahadur.—No. It has just come to our notice that there are castor plants in several parts of the province, so that there are possibilities for the introduction of sericulture.

President.—Personally I think eri silk has a great future because the seed is used for oil purposes and the leaves are thrown away. Therefore the leaves cost nothing. Have you produced eri silk or have you seen eri silk?

Rai Bahadur.—I have seen that.

President.—How do you compare eri cloth with mulberry silk cloth?

Rai Bahadur.—Cloth from eri silk lasts much longer, although it is rough to look at.

President.—Somboddy told me it resembles spun silk and had got lasting qualities.

Rai Bahadur.—Yes.

President.—In answer to question 7 you have given the different varieties reared in the Punjab, and you have mentioned Kashmir. I want to know whether it is a local one?

Rai Bahadur.—This is Kashmir seed. We requested the Kashmir sericulture department to supply us some seed, and they supplied it.

President.—How many ounces did you get from them?

Rai Bahadur.—About 150 ounces.

President.—We were told by the representatives of the Kashmir Government that there was shortage of cocoons in their own province for reeling.

Rai Bahadur.—Anyhow they were nice to us. We got some from Italy and France but the supply was not adequate and we requested the Kashmir people and they supplied us last year and also the year before.

President.—They are importing as well as manufacturing seed locally and I want to know whether what they supplied was local or imported.

Rai Bahadur.—Very likely there were only 144 imported and 6 ounces local. They charged us Rs. 3-5 per ounce.

President.—Why is it more advantageous to supply hatched worms instead of seed?

Rai Bahadur.—Some of our people are quite new and they do not know to what temperature the heat should be given. So our man goes there and we try to give them as much facility as we can.

President.—Do you find any difficulty in importing seed?

Rai Bahadur.—We made a request to Japan last year but they refused to supply and we asked for cellular seed from Italy but they supplied us industrial seed. France supplied us cellular seed although it was not cent. per cent. pure.

President.—What about Chinese?

Rai Bahadur.—We have not tried.

President.—Now, I would just go through your answer to question 9 with regard to the cost of producing seed. Rs. 1-5 I suppose is the cost of producing one ounce of seed locally?

Rai Bahadur.—Yes.

President.—You have taken here 16 ounces. Leaf you have taken as Rs. 225. Your estimate is that it costs you 8 annas to feed an ounce of worms?

Rai Bahadur.—So far as private people are concerned the only cost in their case is that of the leaf, but in our case we have also to employ labour to bring the leaf to us.

President.—This includes the cost of leaf as well as labour?

Rai Bahadur.—Yes. The main cost to us is labour.

President.—You mention rent of buildings. These buildings are what are known as rearing houses?

Rai Bahadur.—Yes. In fact some buildings were available and we rented them for rearing purposes.

President.—Are these model rearing houses?

Rai Bahadur.—No. They are ordinary habitable houses in which we have made our own machans.

President.—Have you seen the rearing houses built recently in Kashmir? They are built on most modern lines.

Rai Bahadur.—No. What I feel is that the ordinary agriculturist will not be able to invest money in houses at this stage of the industry. In the Punjab an ordinary living room in the house is used for rearing purpose. He just puts in machans and baskets on it and carries on rearing.

President.—But the most important point is that you are now trying to help the industry and I thought I might indicate to you the lines on which you can help the rearers. The Kashmir representative told me that during the rearing period of about two months the rearer and his family have got to sleep outside their houses.

Rai Bahadur.—That is not the case here; they sleep in the same room as well as rear.

President.—The rearing house costs only Rs. 100 as given by you—constructing, equipping and so on.

Rai Bahadur.—Yes—that was the figure of last year—we are reducing it now.

President.—Your Government which is so sympathetic towards the sericulturist should give more than Rs. 100 to help the rearer to a greater extent. Pay of staff and demonstrators—these are men specially engaged for rearing work?

Rai Bahadur.—Yes—these men who are paid by Government advise and carry on propaganda.

President.—They also help the rearers outside their duties?

Rai Bahadur.—Yes.

President.—By how much do you think that the price will go down?

Rai Bahadur.—We are thinking of bringing down the price to a rupee per ounce.

President.—Do you make any profit when you sale it at Rs. 1-5?

Rai Bahadur.—Last year as I mentioned the imported seed cost me Rs. 3 per ounce and I sold it to the rearer at Rs. 2. This year imported seed will sell at Rs. 2 and I will sell the local seed at Rs. 1-8 next season. So long as I don't lose, I will go down to one rupee. That is what we are aiming at.

President.—In reply to question 13 you have described the method for rearing disease free seed. On what is this experience based?

Rai Bahadur.—This is based on our actual work.

President.—Have you any knowledge or experience of work done in other countries?

Rai Bahadur.—The Sericultural Expert was trained first in Kashmir and then in Europe, and before coming here, he was working in Assam. He is a Punjabi. He was originally in the Agricultural Department employed in sericultural work. When he was retrenched, he was without job. Then he went to Assam as second in command of the sericultural operations and from Assam he has come back to us.

President.—So the work he is doing is based on the experience of other countries?

Rai Bahadur.—Yes in this country and in Europe.

President.—Wastage is given in answer to question 14. I find that the total wastage comes to 40 per cent.

Rai Bahadur.—Yes. 40 to 50 per cent.

President.—Last time the Director of Agriculture informed us that out of an ounce of seed, he was able to get 25,000 worms. Would that be correct?

Rai Bahadur.—Their experience may be different from ours. We get the figure of 27 to 28 thousands.

President.—I am talking of the Punjab.

Rai Bahadur.—The Agricultural Department's experience may be different from ours.

President.—Can you tell me what is it to-day? I was told that it ranges from 25,000 to about 32,000. How many worms are produced out of an ounce of seed?

Rai Bahadur.—27,000 would be about correct.

President.—If you take 27,000 worms and 40 per cent. of that is destroyed due to various causes, it comes to 16,200 worms. Now 16,000 worms would make 16,000 cocoons. What percentage should I take for double cocoons?

Rai Bahadur.—Double cocoons, I don't think we are getting much. I will put it at 2½ per cent.

President.—They will all be single cocoons?

Rai Bahadur.—The rest will be single cocoons.

President.—In answer to question 7 regarding the number of cocoons to a pound, the average would be somewhere about 400?

Rai Bahadur.—Yes.

President.—If I take 400, it comes to 30 lbs. which is a less than what you are getting at present.

Rai Bahadur.—Yes. We have just taken the average. French seed gave us an average of 200.

President.—How many maunds of green cocoons will be equal to one maund of dry cocoons?

Rai Bahadur.—3 times as much as dry.

President.—I will compare the figures given by the Punjab Government on the last occasion. They have not specified whether it is dry or green, but probably they may be dry.

Rai Bahadur.—We refer to dry, when we deal in marketing or otherwise.

President.—I want you to ascertain that.

Rai Bahadur.—Very well.

President.—Personally I think they are green and not dry. If you look at the figures given by Mysore, if they are green, it will be more or less correct. At present you are able to get 60 pounds green. If it is dry, it means 20 lbs.

Rai Bahadur.—Quite right, but anyhow I will make sure. Probably they refer to green in this connection.

President.—Another point arising out of this is that last time we were told that the two diseases from which the worms were suffering were grasserie and flasherie.

Rai Bahadur.—Yes and also overcrowding.

President.—Generally it is due to overcrowding and overfeeding. To what disease is this wastage due to?

Rai Bahadur.—Flasherie.

President.—When you are distributing only disease free seed, how does the disease creep in?

Rai Bahadur.—As I said before, it may be due to overcrowding and not very clean conditions of the room.

President.—I think some attention may be paid to it.

Rai Bahadur.—Yes we do. We don't have ideal conditions at present. We will get to those conditions when people make money.

President.—Last time you will find from page 240 of the written evidence, that the Director of Agriculture gave us the quantity of leaves required to feed the worms from one ounce of seed.

Rai Bahadur.—This time it is 1,800.

President.—Whereas last time it was 2,400. I want to know whether that is correct—

In first stage—5 seers.

In second stage—15 seers.

In third stage—45 seers.

In fourth stage—135 seers.

In fifth stage—about 25 maunds.

That comes to 1,200 seers or 2,400 lbs. The Kashmir Government have also given 2,400 lbs.

Rai Bahadur.—They are probably correct for their own State.

President.—But I find your figure is 1,800 lbs.

Rai Bahadur.—That is the actual experience of ours for the last two years.

President.—Last time cost given for leaves was Re. 1.

Rai Bahadur.—We have tried to reduce it to 8 annas.

President.—I want to know how you have arrived at this figure of 8 annas.

Rai Bahadur.—This, if I may say so, is an arbitrary figure with a view to help the producer.

President.—What is the actual cost?

Rai Bahadur.—I do not know what it should be. The trees either belong to the District Board or the Public Works Department or the Canal Department. This 8 annas has not been fixed with regard to any particular actual expenditure, but just under the impression that 8 annas should be a fair charge. We told them to give it free if they can. It may be less or it may be more.

President.—Suppose a rearer wants leaves. Has he to apply to Government or has he to apply to the neighbour?

Rai Bahadur.—What we do is we distribute to the people in the locality leaves that are available. If the leaves belong to the Forest Department, I will write to them. After I get the permission of the Forest Department, I will issue permits under the signature of the Sericultural Expert to those whom seeds have been distributed according to hatching report. Supposing A has got 3 ounces of seed which has hatched, he will get a permit for leaves sufficient for two ounces. Similarly if the trees belong to the Irrigation Department or the District Board, I will get the permission from them and issue the permits.

President.—Your distribution will be based on 25 trees to an ounce of seed.

Rai Bahadur.—Yes approximately.

President.—Supposing 25 trees for one reason or other do not have sufficient leaves to feed the worms per ounce of seed, I do not know whether the rearers will be able to find it out.

Rai Bahadur.—It is our look out that the man is not put to inconvenience or loss. We take care to select proper localities.

President.—You will realise that it is very difficult for the rearer to weigh the leaves.

Rai Bahadur.—But that of course is a rough and ready method. He brings leaves. What happens is our supervising staff go from place to place where the rearing is going on. They tell the rearer to give so much leaf.

President.—This is another direction in which a control would be very essential.

Rai Bahadur.—Yes, we shall require more supervising staff.

President.—You have first of all to find out what is the correct feed per age and then to have some system by which to weigh the leaves before they are given to the rearers.

Rai Bahadur.—At present no weighing is done.

President.—Therefore it is very difficult to estimate whether it is 1,800 or more. If you say generally 25 trees, you do not know the weight of leaves.

Rai Bahadur.—What we do is in distributing the seeds, we take the area into consideration. Suppose an area consists of so many trees, we distribute the ounces of seed accordingly. They bring the leaves in bundles on their heads and feed the worms thereon.

President.—This is another way in which you can help the rearers. You remember the other day the rearer informed us when he gave evidence that he wants more leaves.

Rai Bahadur.—Yes with a view to the expansion of the industry so that he might have a greater chance of making profit.

President.—Probably he doesn't know the exact number of pounds required to feed the worms.

Rai Bahadur.—I don't think the old gentleman was referring to this. What he meant was that with a view to the expansion or development of the industry some measures should be adopted to have more leaves available to them.

President.—Let us be clear on that point. Apart from the ounces of seed, how many trees have you got in order to produce the required amount in the Punjab?

Rai Bahadur.—We have not carried out a survey of the number of trees.

President.—That would give you an idea of the future expansion of the industry.

Rai Bahadur.—Yes. We are going to take up a survey of all industries and this will be one of the industries which will be taken up for survey shortly.

President.—You have given me in one of the replies the number of trees planted.

Rai Bahadur.—That of course is our plantation at Palampur which is going to be controlled by the Industries Department.

President.—Even then they will be used for rearing purposes.

Rai Bahadur.—Yes, but mainly for seed production.

President.—You have stated that in a year you can plant about 100,000 trees.

Rai Bahadur.—We distributed last year 60,000 plants.

President.—You can go up to a lakh.

Rai Bahadur.—Yes.

President.—There is a very big future.

Rai Bahadur.—Yes—we will carry out a survey.

President.—Can you give me an approximate idea?

Rai Bahadur.—I wouldn't like to guess.

President.—Can you get it from the Forest Department?

Rai Bahadur.—All the trees are not controlled by the Forest Department. The Forest Department are not sympathetic. They don't like us to take leaves from their trees. The opinion appears to vary. There are two claimants to the mulberry. One is the Sports industry and the other is the Sericulture industry. Some people feel that if we take the leaves from the tree, they will get knots in the wood which is not suitable for the Sports industry. Another reason why the Forest Department is really chary of giving us assistance is that it is alleged that some rearers go and cut the branches under the excuse that they are cutting leaves. They say that that spoils the plantation. These prejudices take time to die out. Some are owned by the District Board and some trees by the Zamindars themselves. It is really a longish job and we have not been able to calculate the number of trees for want of adequate staff.

President.—Can you tell us whether you have got similar laws as are in vogue in Kashmir with regard to the uprooting of trees?

Rai Bahadur.—No.

President.—They are all controlled by Government.

Rai Bahadur.—They are called Royal trees in Kashmir. Nobody can touch it. There is nothing of the kind in the Punjab.

President.—You have given me the costs in reply to question 15—Rs. 85-8 as non-recurring and the recurring cost as Rs. 50 per acre.

Rai Bahadur.—Yes.

President.—I want to know whether the cultivator incurs this expenditure.

Rai Bahadur.—This is with reference to our own experiment at Palampur.

President.—Are there trees found in the garden or nearer the rearers?

Rai Bahadur.—Some of the agriculturists have planted mulberry trees just as the old gentleman stated with a view to get the branches for their roofing purposes or with a view to making baskets or just to give them a little shade.

President.—What will it cost to plant such trees in their own lands?

Rai Bahadur.—We have put down Rs. 8 for planting. The zamindar will do it himself. As regards watering and looking after, just as he looks after the other crops, he looks after mulberry trees. To him it means no cash payment.

President.—How many trees can you plant in an acre?

Rai Bahadur.—I think we have given you that information, viz., 192. We put plants 15' apart.

President.—You have given us in reply to question 15 that the yields of leaf per tree is 60 lbs. and per acre 11,520 lbs., which comes to 192 trees.

Rai Bahadur.—Yes.

President.—I think that the figure of 60 is low because last time we got a figure of 80 lbs.

Rai Bahadur.—We are working on the basis of 25 to 30 trees. I shall look into it further.

President.—The price per lb. of leaf will depend on that.

Rai Bahadur.—Yes.

President.—As regards your reply to question 16, you are able to get two leaf crops.

Rai Bahadur.—Yes.

President.—But one leaf crop is practically destroyed.

Rai Bahadur.—Yes, for practical purposes.

President.—That will increase the cost of leaves. If you are able to utilise two crops, then the cost of plantation and the cost per lb. of leaf will come down.

Rai Bahadur.—Yes.

President.—From the same number of trees, you get two crops whereas here you get only one.

Rai Bahadur.—I don't think that the cost will go below 8 annas, which is rather a low enough figure already.

President.—As you have not given me the details of 8 annas I am not able to suggest by how much it can be further reduced. You have reduced it from one rupee to eight annas. This figure is even lower than that given by the Kashmir Government.

Rai Bahadur.—I am not aware what the Kashmir Government charge. When I took it over, in order to push the industry I thought that I should get them this concession.

President.—The information that we have got is that that the cost of leaves is 8 annas for a lb. of silk.

Rai Bahadur.—I examined this question in connection with further plantations of mulberry by the Irrigation Department and I had the thing worked out. I found that with one rupee we would be nearer the mark, because the Irrigation Department have to get the same return from mulberry as they would get from *shisham*. The Irrigation Department told me "They are a Commercial Department" and would not like to lose.

President.—The Mysore Government gave us the details of their cost, and we would like to have them from you also.

Rai Bahadur.—The Mysore conditions are different from ours. In the first place they are working on mulberry bushes and in the second place these bushes are of no other use. They are planted with a view to get leaves from them for the sericultural industry. Here the mulberry trees, at least most of them, were not originally planted with the object of developing sericulture.

Mr. Anklesaria.—Mysore has mulberry trees.

Rai Bahadur.—They have just started growing trees.

President.—At present you have given the cost of plantation of mulberry under 8 headings. You may give us details for those. For instance you have given farmyard manure. We would like to know the number of carts of farmyard manure which will be used. I want to see the labour conditions also.

Rai Bahadur.—Yes.

President.—You say that you always base your figures on dry cocoons and that that is the system prevailing in the Punjab. I want to know whether it is over-drying or under-drying because it must be correct drying in order to preserve the silk content of the cocoons. I want to know the system which is at present in vogue about drying. I understand that it is the ordinary method of sun drying.

Rai Bahadur.—Yes.

President.—How many days do they take to dry?

Rai Bahadur.—They keep it in the sun and when they find that the thing is properly dried they take it out.

President.—They must be keeping it for some days.

Rai Bahadur.—Yes, about 5 to 6 days.

President.—I want you to send me the details with regard to the system in vogue in the Punjab. Now that you have an able officer who has got experience of foreign countries I want to know whether there is correct drying in existence. That is an important point.

Rai Bahadur.—Very well.

President.—Last time the Department of Agriculture gave us to understand that in Gurdaspur district the mulberry was propagated either from seedlings grown in nurseries or from cuttings. It was stated that about 2,000 trees could be grown in an acre of land. Is it bush mulberry?

Rai Bahadur.—Very likely tree mulberry.

President.—2,000 trees in an acre of land?

Rai Bahadur.—My figure came to 192. I will let you know the exact figures later.

President.—Most of the races that you grow are cross-breeds.

Rai Bahadur.—Yes.

President.—Are there any pure races which you are rearing?

Rai Bahadur.—We are encouraging crosses.

President.—I do not find that mentioned here.

Rai Bahadur.—We get these things from outside and they are not very reliable.

President.—That means you are getting all cross-breeds?

Rai Bahadur.—Yes, mostly.

President.—You are experimenting only with regard to the production hybrids.

Rai Bahadur.—Yes. We have been trying to produce pure races, but we have not succeeded.

President.—The figure of Rs. 2 (given in reply to question 2) is per ounce of seed. Will that be reduced?

Rai Bahadur.—Certainly that will be reduced. We are working to bring that down to one rupee with local production.

President.—In the reply to the next question you have given the prices of cocoons per lb. which it is rather difficult to believe. They are getting to-day 12 annas per lb. of cocoons.

Rai Bahadur.—Yes. Last year also they got very good prices.

President.—Is this the actual price realised?

Rai Bahadur.—We are not able to get even at that price either because people have started reeling on their own or for some other reason. Last year it was Rs. 53 and this year it is Rs. 60.

President.—You have said that the cost of seed is Rs. 2 per ounce. What about the cost of labour?

Rai Bahadur.—Labour to them is nothing.

President.—It means something when you are going to value it. But we will leave that aside.

Rai Bahadur.—I shall give you my own cost which is rather high.

President.—Let us take the cost of food. The cost of food will be 8 annas.

Rai Bahadur.—Yes.

President.—What about the cost of appliances?

Rai Bahadur.—I have stated somewhere that it is practically negligible. They use branches of trees and other things which they cut off. The only thing that costs them is baskets. Nothing else costs them anything. In villages nobody spends any money on branches to make machhans.

President.—What about chandrikes for the worms to spin their cocoons?

Rai Bahadur.—It is not used in the Punjab. We use small loose bundles of wheat straw instead.

President.—What about trays?

Rai Bahadur.—Trays are baskets. Sometimes these also are made of smaller branches.

President.—Is there any other expenditure?

Rai Bahadur.—If one does not employ extra labour, he has not got to spend anything.

President.—Let us take 8 annas extra given by the other man and make it Rs. 3. That is for 60 lbs.

Rai Bahadur.—It comes to $\frac{1}{3}$ anna per lb.

President.—He is getting 12 annas. He ought to be a rich man. If you are to develop the industry it would be a profit making concern.

Rai Bahadur.—If a man makes Rs. 200 per annum, it means a lot to the agriculturist.

President.—This is a price which I have never seen in the rest of India.

Rai Bahadur.—You heard the other day the actual figures from the man who reared.

President.—It means that he gets about 11 annas per lb.

Rai Bahadur.—Provided he does everything himself.

President.—I am now taking the market value. I will come to the reeling stage later. As far as the cost of cocoons is concerned there is a market. You say that it is very difficult to get cocoons at 12 annas a lb.

Rai Bahadur.—We have worked the reeling factory on our own.

President.—The main reason for this is that the quantity marketable is very small.

Rai Bahadur.—The demand has been created which is bigger than the supply.

Mr. Anklesaria.—In reply to question 25 you say that the price of silk cocoons is Rs. 60 per maund (dry). It means Rs. 60 for three green mounds of cocoons or 4 annas per lb.

Rai Bahadur.—Yes.

President.—If you take the average it comes to 10 annas; therefore he hardly gets As. 3-6 per lb. green. You have got 12 annas as the maximum and 7 annas minimum and I am taking roughly 10 annas as the average of dry. That means As. 3-6 green.

Rai Bahadur.—He spends only $\frac{1}{3}$ or one anna.

President.—So he gets only As. 2-6 per lb. green, i.e., As. 7-6 dry. The ambiguity is arising because you have not put in down as dry. It means maximum and minimum prices for dry cocoons per pound?

Rai Bahadur.—Yes.

President.—From 300 lbs. green cocoons you get 25 lbs. silk. That means from 12 lbs. of green cocoon you will make one pound of silk.

Rai Bahadur.—Yes.

President.—You say in answer to question 27 that 300 cocoons weigh a pound. I do not understand how you get 1,440 cocoons. That is again on the dry basis?

Rai Bahadur.—It should be 300×3 and then multiplied by four.

President.—300 multiplied by four?

Rai Bahadur.—And also multiplied by 3.

President.—I will take question 29; there you give me the cost of reeling. If you take first charka silk you say the works expenditure is Rs. 4-14.

Rai Bahadur.—Yes.

President.—I don't quite follow this "cost of equipment".

Rai Bahadur.—That would include a wooden reel basin.

President.—The first item is cost of cocoons 4 lbs. Rs. 3. I want to understand what this Rs. 3 means. Take the other item: cost of labour Rs. 1-4 for reeling, 6 annas for turning. Do you pay as much as Rs. 1-4 for reeling?

Rai Bahadur.—Rs. 3 represent the cost of 4 lbs. of cocoons (dry) at As. 12 per pound—Rs. 1-4 is the cost of labour for 2 days to reel our basic quantity of 4 lbs.

President.—Cost of power is 4 annas. What about water and soap?

Rai Bahadur.—That is nil.

President.—I am afraid it costs something. Soap is absolutely necessary because you have to degum (p. 155 of the old report).

Rai Bahadur.—It costs nothing in actual practice on water. Soap is not used here.

President.—Labour charges is given as 12 annas in the previous enquiry and yours is Rs. 1-10.

Rai Bahadur.—Our Rs. 1-10 is for two days or As. 13 per day.

President.—You can give me the details of these things as I want to compare these with what was given on the last occasion. There was an item miscellaneous—2 annas. That is not given here. If you look on that very page you will see the output is 1½ lbs. and here it is worked on the basis of 1 pound.

Rai Bahadur.—I have not the previous details given by the Agricultural Department now before me. I will give comparative figures later.

President.—You have not shown deduction on account of waste. Can you kindly work it out on the same basis as worked on page 155 of the last report and send it on to us?

Rai Bahadur.—Very well. It will now be worked out.

President.—As regards the Mysore Domestic Basin, when did you introduce it here?

Rai Bahadur.—Two years ago.

President.—Are you able to get more silk?

Rai Bahadur.—Yes, we get more.

President.—Look at the cost per pound. In both cases it is practically the same.

Rai Bahadur.—In the beginning the turnout was practically the same but as the people are getting to learn its use better, better production is being secured.

President.—It is not beneficial because it costs the same in producing a pound of silk. You have given exactly the same cost.

Rai Bahadur.—But now the cost is decreasing and Mysore basin is easier to work.

President.—Mysore Domestic Basin's cost was given to us five years ago and they were definitely lower.

Rai Bahadur.—As in the case of all new machines our costs in the beginning are about the same, but as people are getting to know how to work, things are improving.

President.—The statement given by you does not make me believe that it is more profitable to work than charka. You require the same number of cocoons, your charges remain practically the same.

Rai Bahadur.—But the quality of yarn is better which fetches a better value and the production is on the way to increase.

President.—What is the percentage of waste out of Mysore Domestic basins?

Rai Bahadur.—The wastage is the same, but in charkhs the wastage may in some cases be higher.

President.—Can you get better price for the silk produced? Give us a little more detail about this. What about your filature. The filature you have is only a demonstration plant. It has got only 5 basins and the cost is based on that?

Rai Bahadur.—Yes.

President.—You have got two additional items—repairs and maintenance and supervision and management, and also other expenses. I think you might give us similar statement with regard to filature also.

Rai Bahadur.—The information has been included in the statement already given. There is no expenditure on supervision and management in the case of churka.

President.—How did you arrive at this profit of 10 to 12 per cent.?

Rai Bahadur.—We have arrived at our figures on actual working. The profit may be higher.

President.—Let us examine the working of it. Your works cost according to you is Rs. 4-1-0?

Rai Bahadur.—Yes.

President.—I want to know the cost of working 60 basins because this cost is based on 60 basins.

Rai Bahadur.—We have not got a unit of 60 basins. In the case of a higher unit of 60 the overhead charges will go up and hence the profit will go down.

President.—Let us take your present price. Last year it was Rs. 13 and this year Rs. 11 per seer. That is for filature silk. What is the price for charka silk?

Rai Bahadur.—Rs. 1 less per lb.

President.—For domestic basin silk also it will be the same?

Rai Bahadur.—About the same, but slightly better.

President.—That means you are getting about Rs. 5-8 per pound.

Rai Bahadur.—Yes.

President.—How does your silk compare with the silk which competes with you in the market?

Rai Bahadur.—We got a premium of one rupee last year.

President.—How do you account for it?

Rai Bahadur.—People say this silk is better, and possibly also because we are in the Amritsar market and can take better advantage of the market conditions.

President.—Our information is that the "Lotus" brand of Kashmir is the best silk that is produced in India.

Rai Bahadur.—We got one rupee more than Lotus for our silk from a man who used to buy Kashmir silk previously because he said he found our silk better on actual working.

President.—Perhaps the winding quality was better?

Rai Bahadur.—Probably.

President.—How much silk are you getting per basin per day?

Rai Bahadur.—5 lbs. per day.

President.—That means one pound per basin per day of 9 hours?

Rai Bahadur.—Yes.

President.—What deniers do you produce?

Rai Bahadur.—40/45 and 60/110.

President.—That is very coarse, and you are paying Rs. 1-4 per reeler.

Rai Bahadur.—It is coarse and we are paying Rs. 1-4 for two days. We have not got the same kind of skilled labour as they have got in Kashmir and Mysore. That is why we pay more.

President.—You are paying double the wages. The Mysore charges are 8 or 9 annas. If you look at page 158 of the last report you will notice that at that time you were paying 12 annas per day including the wage of a reeler and turner as against Rs. 1-10 you are paying to-day. If you got better men you could turn out 2 lbs. We were told that production of 28/32 deniers for 9 hours would be 1½ lbs. but over that it would be 2 pounds.

Rai Bahadur.—Our figures are for two days production.

President.—Even with 18/15 denier they are able to get 1½ lbs. The filature has been in existence for some time.

Rai Bahadur.—Our filature is quite new. We are just beginning.

President.—On what did your Government base their figures on the last occasion?

Rai Bahadur.—I do not know. They may have given some figures based on laboratory test.

President.—Look at the costs—Repairs and maintenance. The Director of Agriculture gave cost of water and soap as 2 annas, repairs and maintenance—1 anna, and other expenses—2 annas. I am taking charka silk (evidence Vol. p. 242).

Rai Bahadur.—I will look into their figures. I have not them with me here.

President.—You say you are contemplating encouragement of private persons to take up grainage work. How far have you progressed in that direction?

Rai Bahadur.—We have bought some equipment to give to those people and we are going to have aided grainages so that they may produce cocoons for seed purposes and also provide us with enough cocoons to feed our factory.

President.—How many months are you working during the year?

Rai Bahadur.—Five months last year in the factory.

President.—Are you thinking of extending your factory?

Rai Bahadur.—At the present moment what I want to do is to work it for 12 months as against 5 months. With a view to do that I am going to have aided rearers to whom I shall supply free seed, free leaves and free advice and buy from them.

President.—Are conditions similar in the Punjab to those in Kashmir with regard to frost? I was told that in Kashmir you cannot run your factory for 300 days.

Rai Bahadur.—We can work here all the year round.

President.—This is the staff which you have got at present in the Government Filature at Amritsar (in answer to question 34).

Rai Bahadur.—Yes.

President.—Now this goes under supervision.

Rai Bahadur.—Yes.

President.—The reeler and the turner will go in the cost of labour and the rest go under supervision.

Rai Bahadur.—Yes.

President.—In answer to question 35, you say that the present rate of daily wage is 12 annas in the filature, whereas you have given me Rs. 1-12 for charka as against 10 annas.

Rai Bahadur.—The charkha figure is for two days.

President.—In answer to question 36, you state that the cost of machinery installed is Rs. 5,848.

Rai Bahadur.—Yes.

President.—What is the price per basin?

Rai Bahadur.—This is the whole cost. We have got 5 basins and twisting plant.

President.—I want to know whether the basin is local or imported?

Rai Bahadur.—It is Mysore basin.

President.—Is it domestic basin?

Rai Bahadur.—Yes.

President.—Then it should not cost high. Please give me details.

	Rs.
<i>Rai Bahadur.</i> —	
Price of 5 basins	600
Rowinding machine	990
36 bobbins	4,034
Twisting plant	595
Skeinmg machine	400
Motor	375
Boiler	252
Shafting, etc.	

President.—In answer to question 39 you say that the working capital required is Rs. 6,000 for a flature of 5 basins.

Rai Bahadur.—Yes.

President.—That is rather on the high side.

Rai Bahadur.—That would be if we work up for the whole year and buy cocoons and keep them on hand. In the case of multivoltines we can buy and sell. In the case of univoltines we have to buy once a year and keep them.

President.—We only allow interest on such capital as remains locked up.

Rai Bahadur.—Here even in the case of commercial concerns we budget in the normal way something on the expenditure side and something on the receipt side. In the case of the weaving factory at Shahdara we had working capital which we could rotate, but the Auditor General gave the ruling that we should not. The Audit Department said that I should not keep any cash on hand. Whatever money is realised by the sale of cloth is credited into treasury and whatever money is required to purchase yarn, etc., is separately budgeted for.

President.—You got interest on one side and pay interest on the other. You spent Rs. 3 lakhs in buying yarns and realise Rs. 2 lakhs by way of sale of silk. One is earning interest and on the other you are paying interest.

Rai Bahadur.—In our actual account what we do is this. Supposing I have two lakhs, I keep it for yarn and other sundries. I pay interest on Rs. 2 lakhs. Whatever I am realising from the sale of cloth goes straight to the treasury and I get nothing.

President.—In business accounting they would be able to get something.

Rai Bahadur.—The proper thing to do is to have Rs. 1,50,000 and keep it rotating.

President.—When did you instal the throwing plant?

Rai Bahadur.—About two years ago.

President.—It is still working?

Rai Bahadur.—Yes.

President.—It is still confined to twisting silk from the filature.

Rai Bahadur.—Yes. I find the demand is for doubling plant. I am getting a doubling plant from Mysore. In fact I placed an order with Mysore about two years ago. I do not know why they have not supplied it yet.

President.—In answer to question 41, you have given the cost of twisting, winding and boiling off as Rs. 1-2 per seer. That means 9 annas per pound.

Rai Bahadur.—Yes.

President.—This includes all charges?

Rai Bahadur.—Yes.

President.—In answer to question 42, you say the Sericulture Export has devised an improved charkha. Do you mean domestic basin charkha?

Rai Bahadur.—Yes.

President.—You say: "Re-reeling on the lines and with the apparatus as employed in foreign countries is not practised in the Punjab. Re-reeling in the Punjab is done in a crude manner". This is re-reeling for charkha silk. Filature silk does not require re-reeling.

Rai Bahadur.—That what is re-reeled is charkha silk.

President.—Your filature silk is practically equal to the charkha silk?

Rai Bahadur.—No.

President.—Therefore it would require re-reeling.

Rai Bahadur.—No.

President.—But when you give me the cost, I want you to include that. In the next page you give me the charge for re-reeling which is 3 annas per pound which is the price which the Tariff Board allowed on the last occasion for charkha. If you look at paragraph 176, we have allowed 3 annas per pound as re-reeling charge which is exactly what you have given here.

Rai Bahadur.—That is actually what is costing on hand-charkhas.

President.—I want to know about the domestic basin.

Rai Bahadur.—Domestic basin silk does not require re-reeling ordinarily.

President.—When you say 7 to 8 per cent. of the Indian silk is re-reeled in the Punjab, you mean only silk produced out of charkha.

Rai Bahadur.—We refer to charkha and inferior silk here and not to filature silk.

President.—You mean the Indian silk is Punjab silk?

Rai Bahadur.—We are getting silk from Kashmir, Bengal and Mysore. Taking the whole lot, we have from 7 to 8 per cent.

President.—That means Kashmir silk requires to be re-reeled.

Rai Bahadur.—Not the superior one.

President.—We were told that Kashmir silk is not produced out of charkha.

Rai Bahadur.—In the districts adjoining the Punjab, they do. Kashmiris are not allowed to sell cocoons. Still sometimes they surreptitiously sell. We can get seed from them also.

President.—That is an interesting point. Your answer to question 47: you have not given us the quantity of silk waste produced. We want to know the percentage.

Rai Bahadur.—25 per cent. of the quantity of dry cocoon in the case of charkha is the wastage.

President.—Out of 12 lbs. of green cocoons, you get one pound of silk.

Rai Bahadur.—25 per cent. silk and 25 per cent. waste.

President.—That means 50 per cent. waste.

Rai Bahadur.—Yes. 50 per cent. of the total weight of dry cocoons.

President.—With regard to the railway freight, have you got any complaints to make. The object of putting this question is to find out whether there is any preference shown to imported silk.

Rai Bahadur.—I cannot tell you specially with regard to silk. I find the policy of the Railway Board generally is to allow from the port to an interior town a concessional rate of freight, whereas for the movement of the same commodity between two interior stations, they would charge a much higher rate. From Karachi to Lahore the distance is about 1,000 miles and supposing on finished goods from Karachi to Lahore it is Rs. 5 on half the distance between two interior towns, we would probably pay more.

President.—That is quite all right. Are those rates similar for both imported and Indian?

Rai Bahadur.—Yes. From the port it is.

President.—Are you importing Chinese silk?

Rai Bahadur.—Only for embroidery purposes. It doesn't affect us very much.

President.—If you look at your answer to question 53, countries from which imported, are these the values or the quantities?

Rai Bahadur.—Quantities.

President.—2 lakhs of pounds of Japanese goods are imported? Are these silk yarns?

Rai Bahadur.—Yes.

President.—Is it spun silk?

Rai Bahadur.—Raw silk.

President.—What about China? That must be raw silk.

Rai Bahadur.—Yes. From China and other places we generally get raw silk for embroidery purposes.

President.—Is silk yarn coming from China?

Rai Bahadur.—Yes through Mandalay.

President.—Spun silk is not produced in China. I don't think spun silk is coming. Tell me what the silk is.

Rai Bahadur.—This is generally raw silk.

President.—China is raw silk.

Rai Bahadur.—Yes.

President.—From Japan it goes to China.

Rai Bahadur.—Yes. From Japan it comes to China and then from China to Mandalay and from there to India.

President.—I want you just to ascertain.

Rai Bahadur.—The trader from Amritsar told me that this is so.

President.—We were told the other day that as far as Mandalay is concerned, raw silk or silk goods come into British India without paying any duty.

Rai Bahadur.—That is what is my information too.

President.—Is that due to the fact that there is an agreement with Burma on the subject.

Rai Bahadur.—That I couldn't tell you. The general impression is that it is coming to Amritsar market without paying any duty. That is why they are able to sell cheaper.

President.—The position with regard to Yarkand silk is also similar.

Rai Bahadur.—Yes, but we didn't get any last year.

President.—That was due to Russian demand.

Rai Bahadur.—Possibly.

President.—If there was more production, it would come.

Rai Bahadur.—Possibly.

President.—The danger from Mandalay and Yarkand is definitely greater for the protected industry.

Rai Bahadur.—Yes. Protection is more or less nullified by the cheaper products coming through these two routes.

President.—You used to get a very big quantity in 1933-34 and 1934-35.

Rai Bahadur.—Yes.

President.—Is this spun silk or real silk?

Rai Bahadur.—Mostly raw silk.

President.—Could you just give me details about this also? As quite a lot is coming in through these two routes, we want to know the qualities of silk that are coming.

Rai Bahadur.—Very well.

President.—In the next page you have given us the f.o.b. prices per lb.

Rai Bahadur.—Yes.

President.—What do you mean by "Lori"?

Rai Bahadur.—A trade name of the particular quality.

President.—Look at the prices given by you. The Mandalay silk is Rs. 3-13-9 per lb. whereas the Japanese price is Rs. 2.

Rai Bahadur.—The Japanese silk must be inferior.

President.—There is a big difference. Look at the Yarkand silk.

Rai Bahadur.—As I pointed out, the Japanese silk must be inferior.

President.—Unless we know the kind of silk which is imported it will be very difficult for us to say.

Rai Bahadur.—People in the trade say that the silks coming from these sources are not good. Japanese silk is inferior and dirty.

President.—Is the silk coming from Yarkand and Mandalay twisted silk.

Rai Bahadur.—Raw silk—not twisted.

Mr. Anklesaria.—You say that it is used as warp.

Rai Bahadur.—Yes.

Mr. Anklesaria.—Then it must be good silk.

Rai Bahadur.—Yes. Some of the Japanese silk that is coming is also used for warp.

Mr. Anklesaria.—You say that the Yarkand silk is also used for warp.

Rai Bahadur.—Yes.

President.—Are you importing any large quantity of staple fibre?

Rai Bahadur.—Quite a lot.

President.—That must be within the last two years.

Rai Bahadur.—Yes.

President.—Since the specific duty on spun silk was imposed?

Rai Bahadur.—Yes. It is ousting real silk and spun silk. For instance, on the warp they would have spun silk and on the weft staple fibre. It passes off as real silk. Real silk means spun silk in general practice here.

President.—In reply to question 56, you have given us the prices of silks from Japan, China and Italy ranging between Rs. 7-4 and Rs. 8 per seer. How can you get Japanese silk at Rs. 4 per lb. I do not follow.

Rai Bahadur.—It is f.o.b. price—which means without payment of duty expenses.

President.—If you are importing spun silk, the price cannot be Rs. 4.

Rai Bahadur.—It is not spun silk. These are silks of inferior quality and are used entirely for embroidery purposes and are not suitable for weaying purposes.

President.—What silk is that? Is it dupion silk or waste silk?

Rai Bahadur.—It is crude silk.

President.—And those figures are for which year?

Rai Bahadur.—Recent figures.

President.—I am told that very little waste product silk is imported. If you give me the month or the year, I shall be able to check it.

Rai Bahadur.—People in the trade told me about 3 or 4 months ago.

President.—Somewhere about June or July.

Rai Bahadur.—Yes.

President.—On the waste product the tariff value is Rs. 1-10. I think it must be mostly waste product silk.

Rai Bahadur.—Yes.

President.—You cannot compare waste product silk with flature silk.

Rai Bahadur.—We are not comparing this.

President.—The cost of production of flature silk is Rs. 4-1-9 and you are comparing it with the waste product silk.

Rai Bahadur.—That is not what we are comparing with. The only silk that we are purchasing is real (reelod) silk.

President.—You say that the enquiries in the local market show that the quality of imported silk has deteriorated and at present the imported silk is used for embroidery purposes. Are this coarse kinds?

Rai Bahadur.—Yes.

President.—When you say per seer of 80 tolas what do you mean exactly?

Rai Bahadur.—Per seer of 2 lbs. or 82 tolas per seer.

Mr. Anklesaria.—I suppose you are developing the silk industry in the Punjab.

Rai Bahadur.—Yes.

Mr. Anklesaria.—You are of course keeping yourself abreast of what is happening in Japan, the best seller of silk.

Rai Bahadur.—In what way?

President.—Do you keep yourself informed of the methods which the Japanese have been employing for the development of the sericultural industry in their country?

Rai Bahadur.—Through whatever literature is available we keep ourselves informed of what is happening there.

President.—Have you sent anybody to study the Japanese methods?

Rai Bahadur.—We have not reached the stage when we could do that.

Mr. Anklesaria.—You keep yourself informed of what is happening in Mysore.

Rai Bahadur.—Yes.

Mr. Anklesaria.—You are regularly corresponding with the Department of Sericulture in Mysore.

Rai Bahadur.—Yes.

Mr. Anklesaria.—Do you benefit by the experiments they are making there?

Rai Bahadur.—Yes, generally so far as it concerns us.

Mr. Anklesaria.—You say that the Yarkand silk is coming in duty free.

Rai Bahadur.—Yes.

Mr. Anklesaria.—Therefore it must be selling very cheap.

Rai Bahadur.—Cheaper than the real silk that we produce here.

Mr. Anklesaria.—Why should it be selling very cheap in your place? Why has it stopped coming?

Rai Bahadur.—I do not know why, but we hear that the Russians are buying that silk.

Mr. Anklesaria.—Have you made any enquiries?

Rai Bahadur.—No, because we are not very much interested in that.

Mr. Anklesaria.—The rearer from the Punjab said that he was perfectly satisfied with his position as a rearer. I suppose he was not an exception. Are all rearers satisfied with their present position?

Rai Bahadur.—I think they are.

Mr. Anklesaria.—Is that your opinion as Director of Industries?

Rai Bahadur.—Yes.

Mr. Anklesaria.—I take it that your disadvantage with foreign competitors begins at the reeling stage.

Rai Bahadur.—I should say even earlier because we have not yet fully developed the mulberry plantation side. There is a possibility that we can expand in that direction.

Mr. Anklesaria.—In spite of your want of development in mulberry cultivation your price of cocoons is such that the rearer is perfectly satisfied and is prepared to carry on with his work at the present rate of remuneration.

Rai Bahadur.—Because our supply is not yet up to the demand. As the supply is below demand, he is getting a very good price.

Mr. Anklesaria.—Could not the demand be satisfied by outside sources?

Rai Bahadur.—Could be, but I should like my own men to profit from it. We want also to provide subsidiary occupation to the agriculturist.

Mr. Anklesaria.—I am coming to that. If you say that there is more demand than supply, that is a position in which the reeler would be able to derive some benefit by imposing a reduction on rearing. You have said that on an investment of one anna the rearer gets 3½ annas. Thus he makes a profit of 250 per cent. He can afford to submit to a reduction in his price if the buyer of the cocoons is businesslike enough to impose that reduction on him?

Rai Bahadur.—He can do that? You must remember the market conditions are affected by imports from other places.

Mr. Anklesaria.—You have just now told me that there is no import from Yarkand.

Rai Bahadur.—That is so.

Mr. Anklesaria.—You do not like that your cocoons should be exported.

Rai Bahadur.—I should like very much to do so provided we get better prices.

Mr. Anklesaria.—The rearer is in a position to submit to a substantial reduction in his price.

Rai Bahadur.—That would be possible if the reeling industry were in one hand only whereas the reelers are distributed all over the place, so that it pays the rearer to sell at that price and make a profit.

Mr. Anklesaria.—It is on account of the present arrangement of marketing of cocoons that the rearer is able to maintain his present position.

Rai Bahadur.—Yes.

Mr. Anklesaria.—I take it from your answer to question 56 that you do not believe in the dumping by the Japanese.

Rai Bahadur.—No,

Mr. Anklesaria.—You believe that the reason why the Indian silk does not sell in competition with the Japanese silk is that it is not produced in the forms in which the weaver requires it.

Rai Bahadur.—There is need for improvement in the form in which it is put on the market.

Mr. Anklesaria.—If it is put in the proper form required by the weaver, it would compete successfully with the Japanese.

Rai Bahadur.—Yes.

Mr. Anklesaria.—In what form do you require it to be put on the market?

Rai Bahadur.—There should be some conditioning house to see that the yarn produced is uniform in quality. At present the yarn that is coming from outside is more uniform.

Mr. Anklesaria.—Have you tried Mysore silk?

Rai Bahadur.—As a matter of fact Mysore silk does not come to the Punjab. It is possibly consumed in Southern India. It does not pay them to compete here. The Mysore people are finding it difficult to compete with the imported yarn.

Mr. Anklesaria.—You say that the imported yarn has deteriorated in quality.

President.—The whole basis is spun silk.

Mr. Anklesaria.—The depreciation of yen has had a bad effect on prices.

Rai Bahadur.—They can afford to sell cheaper.

Mr. Anklesaria.—Don't you think that the depreciation of yen is a very old phenomenon?

Rai Bahadur.—All the same we like to protect ourselves against it.

Mr. Anklesaria.—My point is that the depreciation of yen began in 1934 or 1935 and by this time the effect of depreciation should have worked out and things ought to have adjusted themselves if not wholly at least substantially.

Rai Bahadur.—That is true, but all the same, the same disadvantages from which we suffered still continue. On the one side we have taken no steps against such depreciation. On the other side, the Government of Japan have found new methods of helping their industry.

Mr. Anklesaria.—They are finding new methods of helping it.

Rai Bahadur.—Once they find that some duty is imposed, they at once grant a rebate.

Mr. Anklesaria.—Why do you say in your answer to question 68 that the Punjab silk is not affected by foreign competition?

Rai Bahadur.—Only a small quantity of low quality embroidery silk is produced in the Punjab and is not affected by foreign competition.

Mr. Anklesaria.—How is the competition affected? If I put 20 lbs. of silk on the market, it has to compete with the foreign silk in the same way in which my silk would compete if I had placed in the market 200 lbs. of silk.

Rai Bahadur.—It is only a small quantity that we produce and therefore we do not feel the competition.

President.—The competition is of a different nature.

Mr. Anklesaria.—Can you explain why the Japanese superior silk does not come to the Punjab?

Rai Bahadur.—The kind of woven goods produced in the Punjab cannot afford to consume the higher priced Japanese yarn. The price at which it is put on the market does not enable the weaver to buy it.

Mr. Anklesaria.—You say at present the sericultural industry is a lucrative subsidiary industry.

Rai Bahadur.—Yes.

Mr. Anklesaria.—And there is no reason why it should not develop in future if your present methods of developing it are pursued.

Rai Bahadur.—Yes, it should.

Mr. Anklesaria.—Among your present methods you would give chief place to the tariff protection at present in force?

Rai Bahadur.—That is important.

Mr. Anklesaria.—Can you point out one country in the world in which there are tariff duties on raw silk?

Rai Bahadur.—The point is this that other countries are so far ahead of us that they require no help. We are not yet so far advanced.

Mr. Anklesaria.—Can you name any country which had put protective tariffs in the beginning of the industry in that country?

Rai Bahadur.—I could not name, but protection exists in some form everywhere, e.g., subsidies, all kinds of bounties and so on.

Mr. Anklesaria.—You say your experience of one and a half years of production has been very encouraging and you have surmounted the difficulties of the preliminary stage in the Punjab.

Rai Bahadur.—To a certain extent we have done something encouraging.

Mr. Anklesaria.—I take it there is nothing to prevent you from maintaining the progress you have made?

Rai Bahadur.—So long as there is protection, no.

Mr. Anklesaria.—You want the revenue portion of the protective tariff to be distributed among the silk producing provinces?

Rai Bahadur.—Yes. One thing I would like to make clear and that is that silk producing provinces means provinces which are already producing and are suited for producing.

Mr. Anklesaria.—Can you suggest any other province which is capable of developing the sericultural industry but where there is no sericultural industry in existence?

Rai Bahadur.—Take my own province of the Punjab. When the Government of India started distributing Rs. 1 lakh they refused to come to the assistance of the Punjab industry because they said the sericultural industry in the Punjab was dead, and said that they would help only those provinces where the industry was existing so that it might not die.

Mr. Anklesaria.—You were talking of artificial silk having lessened the demand for real silk. Would you suggest some law which would protect the buyer of silk goods from being cheated by one class of goods being palmed off for the other?

Rai Bahadur.—I have suggested legislation to put marks on the fabric to show how much real silk and how much mixture there is in it, so that the buyer will know what he is buying. In the Punjab market things made out of spun silk warp and staple fibre weft are passed off to the consumer as real silk.

Mr. Anklesaria.—You have suggested legislation for safeguarding the consumer?

Rai Bahadur.—Yes.

President.—We were told in Mysore that it was essential to feed the worms in the initial stage with young tender leaves and that it was necessary to maintain a certain proportion of bush mulberry.

Rai Bahadur.—Tender leaves from trees too are good enough to feed worms in the early stage.

President.—Therefore it would not be correct to say that bush mulberry will be essential to feed all kinds of worms?

Rai Bahadur.—Not necessary.

President.—What were the causes that made the industry die in the Punjab?

Rai Bahadur.—It refers to another department and I would not like to make any remark. When it came to me the Agricultural Department said it was dead and let it die. It depends upon the amount of interest Government take in the development of industry.

President.—May I say in short that the industry was neglected? What I want to know is whether there was anything in the industry that had this effect?

Rai Bahadur.—It was want of attention on the part of Government.

President.—You say the cost of production is Rs. 4-1-0 for one pound of silk made in a filature whereas you are able to realise Rs. 5-8. That means you are making a profit of Rs. 1-8 per lb.

Rai Bahadur.—Yes. Last year we got a very good price. This year we do not know what is going to happen because Kashmir has spoiled the market.

President.—I have calculated 1 lb. of waste to a pound of silk. Would that be correct? You say 25 lbs. of silk and 25 lbs. waste. Take 100 lbs. of cocoon that gives 25 lbs. of silk and 25 lbs. of waste. That means one pound of silk and one pound of waste out of one lb. of cocoons.

Rai Bahadur.—It will be one lb. silk and one lb. waste from 4 lbs. of cocoons.

President.—What is the recent price that you have realised for filature silk?

Rai Bahadur.—Since Kashmir dropped their prices we have stopped selling.

President.—It may interest you to know that I told Mr. Psychaud who appeared before the Tariff Board on behalf of the Kashmir Government that they have sold silk, which is supposed to be the best silk produced in India and compares favourably with Japanese filature silk, at a ridiculously low price without any reason. They are selling at a rate which is below the present prevailing rate for Japanese filature silk, and they have put on the market 70,000 lbs. of silk at that rate.

Rai Bahadur.—It all depends upon the sales organisation.

President.—Will you just give me an idea with regard to this Rs. 10,000 grant? You are a member of the Sericultural Committee from the very beginning?

Rai Bahadur.—Yes.

President.—I was told that there was some difficulty in getting a grant for the Punjab.

Rai Bahadur.—Yes. The view taken by the Government of India in our case was that they wanted to spend money on the production of disease free seed in the provinces in which the industry existed on a large scale and not in provinces where the industry was practically dying. In 1939 we raised the point again but they did not listen to us. Last year I again raised the point in the Industries Conference and I found the Members of the Sericultural Committee more helpful and reasonable and I got Rs. 10,000.

President.—What is the position with regard to Bombay?

Rai Bahadur.—I think they did not get anything.

President.—Is there any difficulty about Kashmir or other Indian State in getting the grant?

Rai Bahadur.—They could get money for carrying on research. In fact if I may say so Kashmir put me out of the way.

President.—Now I will take up the question of the handloom weaving industry.

Rai Bahadur.—Just one point not dealt with so far. I have not mentioned in my report that so far as the protective duties are concerned, at present in the tariff schedule silk and twisted silk go together whereas we find that by putting these two together we are keeping people in his country out of starting the twisting and doubling industry.

President.—You mean the duty being equal?

Rai Bahadur.—Yes. Rather than import raw silk they get twisted silk in warp form, as it ultimately comes to them cheaper.

President.—I understand there is a difference in the price of raw silk and silk yarn coming from Japan of Rs. 1-1-2 per pound the duty being the same, and in the market it will sell at about Rs. 1-2 higher than the price of raw silk. Your cost of production is 10 annas per lb. so you are very well off.

Rai Bahadur.—My cost of production is not As. 10 per lb. If I could get raw silk from Japan at Rs. 5 and twisted silk at Rs. 5-4, it will never pay me to twist here.

President.—It is not Rs. 5-4. Look at your reply to question 41. The difference between the c.i.f. price of raw silk and twisted silk is Rs. 1-2.

Rai Bahadur.—True, but prices vary according to quality of yarn. This is our cost so far as coarser denier is concerned. If we had finer denier probably our cost will be much more. We have given you figures of what we have actually produced.

President.—It may interest you to know that whilst the Tariff Board was in Bangalore we requested two prominent throwsters, to submit their cost of producing a pound of twisted silk. They were Mr. Naik and Mr. Silva. So far none of them have supplied to us the cost of production of one pound of organzine silk and unless they do so I am not in a position to assess the duty.

Rai Bahadur.—What I mean to say is that on my putting a slightly higher duty on twisted silk you will make its price a little higher, and enable the local product to compete.

President.—You know how the Tariff Board arrives at the protective duties. They take the fair selling price, then they take the c.i.f. price for imported silk and the difference between the two is the duty. I know the price of the imported material but I do not know the cost of producing 1 lb. of silk in India. Unless I got the fair selling price I cannot assess the duty.

Rai Bahadur.—You can get more authoritative figures from Mysore. We have not yet taken up twisting as an industry by itself.

President.—I have not got it, whereas your figures are low, and according to you you are producing coarser denier. But my information is that for finer deniers the cost is somewhere about Rs. 1-8 per lb.

Rai Bahadur.—But at the same time Government will gain by putting a higher duty and we will get indirect advantage by the duty being higher.

President.—You were Director of Industries in 1933 and you also submitted to the Board on the last occasion replies to the handloom questionnaire. Take the first question; number of people engaged in the industry. The number of weavers have decreased I find from 3,000 to 2,000. Can you explain how this occurred? Spun silk also would be silk weaving.

Rai Bahadur.—We have dealt with real silk separately from spun silk.

President.—Do I understand that your original figure of 3,000 was on pure silk alone?

Rai Bahadur.—Yes.

President.—I asked this question because we understood that it included spun silk.

Rai Bahadur.—You will find that the number of spun silk weavers has increased from 4,000 to 5,000. In the case of raw silk it has gone down from 3,000 to 2,000.

President.—So that is compensated.

Rai Bahadur.—Yes.

President.—In answer to question 2 you have given me various kinds of silk and their prices. It is used in a large quantity.

Rai Bahadur.—Yes. Silk from Kashmir is consumed most.

President.—Kashmir silk is only raw silk and it has got to be twisted.

Rai Bahadur.—Yes. The weavers generally use raw silk in the weft and twisted silk in the warp. All the bigger factories have got their own arrangements for providing twisted warp.

President.—They have?

Rai Bahadur.—Yes. I have stated so in my replies.

President.—I suppose the popularity of the staple fibre is because of its low price.

Rai Bahadur.—Yes. Combined with the silk fool and shino.

President.—It cannot last, because people have now found it.

Rai Bahadur.—It is the view of the dealers. They say that people will use it and find that it would not last longer.

President.—Which is the denier which is used mostly?

Rai Bahadur.—20/2, 30/2, 30s, 40s, 60/2, 80/2, 100/2.

President.—Which is mostly used?

Rai Bahadur.—We have not got the quantities consumed of each quality.

President.—Is Mikka brand coming?

Rai Bahadur.—Yes. We have got figures for 17th June, 1938.

President.—You say Amritsar factories use organsine silk in the warp. Is that imported silk?

Rai Bahadur.—Yes.

President.—Most of the imports would be spun silk and silk yarn rather raw silk.

Rai Bahadur.—Yes. Mostly spun silk.

President.—What is your experience with regard to the percentage of loss in degumming as compared with the imported silk?

Rai Bahadur.—The difference in loss in degumming Indian and imported silks is not very marked. Amritsar factories use both framed and degummed silk.

President.—You say the main problem of the weaver is the marketing of the finished goods and he needs some help in designing. I want to know what arrangements have been made to help the weaver in this direction.

Rai Bahadur.—So far as Government is concerned, we have not yet done much in the matter of marketing of silk goods. We are doing something for cotton and something for wool, but nothing for silk.

President.—What sort of organisation have you in mind?

Rai Bahadur.—Something on the same lines as we have for cotton. What we are doing is this: I have got one Central Organisation at Amritsar, where we have collected various kinds of cotton fabrics as are consumed in the Punjab markets. We have analysed them to ascertain which of them we can produce economically and what changes in the designs we can make with a view to get better wages and continuous work for our weavers. We have also a Sales Organisation. We have 4 or 5 sales agents. Goods,

according to designs given by the Marketing Officer, are produced at prices which are previously fixed. The agents supply the money and yarn, colours, etc. We have our own master weavers to get goods produced according to sample under their supervision. In the result the weaver gets better wages and learns how to produce according to standard design. The sales agents have got the advantage of having things produced according to specifications under the supervision of expert weavers. We have branch depôts at 3 other places.

President.—Do you want a similar grant as that given by the Government of India for the handloom industry based on the same calculation?

Rai Bahadur.—Yes.

President.—Out of all qualities, shirting cloth is meeting with severe competition.

Rai Bahadur.—Yes.

President.—Is that from the imported goods?

Rai Bahadur.—From other countries as well as from Indian mills.

President.—Japan principally?

Rai Bahadur.—Yes, out of foreign countries.

President.—Is that spun silk cloth?

Rai Bahadur.—Generally spun silk. Even mixture is passed off as real silk.

President.—You say that the varieties and designs produced in Multan stand in a class by themselves and do not suffer foreign competition. What sort of designs?

Rai Bahadur.—They produce particular things which sell on their side and on the transborder and are not produced anywhere else.

President.—Are they getting good price?

Rai Bahadur.—Yes.

President.—What are the qualities?

Rai Bahadur.—Mushadi lungi, Daryai, Susi and tasila.

President.—Are silk handkerchiefs being produced?

Rai Bahadur.—Not much is produced in the Punjab, but you might have seen something coming from Quotta.

President.—It is interesting. I would rather like to have your opinion. The Tariff Board has been asked to examine the duty at present in existence on silk handkerchiefs. At present the duty is assessed under item 49 of the Indian Customs Tariff Act as 50 per cent. *ad valorem* without any specific duty, while the cloth from which these handkerchiefs are made are assessed at a duty of 50 per cent. *ad valorem plus* Rs. 1-8 per lb. under item 48. Thus there is an inequality with regard to the duty on the finished article. The Board is investigating that question and I would like you to send a note on the subject as to what the views of the manufacturers in the Punjab. I don't think you are in a position to tell the Board to-day what is the position.

Rai Bahadur.—I shall supply the required information.

President.—You have given the percentage of raw material used in the three illustrations you have given.

Rai Bahadur.—Yes. But they do not relate to handkerchiefs. Handkerchief industry at Multan which flourished at one time, is practically dead now.

President.—I want to know the percentage of silk in the handkerchiefs. If you see your reply to question 71, you have given me two samples. One is lungi and another is Daryai in both of which there is approximately 50 per cent. raw silk. That was the figure adopted by the Tariff Board on the last occasion when they wanted to impose a compensating duty. I want to know what will be the proportion in handkerchiefs.

Rai Bahadur.—I will give you that information later.

President.—I find there is a heavy fall in the price of imported goods since 1934. In answer to question 8, you have given the prices for 1938 as compared with 1934.

Rai Bahadur.—Yes.

President.—Prices show a drop of 50 per cent.

Rai Bahadur.—Yes. Because of Japanese manipulations and because of the change in raw materials used.

President.—The prices of imported article during the last 4 years have dropped by about 50 per cent.

Rai Bahadur.—Yes. It may be mentioned that some of the things which are not real silk are passed off as silk. All these factors bring down the price.

President.—Is the reduction in price due to the change of material used for producing these qualities?

Rai Bahadur.—Yes. Generally the quality varies.

President.—Though the dimensions of Hari Chall satin-cotton and silk are the same, the price has dropped from Rs. 1-7 to 10 annas a yard.

Rai Bahadur.—The hari chall quality which they used to import formerly is not the same now.

President.—It is the quality that has deteriorated considerably.

Rai Bahadur.—Yes, though the outer shine generally remains the same.

President.—It is not that the importers are suffering a loss, but they have reduced the cost of production by having a different mixing.

Rai Bahadur.—Yes.

President.—I want you to look at the values given by you in reply to questions Nos. 9 and 13. If you look at the artificial silk yarn, the drop in value is, I suppose, due to the drop in price.

Rai Bahadur.—Yes, obviously so.

President.—Look at the figures given by you on the last occasion—see page 282 in reply to question 9. Could you give me similar figures? You have given me figures for 1938. I want 1934 figures based on the information given now. I want to know whether the same reduction has taken place.

Rai Bahadur.—The reduction is approximately the same. I will supply the required figures.

President.—56,000,000 yards is the annual production of artificial silk yarn.

Rai Bahadur.—Yes. The quality has deteriorated and kutchra colours used. Wages are also going down. Although the production is going up, the profit has gone down.

President.—Profits are going down, because the costs have been reduced.

Rai Bahadur.—Yes. The weaver who makes 2 annas per yard does not get more than 3 pice now. He does that, because there is no other alternative for him to do.

President.—In answer to question Nos. 10, 11 and 12 you have given the various kinds of materials and the cloths used. Please look at the Tables given on the last occasion. I will take particular instance. Take Gulbadan. You have given here—Length 72 to 76 yards, width 22½ inches. On the last occasion you gave me 30 yds. × 26". I want to know whether the tastes have changed.

Rai Bahadur.—The requirements of the consuming markets have slightly changed. Still both these widths and also others are produced.

President.—I will take these figures when you come to the statement. Here you have given the number of days and the retail price. On the last occasion you gave the cost of material and so on.

Rai Bahadur.—The position with regard to the merchants is almost the same. Yes. The organisation still remains the same.

President.—In answer to question 20, you say "In such cases the weavers have to pay interest on the value of yarn obtained from the date of the supply of the yarn to the date of the sale of the finished article at 6 per cent. per annum plus half per cent. commission on the price of finished goods realised by the sale". I don't quite follow that. We were told in other places that the merchant supplies the yarn and gets back the cloth and pays him his wages.

Rai Bahadur.—That is a different system. That is one system, and there is also another system. The dealer, for instance, gives yarn to the weaver and receives back the woven fabrics which he gets finished himself. Here the weaver is paid the previously fixed wages. In the other case, the weaver gets the yarn on credit from the dealer and pays him a certain amount of interest on the value of yarn. If he finds difficulty in selling he leaves the cloth at the shop and the dealer charges a small commission on the sale too.

President.—So far we have not been told of any interest charged on yarn supplied.

Rai Bahadur.—That is one of the several systems in vogue.

President.—Which is the system generally in vogue?

Rai Bahadur.—Both are almost equally in vogue. The system under which there is no liability of the merchant is becoming increasingly popular.

President.—I am not taking these questions which have already been covered in the Sericultural questionnaire. With regard to your signature, reeling and twisting, some of the questions are common. With regard to degumming you say in reply to question 24:—(Handloom questionnaire):—

	Rs. A. P.
"To obtain one pound of twisted silk ready for the loom the weaver has to purchase about 1 lb. 5½ ozs. of silk as 25 per cent. is lost in degumming, cost of 1 lb. 5½ ounces of raw silk at .	5 8 0
Per lb.	7 5 4
Add cost of re-reeling and twisting at 12 annas per lb.	0 12 0
Total	8 1 4"

I do not quite follow this. This is the typical example given by you.

Rai Bahadur.—5½ ozs. is lost in degumming—So that we get 1 lb. net for Rs. 8-1-4.

President.—You have given us degumming charges, re-reeling and twisting charges as Rs. 1-2 in reply to the sericultural questionnaire.

Rai Bahadur.—Degumming is not included in reply to question 41. Charge of Rs. 1-2 refers to twisting, winding and boiling off.

President.—That comes to 9 annas per lb.

Rai Bahadur.—Yes—but here the quantity in hand is 1 lb. only. In the other case the quantity is greater.

President.—Your argument with regard to the increase in the duty on silk yarn is based on these figures.

Rai Bahadur.—Yes.

President.—So I want you to look into this matter once again.

Rai Bahadur.—Very well.

President.—You have given us weavers' wages in reply to question 25 for different kinds of cloth. What is the percentage of decrease that has taken place since the last Tariff Board reported?

Rai Bahadur.—I have given figures for a number of years in my answers.

President.—I want the figure for 1938. Can I take Rs. 2-4 for 1938 also?

Rai Bahadur.—Apparently the real silk lungi (Khushab) was not produced in 1938 and hence figures for that year are not available.

President.—You have given the same figure for 1934, 1935 and 1936. I suppose the same figure will be applicable to 1937 and 1938.

Rai Bahadur.—No—because the quality was discontinued after 1936.

President.—I should say that it is probably the same for 1938. In 1934 the cloth was worth Rs. 4-12. The cost price in 1938 is Rs. 2, but it is a different kind of cloth.

Rai Bahadur.—The cloth changed, and with it the prices also. The material used therein was changed.

President.—Just as the importers have changed the raw materials and adjusted their costs, so have the Indian manufacturers done.

Rai Bahadur.—Yes.

President.—It is a different material altogether because the reduction in the cost has been more than 50 per cent.

Rai Bahadur.—Yes. The change came in after 1936.

President.—You tried to adjust the costs with the costs of the foreign material with the result that weavers have suffered in their wages.

Rai Bahadur.—Yes. They have.

President.—Their wages have gone down from Rs. 2-4 to Re. 1.

Rai Bahadur.—Yes—but the weaver has not suffered so much as 100 per cent. He has suffered to a certain extent. His production has slightly increased and he has also to pay less for the raw material.

President.—The weaver has worked for a number of days. He is asked to turn out a certain quality. Therefore he has suffered very heavily.

Rai Bahadur.—He has suffered but not very heavily.

President.—From Rs. 2-4 it has gone down to Re. 1.

Rai Bahadur.—Do you mean the price?

President.—I am referring to the weaver's wage.

Rai Bahadur.—In wages he has suffered, it should be remembered that the production in the case of silk is lower than that in the case of coarser varieties.

President.—It does not mean that the weaver is working less. My point is that the labour is there but you are paying less simply because you have taken to cheaper raw materials whose cost is less. Therefore the weaver cannot be paid more. For instance if the total cost of a lungi is Rs. 2 you cannot pay the weaver Rs. 2.

Rai Bahadur.—No.

President.—In the change over the weaver is the greatest sufferer.

Rai Bahadur.—Yes. The percentage of profit is also lower.

President.—Is the lungi called Mushadi lungi?

Rai Bahadur.—Yes.

President.—How many days does it take to make a lungi?

Rai Bahadur.—It takes 2 days.

President.—He was taking Rs. 2-4 for that. I want to understand one more point which has been brought to our notice in Hyderabad and elsewhere that the wages of Rs. 2-4 are not only for the days that the weaver takes to manufacture the cloth but also for the period he takes for preparing the warp and degumming.

Rai Bahadur.—Yes. In the Punjab it is not the weaver alone that works but his whole family.

President.—How many days' labour is it?

Rai Bahadur.—Two. His wife and other members of the family prepare the warp.

President.—Can we take it as 4 days?

Rai Bahadur.—Left to himself he would take 4 days if he prepared one lungi as a separate piece only.

President.—So the drop is 50 per cent.

Rai Bahadur.—He takes only 2 days because other members of his family help him and a bigger warp is prepared, from which more than one lungi is prepared.

President.—In certain classes of materials I find that the rate has remained the same and the cost also has remained the same. Is that due to the fact that there is no competition in those qualities?

Rai Bahadur.—Yes. For instance, Lungi is the thing which we alone produce.

President.—It is not competing.

Rai Bahadur.—No. There people can afford to pay more.

President.—In Daryai it is practically the same?

Rai Bahadur.—Yes. The quality is also the same, so there is no change.

President.—Are we correct in saying that in certain qualities there is no competition and that is the reason why the cost has remained the same and the wages also have remained the same?

Rai Bahadur.—Quite right—about the same, except where internal competition comes in. In real daryai the production has gone down.

President.—The percentage of production has gone down.

Rai Bahadur.—Yes—because of the competition of gola daryai.

President.—Take lungi. That has increased.

Rai Bahadur.—Real lungi has gone down too, because of competition from cheaper article.

President.—The cost has increased but the wages have gone down.

Rai Bahadur.—The cost has not increased.

President.—I find that it is not cheaper.

Rai Bahadur.—Lungi is cheaper—Most of these things are suffering from internal competition. If they cannot sell they are prepared to take any price.

President.—There is a good deal of unemployment in the weaving community.

Rai Bahadur.—Yes—to a certain extent taking the weaving community, as a whole. They are suffering from both internal and external competition. Take the case of hosiery. They have the competition of Japan and they have their own internal competition. Although the output in the Punjab is going up, the profit has gone down. So is the case here.

President.—I cannot compare with staple fibre cloth because it is a recent invention.

Rai Bahadur.—No, you cannot, because staple fibre came in about 2 years ago.

President.—In Tussore shirting I find the same thing. Though the cost has gone up, the wages have gone down.

Rai Bahadur.—Because of international competition, and vagaries of the demand.

President.—Apart from the demand, this is according to the cost. After the demand has gone down from 50 to 20 per cent., the cost has remained the same.

Rai Bahadur.—We have no exact figures of demand.

President.—The cost has remained the same. If you take the cost of Tussore shirting you see that the cost has gone up by 9 pies in 1935 whereas the wages have gone down.

Rai Bahadur.—That is because of the internal competition.

President.—You mean weavers' competition.

Rai Bahadur.—Yes.

President.—Are neon and knitted yarns used?

Rai Bahadur.—I think they were used for a time. Now they are not used so much.

President.—You say in reply to question 26: "It may however be noted that the present rate of protective duty both on yarns and piecegoods has not proved adequate enough and has failed to achieve the desired results in improving the sericulture and real silk weaving industries on account of the heavy imports of mixture goods which by virtue of their low prices and attractive designs have very adversely affected the local production". I want to know that your proposals are. You have proposed duties with regard to various kinds of silk fabrics but you have not mentioned anything with regard to raw silk.

Rai Bahadur.—It is really the fabrics that affect us more, but please see my reply to question No. 24.

President.—You know the Tariff Board has been asked to investigate the claims of the sericultural industry to the continuance of protection and the Tariff Board cannot examine the weaving industry separately. They can only examine the effects on fabrics of the protective duties on raw silk.

Rai Bahadur.—It is really the fabrics that come and hit us, but we want protection on yarns as well.

President.—Is it your point that the selling price of fabrics is so low that in spite of the duty on raw silk you are not able to compete in fabrics.

Rai Bahadur.—Yes. Fabrics take various forms. Suppose we are producing something of silk. Somebody from outside, say, Japan, brings something similar in appearance with perhaps a better design and at a cheaper price, and it hits us badly.

President.—The danger to the handloom industry is entirely due to substitutes.

Rai Bahadur.—Yes more so.

President.—Not due to dumping so much.

Rai Bahadur.—No.

President.—The costs have been decreased by the opportunity to use mixtures at cheaper prices. For instance in H—it was at one time all silk. Subsequently they came to artificial silk yarn and they have gone on changing according to the competition in the market. Will your proposals meet with that difficulty?

Rai Bahadur.—If the duties on mixtures, artificial silk goods and staple fibres were higher, it would help our industry.

President.—I want to know how the duties have been arrived at. When you say that the duty should be increased from 50 to 60 per cent. and the

specific duty from Rs. 1 to Rs. 1-8, what is the justification for making this increase?

Rai Bahadur.—We feel that if that much further protection is given we should be able to compete.

President.—You know the method of the working of the Tariff Board. The Tariff Board cannot say that it should be raised from 60 to 75 per cent. without adequate grounds and basis. I would like you to give us some figures in justification of your proposals.

Rai Bahadur.—What we found is that these figures would give adequate protection to us.

President.—This is rather important. I am bold definitely that in India the handloom weaving industry is suffering on account of two main factors. One is lack of finish and the second is the lack of expert knowledge necessary for designing purposes and mixing different kinds of yarn.

Rai Bahadur.—Of course we have not started anything in mixings. We have no facilities and therefore have not taken up that matter.

President.—So that in the future if the handloom industry gets a grant from the Government of India similar to the grant which you are now getting for cotton, it is essential that the Directors of Industries should concentrate their attention on these things which are really hindering the development of the industry.

Rai Bahadur.—The grant should not be restricted as at present to the betterment of a particular fabric or yarn but should be available for the utilisation to meet competition from all quarters which affect our silk industry.

President.—The whole object should be to employ experts who would give you the most modern attractive designs and at the same time devise ways and means by mixing different kinds of raw material in order to reduce the cost of production.

Rai Bahadur.—Experts alone would not do—although they would be useful.

President.—This requires technical skill. Mixing is a great art. It cannot be done by everybody.

Rai Bahadur.—What I mean to say is that instead of help from experts alone, we should receive help in all forms.

President.—You say that mixing is done by importers and that it is such that the cloth in appearance, finish and lustre appears to be the same though the cost has been reduced.

Rai Bahadur.—Yes. What I meant was that the employment of expert alone is not enough. For instance, take the case of artificial silk. An expert may cost a good bit of money, but that would not achieve the desired results. All methods should be employed to help. Government should be prepared to get the expert and also to do whatever else is necessary to meet the competition.

President.—We need not go into the various examples which you have mentioned. This gives an idea of what it costs you to-day to produce different kinds of material. Take dupatta 3 yds. \times 1½ yds. made of pambi silk (Q. 28). Take the cost of raw material Rs. 3-6; take the cost of raw material on the last occasion which was Rs. 1-6.

Rai Bahadur.—The quality must be different. Costs vary, according to raw materials used. Dopattas have various prices.

President.—It is very difficult for us to compare this. Practically it is new material.

Rai Bahadur.—Yes. In the previous replies Pambi silk is not mentioned.

President.—The only thing which can be compared is the twisting, dyeing and winding charges. I find there is a slight increase in twisting and dyeing charges.

Rai Bahadur.—Previously in the Punjab mostly *kucha* colours were used and now we are concentrating on the use of *pucca* colour which costs more.

President.—Taking twisting and winding. It was 3 annas on the last occasion and you have given here half an anna.

Rai Bahadur.—The figure of 1931 refers to raw silk while Pambi is a twisted yarn. Accordingly charges under this head are for winding only. Further a coarse yarn is easier to wind.

President.—In answer to question 27 you have given the number of factories that have come into being as a result of protective duties.

Rai Bahadur.—Indirectly.

President.—What about the working of the co-operative societies; have they been of any help to the weavers?

Rai Bahadur.—I would not like to say anything about it.

President.—Will you ask the Registrar to send a note on the subject.

Rai Bahadur.—I will.

President.—In answer to question 31 you say the demand for natural silk is on the increase whereas the figures definitely show that a large proportion of the fabrics manufactured in the Punjab are made out of artificial silk.

Rai Bahadur.—The total consumption of natural silk has increased although at the same time the consumption of fabrics made out of artificial and spun silks has increased.

President.—You say the quantity of raw silk consumed in the various markets is 0,03,500 lbs.

Rai Bahadur.—Yes—it includes raw and reeled silk and local and imported.

26. MUNSHI ABDUL KARIM, A REARER IN THE DISTRICT OF GURDASPUR.

Oral evidence of Munshi ABDUL KARIM of Village Bhatoya,
Post Office Dinanagar, District Gurdaspur, recorded at Simla
on Saturday, the 10th September, 1938.

President.—Munshi Abdul Karim, since how long have you been doing rearing work?

Mr. Karim.—I started about 15 years ago and then stopped for a while. Again last year I commenced rearing and I reared 7 ounces. The reason why I did not do the rearing work for a time in the middle was that the prices fell down and I thought that it was not worth while continuing it any longer.

President.—I want to know whether the rearing work is done in the Punjab.

Mr. Karim.—Yes.

President.—Did you rear 7 ounces of seed?

Mr. Karim.—Yes, in 1937-38.

President.—Where do you get the leaf from?

Mr. Karim.—I own trees enough to rear one or two ounces of seed. For the rest I get leaves from trees growing on the canal banks.

President.—Those trees do not belong to you.

Mr. Karim.—No.

President.—Have you to pay anything to Government?

Mr. Karim.—8 annas per ounce.

President.—Do you pay that to the Canal Department for permitting you to get the leaves from those trees?

Mr. Karim.—I pay that to the Industries Department.

President.—My point is this. How does the Canal Department know that you are rearing only one ounce and not more?

Mr. Karim.—Seeds are distributed by the Industries Department and they keep a list of the people to whom seeds are given. From that, they can find out the information.

President.—Are the seeds disease-free?

Mr. Karim.—Yes.

President.—When you reared 7 ounces of seed, for 5 ounces you got your supply of leaves from Government.

Mr. Karim.—From the Canal Department.

President.—We are told that as far as mulberry tree is concerned, an ounce of seed requires 1,800 lbs. of leaves.

Mr. Karim.—In the Punjab, we go by the number of trees.

President.—Have you ever calculated how many pounds of leaves can be had from a tree?

Mr. Karim.—That depends upon the size of the tree, whether it is big or small.

President.—Do you agree that 1,800 lbs. of leaves are required to rear an ounce of seed?

Mr. Karim.—I cannot say.

President.—This figure has been given to me and I want to have it verified.

Mr. Anklesaria.—What is the average age of your tree?

Mr. Karim.—The trees start giving good yield after the 3rd or 4th year.

President.—How many lbs. of cocoons do you get per ounce of seed?

Mr. Karim.—14 seers dry cocoons.

President.—That means 42 seers of green cocoons or 84 lbs. of cocoons.

Mr. Karim.—Yes.

President.—Are you rearing univoltine worms?

Mr. Karim.—Yes.

President.—What is the period required for rearing?

Mr. Karim.—I start about the 25th of January and go up to the month of April.

President.—That is about 2 months.

Mr. Karim.—Yes.

President.—Whom do you sell your cocoons?

Mr. Karim.—I myself do the reeling. This is the first year in which the Department of Industries have started giving basins.

President.—How many pounds of cocoons produce a lb. of silk?

Mr. Karim.—2 seers of dry cocoons give one lb. of silk.

President.—That means 12 lbs. of green cocoons to a lb. of silk.

Mr. Karim.—Yes.

President.—How much waste silk do you get?

Mr. Karim.—1 to 2 chitakhs out of 2 seers.

President.—What is the price that you are able to get?

Mr. Karim.—Rs. 8 to Rs. 9 a seer. The Sericultural Inspector took me to the Amritsar market and helped me to sell my silk.

President.—What do you get for your waste?

Mr. Karim.—6 to 8 annas per seer for the waste.

President.—What does it cost you to rear an ounce of seed? The cost of seed is how much?

Mr. Karim.—Rs. 2.

President.—What is your cost of leaf?

Mr. Karim.—8 annas.

President.—During the 4th and 5th ages of the worms, they require a large amount of leaves. Do you employ extra labour for that?

Mr. Karim.—It is all done by myself and my family.

President.—What is the cost of appliances?

Mr. Karim.—About 7 annas, and cotton one anna.

President.—The total comes to Rs. 3.

Mr. Karim.—Yes.

President.—What do you spend for the upkeep of trees?

Mr. Karim.—It does not cost me anything.

President.—Does it not cost you anything to plant?

Mr. Karim.—The Industries Department supply plants at my door. I plant them in my own compound and I get the canal water which I require for my other agricultural purposes. The water charge may be 10 annas per canal.

President.—How many trees are there in an acre of land?

Mr. Karim.—40 to 45 trees in a bigha, or 130 trees in an acre.

President.—What is the distance between one tree and another?

Mr. Karim.—10 feet.

President.—No special attention is necessary to look after the trees.

Mr. Karim.—No.

President.—When you were rearing cocoons 10 or 12 years ago were you selling cocoons?

Mr. Karim.—I produced cocoons and sold them at Rs. 150 per maund. At that time silk prices were high. Then it came down to Rs. 53 per maund.

President.—That was about three years ago?

Mr. Karim.—About four years ago.

President.—How many pounds are there in a maund?

Mr. Karim.—82 lbs.

President.—For 82 lbs. you were able to get Rs. 53 for dry cocoon. That is about 3 annas 6 pies per lb.

Mr. Karim.—Yes. This year I have a net profit of Rs. 200 after taking into account all the expenditure on 7½ ozs.

President.—One ounce gives you 84 lbs. of green cocoon, so 7½ ozs. will give you 630 lbs. 12 lbs. of green cocoon is equal to 1 lb. of silk so you get about 51 lbs. of silk and on that you get Rs. 200; that means you get about Rs. 4 per lb. of silk?

Mr. Karim.—Yes.

Mr. Anklesaria.—You said you stopped rearing worms four years ago. What became of the trees?

Mr. Karim.—There was not much use for it; the leaves used to fall to the ground. I used the branches to make baskets and utilise them also for roofing the houses.

Mr. Anklesaria.—How much land have you got?

Mr. Karim.—24 bighas and my nephews also have got 24 bighas; they help me in sericultural operations.

Mr. Anklesaria.—When you stopped sericulture what did you do?

Mr. Karim.—I cultivated my land.

Mr. Anklesaria.—So far as sericulture was concerned, you gave it up?

Mr. Karim.—Yes.

Mr. Anklesaria.—What is your income from cultivation of land?

Mr. Karim.—My land just suffices to maintain my family and pay revenue.

Mr. Anklesaria.—What will be the expenditure on the maintenance of your family?

Mr. Karim.—I get just sufficient to maintain my family and for clothes and other necessities I have got bullock carts from which I meet that expenditure.

Mr. Anklesaria.—What is your gross cash income?

Mr. Karim.—My income will be about Rs. 258 out of which I have to pay land revenue and canal water cess Rs. 97.

Mr. Anklesaria.—What is your main income apart from sericulture?

Mr. Karim.—About Rs. 150.

Mr. Anklesaria.—What is the number of the members of your family?

Mr. Karim.—18 people.

Mr. Anklesaria.—If you do not practise sericulture it does not affect your income?

Mr. Karim.—It does. If I do not do sericulture I would devote more attention to my agricultural land which is mainly cane crop.

Mr. Anklesaria.—You require about two months' attention devoted to sericulture. Is it in the busy time of the agricultural season?

Mr. Karim.—I took this year more work than I ordinarily should have done for sericulture. I took 7 ounces of seed and I had to neglect a little portion of the agricultural work as I had to go long distances for leaves. The rearing season is not in the busy time of agricultural operations.

Mr. Anklesaria.—Are you satisfied with the income?

Mr. Karim.—I am very happy.

President.—There are only one or two points that I would like to clear up. When you use the leaves for feeding do you also use the twigs?

Mr. Karim.—No they are used for making hot water for reeling cocoons.

President.—Some branches are used for rearing purposes also?

Mr. Karim.—The branches are used in the last stage when the worms are ready to spin cocoons.

President.—Is there any disease in the worms?

Mr. Karim.—There was some disease among those which were kept too close together; those which were at some distance from one another and had more air were disease-free but only those which were kept too close together had some disease. The wastage was about 20 per cent.

President.—In how many days do the eggs hatch?

Mr. Karim.—It takes 15 days to complete the hatching process, i.e., 8 days for incubation and 7 days for hatching. It takes me in all 7 days. The biggest hatching comes on the 3rd or 4th day.

President.—Is there any other point which you wish to place before the Board?

Mr. Karim.—1. I want greater facilities for more leaves and nearer my home. 2. More duty be levied on imported silk yarn. 3. Mulberry plantations on Government waste land.

President.—Do you get sufficient quantity of leaves now?

Mr. Karim.—I don't get enough.

President.—How many trees you have?

Mr. Karim.—He possesses 50 trees in all in his lands.

President.—25 trees per ounce.

Mr. Karim.—477 maunds in all.

27. MESSRS. SHAHZADA NAND AND SONS, AMRITSAR.

Evidence of Mr. GURAN DITTA recorded at Simla on Saturday,
the 10th September, 1938.

President.—Mr. Ditta, you are a silk merchant?

Mr. Ditta.—Yes.

President.—Since how many years have you been doing this business?

Mr. Ditta.—30 years.

President.—Are you dealing in Indian or imported silk?

Mr. Ditta.—I was dealing in imported and Indian silk.

President.—Which Indian silk are you dealing with?

Mr. Ditta.—For the present Yarkand, Kashmir, China and Bengal.

President.—Where do you get your Kashmir silk?

Mr. Ditta.—I also tender.

President.—Is your tender accepted?

Mr. Ditta.—Yes.

President.—What quantity have you been able to get?

Mr. Ditta.—About 5,000 lbs. buying this year. This time we missed but the Bombay merchant got.

President.—What is the price at which your tender was accepted?

Mr. Ditta.—Rs. 5-12 beginning 1938 now it is booked at Rs. 4-12. I didn't buy any at Rs. 4-12.

President.—The price was Rs. 5-12 in end 1937 and beginning 1938 now Rs. 4-12.

Mr. Ditta.—Yes.

President.—What quantity did you get?

Mr. Ditta.—5,000 lbs.

President.—This is ex-factory price?

Mr. Ditta.—Yes.

President.—What are the charges you have got to incur?

Mr. Ditta.—About one anna per pound from Srinagar.

President.—To which market?

Mr. Ditta.—To Amritsar. One anna from Jammu to Amritsar and 1/2 anna from Srinagar to Amritsar.

President.—What other charges?

Mr. Ditta.—Insurance. It is very negligible.

President.—Can we say it costs altogether Rs. 5 per lb.

Mr. Ditta.—We can sell at about Rs. 5 to Rs. 5-4.

President.—When you tendered what was the price of Japanese silk?

Mr. Ditta.—It was something like Rs. 4-12.

President.—In which year?

Mr. Ditta.—In 1936.

President.—That is not correct.

Mr. Ditta.—There are finer and coarser deniers.

President.—Which deniers are you taking? We are taking deniers 90/110 to 35/40?

Mr. Ditta.—Rs. 5-4 quality.

President.—You tendered for the Indian silk at Rs. 54.

Mr. Ditta.—Yes.

President.—Tell me the quality of Indian silk compared to the Japanese filature silk.

Mr. Ditta.—Kashmir silk is as good as the Japanese filature silk. Lots is finer.

President.—What quality you are importing?

Mr. Ditta.—Iris and Tullp. They have got different names.

President.—I don't understand why the selling price of Kashmir silk should be about one rupee lower than the Japanese filature silk.

Mr. Ditta.—We have also to compete with Yarkand silk.

President.—You are importing Yarkand silk?

Mr. Ditta.—Yes.

President.—It comes through Kashmir.

Mr. Ditta.—Yes.

President.—Does it pay import duty?

Mr. Ditta.—There is no import duty on goods coming to the Punjab.

President.—You get Yarkand silk without duty?

Mr. Ditta.—Yes.

President.—What quantity you are able to get?

Mr. Ditta.—Last year we have not done much business in Yarkand. Formerly we did. There were three or four merchants.

President.—What is the price of Yarkand silk?

Mr. Ditta.—There are different qualities.

President.—Say 90/110 to 40/5.

Mr. Ditta.—Rs. 400 a parcel.

President.—How many pounds?

Mr. Ditta.—100 pounds. Their quality is a bit coarser than Kashmir.

President.—40/45?

Mr. Ditta.—14/15 is finer.

President.—At Rs. 4 per pound delivered at your place?

Mr. Ditta.—Yes.

President.—I want to know why recently the imports have ceased.

Mr. Ditta.—On account of disturbances in Yarkand and moreover they are now buying more Japanese. They don't like the Yarkand silk should be exported here. Those people are not coming freely as they were coming before on account of the disturbances. Punjab at present have got 1,000 parcels lying in Kashmir and Amritsar.

President.—Can you not import to-day?

Mr. Ditta.—There are so many difficulties and they don't want to take risk.

President.—What is the reason?

Mr. Ditta.—They are not allowed to come.

President.—By which authority?

Mr. Ditta.—People can come and they can't bring any goods. There are so many difficulties.

President.—There is no smuggling.

Mr. Ditta.—The new Government does not allow people to take away the goods. Russians have got more influence than what we have here and they would not allow them. They take all the finest silk themselves.

President.—You are importing coarser silk?

Mr. Ditta.—They don't like anybody to bring silk.

President.—There is no exact information as to why it is not forthcoming.

Mr. Ditta.—On account of disturbances there they don't allow people to come to India, and those who come have to take the risk.

President.—Do you deal in Bengal silk also?

Mr. Ditta.—Yes.

President.—That must be charka silk.

Mr. Ditta.—Yes.

President.—What is the price at which you are able to get?

Mr. Ditta.—Rs. 3 to Rs. 4-8 per lb.

President.—Delivered at your place.

Mr. Ditta.—Delivered at Calcutta. About two annas freight from Calcutta to Amritsar.

President.—Are you able to get Bangalore silk?

Mr. Ditta.—Punjab is not taking Bangalore silk. We sometimes take.

President.—Do you deal in thrown or twisted silk?

Mr. Ditta.—We get the raw silk and twist it ourselves.

President.—Why are you not importing yarn.

Mr. Ditta.—On account of artificial silk the taste has changed.

President.—During the last three years has the taste of the people changed from raw silk to art silk?

Mr. Ditta.—Yes on account of the price.

President.—That means art silk is now being used more than raw and spun silk.

Mr. Ditta.—Yes.

President.—Are you importing any staple fibre?

Mr. Ditta.—I have not imported. I got samples from Bombay.

President.—What is the price at which you are able to get it?

Mr. Ditta.—The price for staple fibre has increased by 40 per cent.

President.—What is the opinion of the market with regard to the Kashmir silk?

Mr. Ditta.—That silk is liked very much.

President.—If it is liked very much, why it is not sold?

Mr. Ditta.—It is due to foreign competition.

President.—There is a margin of one rupee.

Mr. Ditta.—They are now raising the price. I was taking last year.

President.—You have not tendered this time?

Mr. Ditta.—No. The highest bidder in Bombay got it.

President.—What is the price?

Mr. Ditta.—Rs. 4-12.

President.—What price did you tender?

Mr. Ditta.—Rs. 4-10.

President.—I do not know why you should tender at such a low price when the imported price was so high.

Mr. Ditta.—There was a time when we were paying Rs. 22 a pound. We were the chief buyers and we were buying 50,000 pounds.

President.—Why the market doesn't like it now?

Mr. Ditta.—There is risk. There is foreign competition.

President.—What is the reason?

Mr. Ditta.—China is supplying. Italy is supplying. Certain quantity of silk goods comes via Mandalay without any duty.

President.—From which border it is coming?

Mr. Ditta.—From Rangoon.

President.—Is it called smuggled goods?

Mr. Ditta.—Goods are not coming by sea.

President.—There is no British Indian duty?

Mr. Ditta.—No.

President.—We are told very little silk is coming.

Mr. Ditta.—Yes, Rs. 5 or Rs. 6 lakhs worth of goods are coming. They are degummed, dyed and used for embroidery purposes.

President.—Free of duty.

Mr. Ditta.—Yes.

Mr. Anklesaria.—Do you want protection on silk?

Mr. Ditta.—Yes.

Mr. Anklesaria.—You told us just now that Kashmir silk was as good as any foreign silk.

Mr. Ditta.—Yes.

Mr. Anklesaria.—And Kashmir silk was selling at lower prices than those at which the foreign silk was selling.

Mr. Ditta.—Not always they are selling at lower prices.

President.—They tender at lower prices.

Mr. Anklesaria.—Even the tender which was passed was lower than the Japanese prices.

Mr. Ditta.—A man is buying at Rs. 4-12. If he gets a little margin he will have a temptation to import. When I make a little profit he will make an offer to Japan.

Mr. Anklesaria.—The Japanese silk is selling at about Rs. 6 and you can outsell Japan in India.

Mr. Ditta.—But not always. Japan can afford to sell cheaper to-morrow. In the last three months the price of staple yarn has increased.

Mr. Anklesaria.—How long has this favourable margin been existing as far as Japanese silk is concerned?

Mr. Kishen.—In fact the Lotus quality or the extra fine quality which they have recently introduced is comparable to the Japanese silk.

Mr. Anklesaria.—That is it is the lower quality which brings down the price.

Mr. Kishen.—That Lotus quality does not match with the quality of Japan. The Lotus quality is slightly lower than the Japanese silk. There is a difference of 8 to 10 annas per lb. between Iris and Lotus and there is again a difference between different deniers. There is also the fluctuation in the Japanese market. You cannot take Rs. 6-4 as the basis. Now the market has gone down again. Formerly when the Japanese market went down, the Kashmir people raised their price to Rs. 7-4.

Mr. Anklesaria.—In which year?

Mr. Kishen.—Two years back when we stopped manufacturing these silk goods.

Mr. Anklesaria.—You would like to have protection on raw silk and silk goods.

Mr. Kishen.—Mostly on artificial silk and staple yarn.

Mr. Ditta.—Staple yarn is killing the whole trade. It started about two years back and the demand for it is gradually increasing.

28. THE BHARAT UDHAR WEAVING FACTORY, AMRITSAR.

Evidence of Mr. BAL KISHEN, Proprietor, Bharat Udhav Weaving Factory, Amritsar, recorded at Simla on Saturday, the 10th September, 1938.

President.—Mr. Bal Kishen, you are the proprietor of the Bharat Udhav Weaving Factory?

Mr. Kishen.—Yes. My Multan firm is dealing in raw silk.

President.—Do you agree with what was stated by Mr. Guran Ditta about the general market?

Mr. Kishen.—Yes.

President.—I want to know what goods do you weave?

Mr. Kishen.—We were weaving spun silk mixed with staple yarn and spun silk mixed art silk.

President.—What is your annual production?

Mr. Kishen.—I have got about 40 looms.

President.—Have you tried the Indian silk?

Mr. Kishen.—Yes, Kashmir silk.

President.—How do you find it in respect of weaving and winding quality?

Mr. Kishen.—Only the Lotus is good. Other grades I am not using. There is a lot of gum, with the result that the thread breaks. I do not know whether they intentionally put more gum for increasing the weight. It is only the Lotus quality which is suitable for our purposes.

President.—Do you get enough Indian silk for your requirements?

Mr. Kishen.—Yes.

President.—Do you use Japanese silk and Chinese silk?

Mr. Kishen.—I am not using Chinese or Japanese silk.

President.—The bulk of your production would be art silk or spun silk?

Mr. Kishen.—Spun silk.

President.—The bulk of your production would be spun silk and real silk.

Mr. Kishen.—Yes.

President.—Mostly your production would be suitings and saris.

Mr. Kishen.—Shirtings and suitings.

President.—What is the cost of production roughly for shirtings and suitings?

Mr. Kishen.—Shirtings—16 annas per yard; mixed spun silk and raw silk. Suitings from Rs. 1-8 to about Rs. 2 per yard according to the weight of the cloth.

President.—What materials do you use for suitings?

Mr. Kishen.—Spun silk.

President.—What is the price at present of spun silk?

Mr. Kishen.—At present the prices for various counts are as under:—
2/140 about Rs. 5 per lb. 2/210 two months back Rs. 5-2 now Rs. 6-4 per lb.

President.—Are these prices delivered at your factory?

Mr. Kishen.—Bombay market prices.

President.—What addition do you make?

Mr. Kishen.—4 annas per lb.

President.—Are you using 2/60s and 2/80s?

Mr. Kishen.—Yes, cordonets.

President.—What are the prices?

Mr. Kishen.—Rs. 3-10 per lb. for 2/60 and Rs. 3-14 per lb. for 2/80.

President.—Your bulk of the production would be of which count?

Mr. Kishen.—All mixed 2/210 is used for making saris and silk shirtings and 2/140, 2/80 and 2/80 for suitings.

President.—What are the present market prices of shirtings and suitings?

Mr. Kishen.—It all depends upon the various qualities.

President.—What is the market price of similar quality?

Mr. Kishen.—13 to 14 annas per yard for shirtings, and for suitings about Rs. 1-8 to Rs. 2-4 or Rs. 2-6.

President.—Do you think that the present duties on various kinds of cloth have been helpful in your business?

Mr. Kishen.—There is a duty of 14 annas per lb. on yarn but there is no protection for the weaving industry.

President.—There has not been a simultaneous increase in the duty on cloth.

Mr. Kishen.—No. What little protection there may be on account of the duties on the cloth, it has been nullified by the introduction of smuggled goods in the market.

President.—Where do the smuggled goods come from?

Mr. Kishen.—By land routes, from Pasni side.

President.—Do you know of the quantity coming in?

Mr. Kishen.—No. With a duty of 50 per cent. plus Rs. 1-8 per lb. on the cloth how could they sell at this fabulously low price?

President.—That is your presumption.

Mr. Kishen.—That is not presumption. I am telling you from my own personal knowledge.

President.—What about the goods coming from Pondicherry?

Mr. Kishen.—It used to come from Pondicherry, but that has been stopped. Goods are still coming from the Quetta side.

President.—The Government of India have put a cordon round that?

Mr. Kishen.—Still some quantities are coming in.

Mr. Anklesaria.—Is the quantity sufficient to affect the market?

Mr. Kishen.—Yes. The Amritsar merchants used to get their supplies from Bombay and now they are getting their requirements in Amritsar itself. I understand there are very big stores at Pasni. They sell those goods to merchants at Quetta. The Quetta merchants in their turn are selling to people in Amritsar because the market at Quetta is not very large. Quetta is only a retail market whereas Amritsar is a distributing market for the whole of the Punjab and Frontier. So, the goods are sold in Amritsar and from there the distribution takes place.

President.—Do you want that stricter measures should be taken to prevent smuggling?

Mr. Kishen.—Yes.

President.—Is there any other point which you would like to place before the Board?

Mr. Kishen.—If protection is given to the sericultural industry, simultaneously there should be a countervailing duty on fabrics made of raw silk; otherwise it will affect the handloom industry.

Mr. Anklesaria.—What is your information about the raw silk producers? Are they making profits or not?

Mr. Kishen.—There is a general complaint from the Kashmir people that they are not making anything. I don't think from the statements made there is absolutely any reason why they should not make profits.

President.—From the statements made by whom?

Mr. Kishen.—From the rearer whom you heard a few minutes ago. He is doing both rearing and reeling on a cottage industry basis.

President.—He is producing silk on a charkha.

Mr. Kishen.—Yes. There are many others like him in the Punjab and the Government of the Punjab are also fostering the industry.

President.—The sericultural industry is carried on as a state monopoly. They buy the cocoons at a ridiculously low price, so that the rearer does not get much profit.

Mr. Kishen.—Quite.

President.—Their overhead charges are more.

Mr. Kishen.—Yes.

President.—Have you ever visited Kashmir? Have you seen the factory?

Mr. Kishen.—Yes.

President.—What is the complaint of the rearer?

Mr. Kishen.—I have met the Sericultural Department authorities and they complain that they are not making any profit. If this industry is afforded protection, there is every reason to hope that it would spread in the Punjab as well.

29. THE IMPERIAL SERICULTURAL COMMITTEE.

Evidence of Mr. Y. N. SUKTHANKAR, I.C.S., Deputy Secretary, Commerce Department, Mr. GILMORE, Director, Industrial Research Bureau, and Mr. F. WARE, C.I.E., Animal Husbandry Expert, recorded at Simla on Wednesday, the 14th September, 1938.

President.—Mr. Sukthankar, what is the exact position of the Industrial Research Bureau and the Imperial Sericultural Committee?

Mr. Sukthankar.—The Imperial Sericultural Committee is a Committee which was appointed by the annual Industries Conference sometime in 1934. The position of the Industrial Research Bureau will be better explained by Mr. Gilmore. Broadly speaking, the function of the Industrial Research Bureau is to co-ordinate the industrial research activities.

Mr. Gilmore.—The Industrial Research Bureau is an organisation which is part of the Indian Stores Department and its function is to deal with industrial enquiries and to assist Government Departments who make enquiries with information and to supervise the work of the Research Branch at the Government Test House, Alipore; so that it is an organisation which really consists of two sides—the research branch of the Government Test House, Alipore, which has definite subjects of investigation to get on with generally allotted by the Industrial Research Council and certain subjects also by me as Director and the headquarters organisation at Delhi which deals with industrial enquiries and enquiries from Government Departments. In fact it acts as the Industrial Intelligence Centre.

President.—How far does it relate to sericulture?

Mr. Gilmore.—The Director of the Industrial Research Bureau is a member of the Imperial Sericultural Committee but has no direct responsibilities. I am only concerned with the matter as far as I wish or am able. I have no particular duties allotted to me.

President.—The Imperial Sericultural Committee have got to consider various schemes submitted to them by provincial and Indian States Governments. You are supposed to examine them.

Mr. Sukthankar.—No. The schemes are received sometime before the meeting and they are examined by the Commerce Department instead of by the Industries and Labour Department which is no longer in existence. Then they are placed before the Imperial Sericultural Committee. The representatives of Provincial Governments and Indian States concerned and of the Government of India are present then. The meeting of the Imperial Sericultural Committee is held after the Industries Conference. The Secretary to the Government of India, Department of Commerce, presides over the meeting of the Imperial Sericultural Committee. It is also attended by Mr. Gilmore and Mr. Ware and the Entomologist of the Forest Research Institute. These three along with other members discuss the schemes and grants are fixed upon at the end of the discussion.

President.—Let me understand the position. The Industries Conference was appointed somewhere in 1934.

Mr. Sukthankar.—Long before that. The first Conference was held in 1920.

President.—The question of sericulture came up in May 1934.

Mr. Sukthankar.—Yes, as a result of the announcement made by the then Commerce Member (Sir Joseph Bhole) in the Assembly.

President.—Since then the Conference decided to constitute the Imperial Sericultural Committee which now take cognisance of the research as well as the activities connected with sericulture?

Mr. Sukthankar.—The Imperial Sericultural Committee at its first meeting went into the various schemes which were then recommended and came to the conclusion that the best use that the grant of one lakh of rupees per annum could be put to was to concentrate on research, and further, they came to the conclusion that even there the best way of doing research was to concentrate on the supply of disease-free seed.

President.—My point is this. Having regard to the fact that there was no expert on the Committee nor was there an expert in the Commerce Department to guide the Committee with regard to various schemes put forward by the provinces and Indian States, I wanted to know what system of examination the Committee adopted before sanctioning those schemes, and giving the grant.

Mr. Sukthankar.—If you refer to the summary of the first meeting, you will find that the schemes were examined by Colonel Sir Arthur Oliver.

President.—What is happening now? I understand that the grants are distributed over a period of 5 years.

Mr. Sukthankar.—That is so.

President.—Are they getting grants by instalments?

Mr. Sukthankar.—That is so. If any part of the grant is not spent, it does not lapse.

President.—According to the statement given here in 1938-39 it has lapsed.

Mr. Sukthankar.—In 1938-39 we surrendered it to Government.

President.—Was Rs. 28,000 surrendered?

Mr. Sukthankar.—That is so. Before that year, if any part of the grant was not spent, it was taken over to the next year.

President.—In the 4th year Rs. 28,000 was surrendered.

Mr. Sukthankar.—Yes, owing to the financial stridency.

President.—I find of the schemes that were put forward by Provincial Governments and States, certain schemes were rejected and certain others were considered outside the scope of the present research. I want to know what are the grounds for rejecting them?

Mr. Sukthankar.—The chief reason for rejecting the various schemes was that it was decided to concentrate on the distribution of disease-free seed.

President.—Seed would include hibernation.

Mr. Sukthankar.—In fact some money was granted for a certain amount of research specially directed towards the supply of disease-free seed which was considered the main and important item.

President.—Did the Committee wish to take up other matters?

Mr. Sukthankar.—No. The Committee agreed to confine its attention to the supply of pure seed. On page 165 of the proceedings of the 6th Industries Conference it has been stated—"The Sub-Committee was of opinion that with only one lakh to spend attention should be devoted to one only of the various items facing the industry and that should be the problem which promised the most immediate benefit to the industry. The Tariff Board's suggestion of engaging a whole time Imperial Silk Specialist (paragraph 200 of report) was first considered but the balance of opinion was decidedly against this proposal. It was the general sense of the Conference that the most important problem to be tackled was the provision of disease-free seed. The Chairman stated that he had no hesitation in holding that this would come within the definition of research for purposes of the grant. The Sub-Committee was of opinion that money should not be given to enable the industry to be started where it did not exist. The provision of disease-free seed would however assist those provinces which wished to experiment with new undertakings to do so".

President.—Who was the Chairman?

Mr. Sukthankar.—Sir Frank Noyce, the then Industries Member.

President.—It means that the representatives of various provinces and States were of opinion that an Imperial Sericultural Specialist was not necessary.

Mr. Sukthankar.—Yes. May I go on? "The conclusion that money available should be spent on producing disease-free seed made it unnecessary for the Sub-Committee to examine in detail the schemes put forward by Local Governments and States, these schemes having been drawn up on other assumptions". That explains the position.

President.—I find that these schemes were not examined technically. They were only examined with a view to distributing the grant.

Mr. Sukthankar.—As I stated earlier, the various schemes were also examined by Colonel Sir Arthur Olver.

President.—Is he still with you?

Mr. Gilmore.—No.

President.—Mr. Ware, did you examine the schemes?

Mr. Ware.—I did not examine them because I only took charge of the post last May. I understand that Colonel Sir Arthur Olver received the schemes before they were put up to the Committee. I think I am right in saying that he only made a brief examination of the schemes to see that they fall within the main lines of the policy. When the schemes came up before the Committee, they were discussed in some detail.

President.—They must be discussing the financial aspect of the question and not the schemes.

Mr. Ware.—These people who come from the provinces and ourselves have some expert knowledge in these matters.

Mr. Sukthankar.—I may state that since the first meeting the general lines of work of the Sericultural Committee have been laid down, that is to say, we concentrate on the supply of pure seed or disease-free seed, so that there is no question of rejecting any other schemes any longer.

President.—It is stated here that the Madras Government put forward a scheme for hibernation which was rejected on the ground that it did not come within the scope of the Committee.

Mr. Sukthankar.—At the first meeting various schemes were put up by different Governments.

Mr. Ware.—I would like to say in this connection I was not at the last meeting which was held I think in Lahore on the 17th of December 1937. A certain amount of money was allotted for other forms of research.

Mr. Sukthankar.—If you look at page 50 of the Memoranda prepared for the last Committee meeting you will find that Bengal submitted a scheme for the appointment of a Bio-chemist and a Bacteriologist, the latter for the investigation of silkworm disease, and Mysore put forward a scheme for research on hibernation and refrigeration of seed cocoons. But these were not included in 1934.

President.—In 1934 it was stated that money would be utilised for the production of disease-free seed and for the investigation of research into silkworm diseases.

Mr. Ware.—If that is so, the Bengal scheme falls within that.

President.—That was so in 1934. The proceedings reveal that.

Mr. Sukthankar.—In 1934, the Mysore scheme of refrigeration was sanctioned. That is my recollection.

President.—I think in the first year the Mysore scheme was not sanctioned.

Mr. Sukthankar.—Rs. 3,000 was allotted to Mysore.

President.—That was later on. I have got the details here. I find that Mysore got Ra. 3,000 in 1935-36. That would not be the first year because you started in 1934-35.

Mr. Sukthankar.—Ra. 3,000 was allotted to Mysore. Similarly Madras was given Ra. 2,260 and Bengal Ra. 2,500. That would be for 1935-36 as the first meeting of the Sericultural Committee was held in February 1935.

President.—The reason why I asked you that question was to see whether this Ra. 23,000 which had been surrendered could not have been utilised by the Committee with regard to other schemes.

Mr. Sukthankar.—We had no scheme in hand at that time.

President.—The complaint that we heard was that if there was a little more money available, more work could have been done.

Mr. Sukthankar.—There was no scheme.

President.—I understand schemes were there.

Mr. Sukthankar.—The annual grant was limited to one lakh.

President.—The amount might have been increased. Instead of giving Ra. 2,000 for 5 years, you might have given Ra. 5,000 for 2 years.

Mr. Ware.—I remember to have been present at one of these meetings. I think it was the practice to leave a little money over in case of some emergency. I rather imagine that it was a carry over.

President.—That was a carry over. If that was devoted to the very same object next year, there was nothing to be said. But the amount was surrendered.

Mr. Ware.—Money would have been made available if the financial position had improved.

President.—In the first year you only distributed Rs. 93,000, in the second year Ra. 82,000 and in the third year Ra. 88,000 so that there is a balance every year.

Mr. Sukthankar.—As against that, you will notice that in 1938-39 we gave Ra. 1,19,000.

President.—Even then there is a balance.

Mr. Sukthankar.—Yes.

President.—That is why I said that if you had distributed a little more money it might have been better. When the representatives of Madras Government gave evidence before us they stated that they wanted more money.

Mr. Ware.—It was always considered advisable to have some money in hand before the next year came. In the meantime the Finance Department asked for the surrender of that amount.

President.—You have given some money recently to the Punjab.

Mr. Sukthankar.—Yes.

President.—At first it was not included.

Mr. Sukthankar.—No.

President.—That is why I want to know the reason for the exclusion.

Mr. Sukthankar.—C. P. and Berar was also excluded. The Punjab was excluded. One of the conditions laid down was that money was not to be spent on starting a new industry.

President.—In the Punjab the industry was there.

Mr. Sukthankar.—But the Punjab scheme did not satisfy the criteria laid down.

President.—We were told that money was refused because the Committee was of opinion that the industry was practically in a dying state and money spent on it would be useless. Money was meant for those places where the industry was, in a healthy condition or where the production was on a large scale.

Mr. Sukthankar.—If I may refer you to page 2 of the proceedings of the first meeting, paragraph 4.—“The Punjab proposal for evolving a race of silkworm which would suit the local conditions was open to the same objections as the Madras proposal. It was not a scheme of all-India importance. It was going to help the Punjab's peculiar problems”.

Mr. Ware.—It was pointed out that the Punjab might get their disease-free seed from Kashmir. Since then that arrangement has fallen through and the Punjab has now to produce its own disease-free seed.

Mr. Sukthankar.—That is so.

President.—Last year the Kashmir Government gave them 500 ounces of seed.

Mr. Ware.—They did.

President.—Now the Punjab is concentrating on producing local seeds.

Mr. Ware.—So, we are prepared to give them money.

Mr. Sukthankar.—The Madras proposal for the establishment of a refrigerator plant for hybernation of seed was not a proposal for the direct provision of disease-free seed. That was the important criterion to be applied to any scheme.

President.—What about Central Provinces and Berar?

Mr. Sukthankar.—Their request for a grant was considered favourably last year. The conditions of C. P. and Berar are special. They have no organised Sericulture industry and they get their seed from outside. Their scheme was open to the objection that they were trying to start an industry which was not in existence in the Province, already.

President.—In Assam they are rearing either eri or muga?

Mr. Sukthankar.—Yes.

President.—What is the position with regard to Burma?

Mr. Sukthankar.—The last year in which they obtained a grant was 1930-31.

President.—Bihar is getting a grant, every year?

Mr. Sukthankar.—Yes.

President.—Bihar and Orissa is shown here as having got non-recurring Rs. 1,500 and recurring Rs. 5,000?

Mr. Sukthankar.—That is only for Bihar.

President.—If you look at the scheme put up by Bihar, the sum you have sanctioned is not actually what was asked for. That means the Committee thought that the money proposed by the Bihar Government was on the high side?

Mr. Sukthankar.—The schemes put forward are subjected to very close examination by the Sericultural Committee.

Mr. Ware.—Some of the schemes contained such items as improved cultivation of the mulberry plant which we felt did not fall within the scope of our terms of reference and those items were therefore cut out, and that is why the amounts in some cases have been reduced.

President.—Do you intend to take up the question of mulberry cultivation?

Mr. Sukthankar.—In our present financial condition it is not possible to do so. In 1934 it was laid down that all our money should be spent on producing disease-free seed or allied subjects. A reference may be permissible here to the then Commerce Member's (Sir Joseph Bhoru) statement in the Legislative Assembly. He said “So far as the Government of India are concerned we feel that the master key to the permanent improvement of the industry lies in research work and we are at the moment seriously considering how we should assist the industry and further research”.

President.—The Tariff Board on the last occasion paid very great attention to the question of disease-free seed and in fact recommended that legislation should be undertaken for this purpose on an all-India basis because at that time they found that percentage of wastage owing to disease was very high and in consequence the cost of producing a pound of cocoon was very high as compared to foreign countries. Even now we find that as far as wastage is concerned very little progress has been made. In Mysore where they expect to distribute 50 per cent. of disease-free seed this year—the wastage percentage is somewhere near 35 per cent. Take Kashmir which is supposed to supply all disease-free seed, the wastage is 43 per cent. They say it is due to carelessness but it is difficult to separate one from the other. We therefore recommended on the last occasion that some grant should be given by the Provincial Governments and the Government of India with regard to education and with regard to providing staff for supervision.

Mr. Anklesaria.—In a note we have received from the Commerce Department you yourself admit that the Government of India did promise to help the industry in other ways besides research.

Mr. Sukthankar.—I have got Sir Joseph Bhore's speech before me.

Mr. Anklesaria.—I was a member of the Assembly at that time. That is the impression I have.

Mr. Sukthankar.—The Government promised to consider the matter but the grant was only Rs. 1 lakh and they could do nothing more than to give a grant for the provision for disease-free seed.

President.—I think during the discussion Sir Joseph Bhore made more than one speech. Government indicated that they would help the industry if there was more money available.

Mr. Sukthankar.—This is what Sir Thomas Stewart said in the Council of State:—"The Board realises that by tariffs alone salvation cannot be found. It is essential that help should come from other directions and I may say that the Government of India are in full agreement with this conclusion and that it will be their earnest preoccupation to discover whether any scheme can be evolved which will assist the silk producer by technological research and advice or in other ways". The recommendations of the Tariff Board were fully considered and the amount made available was Rs. one lakh. This was all that they could give in the financial condition then prevailing and the basis of distributing the sum was sericultural research and development of the handloom industry.

President.—Nothing is given for the silk handloom industry.

Mr. Sukthankar.—That is confined to cotton.

President.—We were asked to recommend something of this nature for silk weaving.

Mr. Sukthankar.—That is more than I can say.

President.—Is there any distinction drawn between Indian States and provinces with regard to the allocation of money?

Mr. Sukthankar.—The grants are to be given to the Indian States only if their schemes are such as are likely to benefit the industry in British India.

President.—I do not understand what you mean by benefiting British India.

Mr. Sukthankar.—Take a hypothetical case. Say if under a scheme prepared by the Kashmir Government they are in a position to supply disease-free seed to the Punjab, or Mysore authorities have prepared a "charkha" which would benefit the "taluka" adjoining the Mysore territory and the results are proved to be helpful to British India, then the request of these States for a grant will be considered.

President.—Could you give an instance in which research work done by, say, Mysore, will not be helpful to British India?

Mr. Sukthankar.—It is difficult to give a general reply here in support of my earlier statement. I might say that in the case of research work on refrigeration a grant of Rs. 3,000 was sanctioned for Mysore.

President.—Why do you make it a condition precedent that it must be beneficial to British India?

Mr. Sukthankar.—Personally, because British India has provided the money.

President.—You have got a provision of Rs. 1,12,000 for 1938-39 out of which Mysore gets Rs. 10,100, but Kashmir has got nothing so far.

Mr. Sukthankar.—No.

President.—Have they put forward any requests for grants?

Mr. Sukthankar.—I believe they did.

President.—In one of the reports there is a statement that Kashmir was prepared to supply the whole of India with disease-free seed but that proposal was objected to on the ground that the other areas will not avail themselves of the facilities offered.

Mr. Ware.—It is quite easy to explain. The Kashmir people rear a different kind of worm which is univoltine, which they import.

Mr. Sukthankar.—Now they have also local seed.

President.—Punjab was very badly in need of disease-free seed and they could have used this particular seed.

Mr. Ware.—Yes, the Punjab could have, but the other provinces could not make use of it because it was univoltine.

President.—Kashmir put forward a scheme for research on silkworm disease and it was also rejected on the ground of expense.

Mr. Sukthankar.—This is what the Punjab representative said in 1936 about the supply of disease-free seed from Kashmir. He said that he had, as suggested by the Imperial Sericultural Committee, endeavoured to make an arrangement with the Kashmir Government, but the supply of seed offered by Kashmir was quite inadequate and the price of Rs. 2 an ounce was unduly high. They were therefore anxious to produce their own seed and believed that they could do this at a cheaper rate.

President.—What about the other scheme they put forward, of Rs. 15,000 for research on silkworm diseases?

Mr. Sukthankar.—The scheme for research on diseases of silkworms required expenditure far in excess of the total sum obtainable for this purpose. A reference to page 2 of the proceedings of the first meeting is invited. "No province desired to take the seed and the scheme for the provision of disease-free seed therefore failed to satisfy the condition that it should be of benefit to British India. The scheme for research on disease required expenditure far in excess of the total sum available for this purpose".

President.—It was required somewhere in 1935-36?

Mr. Sukthankar.—At the first meeting in February 1935 for 1935-36.

President.—At that time you had a balance of about Rs. 6,000?

Mr. Sukthankar.—The argument was that the amount demanded was far in excess of the money available.

Mr. Ware.—We wanted to keep a little money in hand.

Mr. Sukthankar.—And probably Kashmir would not have been satisfied with a part of the grant.

President.—I do not understand why part of the money should be kept when it was expected to spend Rs. 1,00,000?

Mr. Sukthankar.—For two reasons, one was that some amount should be retained by the Government of India after making the grants as a reserve for contingencies and secondly for consideration of schemes that might be

put up by the Government of the Punjab. That was the Committee's recommendation at its first meeting.

President.—In the ordinary course I find that the Committee got a grant of Rs. 1,00,000 to be spent in a particular year. If fresh schemes were put forward and if the Committee felt that the amount to be distributed was justifiable, the money should have been spent in that year. Kashmir might have been satisfied with Rs. 6,000 for the first year.

Mr. Ware.—It means recasting the whole scheme and it would have to be referred back to the province, to come up before the next meeting.

President.—But next year there was a balance of Rs. 18,000.

Mr. Anklesaria.—May I know if Kashmir seed is dearer than French seed?

Mr. Sukthankar.—It is cheaper.

Mr. Anklesaria.—What did Kashmir offer at?

President.—Kashmir wanted to sell at Rs. 2.

Mr. Anklesaria.—It is cheaper than Rs. 2-8.

President.—They wanted to sell local seed.

Mr. Sukthankar.—In Kashmir there is a State monopoly. There is no sale.

President.—Yes, but the cost is there.

Mr. Sukthankar.—That was the sale price which the Kashmir Government wanted to charge the Punjab rearers.

Mr. Anklesaria.—What was that price?

Mr. Sukthankar.—Rs. 2 per ounce of seed.

Mr. Anklesaria.—I think that the Government of India are seriously inclined to develop the silk industry in India?

Mr. Sukthankar.—I can say nothing either about the policy or about the intentions of Government.

Mr. Anklesaria.—Mr. Gilmore, are you a textile expert?

Mr. Gilmore.—No, I am an engineer.

Mr. Anklesaria.—Are you a silk expert?

Mr. Gilmore.—I am not.

Mr. Anklesaria.—Mr. Ware, have you got any expert knowledge of the silk industry?

Mr. Ware.—I have not got any knowledge of the textile side of the industry.

Mr. Anklesaria.—Sericulture is not textile industry.

Mr. Ware.—I cannot claim to have much knowledge of this industry, but in the course of my tours I come in contact with people who are doing some work in the development of it.

Mr. Anklesaria.—Don't you think that the best model to follow for us for the development of the silk industry in India is Japan.

Mr. Ware.—That is a point on which I would not like to express an opinion because I have no first-hand knowledge. I think I should explain that the Animal Husbandry Expert of the Imperial Agricultural Research Council is brought into the Imperial Sericultural Committee, because there is really not anybody else with the Government of India who has got an expert knowledge of the subject.

Mr. Anklesaria.—Japan has been spending about Rs. 3 crores for the development of the silk industry. Compared to that the grant of one lakh of rupees by the Government of India is a mere trifle.

Mr. Ware.—Yes.

Mr. Anklesaria.—And you cannot develop an industry with a mere trifle of one lakh.

Mr. Sakthankar.—You must excuse me for not being able to answer that question. I must refrain from expressing any opinion on what the Government of India have done in the past.

Mr. Anklesaria.—Can you tell me that the Indian silk satisfies the military requirements?

Mr. Gilmore.—I am afraid it does not. I have recently seen certain figures—and you may also have received the same figures—from the Secretary of the Principal Supply Officers' Committee. Two bales of silk from Kashmir, one of Kashmir silk and the other of Jammu silk, were obtained by the Air Ministry, and the figures mentioned show the comparative costs of a silk-weaving firm at Yarmouth, England, that dealt with the preparation and weaving of a portion of those silks. They show a considerable increased cost in respect of re-winding the Kashmir silk, and especially so in the case of the Jammu silk.

President.—We were told by that very Committee's representative that experiments were conducted on Jammu and Kashmir silk separately. As far as Jammu silk was concerned the cost of production was increased by 2d. but as far as Kashmir was concerned there was no difficulty with regard to winding quality.

Mr. Gilmore.—The average cost, including overheads, of re-winding Japanese silk of corresponding size was 9d. per lb. For Kashmir silk it was 1s. 6d. per lb. and for Jammu 1s. 6d. per lb.

President.—This is something different from what was told to us yesterday.

Mr. Gilmore.—This is the extract I made from the same papers.

President.—The real complaint was that the representative did not know how they were able to obtain those Kashmir and Jammu silks.

Mr. Gilmore.—That of course is a point. Unfortunately this information rather corresponds with the impression I have that the Indian silk is defective as regards winding quality.

President.—That has been recognised by the last Tariff Board.

Mr. Gilmore.—It is very unfortunate the silks should have gone there in any haphazard way because the British Government has definitely turned its attention recently, possibly as a result of this investigation, away from Indian silk to artificial silk.

Mr. Anklesaria.—Do you think that artificial silk satisfies the requirements of the Military Department?

Mr. Gilmore.—I suppose it will, but I should not imagine that in respect of strength or durability it is as good as real silk.

President.—Would it not be worth while to send fresh samples?

Mr. Gilmore.—I think definitely it would, and I am considering the question of arranging for it.

President.—Because Col. Batty whom we saw yesterday was definitely of opinion that he could not possibly say from what source those silks were obtained. It is all right to say Jammu and Kashmir. What they were exactly nobody knows.

Mr. Gilmore.—It was rather unfortunate.

Mr. Anklesaria.—Did the Madras Government put forward any proposal regarding silkworm guts for surgical purposes?

Mr. Sakthankar.—Not that I am aware of.

Mr. Gilmore.—On behalf of the Prizes Committee of the Industrial Research Council I had a paper on the subject recently. It seems to me quite a good paper on that subject.

Mr. Anklesaria.—Could you give us a copy?

Mr. Gilmore.—The Director of Industries, Madras, asked me if there was any objection to his sending you a copy. I said "None whatever". He would probably send it on to you.

President.—I asked him this very question and he said that he must refer it to you.

Mr. Gilmore.—Yes.

Mr. Anklesaria.—Can you tell me why the grant given to Mysore is small compared to that given to Bengal? Do you not think that the Mysore industry deserves more liberal treatment?

Mr. Sukthankar.—That depends upon the actual schemes.

Mr. Anklesaria.—It is not a question of policy.

Mr. Sukthankar.—Schemes are fully considered at the time of making the grants. May I know to which year you are referring.

President.—He is referring to last year.

Mr. Sukthankar.—I believe that that must have been the result of the discussion of schemes. As a rule, we accept the recommendations of the Committee.

Mr. Anklesaria.—Was the Committee satisfied with the grant of one lakh?

Mr. Sukthankar.—Sir Frank Noyce himself admitted that it was not sufficient. He said that the grant was much too small but that was the best that could be done under the existing conditions.

Mr. Gilmore.—May I intrude here in order to clear up any possible misunderstanding about the weaving cost of the Kashmir silks.

President.—We were told that the total cost of producing the required quality was 2d. higher for Indian silk than with the Japanese, but that might have referred to the cost per square yard.

Mr. Gilmore.—Actually the firm at Yarmouth investigated the costs of winding, doubling and lapping, warping, weaving, and boiling off and finishing. They took each of these processes and gave the relative costs in each case. What I read out to you just now gave the costs of winding only. The firm's report also gave the following information:—

Doubling and Lapping.—Kashmir silk 0. K. Jammu silk difficult.

Warping.—Kashmir silk cost 10 per cent. more than Japanese silk cost, this amounting to ½d. per lb. The Jammu silk cost 33½ per cent. more or 1½d. per lb.

Weaving.—Kashmir silk wove well and weaving costs would be little if any more than Japanese silk. Jammu silk wove with difficulty and an expert weaver was required.

President.—That is exactly what we were told. The last paragraph that you read out was also read out to us by Col. Battye.

Mr. Gilmore.—That only concerns weaving.

President.—What is the difference in the total cost?

Mr. Gilmore.—I cannot tell. I do not know whether it was actually stated.

President.—It would be interesting to know the total cost in the case of Japanese silk.

Mr. Gilmore.—In the winding alone in the case of the Kashmir silk there would be a difference of 8d., and it would cost ½d. more in the warping. As regards boiling off and finishing—no more difficult in either case than Japanese silk.

President.—There must be certain items in which the Indian silk would have an advantage.

Mr. Gilmore.—No. The difference in cost comes to 8½d. per lb. more in the case of the Kashmir silk.

Mr. Anklesaria.—Besides the research work on disease-free seed and silk-worm diseases, has your Committee thought of any programme of work for the development of the silk industry in India?

Mr. Sukthankar.—Not that I am aware of.

President.—We were told that the difference would be 2d. per yard. That might still be correct.

Mr. Gilmore.—Yes.

Mr. Ware.—As regards the development work, this was left to the initiative of the provinces. It was not brought before the Committee. It was left to the Department concerned with the subject.

President.—The provinces were asked to confine themselves to particular subjects.

Mr. Ware.—I don't think so. In so far as development work is concerned, there is no binding on what the provinces do.

President.—Provincial grants are separate.

Mr. Ware.—Yes.

Mr. Sukthankar.—Development of Industries is a Provincial subject, unless by Federal Law development of any industry under Federal control is declared to be expedient in the public interest.

Mr. Anklesaria.—Has your Committee done anything in the way of co-ordination of efforts made in different provinces and States? For instance Mysore did not know what Madras was doing and vice versa.

Mr. Sukthankar.—All the schemes are discussed together in the presence of all the delegates from different provinces and States.

President.—The schemes are revealed and the results are circulated.

Mr. Sukthankar.—Yes.

Mr. Anklesaria.—Does the Committee keep itself informed of what the provinces have been doing?

Mr. Sukthankar.—Yes.

Mr. Anklesaria.—Is the benefit of research in one province reaped by another province or State?

Mr. Ware.—The results which are obtained in the provinces or States are made known in the reports.

President.—It is open to them to take any action they like on those lines.

Mr. Sukthankar.—Yes.

President.—The Central Government is concerned with two subjects, and we can only discuss with you within the limits of those two subjects.

Mr. Sukthankar.—Yes.

President.—It would be interesting to know what benefit the industry has derived as a result of these schemes and what progress the industry has made in those two directions. Could you send us a note?

Mr. Ware.—I should like to point out there is no reason why the terms of reference to the Imperial Sericultural Committee should not be made wider? As regards the actual allotment of one lakh, it has got to be within certain definite lines but discussions in Committee could take a wider aspect.

President.—I went through the proceedings of the Imperial Sericultural Committee. I saw nothing but discussions about those two subjects.

Mr. Sukthankar.—That has been so.

Mr. Ware.—But the terms of reference could be made wider.

Mr. Sukthankar.—I do not think that there has been any narrowing of the terms of reference.

President.—There is no doubt that discussions have been confined to those two subjects. The delegates come with the object of getting money and they cannot get money unless they talk.

Mr. Ware.—What I was thinking of is this. Mr. Anklesaria was saying that Mysore did not know what Madras was doing and vice versa.

Mr. Anklesaria.—That was with regard to mulberry cultivation.

Mr. Ware.—Why should not those things be discussed? I do not see any reason why they should not be, even though money for distribution is not available.

President.—Nobody wishes to discuss those other things unless they can get some money. Really speaking it has been the opinion of the Tariff Board in previous enquiries that in the case of every protected industry provinces and Indian States should derive as much benefit as possible with the researches of one another but we find that in every industry there is isolation. That was my colleague's point.

Mr. Ware.—I don't think there can be any objection to discussion. As regards mulberry cultivation the conditions are different in different provinces. One province may be interested in mulberry and another in castor seed.

President.—The bulk of production in India is of mulberry silk.

Mr. Ware.—The Committee meets once a year and it seems a pity that the discussions do not take a wider aspect. It does not give the delegates an opportunity to discuss subjects outside the question of allocation of funds. It would be a good opportunity to discuss other items when all these men are in the same room.

President.—And these men are experts in their provinces.

Mr. Ware.—Yes. That is the only opportunity they have of exchanging views. I feel that the Committee is working on too narrow lines.

Mr. Sukthankar.—On page 8 of the proceedings of the fourth meeting you will find the following:—

“ Mr. Ghosh (Bengal) pointed out that in Bengal the scheme had only been in operation for 8 or 9 months and on this account it was difficult to show any concrete results. Work had however been started and the Mulberry Officer was getting down to the problem of mulberry classification He promised to address other provinces in the matter later. He was ready to furnish to other provinces the results obtained ”.

This kind of thing does go on.

President.—Mr. Ware's point is that as a result of these concrete suggestions something useful might be done and the Committee should be the *via media* for it apart from money.

Mr. Ware.—I was actually thinking of discussions of this kind. These discussions are kept down to very narrow limits because the grant is limited to one lakh. And only one day is set apart for the meeting.

Mr. Sukthankar.—Actually as you yourself have stated, unless some money is to be obtained, nobody is interested in discussing schemes.

Mr. Ware.—I believe that it is entirely correct. These men spend a lot on travelling allowances. They take about 4 or 5 days to come to Delhi and go back again. I feel that it would be quite feasible to discuss an agenda connected with this industry quite apart from research schemes.

Mr. Anklesaria.—The Tariff Board say in paragraph 200 of their report “ The Imperial Sericultural Committee would serve as a clearing house for sericultural ideas and a controlling centre for sericultural practice ”. I am afraid the present Committee does not perform those functions.

Mr. Ware.—It has confined its attention mostly to allocating that one lakh a year.

President.—I am afraid it is so.

Mr. Ware.—Anything more would mean meeting for more than one day.

Mr. Anklesaria.—Do you now meet only one day in a year?

Mr. Ware.—Yes.

Mr. Anklesaria.—That is not a serious effort to develop the sericultural industry in India.

Mr. Ware.—No, I agree.

President.—Is there any other point that you would like to place before the Board?

Mr. Sukthankar.—No.

30. GOVERNMENT OF BENGAL.

- (1) Evidence of Mr. S. C. MITTER, Director of Industries, Bengal, Mr. C. C. GHOSH, Deputy Director of Sericulture, Bengal, Rai Sahib S. N. BOSE, Superintendent of Sericulture, Bengal, and Mr. S. K. MOULIC, Superintendent of Sericulture, Bengal, recorded at Calcutta on Monday, the 17th October, 1938.

Mr. Mitter.—Mr. President and Members of the Tariff Board, our case for protection is already before you. We have submitted it in our memorandum, but I venture to place before you three copies of the pamphlet called "Five Year Plan for Industrial Development in Bengal" and I draw your attention to page 52 and thereafter the perusal of which will show the steps that are being taken by the Government of Bengal to re-organise the Sericultural Industry and the principles that have been accepted behind these developments.

President.—My idea is to run through the questionnaire first and after doing that we shall discuss the Five Year Plan of Bengal Government to encourage their Industries.

Mr. Mitter.—Yes.

President.—Mr. Mitter, you are the Director of Industries, Bengal?

Mr. Mitter.—Yes.

President.—And also in charge of the Sericultural Department?

Mr. Mitter.—Yes.

President.—Mr. Ghosh, you are the Deputy Director of Sericulture?

Mr. Ghosh.—Yes.

President.—Both of you, gentlemen, represent the Government of Bengal?

Mr. Mitter.—Yes.

President.—I will just run through your replies to the General Questionnaire and then take your replies to the handloom weaving questionnaire. Question No. 1: I don't think you have been able to reply to the question fully. Probably I think the question has not been understood. We have asked you to let us know the acreage of mulberry and you simply say that there has been no progress in the industry without telling us the acreage. What is the present acreage under mulberry?

Mr. Ghosh.—10,000 acres according to the Census actually taken in 1937-38.

President.—In 5 years you have lost 15,000 acres.

Mr. Ghosh.—25,000 acres is the figure which was said to have been taken from Mr. Lefroy in 1915. But Mr. Lefroy actually put down 18,000 as the figure.

President.—In 1933 when the Tariff Board enquired, your Government gave us 25,000 acres under mulberry.

Mr. Ghosh.—From the records in office I have collected figures from 1926 onwards. I shall just place before you all figures. That figure does not justify 25,000.

Mr. Roughton.—What we want are the annual figures for 5 years. You might have given them before. During this period there was a rise in price in one of the years in 1937 and we want to know how the rise in the acreage of mulberry responded to the rise in the price of raw silk. It is the most important factor in our enquiry, because it gives us the exact price

of cocoons which stimulates a rise in production. That is why I want those figures.

Mr. Ghosh.—I will give you census figures. In 1937 we took the Census. It came to 9,448.

Mr. Roughton.—Can they be compared with the previous year's figures?

Mr. Ghosh.—Yes. As soon as there was a rise in the price of cocoons, new areas were put down under mulberry and there was a rise of 600 or 700 acres. That is why I said 10,000 acres.

President.—I will omit for the time being such questions that have a direct bearing on the statements presented by the representatives of the Bengal Government on the last occasion. I will at present confine myself to the questions which deal with the costs at the various stages of the industry. Let me take first the cost of mulberry. I think you have given the cost of mulberry in the Annexure but there is one point with regard to the acreage. In answer to question 3, you say: "Maximum production attainable under present conditions is 78,500 maunds of cocoons". I suppose that production is based on the acreage of 10,000.

Mr. Ghosh.—Yes.

President.—Here also we have asked you to tell us the possibility of future expansion. That was our question. Suppose adequate protection is granted for a fixed period which you think to be sufficient for the industry, what will be the maximum production attainable under those conditions and not the maximum possible production under the existing conditions. That is the point. I know that you have not understood the question. I had better tell you now, so that you may be able to think it over. You will understand from the figures given by the Bengal National Chamber of Commerce that there were as many as 131,000 acres in 1901 in Bengal. These and other previous figures have been given to us by the Bengal National Chamber of Commerce. As you have not got them, you might verify them.

Mr. Roughton.—We want the production which could be attained within a reasonable time.

Mr. Ghosh.—We will put in a note on that point.

Mr. Roughton.—In answer to question 3 you have given us the figures for 1937-38, but I understand from the final sentence of your answer that these figures are far from normal owing to the crop failure.

Mr. Ghosh.—Yes.

Mr. Roughton.—What is the present normal production if there is a normal crop?

Mr. Ghosh.—Nearly double that.

President.—You will give us exact figures later.

Mr. Ghosh.—Yes.

President.—Shall we take up the Annexure with regard to the cost of production of Mulberry? The average figure that you have given for the whole province is 31 lbs. of leaves required to feed one pound of cocoons.

Mr. Ghosh.—Yes.

President.—It is necessary for the Board to find out what is the proportion of twigs to leaves.

Mr. Ghosh.—It varies from 50 to 55 per cent. The rest is twigs.

President.—15 pounds of leaves are required for a pound of cocoons.

Mr. Ghosh.—Yes, leaves alone.

President.—I want to understand the position with regard to twigs. Have twigs any value as twigs apart from leaves?

Mr. Ghosh.—In the condition in which twigs are cut with the leaves, they are of no value and have to be thrown away.

President.—By the use of twigs, you don't reduce the poundage of leaves necessary to feed a pound of cocoons.

Mr. Ghosh.—They have no connection.

President.—What is the idea of grouping these two together?

Mr. Ghosh.—That is the custom.

President.—It has no value as far as food is concerned.

Mr. Ghosh.—No.

President.—In that case your figures have got to be revised, because 8 pie that you have stated will have to be doubled, as 45 to 50 per cent. is Twigs. That means your cost will be 1·6 pies per pound of leaves without twigs. It will be 1·6 pies as against 1·3 pies given on the last occasion.

Mr. Ghosh.—Yes.

President.—On the last occasion the figures given was 25 lbs. of leaves. That also must be with twigs.

Mr. Ghosh.—Yes, with twigs.

President.—That means 2½ lbs. on the last occasion.

Mr. Ghosh.—Yes.

President.—Why do you require 15 lbs. this time?

Mr. Ghosh.—I have taken the average of 3 districts.

President.—Malda is 13½ lbs., Murshidabad 18 lbs. and Birbhum 14½ lbs. The average will be about 15, but that average is not quite accurate. As you will see, the production in Malda is very much higher than the production in Murshidabad and Birbhum.

Mr. Ghosh.—That is true.

President.—Therefore if you take the straight arithmetical average, it will not give one a correct idea. So, if you make allowance for that factor, the correct average will be about 14 lbs. instead of 15 lbs.

Mr. Ghosh.—That is approximately correct.

President.—The cost of Rs. 97 given by you in Annexure III is the initial cost.

Mr. Ghosh.—Yes, to start a new area.

President.—I would rather like to have details of the initial cost.

Mr. Ghosh.—I shall send them later.

President.—This is for bush mulberry.

Mr. Ghosh.—Yes.

President.—Please let me know what will be the amount for the tree.

Mr. Ghosh.—About two-thirds of that.

President.—It will be about Rs. 64.

Mr. Ghosh.—About Rs. 60 to Rs. 64.

President.—I wonder whether your attention has been drawn to the cost given by the Bengal representatives during the last enquiry. If you look at page 48 of the report, you will find the cost of mulberry leaves by bush and tree given by the Director of Agriculture in his annual report. He has given the cost for every year up till the 15th year.

Mr. Ghosh.—I took an accurate census in 1937 and I will just read out. In the nursery, we have got bush, and bush and tree mixed. We have also figures for trees on the fields and for trees on the road side and embankments. For bush alone, the average cost came to 1·6 pies per lb. in six nurseries. For bush and tree mixed, the cost came to 2·5 pies per lb.

President.—Will you separate the two, and give us revised figures?

Mr. Ghosh.—Yes.

President.—How many trees do you maintain in the nursery?

Mr. Ghosh.—I shall supply that information later.

President.—I want you to supply me the information also with reference to page 47 of the Tariff Board report.

Mr. Ghosh.—Yes.

Mr. Roughton.—Is the cost of cultivation of bush mulberry given in Table XIX of the last Tariff Board report in accordance with your present day experience? If you look at column 2; the bush mulberry does not come into full yield till the 5th year. That is not in accordance with what the Mysore people told us. Is this a different kind of bush from what they have in Mysore? There the bush mulberry comes into full yield almost immediately.

Mr. Ghosh.—I do not believe it.

Mr. Roughton.—That is why I ask you: is this a different kind of bush mulberry?

Mr. Ghosh.—In Mysore they put in twigs not in groups, more or less singly or two at a place and when the stems grow, they do not cut the stems. They only pluck the leaves. Once a year they prune the bush. In Bengal the practice is to harvest 4 or 5 times right at the base. We do not pluck the leaves.

Mr. Roughton.—It is due to the difference in the method of cultivation?

Mr. Ghosh.—Yes.

Mr. Roughton.—You will be able to give me a revised statement with regard to page 47 of the Tariff Board report.

Mr. Ghosh.—Yes.

President.—The yield of leaf per acre would be about 100 maunds (Annexure III).

Mr. Ghosh.—200 maunds with tweeds or 100 maunds of leaves.

President.—Annexure IV gives the recurring cost.

Mr. Ghosh.—Yes, the maintenance cost.

President.—That is annual expenditure.

Mr. Ghosh.—Yes.

President.—What about the cost of cutting?

Mr. Ghosh.—It only comes in at the time of first planting.

President.—It is not an annual expenditure.

Mr. Ghosh.—No.

President.—That comes under initial expenditure.

Mr. Ghosh.—Yes.

President.—You say "Cost of labour for cultivation". But you have not given us the details. We do not know whether it is for hoeing or harvesting or for manuring.

Mr. Ghosh.—Manuring is separate.

President.—I see you have given separately the price of manure and the spreading cost. What is the wage for a male and a female?

Mr. Ghosh.—The census was taken in this manner. A staff was allotted to several rearers and the staff had to go every day and find out how many hours actually the rearers worked. This was done in order to get a uniform idea.

President.—This is for mulberry.

Mr. Ghosh.—Yes.

President.—I want to know how these figures have been arrived at. Please give me the details. I want to know the wage of a male and a female. The cost of labour is given in a lump sum. Here the wages seem to me very high. This is for 84 bighas which will be 28 acres.

Mr. Roughton.—A bigha is one-third of an acre.

Mr. Ghosh.—Yes.

President.—This does not give me any idea as to the number of men required or employed. Therefore I want details for items 3 and 4.

Mr. Ghosh.—All these details we have in a statement from which we shall supply to you later.

President.—What kind of manure are you using?

Mr. Ghosh.—Farmyard manure and in the Malda district it is mostly *khode*. When the water goes down, people go and collect it and cart it to the fields.

President.—That does not cost much.

Mr. Ghosh.—Collecting and carting cost something.

President.—What is the price of farmyard manure?

Mr. Ghosh.—It varies according to different places.

President.—You will have to give me the details.

Mr. Ghosh.—Yes.

President.—Try to give me not for 98 acres but for one acre so that I may be able to compare it with the figures we have for other areas. Instead of giving me a lump sum please give details for one acre. In that way I shall be able to understand better.

Mr. Ghosh.—Yes.

President.—What is the rent per acre? Will it be a little over Rs. 3?

Mr. Ghosh.—Yes. All these figures are actuals.

President.—I want to just get an idea of the yield of leaf in maunds. The average yield of leaf per bigha has also got to be halved.

Mr. Ghosh.—Yes. All these figures are with twigs.

President.—The cost of cultivation will remain the same.

Mr. Ghosh.—Rs. 15-8 will remain the same.

President.—You say in the footnote to Annexure IV "These rates are arrived at on the calculation of actual hours of work of own labour and wages for those hours only. This is not feasible in practice. The wages too are calculated at very low rates". As you have not given me an idea of the rates, I am not able to say whether they are low or high.

Mr. Mitter.—We shall give you the figures later.

President.—Again you say "Therefore about 50 per cent. over the figures obtained may be taken to represent the fair economic cost". Why do you take 50 per cent.?

Mr. Ghosh.—I have actually taken 33 per cent.

President.—I have seen that in your supplementary note. What is your reason for this extra 33 per cent.?

Mr. Ghosh.—A man goes and works for two hours in the field. Actually we cannot engage labour on that basis.

President.—Suppose a man is paid 6 annas per day. You have calculated for the number of hours worked at the rate of 6 annas.

Mr. Ghosh.—Yes, we have calculated only for the actual number of hours of work done.

President.—How many hours have you taken per day?

Mr. Ghosh.—8 hours.

President.—If you give me all the details I will be able to understand them better.

Mr. Ghosh.—We will give you all the details you want.

Mr. Roughton.—Let me give you an example. Suppose there is a gardener who cultivates cauliflower in a little patch, cabbages in a little patch and brinjals in another patch. He spends two hours a day on each. Do you mean to tell me that you are justified in increasing the labour charges by 50 per cent. when he spends a quarter of the day on each

article? It seems to me that if you increase it by 50 per cent. you will be increasing the labour charges clearly by 50 per cent. too much. He spends only a portion of the day there and for the rest of the day he is employed in doing something else.

President.—He is only doing work for four hours. What does he do for the rest of the day?

Mr. Ghosh.—These calculations have been arrived at on the supposition that if I were to engage labour for that, what would be the cost. The majority of the work is generally done by the man himself. If he is not engaged in this kind of work, he will be engaged in doing something else.

President.—That may be for the hired labour. What about the family labour?

Mr. Ghosh.—The hired labour is actual.

President.—The hired labour is paid for the whole day.

Mr. Ghosh.—Yes.

Mr. Roughton.—It is not correct to say that the bulk of the work is done by the man's family.

President.—Unless and until you work out the details it will be difficult for the Board to arrive at the actuals.

Mr. Ghosh.—We will give you that.

Mr. Roughton.—On page 3 of your supplementary note you have given the price of leaves at 24·8 pias and to do that you have already added 33 per cent. to the cost of labour: to get that 8 pias you have added 33 per cent. When you go on to get the real cost that is the economic price of a pound of cocoons, you have added 33 per cent. again to the figure of 47·75. How do you justify adding 33 per cent. on the labour charges twice?

Mr. Ghosh.—The first one is in connection with the cultivation of leaves and the other takes the whole work for the rearing.

Mr. Roughton.—But the 47·75 pias given under paragraph 5 contains one of these items 24·8 plus given in paragraph 3. In paragraph 3 you have already added 33 per cent. to the cost of labour and then you proceed to add another 33 per cent. in paragraph 5.

Mr. Ghosh.—Cultivation of mulberry is altogether a separate item. This 33 per cent. is added for rearing.

President.—We shall now take the cost of cocoons. I shall first take the question of worms (question 4) before I take up cocoons. You have given in Annexure I the silk content of the different varieties. You say that the silk content varies according to the worm used and according to the season in which it is used.

Mr. Ghosh.—Yes.

President.—This is an interesting development which we have not come across elsewhere.

Mr. Ghosh.—Everywhere it is the case.

President.—It is not given so well as you have put it here. You have given it first for the rainy season, then for the winter season, then for the spring season and finally for the hot weather. What would you consider to be the average for each kind of worm you are rearing in a particular season?

Mr. Ghosh.—Our main rearing seasons are July to November.

President.—Shall we say pre-winter season?

Mr. Ghosh.—Rainy and pre-winter seasons combined. July to September is the rainy season. We get the heaviest crop in that season.

President.—There are five kinds of worms Nistari, Chhotopolu, Barapolt, Nistid and Nismo and the last two are imported from Burma. What is the percentage of each?

Mr. Ghosh.—The nistid has got two varieties, one yellow and one white. These were introduced from Burma about the end of 1936. We gave them a trial in different places and it is now only since the last six months that these are spreading. This November probably about 50 per cent. of the worms reared will be of the two new races.

President.—So that it has ceased to be on an experimental basis?

Mr. Ghosh.—Yes.

President.—What has happened to boropolu?

Mr. Ghosh.—It is univoltine and produces cocoons only once in the spring season.

President.—You think univoltine is not satisfactory?

Mr. Ghosh.—These records are from data collected from all over Bengal from different districts.

President.—We are told that for univoltine worms there is a great future and this boropolu has been in existence in Bengal for many years. I want to know why it has deteriorated to such an extent that you regard it for all future occasions as a multivoltine worm and not univoltine. Why has it degenerated to such an extent?

Mr. Ghosh.—It is very difficult to say. Through selection it is possible to improve it and we have undertaken that work by employing a biological officer who has undertaken the work to improve all the races by selection, as well as by hybridisation. These nistid and nismo were produced by me in Burma as a result of hybridisation of the local worm and Italian in the course of 12 years. It took 6 years to remove the defects of the hybrids and produce full multivoltine worms. We find that it is capable of further improvement. That work is being done by the biological officer.

President.—Is it your intention to have the whole of your production on this basis?

Mr. Ghosh.—We find that nistid and nismo are not particularly suitable for the rainy season in Bengal and that is why we have undertaken the work on the same lines of hybridising with the local nistari and Italian. One new hybrid is obtained which I call *itan* and in the course of a year or two we shall be able to put in the hands of rearers these new varieties.

President.—Look at Annexure II which really gives an idea as to the quality of the races. That is after all the basis and you will find that as far as the first two kinds are concerned it is 700 to 800 and boropolu is 600 to 700 whereas in the case of nistid and nismo it is generally 300 to 400. Your last two are showing very encouraging results.

Mr. Ghosh.—As a matter of fact we usually get 450 and in reeling we find it gives very good results. I will give you a note showing the reeling quality of the cocoons.

President.—Another point that arises out of this apart from the costs that you have given for the rearing house, is the number of worms from an ounce of seed. You have given on page 4 the number of worms in an ounce of seed and you have stated that they are ripe worms. As far as I understand ripe worms means that the wastage has been excluded.

Mr. Ghosh.—In regard to these that spin.

President.—Therefore if I take your wastage as 25 per cent.

Mr. Ghosh.—25 per cent. is for all the rearings in the districts throughout the year.

President.—Therefore nistari gives you about 23,000 worms?

Mr. Ghosh.—About 23,000 to 24,000 worms.

President.—Our information is that multivoltines give altogether 34,000 to 35,000 worms from an ounce of seed.

Mr. Ghosh.—I will just make one point, namely that this is for the year 1937-38 which is an abnormal year. In order to give you an idea of

this I have already given you Annexure 5. I will replace that by another giving more details.

President.—In Annexure 5 you have given per 100 layings whereas it should be 140 layings to an ounce, therefore those figures will have to be proportionately increased.

Mr. Ghosh.—That is why I say I will give you a revised statement.

President.—I find that the best result is from nistid and nismo, 48 and 58 lbs.?

Mr. Ghosh.—The best I have got is 77.

President.—But you have given an average of 28 lbs.

Mr. Ghosh.—These are the figures taken from the census all over the district and throughout the year.

President.—Give us revised figures giving the yield which is now obtained and the yield you would expect in future with these new kinds of worms. I find 28 lbs. very low when the Bengal Government gave 48 lbs. on the last occasion.

Mr. Ghosh.—We will give you revised figures. This year these new races will be about 50 per cent. and will extend further in the future.

President.—What is the position with regard to eri in Bengal?

Mr. Ghosh.—These are at present reared purely as a home industry in Bogra district by old women whose number will not exceed 400. They have a few eri trees say about 20 to 30; they collect the leaves, rear the worms, spin the cocoons themselves and sell the yarn to marwari merchants.

President.—Does eri worm compete with mulberry?

Mr. Ghosh.—The silk is very inferior and of a cheap price. The major portion goes to Assam.

President.—What is the position with regard to tasar?

Mr. Ghosh.—That is altogether a different kind of worm not domesticated. In Bengal there is practically no tasar rearing.

President.—Is it your intention to give up altogether experiment with regard to univoltine worms?

Mr. Ghosh.—Not in the least. The biological officer is aiming at producing first cross worms with univoltine worms. That is in our programme. We are also trying to make selections out of the existing races of worms. The third item is to produce hybrids of the nature of nistid and nismo and improved them by further hybridisation.

President.—In answer to question 21 you say Bengal is not at all concerned with univoltine worms.

Mr. Ghosh.—So far as rearing goes it is not.

President.—Is the climate suitable for univoltine breeds?

Mr. Ghosh.—No. We have to maintain univoltine worms for experimental and hybridising purposes.

President.—When you say in answer to question 21 (3) that in Government nurseries about 240 lbs. of cocoons have been obtained from an ounce of seed, I suppose from an acre of mulberry.

Mr. Ghosh.—That is right.

President.—How many leaves do you get from an acre of tree mulberry?

Mr. Ghosh.—I will give you the exact figures for the nursery. In Bogra nursery we have got a plot devoted only to tree mulberry. It was planted in 1933-34 and in five harvests we got 60 maunds, 27 seers of leaves with twigs 2½ lbs. per tree.

President.—Separate the twigs.

Mr. Ghosh.—Yes.

President.—We also want the number of trees per acre.

Mr. Ghosh.—Yes.

President.—Costs you have given me are for tree or bush.

Mr. Ghosh.—Separate.

President.—In answer to question 23 (b) you have given the cost of seed as 5 annas.

Mr. Ghosh.—Are you referring to annexure?

President.—I am referring to page 6 which gives the details. There are three statements bearing on the same subject. The cost of seed is 5 annas. Can you tell me how this figure has been arrived at? This is, I suppose, for local breed.

Mr. Ghosh.—Yes.

President.—What will be the cost for hybrid?

Mr. Ghosh.—The cost will be about the same.

President.—Can you send me the details?

Mr. Ghosh.—Yes.

President.—How many pounds of cocoons you got from an ounce of seed?

Mr. Ghosh.—28 lbs.

President.—This 5 annas is constant in all the three cases for the whole district. The average for the whole district is 28 lbs. to an ounce of seed.

Mr. Ghosh.—In one particular rearing, but the average would be about 42 lbs.

President.—In answer to question 21 (ii) you say: "About 28 lbs. of cocoons are obtained from 1 oz. of seed used in the case of Nistari, Chhotopolu and Baropolu".

Mr. Ghosh.—That is the actual we have got.

President.—We are talking of actual figures.

Mr. Roughton.—This is for the present year which is an abnormal year.

President.—The cost must be for the abnormal year.

Mr. Ghosh.—It would.

Mr. Roughton.—Not only that; the cost they give in Annexure VI—3 annas per pound for Malda, 4 annas 6 pies for Murshidabad and 3 annas 9 pies for Birbhum. If it is an abnormal year the cost must be excessively high, because the yield is low and the expenditure remains the same. How do you reconcile the statement that the minimum economic price of one pound of cocoons is 3 annas 6 pies given in your memorandum.

Mr. Ghosh.—Will you please read the note after the annexure?

President.—I don't think these annexures talk on the condition of the cocoon market. If the price of silk were such and such, there would be a stimulus for further production. It doesn't give us an idea that the costs have been high due to abnormal tendency. Is 3 annas a pound of cocoons a high price?

Mr. Ghosh.—Not at all.

Mr. Roughton.—My suggestion is that the costs were exceptionally heavy during this year, because the conditions were abnormal and the presumption is that they get much less cocoons from an ounce of seed. Because the crop failed, it must put up the costs.

Mr. Ghosh.—As regards the costs they will not vary very much. They will have to do the same labour. They will have to attend to the same rearing.

President.—The point is if the cost remains the same and if the production of cocoons becomes greater, then to that extent the cost per pound of cocoons must be less. 28 lbs. are now produced out of an ounce of seed and if 40 lbs. of cocoons are produced, the cost must go down. I want to know the relation between that statement and the statement which you have given here.

Mr. Ghosh.—If the poundage goes up higher, that means more worms feed on leaves, more leaves will have to be utilised. Leaves, as you know, represent more than 52 per cent. The cost will be higher.

President.—It may go up higher, but the production will bring the cost proportionately less.

Mr. Ghosh.—It will not be less than 3 annas, because more leaves will be eaten.

President.—The cost of seed, will that go up?

Mr. Ghosh.—No.

President.—5 annas for an ounce of seed?

Mr. Ghosh.—Yes.

President.—Cost of labour?

Mr. Ghosh.—It will go up in this way that more leaves will have to be collected.

President.—That comes under cost of food. The cost of labour will be proportionately higher.

Mr. Ghosh.—More leaves will have to be collected and more trays of worms will have to be attended to.

President.—But you are not getting more worms?

Mr. Ghosh.—No.

President.—The point is if you get less wastage, then your production is higher. At present you are getting 50 per cent. wastage. Suppose you have 25 per cent. wastage.

Mr. Ghosh.—I will have more worms and provide more leaves to feed them.

President.—The cost of food will go up.

Mr. Roughton.—It would not go up in the same proportion.

Mr. Ghosh.—It will be more than 3 annas which we have arrived at in actual census.

President.—What about the cost of appliances?

Mr. Ghosh.—It will remain the same.

President.—What about other expenses?

Mr. Ghosh.—Probably more time will have to be given for picking again.

President.—There are two items under labour.

Mr. Ghosh.—Hired labour will go up. Family labour will be more.

President.—Item 2 means what?

Mr. Ghosh.—Cost of labour.

President.—What labour?

Mr. Ghosh.—For collecting leaves, cleaning the trays, picking the worms while spinning.

President.—Is that family labour?

Mr. Ghosh.—In the last stage most of it is hired labour.

President.—There are two items of labour. I want to understand them. Look at items 2 and 5. They require different explanation because both are labour.

Mr. Ghosh.—The second labour is only for disinfection. Item 5 is disinfection alone. Cost of disinfectant and labour for disinfecting is 5 (a) and (b) together.

President.—No other expenditure is there?

Mr. Ghosh.—No.

President.—Cost of labour includes family labour as well as hired labour.

Mr. Ghosh.—Yes.

President.—Can you separate the two?

Mr. Ghosh.—We can.

Mr. Roughton.—Take an extreme case in which 90 per cent. of the worms die through disease. Do you mean to tell me that the remaining 10 per cent. would not cost you more than if there had been no disease.

Mr. Ghosh.—It all depends on when the worms die. In the earlier 3 stages the cost of leaf is very much reduced. In the 4th and 5th stages they consume large quantities of leaves. In most cases for instance in grasserie disease the worms will eat all the leaves and die before spinning.

Mr. Roughton.—I quite agree with regard to the remaining 10 per cent. in this case the cost will be 10 times as high, but it might well be 7 or 8 times as high. It must put up the cost of production substantially.

Mr. Ghosh.—Have I made myself clear?

Mr. Roughton.—I understand your point. I agree to this extent that although the cost will rise, but it won't rise in exact proportion.

Mr. Ghosh.—Quite.

President.—You have given us the cost for Malda. That comes to Rs. 8-0-1 per seer.

Mr. Ghosh.—Yes.

President.—If I reduce that to a pound basis, it comes to 4 annas 6 pies, is that correct?

Mr. Ghosh.—Yes.

President.—Whereas you have given 3 annas for Malda.

Mr. Ghosh.—That is from the actual census.

President.—On which are we to rely?

Mr. Ghosh.—This thing on page 6 is the result of calculation over large rearings and over large areas and taking actual conditions in the rearers' houses. This Annexure VI is only with regard to rearers who have been kept under observation.

President.—In keeping the rearers under observation, Mr. Ghosh you have allowed every item of expenditure that is legitimate with regard to the cost of producing one pound of cocoons. Tell me what item is omitted which is included here and not included there.

Mr. Ghosh.—Annexure VI is the actual census. Annexure IV which contains the figures, viz., 57 pies for Malda, 65 pies for Murshidabad and 41 for Birbhum are all on the basis of census. The figure, viz., 8 pies given on page 7 of the replies to the Sericultural Questionnaire is calculated on the basis of the footnote to Annexure IV.

President.—That is the only difference.

Mr. Ghosh.—Labour cost in rearing has got to be taken into consideration.

President.—That is also included in both cases.

Mr. Ghosh.—That is the actual labour for actual hours of work, but in the statement we have actually taken the increased rate.

President.—Rs. 3-11-8 represents the increase of 33 per cent.

Mr. Ghosh.—Yes.

President.—This is for rearing?

Mr. Ghosh.—Yes and also for mulberry.

President.—It will come under food.

Mr. Ghosh.—Yes.

Mr. Roughton.—On page 6 of your replies you say: "As these figures are arrived at by taking actual hours of work and calculating wages at very low rates for those hours only, the labour charges shown in the census have been doubled".

Mr. Ghosh.—Yes.

Mr. Roughton.—While in the previous place you increased the labour charges by 33 per cent.

Mr. Ghosh.—Yes.

Mr. Boughton.—Why you doubled them in this case and added 33 per cent. in the other case.

Mr. Ghosh.—This is worked out at two different times.

President.—You will have to get them revised.

Mr. Ghosh.—I shall submit revised figures.

President.—First of all make out a case for 33 per cent. and then show where you have included. These figures do not give us a correct idea. They vary so much.

Mr. Ghosh.—I have included that in the census figures.

President.—Let us have the actuals. We want to know what is the present position of the industry in Bengal. As far as these figures are concerned, there are big variations. We have been given 3 figures—5 annas 3 pies, 3 annas and 4 annas 6 pies. Whether these are based on the census or whether they are based on actuals, there must be some basis on which the Tariff Board must come to the conclusion as to what is the actual cost of the cocoons and what should be a fair price which the rearer should get for his pound of cocoons.

Mr. Ghosh.—I have based all my calculations on the census.

President.—You might have based them on the census. But on what calculations should the Tariff Board base its cost of production?

Mr. Ghosh.—I will place all these figures before you. If you are satisfied and if you accept the basis

President.—Toll me the basis on which these figures have been worked out. You have given me the details in three statements. They are details which do not tally.

Mr. Ghosh.—I am sorry.

President.—In spite of the fact that in your note you have said that the charges shown in the census have been doubled, the price comes to 4 annas 6 pies whereas in another case with 33 per cent. addition, the price comes to 5 annas 3 pies. The revised statement shows 5 annas 3 pies. I am talking of one pound of cocoons throughout. After all you have got to reduce your figures on a pound basis. You have added in some cases 33 per cent., in some cases 50 per cent. and in others 100 per cent. It will not do to make the additions in that manner. You have got to satisfy us that these are correct figures.

Mr. Ghosh.—I shall submit one statement to you later.

President.—Take the question of cost of seed. What kind of seed do you supply?

Mr. Ghosh.—Seed cocoons only.

President.—Is this the price of seed cocoons?

Mr. Ghosh.—Yes.

President.—Are they examined or unexamined seed cocoons?

Mr. Ghosh.—Seed cocoons are not examined. Seed cocoons are reared from examined eggs and rearers take the seed cocoons.

President.—What percentage of eggs are disease-free?

Mr. Ghosh.—Rearing is done from seed cocoons.

President.—You say they are cellular eggs which means disease free eggs.

Mr. Ghosh.—Yes.

President.—What is the percentage of disease-free eggs that you put into the hands of rearers? Ultimately it means cellular eggs.

Mr. Ghosh.—It does not mean that. Cellular eggs go into the hands of selected rearers.

President.—What is the percentage of the total production.

Mr. Ghosh.—The actual figures for 1937-38 are:—about 50 per cent. from cellular eggs and about 50 per cent. from village seeds.

Mr. Roughton.—How have these figures varied in the last 5 years? When do you expect to get to 100 per cent.?

Mr. Ghosh.—There is one point which I want to explain and that is the Bengal rearers are very conservative. They have got their own ideas about these things. Therefore in many cases they say "Your worms are made luxurious. We won't take them". As a matter of fact they object to even rearing houses being disinfected or whitewashed with lime. On that account, we have not yet been able to persuade them to take disease-free seed cocoons. Even if we were in a position to supply the existing rearers with seed cocoons, we could not induce them to take these up. Therefore we are going to change the practice in this way. We propose to say to them "You select your own village seeds. We shall examine them for you". We are going to arrange for that. We hope to be able to bring them round and examine all their seeds.

President.—Will you give us a note on the seed position as it is to-day?

Mr. Ghosh.—Yes.

President.—It is very important that the Board should know the present position because in the last report it was stated that the unexamined and examined seeds were mixed together for rearing purposes and the result was that there was a wastage of 50 per cent.

Mr. Ghosh.—Even now it is happening. We cannot help it.

President.—How many eggs hatch in a day?

Mr. Ghosh.—If the eggs of the same day are kept, they will hatch in the same day.

President.—Do you mean that 100 per cent. will hatch on the same day?

Mr. Ghosh.—90 per cent. in the case of Nistari. In the case of new hybrids, it may be a little less.

President.—Last time it was pointed out by the Tariff Board that it was advisable that all the eggs should hatch in a day.

Mr. Ghosh.—That is one essential principle in rearing.

President.—I want to know what efforts have been made in that direction.

Mr. Ghosh.—We always make it a practice to issue seeds of the same day. That ensures the emergence of moths on the same day and naturally eggs are laid on the same day. Rearers insist on that.

President.—What is the position at present? I will tell you what was stated on the last occasion. . . . "It is most desirable that as many of the eggs as possible should hatch on one day; otherwise the rearing of two lots of worms hatched on successive days will deprive the rearer of the respite he would otherwise have during the moulting periods".

Mr. Ghosh.—In practice even if eggs of the same day are kept some are bound to hatch on the second day.

President.—Shall we say that 90 per cent. hatch on the first day?

Mr. Ghosh.—Yes. The rearers know how to bring up these late worms and so ultimately they come to spin on the same day. That is the trick in rearing. Either they are given extra food or hot air. That is how they come up.

President.—One *kahan* is equal to 1,280 cocoons.

Mr. Ghosh.—Yes.

President.—What relation has the *kahan* to the weight basis?

Mr. Ghosh.—That depends upon the race of worms.

Mr. Roughton.—In your answer to question 24, you have given us the prices of cocoons per lb. The maxima and minima are so widely divergent as to make them practically useless. Can't you give us the usual ordinary prices? Here it varies from 2 annas to 6 annas.

Mr. Ghosh.—These figures are actual figures collected by the staff all over the district. When they are received they are recorded in this book (shown Naturally there are variations as between one district and another and sometimes at different places even in one and the same district. What we have actually found we have put down.

Mr. Roughton.—What we want is normal figures. In other places when they have given the maximum and minimum, the minimum is 4 annas and the maximum 4 annas 3 pias. Here the minimum is 2 annas and the maximum 6 annas. So there is a variation of 300 per cent. If you could give us normal figures, it would be useful.

Mr. Ghosh.—These are actuals. I do not know how to make them normal unless I average them out.

President.—Can you tell us what proportion is sold at the minimum rate and what proportion at the maximum rate?

Mr. Ghosh.—It is very difficult to say. I will explain one point here. It all depends upon the demand of the reeler. If there is a good demand for cocoons they sell at a higher price. In one place it so happens that there is only one reeler who can get the cocoons at his dictation.

President.—I do not understand why other people have had no difficulty.

Mr. Ghosh.—At present there is hardly any reeling. The depression has killed the reeling industry. The maximum and minimum prices also depend upon the season. During the rainy season the price falls down.

President.—Why do they sell all their cocoons at one time?

Mr. Ghosh.—Because they cannot keep them for long. There is no means of drying the cocoons.

President.—Is it not a fact that if they sell 2nd or 3rd day cocoons they will get a better price?

Mr. Ghosh.—As I told you, if a reeler or a dealer goes to purchase cocoons, he knows the conditions in different places. It is the reeler who gets his cocoons at a cheap price. He will wait till the last day of the emergence of moths and then he will dictate his price.

President.—Is it not the duty of the Department which is looking after the interests of the rearers to come to their rescue?

Mr. Ghosh.—We are trying to remedy that defect.

President.—We were definitely told in Bangalore—and it is a fact—the drier the cocoons the less the *rendita*. Therefore it is in the interest of the reeler to store them himself or to buy dry cocoons. But it is not in the interests of the rearer to sell green cocoons if he can keep them for a few days.

Mr. Ghosh.—As a matter of fact in a well organised market there is no difficulty because the reelers work in co-operation with rearers. The rearer acts as a rule paid according to the yield of silk. In an organised market there are no difficulties like this.

President.—I think this is a most important point which should be taken into consideration.

Mr. Ghosh.—The most important point is to revive reeling in Bengal. Unless reeling is revived, it is not possible to do much. There are old reelers who say that they can take it up again if they get a fair price for the silk.

President.—It is all very well to say that, but it must be a reasonable price. They cannot ask any price. Unless they work and show that they are able to produce at an economic price it is impossible for any Tariff Board or any Government to give them the assistance which they really need.

Mr. Ghosh.—They have never heard of the Tariff Board.

President.—They are not so illiterate as you think. We have travelled all over the country and in Mysore we found every villager knows what the object of our visit was.

Mr. Ghosh.—Unfortunately that is not the case in Bengal. If you go to the interior of the Malda district, people will ask "what is meant by Tariff Board".

President.—Apart from that, it is the business of Government representatives to find out the real state of affairs before they apply for protection.

Mr. Ghosh.—We are trying to develop reeling. We are trying and giving them improved machinery and showing them how to produce better silk. We are trying all these. Unfortunately on account of this disorganised market and on account of the disheartening price they are getting we are not able to make much headway.

President.—When you say 11,000 cocoons yield one pound of silk which cocoons are these?

Mr. Ghosh.—Nishtari and Chhotopolu.

President.—What is the average? You have taken 700 to 800 cocoons to a lb.

Mr. Ghosh.—I have simply put down that number.

President.—Does the *rendita* work out to 15·75 as given in the supplementary memorandum?

Mr. Ghosh.—That is the actual.

President.—Last time the *rendita* given was 16 lbs.

Mr. Ghosh.—It varies from 16 to 18.

President.—18 lbs of cocoons for first class quality that is very much on the high side. The average you have taken in the supplementary memorandum is 15·75.

Mr. Ghosh.—When the reelers get a good price, they are able to pay a better price to the rearers and the rearers pay more attention to rearing. We have observed in the course of the last two years that we are not able to get good cocoons and that there has been a general decline in every respect.

President.—The third quality is 9·7.

Mr. Ghosh.—The whole thing is worked into thread. There is no wastage.

President.—On the last occasion you gave only two kinds of silk. One with 16 and another with 13 as the *rendita*.

Mr. Ghosh.—Tana and Varna.

President.—And not Ghora?

Mr. Ghosh.—Ghora was not mentioned last time.

President.—Even in varna you have got 14 *rendita*. In both cases you have gone up rather than down—to be very exact you have given 18·35 and 14·2.

Mr. Ghosh.—Those are actuals according to the census.

President.—I hope all these census figures will be recorded and that your successor will not come and tell a different story!

Mr. Ghosh.—All these figures will be printed and kept on record.

Mr. Roughton.—In answer to question 25 you give the annual value of silk. From those figures it appears that there has been a consistent rise in the price of silk—Rs. 3-10 in 1933-34 to Rs. 5-15 in 1937-38. That would seem to indicate that the market has moved very much in your favour. Are these figures correct?

President.—These are the actual sale prices and not quotations?

Mr. Ghosh.—That is so.

Mr. Roughton.—Then how is it the industry is languishing when the price of the finished product has increased so much.

Mr. Ghosh.—With the rise in prices we all hoped for better days but three months later prices went down to about Rs. 3-0 a pound. With the rise in prices mulberry areas increased.

Mr. Roughton.—When did it fall?

Mr. Ghosh.—It fell about June.

President.—Just as you have given quotations can you give us quotations for the whole of 1938 to enable us to see the variations?

Mr. Ghosh.—I have got them.

President.—Just read out and let us see the variations.

Mr. Ghosh.—January 1938 for *Tana* the quotation was Rs. 12 to Rs. 14 per seer and for the second quality Rs. 10 to Rs. 12 per seer.

President.—What is this Rs. 5-14?

Mr. Ghosh.—That is the average of the two qualities.

President.—What is the price of *Varna*?

Mr. Ghosh.—Rs. 10 to Rs. 12 per seer; that is for the Murshidabad district.

President.—These quotations are for January for Murshidabad. The average for *Tana* is Rs. 13 and that for *Varna* is Rs. 11 or a total of Rs. 24 for 2 lbs., or Rs. 6 per lb.

Mr. Ghosh.—Yes.

President.—Let us take Malda.

	<i>Tana.</i>	<i>Varna.</i>
	Rs. A.	Rs. A.
<i>Mr. Ghosh.</i> —January, 1938 (per seer) .	14 0	10 0
	to	to
	15 0	12 0
February, 1938 (per seer) .	13 0	10 0
March, 1938 (per seer) .	13 0	10 0
		to
		11 0
April, 1938 (per seer) .	13 8	9 0
		to
		10 8

After April it is not recorded.

President.—When does your year close?

Mr. Ghosh.—March.

President.—What is the proportion which you have got of each quality?

Mr. Ghosh.—*Ghora* will be about 10 per cent., *Varna* 50 per cent. and *Tana* 40 per cent.

President.—Which area produces more *Tana*?

Mr. Ghosh.—Murshidabad.

President.—In your note you say that the local raw silk had to be sold at Rs. 3 per pound without giving the name of the quality. Rs. 5-15 is the average for the whole year (supplementary note, page 2) whereas Rs. 3 may be for a particular month and for a particular quality. Whatever information you have supplied in this respect is very meagre; you cannot compare Rs. 5-15 to Rs. 3 at all.

Mr. Ghosh.—We shall put in a note on that.

Mr. Roughton.—It is very important for us in our enquiry to have some idea of the cost of production in the last five years. Your reply is that the figures under (a) and (b) are not available. (Q. 27).

Mr. Ghosh.—We will give you the information.

Mr. Roughton.—In answer to question 28 you say: "There are only about a dozen large reeling concerns having about 10 to 50 basins. Only one has more than 100 basins". Are these concerns what you would call filatures, that is to say having machinery for reeling silk and all that?

Mr. Ghosh.—Nowhere in Bengal is there any filature with up to date machinery and there never had been.

Mr. Roughton.—They are more a collection of *charkas*?

Mr. Ghosh.—Yes.

Mr. Roughton.—What is commonly known in Europe as filature does not really exist in Bengal now?

Mr. Ghosh.—Filatures when they existed in Bengal also carried on reeling in the same manner with this difference that they heated the water in the basin with steam instead of ordinary fuel. In our newly established reeling Institute we have got modern filature and it is from there that we want to introduce modern filature reeling.

President.—What is understood to-day as a filature, that is to say reeling by power driven machinery and electric motor, does not exist in Bengal.

Mr. Mitter.—No.

President.—Was there none in existence when there were something like 4,000 filatures in Bengal which were known as European filatures?

Mr. Ghosh.—None.

President.—What is the production per basin?

Mr. Ghosh.—Outturn per *chaka* in 10 hours $9\frac{1}{2}$ *chataks* of *Tana* and 13 *chataks* of *Varna* (Annex. 7) and *Ghora* 1 seer 11 *chataks*.

President.—What I want to know is the production per basin per day of 9 hours. In 9 hours you get $9\frac{1}{2}$ *chataks* of *Tana*.

Mr. Ghosh.—In 10 hours.

President.—In a day you get $9\frac{1}{2}$ *chataks* of *Tana* 13 *chataks* of *Varna*. How much silk do you produce per basin per day. Forget the qualities for the moment. You say *Tana* is $9\frac{1}{2}$ *chataks*, *Varna* 13 *chataks* and *Ghora* 1 sr. 11 *chataks*=49 *chataks*.

Mr. Ghosh.—*Ghora* makes all the difference.

President.—With power driven machinery with 28/30 denier they cannot get more than $1\frac{1}{2}$ lb. per day.

Mr. Ghosh.—As I said this *Ghora* makes all the difference. One man will reel as much as one mound of cocoons a day.

Mr. Mitter.—This $1\frac{1}{2}$ lb. should be made contingent on the varieties. Does it include *Ghora*?

President.—Let us go by denier, that will make the position clear.

Mr. Ghosh.—*Tana* is about 20/24 denier, *Varna* about 30/32 and *Ghora* will be about 250.

President.—What is the percentage of *Ghora*?

Mr. Ghosh.—About 10 per cent.

Mr. Mitter.—You want the actual output per basin per day of 10 hours in terms of denier.

President.—Yes. I won't tackle question 33 now because you have promised to give me figures for 5 years.

Mr. Roughton.—Generally we found in other areas that the decrease of acreage has been accompanied by a rise in the outturn per acre and there has not been a very serious falling off in the total production. Is that the case in Bengal, or has the decrease in acreage and the decrease in the number of people employed in the business also been accompanied by a falling off of the outturn per person or per acre or has there been any compensation owing to the increase in output.

Mr. Ghosh.—As I mentioned to you before there has been a general decline. People didn't pay proper attention to mulberry and didn't manure them properly. The result was that the quality of leaves obtained was poor which had some effect on the quality of cocoons. That has been our experience right through.

Mr. Roughton.—What is the reason for the difference between Bengal and other areas in this respect?

Mr. Ghosh.—As far as we have found out, people have become indifferent. They say "We don't get any proper price".

President.—I do not know from where you have got these figures for 1933-34.

Mr. Ghosh.—You refer to production during the last 5 years. Whatever facts I could gather from office records, I have got here. In 1926-27 in Malda District a census was said to have been taken and the number of rearers was 17,483 and the area under mulberry was 13,000. In 1927-28 a similar census was said to have been taken in Birbhum District showing the number of rearers as 4,817 and the acreage as 4,120; in Midnapore District 227 rearers and 26 acres and in Bankura District 651 rearers and 344 acres.

President.—My point was that in 1933-34 there was a big drop.

Mr. Ghosh.—We have got some figures for Malda.

President.—When the last Tariff Board enquiry was on, the Government of Bengal supplied us figures which would be found on page 176 of the written evidence, Volume I. I want to know why there is such a big disparity in one year.

Mr. Ghosh.—This is in bighas.

President.—It doesn't matter.

Mr. Ghosh.—The number of people engaged in the industry, the number of rearers.

President.—40,000 families as against your 18,000 families, there is such a big drop.

Mr. Ghosh.—That refers to Malda District. There is no similar census taken for the other districts.

President.—They have given us the total.

Mr. Ghosh.—I do not know how they arrived at that. My census figures refer to 1936-37. I took census in all the three districts.

President.—I am referring to 1933-34 which you have yourself given in the written statement.

Mr. Ghosh.—3 years combined, 1932-33, 1933-34 and 1934-35.

President.—What do those figures represent?

Mr. Mitter.—About these figures which were supplied by the Bengal Government through my predecessor during the last Tariff Board enquiry, I have explained my position quite clearly.

President.—You have promised to give us a note.

Mr. Mitter.—I will.

President.—I want to know why there is such a big discrepancy in one year. According to you this is 1933-34 figure.

Mr. Ghosh.—Yes. I shall explain that in a note.

Mr. Boughton.—Will 1931-32 census give some figures?

Mr. Ghosh.—I shall look into that.

President.—In answer to question 35 (2) you say: "The reaclers are not exactly deficient. With proper cocoons, machinery and organisation they are able to produce as good silk as in any other country".

Mr. Ghosh.—Even on ordinary *charkhas* if they are paid high wages, they produce high class silk.

President.—At present they are producing silk of no value at all.

Mr. Ghosh.—No value.

President.—Very little value.

Mr. Ghosh.—It is utilised.

President.—You say there is no proper cocoon, no machinery, no organisation and still you ask for protection.

Mr. Mitter.—When I say no machinery, we mean no adequate and efficient machinery. It should be understood in the form of relativity. When we say no proper cocoons, we mean bad cocoons.

President.—The present condition of the industry is in a very bad way.

Mr. Ghosh.—Yes, we are trying to improve it. That is the reason why we have established a Reeling Institute at Malda.

President.—We want to know the production per basin per reeler to judge the efficiency of labour in this country as compared with the other countries where sericulture is being practised and instead of telling us that, you have simply generalised the statement.

Mr. Ghosh.—I have not generalised the statement. 8½ chataks is the exact figure.

Mr. Mitter.—I have understood your question now and we shall give you the answer later.

President.—You are talking of the Peddie Silk Reeling Institute at Malda?

Mr. Ghosh.—Yes.

President.—What is the function of that Institute?

Mr. Ghosh.—We have brought in several types of machinery. We are experimenting with them in order to be able to produce high class silk.

President.—Is that machinery power driven?

Mr. Ghosh.—One is power driven.

President.—How many basins are there?

Mr. Ghosh.—4 basins. We are going to add more as we get along.

President.—Is it jetbout?

Mr. Ghosh.—No, ordinary button.

President.—But the latest is jetbout. Has it got electric power?

Mr. Ghosh.—Yes.

President.—What is the system of working? How many people do you employ for training?

Mr. Ghosh.—We have begun to work this machine only recently. We have provision for training people.

President.—Have you got anybody to teach reeling?

Mr. Mitter.—We have technical staff.

President.—From where did you get these men?

Mr. Ghosh.—We recruit the existing efficient reelers.

President.—Existing efficient reelers have never produced silk out of power driven machinery.

Mr. Mitter.—Those men who are employed are fully qualified. We recruit the best men that we can get here and they are being trained by Mr. Ghosh. The machinery which has arrived and has been erected, is only working for a short time. We hope in the course of the next few months to get it in working order.

President.—What about the Conditioning House?

Mr. Mitter.—Same thing.

President.—Under whose charge?

Mr. Mitter.—Under Mr. B. B. Ray.

President.—What is his qualification?

Mr. Ghosh.—M.Sc. in applied Physics.

President.—Is that a necessary qualification?

Mr. Ghosh.—Yes.

Mr. Mitter.—As proper qualified men are not available in this country, we have to make the best use of the men available here. Mr. Bagchi went to Japan and studied for two years. The post was actually offered to him and he wanted a high salary. As we could not get him, we had to get the next best man available and train him under Mr. Ghosh.

President.—As regards reeling and throwing, we will deal with that when we come to the weaving side.

Mr. Ghosh.—Yes.

President.—What is the position with regard to silkwaste here?

Mr. Ghosh.—A part of it is being spun by hand. That work has just commenced. The All-India Spinners' Association employ old women only to a small extent. There are possibilities of employment.

President.—Since when was this started?

Mr. Ghosh.—About 6 months ago.

President.—What quantity do you think is consumed by this method?

Mr. Ghosh.—I shall let you know later.

President.—The percentage of silkwaste will depend upon the quality of silk.

Mr. Ghosh.—It will depend on the quality of cocoons primarily.

President.—In answer to question 61, you say 103 for Tana.

Mr. Ghosh.—That is what we actually got in the census.

President.—That is you get more wastage and less silk.

Mr. Ghosh.—In the production of high class silk, there is greater wastage.

President.—There is very much more wastage as compared to other places. Maximum waste compared to other places is 7 per cent. of silk.

Mr. Ghosh.—There are variations in our case too. In Annexure VII we got 103 per cent. for Tana, 59 per cent. for Vharad, 75 per cent. for Murshidabad and in Birbhum flature where the basins are worked by steam, we have actually got 82 per cent.

President.—It is slightly on the high side.

Mr. Ghosh.—I have got figures in the Peddie Reeling Institute to find out the behaviour of different cocoons. Percentage of silkwaste in Nistari came to 77 per cent. and in Chhotopolu it came to 105 per cent. It varies according to the quality of cocoons, according to the skill of the reeler. It depends a good deal on that.

President.—The price of silkwaste has improved since the last few years.

Mr. Ghosh.—At present the price is in the neighbourhood of 4 annas a pound.

President.—It is 4 annas a lb. You will find it on page 7 of your replies.

Mr. Ghosh.—Yes, that again is from figures actually collected.

President.—If you look at the percentage of wastage it is different. On page 7 you say that the outturn of silk and waste from 100 lbs. of cocoons are 5.9 lbs. and 4.1 lbs.

Mr. Ghosh.—25.4 is also the average of figures collected in different years. I have got a statement to show that.

President.—What will be the percentage?

Mr. Ghosh.—It will be 70 per cent.

President.—How have you arrived at this figure? What averages have you taken?

Mr. Ghosh.—70 per cent.

President.—You have given here for Tana 103 per cent.

Mr. Ghosh.—That is the actual census.

President.—The figures do not tally.

Mr. Ghosh.—These are actual figures collected.

President.—Both are actuals. How was the average arrived at?

Mr. Ghosh.—I shall explain that point later.

President.—I would like to ask you one or two questions with regard to the steps that you have taken to improve the quality of silk. I find that the supplementary memorandum contains a good deal of information with

regard to what foreign countries have done and with regard to what measures have been taken by Mysore and Bengal in India. First of all, I would like to know your views about the Imperial Sericultural Committee which has been in existence for the last three years.

Mr. Mitter.—What happens is that the Imperial Sericultural Committee meets immediately after the conclusion of the annual (All-India) Industries Conference which is attended by all Directors of Industries. At that meeting Mr. Ghosh is sometimes present and I am present sometimes.

President.—You have referred to some suggestions which the last Tariff Board had made. Have you brought these to the notice of the Imperial Sericultural Committee?

Mr. Ghosh.—I did not bring them to the notice of the Imperial Sericultural Committee. I wrote to the Director of Industries so that Government might be requested to move the Government of India to bring about those changes and to get the scientific workers into a conference once a year. That question was postponed in view of the appointment of this Tariff Board.

President.—How much money have you been able to get from the Government of India?

Mr. Ghosh.—I do not remember the total but this year we are getting more than Rs. 50,000.

President.—For what purpose?

Mr. Ghosh.—Rs. 40,000 for the production of disease-free seed. That grant was earmarked for that purpose. A small portion of the grant has been allotted to research.

President.—Research into what?

Mr. Ghosh.—Research in connection with diseases, improvement of cocoons and worms. When I came to Bengal two years ago, at the very first meeting which I attended, the Committee gave me sufficient money to start the work of study and improvement of worms, and for work in connection with mulberry. I have now got two more research officers, one to do the chemical side of the whole problem an agricultural bio-chemist—and another to work only on diseases.

President.—Apart from getting officers I want to know how it has been translated into results.

Mr. Ghosh.—What we have done is this. For botany we got into touch with the head of the Botanical Department of the University College of Science. In co-operation with him, the Botanical Assistant, who is an M.Sc. in Botany and who has done some research work, has started work in Narainpur, 12 miles from here. One gentleman has given a building and four bighas of land free of cost to carry out experiments. There mulberries from all over India were collected and a preliminary study made. It was found out that we could superficially distinguish about 90 different varieties. These different varieties are grown side by side for further study. When we have arrived at a preliminary idea about the whole question, we shall select out of these about 10 or 12 varieties and work on them in a scientific manner in co-operation with the Statistical Officer here and at the same time in co-operation with the Botanical Department of the University. With regard to the improvement of worms there is another man, a Biological Officer, who is an M.Sc. in Zoology. He has been placed under the Professor of Zoology, University of Calcutta. In the University College of Science, the Senate of the Calcutta University has given us accommodation for laboratory. Of course we give the equipment. He has the advantage of using all costly machinery. For the present the work is being carried on in co-operation with the Professor of Zoology and as a matter of fact the Biological Officer has been given laboratory accommodation, land for mulberry and all other facilities. There is a Protozoologist who, after training, has been placed in the same College under the same Professor of Zoology. He will have the opportunity of working in co-operation with the Biological Officer who has got a different work to do. The Agricultural

Bio-Chemist who works on the chemical problems with regard to growing mulberry, manure, food value of mulberry leaves and all that has been placed under Professor J. N. Mukherji.

President.—I would rather like to hear something about the efforts which the Department has made in connection with disease-free seeds. That is a point which was emphasised by the last Tariff Board and they recommended even legislation on the subject. I understand that the main object of the establishment of the Imperial Sericultural Committee was to produce disease-free seeds and the second object was to control the diseases of worms. Having regard to these two objects I would like to know how far the Bengal Government have been able to derive benefit out of the existence of this Committee and whether the amounts given from time to time have been adequate or inadequate.

Mr. Ghosh.—Would you like me to give a note on the subject?

President.—Yes. It is very necessary to know how far the Committee has been useful to the industry. Some lines have already been indicated in the note which has been submitted to us but it is necessary to know what has been the case up till now.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—Is the grant of Rs. 40,000 or Rs. 50,000 which you have got from the Government of India for the purpose of distributing disease-free seed or for research into diseases of worms?

Mr. Ghosh.—For the production and supply of disease-free seed. That was earmarked for that purpose. As a matter of fact objection was raised at first but subsequently research work was allowed to be financed by the grant.

Mr. Mitter.—We are also spending Rs. 2 lakhs every year for the development of sericulture.

Mr. Roughton.—How long has the Sericultural Department been in existence?

Mr. Mitter.—Since 1908.

Mr. Roughton.—It is only in the last year or two that it has been taking up this kind of research.

Mr. Mitter.—The Sericultural Department which was established in 1908 was placed under the Director of Agriculture. It is only at the end of 1936 that it was transferred to the control of the Director of Industries.

Mr. Roughton.—It is on a somewhat larger scale now than before.

Mr. Mitter.—Yes. The Department has expanded in the last 18 months.

President.—I think the activities of the Director of Industries with regard to sericulture and other cottage industries came into prominence after the grant of provincial autonomy to India.

Mr. Mitter.—The actual control of the Sericultural Department was transferred before the introduction of provincial autonomy but really with the introduction of provincial autonomy larger sums of money are being made available by the Hon'ble Minister.

President.—For the development and encouragement of cottage industries?

Mr. Mitter.—Yes, which include the silk industry.

President.—At present the amount that you are able to get is much larger than what you used to get before.

Mr. Mitter.—Yes.

President.—When you submit your note, you might also mention the amount spent by the Bengal Government and the purpose for which it is being spent.

Mr. Ghosh.—Yes.

President.—As regards costs of reeling given in Annexure VII, you have given the price of cocoons as 4 annas 1 pie,

Mr. Ghosh.—That was the amount actually paid by reelers who were under observation.

President.—That is the average price that the rearer was able to get for his cocoons.

Mr. Ghosh.—Yes.

President.—Would that represent the average between the maximum and minimum prices that you have given.

Mr. Ghosh.—It won't because prices vary so much even from village to village.

President.—It is necessary to know how you have fixed this 4 annas 1 pie.

Mr. Ghosh.—We have not fixed it. We have simply collected the information.

President.—Are these actuals?

Mr. Ghosh.—Yes.

President.—They vary very much. In Birbhum it is 5 annas 2 pies and in Murshidabad 4 annas 8 pies. Is that due to the quality of the silk?

Mr. Ghosh.—I don't think that it is due to the quality. The quality of cocoons might vary but very little. It is true that better cocoons are paid better prices. Another reason is the absence of sufficient reelers in the locality.

President.—Is that the price which the reeler has been paying for all his three qualities?

Mr. Ghosh.—He reels the same cocoons for different silks.

President.—Then the last quality would be unsaleable at that price because the price of cocoons must come down according to the quality of the silk.

Mr. Ghosh.—As a matter of fact it is from the lowest quality of silk that the reelers sometimes make more profit. When I went into these reeling concerns and actually saw them do the work I found that by doing this inferior silk they were making greater profit at the time. I will give you a note on the inferior silk.

President.—I am concerned with the cost of production rather than with the price. The last Tariff Board calculated differently for different kinds of cocoons. What exactly do you mean by cost of reeling?

Mr. Ghosh.—The labour charges of the reeler and turner. There are two men for each *charkha*.

President.—You have not given me figures per lb.

Mr. Ghosh.—Here is a statement (handed in) containing the figures worked out per lb.

President.—How much does a reeler get?

Mr. Ghosh.—See page 2 of Annexure VII.

President.—That makes 11 annas 3 pies.

Mr. Ghosh.—Yes.

President.—You have given a figure of 9 annas 5 pies.

Mr. Ghosh.—That is 9 annas 5 pies per lb. and this is 11 annas 3 pies per day. It is worked out from the total. We kept so many reelers under observation and we noted their cost and everything and worked out on the pound basis.

President.—Unless I get the daily production I am not able to check these figures. Last time the figure given by you for labour was 10 annas for the first quality and 7 annas 8 pies for the second quality and the fuel and water charges were given as 5 annas per lb. whereas you are giving me 6 annas 9 pies.

Mr. Ghosh.—My figures are actuals of the reelers kept under observation.

President.—The reason why I am asking you is to find out whether this increase with regard to fuel and water is justifiable.

Mr. Ghosh.—I cannot say how it was arrived at on the last occasion. My figures are arrived at on actuals and I cannot make any alteration there. I have put down as I have got it.

President.—Take Miscellaneous. Last time it was 1 anna; here I find you have put down as 2 annas 4 pies. I think it would be better if you were to look at the figures given on the last occasion (page 154 of the Report) and give us figures on the same basis for comparative purposes.

Mr. Ghosh.—I will make a note of it.

Mr. Roughton.—You say you have taken an average of a number of observations. Can you give us an idea of the number of observations taken. How many people did you keep under observation?

Mr. Ghosh.—Not less than ten. I will find that out and let you know.

Mr. Mitter.—May I point out that when Mr. Ghosh says ten he means 10 reeling factories.

President.—Mr. Ghosh, you had been to Japan?

Mr. Ghosh.—Yes.

President.—How do you compare the state of the industry in India as compared to Japan?

Mr. Ghosh.—In Japan it is so well organised that no industry here can be compared with it.

President.—You have given us various figures in Yen. Could you approximately work out how much it would be per pound?

Mr. Ghosh.—Yes.

President.—When did you return from Japan?

Mr. Ghosh.—In 1930.

President.—You were appointed Director of Sericulture in Burma?

Mr. Ghosh.—No. I was Entomologist to the Government of Burma.

President.—With regard to freight charges it is said that freight from Japan to a port in India works out to a pie per pound.

Mr. Ghosh.—Yes. I have collected these figures from the Indian Textile Journal. I will give you the reference.

President.—The information that I have been able to get from such publications as are available is that it is much higher than one pie per pound. You mean purely ocean freight?

Mr. Ghosh.—Yes.

Mr. Roughton.—Where are your chief markets?

Mr. Ghosh.—Our chief markets were Madras, Nagpur, C. P. and Benares, but all these are being closed to us now. At present a certain amount goes to Madras Presidency—to Kumbakonam, Trichinopoly and so on. I will place the exporters before you and they will be able to give you better information.

Mr. Roughton.—What proportion of your production is being sold locally?

Mr. Ghosh.—I won't be able to give you exact figures now but I will try to collect them for you.

Mr. Roughton.—You might just tell us what work you are doing in the Conditioning House.

Mr. Ghosh.—The Conditioning House has got at present two functions. One of these is to improve the quality of the local raw silk. In that connection it gets into touch with the reelers in the province. The idea is to get samples from them every now and then and examine and point out to them what the defects are. In that way we help them to improve the quality of raw silk. That is one function. The second function is to help

the export of raw silk. We found that soon after the Conditioning House was started there were references from merchants in Bombay and Madras as to whether we were in a position to place them in touch with the suppliers who would be able to give them silk of uniform quality. Our idea is to get into touch with the reelers and improve the quality, find out the demand for it and then get the silk in the Conditioning House, test it and give a certificate for it and send it to the customers. Once we gain the confidence of the customers there will be an increased demand for Bengal silk.

President.—What is the system of selling imported silk?

Mr. Ghosh.—At present the *mahajan* buys it, goes into the districts, advances that to the reelers and gets cloths woven by them.

President.—Is the duty paid on conditioned weight?

Mr. Ghosh.—I do not think so.

President.—Silk is being imported with conditioned weight.

Mr. Ghosh.—Japan sells on conditioned weight.

President.—The reason why I am asking this is that having established a Conditioning House you must know what is the system at present prevalent in the case of imported silk. What exactly do you mean by saying that Bengal silk improves with washing.

Mr. Ghosh.—It has got better lasting quality and better lustre but is defective with regard to winding quality, we are trying to remedy it. When I was testing it I found that the winding breaks were very high: I brought about a little change in the reeling machinery and it was brought down to about 12 per 5 hanks per hour.

President.—You don't think that the defect in the winding is due to bad cocoons?

Mr. Ghosh.—It is not primarily due to bad cocoons; it is defective reeling and if the threads are very much uneven there are more breakages and it also breaks at the gum spots where the filaments get stuck.

President.—It is more due to defective reeling?

Mr. Ghosh.—Yes.

President.—You have suggested some sort of legislation.

Mr. Ghosh.—That is for labelling of cloths.

President.—Have you got anything in mind when you say this or is it just a suggestion?

Mr. Ghosh.—We have got this in mind, even weavers complain and very often see that artificial silk is passed off as natural silk though there has been no complaint from people who make use of it.

President.—That is to say consumers are being cheated?

Mr. Ghosh.—Yes.

(2) Evidence of Mr. S. C. MITTER, Director of Industries, Bengal,
 Mr. C. C. GHOSE, Deputy Director of Sericulture, Bengal,
 Rai Sahib S. N. BOSE, Superintendent of Sericulture, Bengal, and Mr. S. K. MOULIC,
 Superintendent of Sericulture, Bengal, recorded at Calcutta on
 Tuesday, the 18th October, 1938.

Mr. Ghosh.—With regard to the statements which you asked me to prepare, I find that it would take me some time.

Mr. Mitter.—We have, as matter of fact, prepared some of them, but I want to check them again.

Mr. Ghosh.—Further ones would take some time. Information about the grant of the Government of India, etc., we have to get from Borphampore where my office is and it will take some time.

President.—Whatever statements are prepared you might send us either to-day or tomorrow and as soon as those statements that are required by the Board are complete, we propose to examine you once again on this question and I will fix a date after consulting my colleagues.

Mr. Ghosh.—Those which are ready I shall send tomorrow.

President.—As I said yesterday we propose just to go through your replies to the questionnaire dealing with the handloom weaving industry. I find in this case also you have not been able to give us the figures for the last five years.

Mr. Ghosh.—We have not been keeping records of five years' figures. That has been the difficulty. If we have to give 5 years' figures, we have to ask the weavers and we have to rely on their evidence. When we received your questionnaire, we tried to ascertain as far as possible from the weavers themselves and by making a survey as we did for mulberry of weaving, rearing and reeling and all those facts have been put in here.

President.—When you say here that the mulberry silk weaving is on the increase, is it not necessary to know what has been the progress for the last five years?

Mr. Ghosh.—I see that the last Tariff Board gave the number as 2,000. Of course this year there has been a considerable increase.

President.—The number of looms given on the last occasion was 15,000 and 2,000.

Mr. Mitter.—15,000 for cotton?

President.—No. It is the total number of matka and jut spinners and silk weavers 2,000.

Mr. Ghosh.—This year there has been an increase in silk weaving looms.

President.—Is the increase only confined to this year or has it been increasing in previous years?

Mr. Ghosh.—In the course of two or three years.

President.—Our difficulty in this: We have got to assume that the increase has been during the last 5 years. We cannot say that the increase has only taken place during this year.

Mr. Ghosh.—This year the increase has been noted and the figures were given to you.

President.—In the last five years there has been an increase of 966 looms.

Mr. Ghosh.—Yes.

President.—Take matka and you have put down here as 717.

Mr. Ghosh.—That is for weaving alone.

President.—What about spinning?

Mr. Ghosh.—Spinning is quite a different matter which has been done in connection with the Sericultural industry.

President.—What is the figure?

Mr. Ghosh.—15,000 was given to you last time, and according to our recent census it is 12,700.

President.—So it has gone down.

Mr. Ghosh.—Yes, actual spinning. I shall just explain the position with regard to spinning. Matka spinning is done with pierced cocoons of mulberry silkworms. All the pierced cocoons are obtained out of silk worm rearing alone. The moths are allowed to cut and these cocoons are spun into matka. Owing to decrease in silk worm rearing in Bengal there has been a decrease in the supply of these pierced cocoons and actually a trade has sprung up in pierced cocoons from Kashmir and Mysore to Bengal. That accounts for the decrease in the number of spinners.

President.—Take the Tusser. From where do you get this tusser yarn?

Mr. Ghosh.—Tusser yarn is not imported from outside. Weavers get the tusser cocoons and do the reeling themselves in their houses.

President.—Where do they get those tusser cocoons from?

Mr. Ghosh.—Mostly from Chota Nagpur and Bihar.

President.—You have given us in answer to question 2 the kinds of silks which are being woven here and the place from where they are imported. I asked you yesterday to let us know the quantity used locally. Under the head 'Source of supply' you say Bengal, Kashmir and foreign sources. You have also given the minimum and maximum prices per lb. Do the maximum and minimum prices apply only to local silk or foreign silk also?

Mr. Ghosh.—Both local and foreign. The prices which weavers are said to pay.

President.—That gives me no indication whether there has been any difference between the price of local silk as compared to the foreign silk or whether the prices are the same.

Mr. Roughton.—You said yesterday that local silk was sold at Rs. 3.

Mr. Ghosh.—Local silk was sold at Rs. 3 about July and August for about two months. There is another point. When that silk is sold, it is not sold direct to the weavers. It is sold to the dealer of raw silk. Weavers get their silk from dealers in some cases, but mostly from Mahajans who advance them silk and charge the price to them.

Mr. Roughton.—That can't make all the difference.

President.—First of all tell the Board what is this price and for what given in answer to question 2. You have stated that the price ranged from Rs. 5 to Rs. 7 and you have mixed local as well as foreign silk with regard to the price and the Board would like to know whether Indian silk fetches the same price as the foreign silk.

Mr. Ghosh.—I think we have to make further enquiries. We can't give a definite answer on this point, because in many cases even the weavers can't say.

President.—When you compiled figures, the Board expects that you will be able to explain whenever questioned and if you go on postponing like this, there will be no end to the oral examination.

Mr. Mitter.—We are also handicapped. When we received your questionnaire, two or three months ago, we had to employ a special staff and all the information which we got here are based on what we were able to collect through our special staff. Even in many cases the weavers were questioned in regard to details, but we were not able to get any answer.

President.—Weaver knows what kind of silk he is purchasing.

Mr. Ghosh.—Undoubtedly.

President.—If he knows what he is purchasing, he also knows what he has to pay for.

Mr. Ghosh.—These are the details collected by the man in Shihganj. For the indigenous raw silk they had to pay a price of Rs. 5-6 and for the Japanese raw silk Rs. 5-8 to Rs. 6; Canton raw silk Rs. 5 to Rs. 5-8 and Matka Rs. 2 to Rs. 2-4.

President.—Let us confine ourselves to mulberry raw silk which is the first item. There are various other items which we can take up later on, because the prices are given here separately. Matka price is already given here from Rs. 2 to Rs. 4. My point is in this particular instance I am unable to say unless you tell me whether the Indian silk fetches the same price as foreign silk in your market as far as the weaver is concerned and I find that Indian silk is able to realise Rs. 5 to Rs. 6-8. Is that correct?

Mr. Ghosh.—Indigenous raw silk is Rs. 5 to Rs. 6-8.

President.—It is the actual price paid by the weaver.

Mr. Ghosh.—Yes.

President.—For the Japanese silk it is Rs. 5 to Rs. 6-8 so that as far as the maximum is concerned, the indigenous raw silk fetches a higher price.

Mr. Ghosh.—In that area.

President.—I am talking of the area where the handloom weavers are.

Mr. Ghosh.—They are scattered in 4 or 5 districts. This refers to the handloom area in Malda.

President.—In which place large number of handloom weavers are to be found?

Mr. Ghosh.—In Murshidabad and Bankura Districts.

President.—Let us take those two districts. What are the prices there?

Mr. Ghosh.—Locally prepared raw silk steam filature—Rs. 6.

President.—For Bengal silk?

Mr. Ghosh.—Yes.

President.—Can you tell me the date of that?

Mr. Ghosh.—27th June.

President.—For Kashmir silk?

Mr. Ghosh.—The same re-reeled Rs. 7; local basin Rs. 4-8 to Rs. 5-2; country charkha Rs. 4-8 to Rs. 5 and Japan re-reeled Rs. 6.

President.—Not filature.

Mr. Ghosh.—It is not mentioned as filature. China re-reeled—Rs. 5. These are the figures for Jungipur, Murshidabad District.

President.—What is the cost of re-reeling? In reply to one of the questions in the Sericultural enquiry, you have said about 5 annas as the cost of re-reeling.

Mr. Ghosh.—Yes that is correct.

President.—What will be the cost of re-reeling the filature silk?

Mr. Ghosh.—With regard to this re-reeling, it is done by the weavers themselves. They get the silk and in the process of weaving they have to re-reel it. This re-reeling refers to that process. From the large hanks they reel into small hanks.

President.—This is re-reeling of raw silk of charkha silk by hand.

Mr. Ghosh.—Yes.

President.—I want to know whether filature silk is also being re-reeled.

Mr. Ghosh.—Only in one place in Jungipur and one rupee extra is charged for re-reeling.

President.—What is the cost of re-reeling?

Mr. Ghosh.—It costs him about Re. 1 to re-reel one seer of silk.

President.—As against 5 annas by hand?

Mr. Ghosh.—Yes.

President.—Is there much difference?

Mr. Ghosh.—There is much difference in these two processes. In the re-reeling done by hand by the weavers (womenfolk) there is always a loss. She sorts out thick lumps and thin places and puts knots. The loss is nearly 1/16th in inferior kinds of silk. This loss which is due to re-reeling by the womenfolk is borne by the owner who gives the silk, while in the case of filature the reeler has to bear the loss.

President.—What is the loss?

Mr. Ghosh.—In re-reeling there is a loss.

President.—The loss can't cost him 11 annas more. I think it requires investigation. You had better look into it.

Mr. Anklesaria.—Is it one rupee per pound?

Mr. Ghosh.—Per seer.

President.—It comes to 8 annas per pound.

Mr. Ghosh.—Yes. In the other case it comes to 2½ annas.

President.—I am not prepared to accept that figure without further investigation.

Mr. Mitter.—The difference is not so wide.

President.—Because he has made it clear which he didn't do before. One rupee applied to a seer.

Mr. Mitter.—He is charging one rupee per seer.

President.—No, per pound. It requires to be investigated further. This is for the charkha silk, whereas in the filature silk which is a better quality of silk, the wastage is much less.

Mr. Mitter.—Our filature is not so good.

President.—It is better than charkha silk. I have seen charkha silk and Malda silk. Malda silk is better than charkha silk.

Mr. Moudic.—A big quantity is lost in re-reeling. That is what the weaver says.

President.—You produce better class of silk. That means less waste and less trouble in re-reeling. It goes without saying. The better the silk, the better the winding quality, the less the wastage and less the trouble to the weavers, otherwise there is no use purchasing better class of silk if the wastage is the same. As regards silk yarn, is there a large quantity of silk yarn being made in Bengal?

Mr. Ghosh.—The raw silk is made into yarn by the weavers themselves. No yarn is prepared in any special manner.

President.—You don't import any Japanese silk yarn.

Mr. Ghosh.—There is some import.

President.—The prices are not given here. You simply say locally prepared.

Mr. Ghosh.—In the places where this matter was investigated they never imported yarn. They prepared their own yarn from raw silk.

President.—Do I understand that the price given by you—Rs. 9 to 10 is for locally prepared silk yarn?

Mr. Ghosh.—I find it stated that it is for locally prepared yarn.

President.—I find that the difference is about Rs. 3 to Rs. 4 per lb. between raw silk and silk yarn.

Mr. Ghosh.—That is so.

President.—The cost of preparing the yarn given by you is about Rs. 1-3 to Rs. 1-8. The processes which are required to convert the raw silk into yarn are twisting, doubling, boiling off and winding.

- Mr. Ghosh.*—Yes.
- President.*—The cost given by you comes to about Rs. 1-8 to Rs. 1-8.
- Mr. Ghosh.*—When the locally prepared yarn is taken by the weaver, he has to pay not only for these charges but the loss due to boiling off.
- President.*—That is included here.
- Mr. Ghosh.*—No, only for the process and not for the loss.
- President.*—Where have you given me the cost of converting the raw silk into yarn?
- Mr. Ghosh.*—I don't think it was asked anywhere.
- President.*—When we say throwing, throwing means preparing twisted yarn.
- Mr. Ghosh.*—That does not include boiling off.
- President.*—It does include.
- Mr. Ghosh.*—Throwing does not include that.
- President.*—Throwing is a process which can be done with or without boiling off.
- Mr. Ghosh.*—After throwing it is boiled.
- President.*—It is one and the same thing. He must have to take out the degumming at some stage.
- Mr. Ghosh.*—Throwing and degumming are separate processes altogether.
- President.*—Tell me what it costs to prepare a pound of yarn from raw silk.
- Mr. Ghosh.*—Please see page 9 of our replies to the Sericultural Questionnaire where the charges are given for preparing the raw silk into yarn. The weaver takes it and boils it off himself.
- President.*—Will you please tell me the cost of producing a pound of yarn out of raw silk?
- Mr. Ghosh.*—I have to prepare and give you separately.
- President.*—Can you tell us approximately from your experience?
- Mr. Ghosh.*—Approximately it does not cost more than Rs. 2.
- President.*—About Rs. 1-8 to Rs. 2.
- Mr. Ghosh.*—Yes.
- President.*—So, the man makes a clear profit of Rs. 2.
- Mr. Ghosh.*—The loss due to boiling off is not provided for in this case. In the boiling off the loss is 20 to 30 per cent.
- President.*—Look at your reply. You have given me the price of raw silk. You have given me the price of silk yarn. I want the cost of silk yarn. That is a very simple question.
- Mr. Ghosh.*—It comes to about Rs. 3-12:—

	Rs. A.	Rs.
Winding	0	5
Twisting	0	1
Boiling off	0	2
Rewinding	0	5
Loss in degumming	1	12 to 2
Loss in re-reeling	1	3
	<hr/>	
Total	3	12 to 4

To get the degummed yarn ready for the loom it will cost about Rs. 3-12 to Rs. 4.

President.—Is the loss in degumming as much as Rs. 2P.

Mr. Ghosh.—Rs. 1-12 to Rs. 2.

President.—It should be Rs. 1-4. The maximum loss is 25 per cent.

Mr. Ghosh.—More than that. It is about 25 to 30 per cent. Again it depends upon the quality of the silk. If it is badly reeled, the loss will be more.

President.—I am talking of a flature silk.

Mr. Ghosh.—This is all country charkha—locally prepared.

President.—The country charkha silk costs Rs. 4.

Mr. Ghosh.—That is the cost. The country yarn is never sold. That is what it costs the weaver.

President.—How will the weaver be able to sell his goods when his cost is high.

Mr. Ghosh.—He carries out all these processes with the help of his family. As a matter of fact when we calculate the cost and pay the wages according to the labour which the weaver puts in, the cost of weaving becomes small and therefore it is done on a contract basis.

President.—Even then how do you arrive at Rs. 2? At what price have you taken the silk?

Mr. Ghosh.—There is some loss.

President.—There must be loss.

Mr. Maulic.—That is not real loss.

President.—There is the silk waste loss after degumming.

Mr. Ghosh.—Much less.

President.—Therefore to that extent when you purchase a lb. of silk, there is loss, and the price is increased. But it cannot increase by Rs. 2. I think you had better give me revised figures.

Mr. Ghosh.—Yes.

President.—5 annas for rewinding is also on the high side.

Mr. Ghosh.—I have got that from different centres.

President.—We have received similar figures in Bangalore and your figures are nowhere near theirs. Bangalore is the principal place where throwing mills exist and one or two people there have supplied us with costs of producing one pound of yarn out of Indian as well as imported silk. The figures given by you are nowhere near those.

Mr. Ghosh.—Here throwing is all done by hand whereas in Bangalore it is all done by power driven machinery.

President.—On the last occasion we were given figures. Please see page 94 of the last Tariff Board report.

Mr. Ghosh.—I shall give you detailed figures collected from different centres.

President.—Artificial silk yarn is I suppose imported yarn. It is 13 to 14 annas per lb.

Mr. Ghosh.—Yes.

President.—Do you import any twisted artificial silk yarn?

Mr. Ghosh.—I don't think we imported any.

President.—Do you import English artificial silk yarn.

Mr. Ghosh.—It comes from England and Italy also.

President.—What is the price of English yarn?

Mr. Ghosh.—We do not collect all those details.

President.—When you say "English" I understand that the statement given by you implies that all these qualities are being used by the weaver?

Mr. Ghosh.—Exactly.

President.—Then they would be in a position to give you the prices.

Mr. Ghosh.—That is the price they quoted.

President.—That is for Japanese.

Mr. Mitter.—They mostly use Japanese yarn.

President.—I don't think you are using English yarn.

Mr. Ghosh.—Not much.

President.—Are your weavers using spun silk?

Mr. Ghosh.—Yes, along with matka.

President.—They are not using staple fibre at all.

Mr. Ghosh.—No staple fibre is known to be used.

President.—In answer to question 5 (i) of the Handloom questionnaire, you say "In certain centres twisting and winding are done by weavers' family members and in others by the professional twisters". Can you tell me what the professional twisters' charges are? What is the actual charge for twisting?

Mr. Ghosh.—It comes to Rs. 1-1 per lb. That is given in our reply to the Sericultural Questionnaire (page 9).

President.—Is dyeing done by outside agency?

Mr. Ghosh.—Very little.

President.—Do they have a separate charge for dyeing when it is done by outside agency?

Mr. Ghosh.—They have got a system of charging by weight and for different dyes.

President.—You might give it to us later.

Mr. Ghosh.—Yes.

President.—Look at the qualities of mulberry silk goods produced by you in answer to question 8. Has there been any change in these since the last Tariff Board reported?

Mr. Ghosh.—I don't think there has been any change but we can say this much that there has been a rise in the printed goods. That is the only thing we have noticed.

President.—Are you still manufacturing handkerchiefs?

Mr. Ghosh.—Yes, to a small extent.

President.—What sizes?

Mr. Ghosh.—Different sizes—9" x 9", 18" x 18", 24" x 24" and 36" x 36".

President.—What silk are you using for these handkerchiefs?

Mr. Ghosh.—Bengal silk.

President.—Can you give me the cost of producing one dozen handkerchiefs?

Mr. Ghosh.—It depends upon the size.

President.—Take 17" size.

Mr. Ghosh.—We shall supply figures later on. The selling price is Rs. 7-8 to Rs. 9 when taken in heavy quantities.

President.—What is the weight of a dozen handkerchiefs?

Mr. Mukherji.—I will have to find that out.

President.—What is the material out of which this is made?

Mr. Mukherji.—Indian silk.

President.—What is the price of that?

Mr. Mukherji.—It usually sells at Rs. 5 to Rs. 7 per piece of 9 yards.

President.—What is the weight of 9 yards?

Mr. Mukherji.—I cannot say.

President.—And the width?

Mr. Mukherji.—According to the necessity of the handkerchief. The minimum is 30" and the maximum 44", but when the width increases the price naturally increases. A 44" width piece will cost about Rs. 12 per piece. Again, the price sometimes depends upon the quality and the dye stuff used. There is a fashion amongst European customers to demand for real vegetable dyes and the price of this is a little higher than that of imported dyes.

President.—When you give the cost of handkerchiefs, finishing, dyeing and everything else should be included there.

Mr. Mukherji.—Yes.

President.—In answer to question 9 you have given the production of different kinds of silk goods and you give mulberry silk as 783,024 yds. How have you arrived at this figure?

Mr. Mukherji.—Approximately from the looms working.

Mr. Roughton.—How do you get down to such individual yardage?

Mr. Mukherji.—It was worked out.

President.—What is the production you have taken per loom?

Mr. Mukherji.—We have calculated from individual weaver's figures at 20 yards per month per loom. That is in Bankura; 25 yds. in Birbhum and in Murshidabad it was 10 to 12 yds. per day of 10 hours. The weavers work in their own homes and it is difficult to say that they exactly work for 10 hours, but they work the whole day and we have taken it as 10 hours.

President.—And the value you have given is Rs. 12,25,000 (Q. 13). That will be for all this yardage?

Mr. Mukherji.—Yes.

President.—The total yardage comes to about 11 lakhs yards.

Mr. Mukherji.—Yes about that. Mulberry silk we have taken at Re. 1, matka at Rs. 1-8 and kete at 12 annas per yard. •

President.—In answer to question 11 you have given the quantity of mulberry silk used for saree and dhuti as 20 to 30 tolas, unbleached. What is the weight of the cloth?

Mr. Mukherji.—Unbleached saree and dhuti will weigh about the same after weaving.

President.—That is 100 per cent. silk.

Mr. Mukherji.—Yes. After it is woven it is washed. Degumming is done after weaving.

President.—That means that the weight of a saree of 5½ yards will be 20 to 30 tolas?

Mr. Mukherji.—Yes, unbleached.

President.—That is the full raw material required in that?

Mr. Mukherji.—Just a little for the border. There is a little wastage. There is a local method of adding borders with cotton thread to slightly increase the weight and there is a bad custom of adding sugar solution to the cloth just to make up the weight.

President.—20 to 30 tolas of raw silk are required for a piece?

Mr. Mukherji.—Yes.

Mr. Mitter.—The weight of handkerchiefs is also given in this answer as 25 to 28 tolas per dozen, standard size 18" x 18".

President.—Can we say that about 3 yards of cloth are required for a dozen handkerchiefs?

Mr. Ghosh.—In the case of local weavers in the handkerchiefs woven the warp is prepared and each piece is separately woven. When one is complete they keep a little border and do the next.

President.—I want to know how many yards make a dozen handkerchiefs.

Mr. Mukherji.—5½ yards to 6 yards for 30" width.

President.—What is keto cloth?

Mr. Ghosh.—Handspun waste tassar similar to matka which is waste spun mulberry.

President.—Is that silk yarn waste or raw silk waste?

Mr. Ghosh.—It is raw cocoon waste as well as reeling waste.

President.—Raw silk waste is all imported?

Mr. Ghosh.—No. It is practically thrown away because it is very difficult to make use of it. Raw silk waste which is obtained when yarn is prepared is obtained in small pieces and no use is made of it.

President.—Reeling waste is used for this purpose?

Mr. Ghosh.—To a small extent only for matka.

President.—In answer to question 18 you have given the opinion of the merchants about the superiority of Bengal silk in point of lustre and durability but that it is not easy to manipulate. Do you mean the winding quality?

Mr. Ghosh.—Yes, that is the only difficulty.

President.—That difficulty was pointed out on the last occasion by the Tariff Board and we want to know what efforts your department has made in the last five years to remedy this defect.

Mr. Ghosh.—We are trying to improve the reeling and believe that with improved reeling the winding defect will disappear. Primarily it is defect due to reeling.

President.—The general system in India I am told has undergone a considerable change, as far as weavers are concerned. They have ceased to be independent weavers, they are now more or less wage earners. Is that the position in Bengal?

Mr. Ghosh.—Practically only a small percentage are solvent who purchase their own yarn and do weaving.

President.—So whatever rise may take place in prices it is the merchant who will benefit?

Mr. Ghosh.—Generally speaking, yes.

President.—And the weavers are generally his employees?

Mr. Ghosh.—Not his employees but only in this sense that he is attached to him because the merchant gives him the raw material, advances him wages.

President.—Is there a system of paying money as soon as an article is woven?

Mr. Ghosh.—The practice is to give the weaver his wages in advance and give him the raw material. There are several systems.

President.—What is the system which is more prevalent in Bengal?

Mr. Ghosh.—We have given that in our answers to questions 16 and 20.

President.—Can you tell me approximately the number of weavers who are independent at the present moment?

Mr. Ghosh.—It differs from centre to centre.

President.—What will be the percentage in Bengal?

Mr. Ghosh.—We will send you that information. I have got detailed figures. As a matter of fact we are collecting materials with a view to writing a monograph on this, but we are not quite ready yet.

President.—Are there any power loom factories for the production of pure silk goods in Bengal.

Mr. Ghosh.—There is the one you visited, Mr. Ariff's factory. But he is now going over to artificial silk.

President.—How many have taken to artificial silk goods manufacture?

Mr. Ghosh.—Most of them are going over to artificial silk.

President.—How many factories are there?

Mr. Mukherji.—Five new mills have come in. Altogether 25 in Calcutta.

President.—How many of them are purely on art silk?

Mr. Ghosh.—We will supply the figures later on.

President.—In answer to question 32 you give the quantity of raw silk consumed in different centres. Is that Indian silk?

Mr. Ghosh.—Both Indian and imported. That we calculated on the number of looms working. These are the figures:—

Centres.	Quantity.
<i>Mulberry silk.</i>	
(Vishnupur (Bankura))	24,000 lbs. (Bengal silk 6,400 lbs. rest imported Japanese and Chinese).
Mirzapore area (Murshidabad)	26,000 lbs. (All imported).
Panchgachia (Birbhum)	2,112 lbs. (All imported).
Bogra	1,057 lbs. (Malda silk).
Baswa (Birbhum)	48,000 lbs. (Bengal silk).
Shibganj (Malda)	6,506 lbs. (Bengal silk).

These do not complete all the centres.*

President.—These figures are for mulberry silk.

Mr. Ghosh.—Yes.

Mr. Mitter.—Even then the list is not complete.

President.—This is the complete list given by you on page 7.

Mr. Ghosh.—Yes.

President.—This comes to about 50 per cent. approximately Indian as against foreign.

Mr. Ghosh.—Yes.

Mr. Mitter.—Do you want a detailed list?

President.—I would like to have the figures for Indian as compared with foreign and whether there has been a gradual increase of the use of Indian or the weavers are gradually going over to imported silk.

Mr. Ghosh.—I can make a definite statement that the weavers are going over to foreign silk and there are reasons for it. Even if the weavers do not like to use foreign silk, they say their reputation is at stake and they can't help it, because the Mahajan advances the raw silk and when it is woven and taken to him, he says: "Take in another lot of raw silk which is foreign silk and unless you weave this raw silk, we cannot deal with you".

President.—Yes, he is an employee.

Mr. Ghosh.—That is quite right.

Mr. Anklesaria.—Does it involve less labour for the weaver?

Mr. Ghosh.—They say "we have a reputation to maintain". For instance in the Shibganj area, they say "our sarees and dhoties have a special reputation and we have got a special reputation to maintain and foreign silk after sometime loses its lustre which at once strikes the eye".

Mr. Mitter.—If the weavers are left to themselves, their natural inclination would be to use more of indigenous silk, i.e., Bengal silk.

Mr. Anklesaria.—In spite of it involving greater labour.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—For which they are not paid at all.

Mr. Ghosh.—Quite. Most of that labour is done by the womenfolk.

President.—Later on you say that some steps should be taken. You mean legislation to stop this deception of rayon or artificial silk being passed on as real silk you refer to such measures as has been done in advanced countries.

Mr. Ghosh.—I have mentioned them in my note.

President.—Let us take Annexure I with regard to wages. You have given here a statement of the cost of manufacture of typical articles of silk cloth. You had given a similar statement for Malda on the last occasion. You had given us the cost of production of 5 yards \times 45" sarree. I don't know why you have not given me per sarree. You say 100 yards \times 45".

Mr. Ghosh.—The practice is to prepare one full warp and then go on weaving all the sarrees one after another.

President.—Take Mirzapore; you have given me silk sarree—5 yards \times 45". Take Vishnupur; you have given jacquard sarree 5½ yards \times 46". So far as Malda is concerned, you have taken the total piece.

Mr. Ghosh.—That is a copy of the actual census.

President.—You had better work it out, because I want to compare the charges.

Mr. Ghosh.—Yes.

President.—Whether it is 5 or 5½ yards.

Mr. Ghosh.—All sarrees are now 5½ yards.

Mr. Anklesaria.—Vishnupur sarree is 5½ yards.

Mr. Ghosh.—Yes.

President.—You have given here the wages paid per day or per piece?

Mr. Ghosh.—There it is written per day or per piece.

President.—What is the general system prevalent in Bengal?

Mr. Ghosh.—Per piece. Very few are engaged per day. There are labourers engaged per day, but the majority of them are engaged per piece.

President.—Rates would depend on the kind of cloth woven.

Mr. Ghosh.—Yes and the rates also vary.

President.—I want to know what the wages come to per day on that basis.

Mr. Ghosh.—There are two large manufacturers.

Mr. Anklesaria.—You have given us the wages per day in Annexure II.

President.—I want to know how the figures have been arrived at. If you look at Annexure II in Murshidabad District it was 6 annas per day and in 1938 it has practically remained stationary though it went down in the year 1936 to 4 annas 6 pies and in 1937 to 5 annas per day.

Mr. Ghosh.—That is calculated on that basis.

President.—On the piece basis?

Mr. Ghosh.—Yes, what he earns in a month.

President.—But generally he doesn't work the whole month.

Mr. Ghosh.—He has to work the whole month, because it is a contract work. Sometimes he has to work even at night.

President.—That means he is kept fully employed throughout the month irrespective of demand or sale.

Mr. Ghosh.—Yes, but not all the weavers like that. The merchant has got a clientele and he keeps his clientele engaged.

President.—How many men would be employed throughout the month?

Mr. Ghosh.—I shall give you what percentage labourers are per day.

President.—May I take it that all those who are employed by the merchants are employed throughout the month?

Mr. Ghosh.—Yes.

President.—These wages represent the average daily wage which he will get according to the piece work system.

Mr. Ghosh.—Each mahajan keeps his clientele engaged.

President.—All those who are employed as wage earners are getting their daily wages throughout the year?

Mr. Ghosh.—Yes. There is difference between wage earners and those who work with the Mahajan.

President.—I am now confining myself to wage earners.

Mr. Ghosh.—Wage earners of course cannot be guaranteed. Their work is not guaranteed. Some may remain unemployed. Wage earners who are more or less day labourers are not under anybody's control. Supposing a man produces 5 pieces in a month and he gets a remuneration for them. According to that calculation this has been arrived at.

Mr. Mitter.—Wage earners are not guaranteed. It all depends upon sufficient work being available.

President.—Exactly and the conditions of the market. What is the bulk of your production?

Mr. Ghosh.—Silk sarees, dhoties and chaddara.

President.—When you give here the sale price of silk sarees, I suppose the wage is included in that.

Mr. Ghosh.—Yes.

President.—That means they are making about Rs. 2 to Rs. 4 profit per saree in 1938.

Mr. Ghosh.—That is the price fixed by the mahajan.

President.—When you say Rs. 5 to Rs. 11, does that include the wages earned?

Mr. Ghosh.—It will include everything.

President.—Rs. 3 to Rs. 5 is a clear profit to the mahajan including all his cost per saree.

Mr. Roughton.—Assuming that he sells his goods.

Mr. Anklesaria.—Yes.

President.—Sale price does not mean net realised price.

Mr. Ghosh.—That is the basis on which sarees are actually sold.

Mr. Mitter.—Supposing I am buying from you at the rate of Rs. 9, you are getting Rs. 9. That doesn't mean that you are making a profit of Rs. 9. The difference between Rs. 9 and the money which you are paying towards the manufacturing charges is profit. In other words the profit is represented by the difference between the money which you are getting from him and what you are paying towards the cost of manufacture plus the interest and other obligatory charges. The profit of Rs. 3 to Rs. 4 is apparent, but the real profit is not there.

Mr. Anklesaria.—What is the real profit?

Mr. Mitter.—It has to be worked out in terms of money.

President.—If you look at page 289 of the written evidence, Volume I, detailed charges are given. Your point is that the charges for interest and working capital and depreciation as a result of the value of the article being depreciated due to stocks is not taken into consideration.

Mr. Ghosh.—Yes, all the overhead charges.

President.—The production of silk goods have decreased from 18,42,000 to 12,25,000 during the 5 years. What is the reason? I am not talking now of the use of Indian raw silk, but I am talking of the value of goods. Has the value been decreased?

Mr. Ghosh.—The value has been decreased.

Mr. Roughton.—Are the looms purely employed on silk goods?

Mr. Ghosh.—Those which we have taken into account are employed on silk goods.

Mr. Roughton.—Has there been any switch over of looms which were previously engaged on silk goods to cotton goods?

Mr. Ghosh.—Some of the cottage weavers have taken to cotton weaving.

Mr. Roughton.—Who is the man who passes off inferior substitutes for silk—not the weaver himself?

Mr. Ghosh.—No.

Mr. Roughton.—Is it the merchant who actually purchases from the weaver or the selling agent which the merchant maintains? There is a fraud on the consumer. Where does it actually occur?

Mr. Ghosh.—At the selling end.

Mr. Roughton.—Is it done by the merchant who deals direct with the weaver or is there someone else who sells the goods which the merchant has purchased from the weaver?

Mr. Mitter.—The producer is not getting his due share. The consumer is paying more. The difference is going to somebody, and that somebody is the chain starting from the mahajan and going down through all the intermediaries.

Mr. Roughton.—The weaver won't be in a position to deceive the mahajan. He gets nothing out of it.

Mr. Mitter.—Suppose you are a mahajan. You give me some raw material. You say I have got to weave. I have nothing to fall back upon. I have no holding capacity. I must get some money and I have to agree to what you say. You pay me to do the work. You pay me the very minimum.

President.—There is only one point with regard to Annexure I that I want to ask you and that is whether the statement given by you also applies to the independent weaver or his costs would be different.

Mr. Ghosh.—You want to know about the independent weavers?

Mr. Roughton.—When did this deterioration in the weaver's position occur?

Mr. Mitter.—These enquiries were actually instituted amongst the weaving families working in the Shibganj area. In that area Mr. Maulic who actually conducted the survey saw that a large number of them actually purchased the article on their own account and then sold it to the Mahajan and others who tried to take advantage over them. There were also other weavers included within his enquiry who were working under the guidance and direction of the Mahajan.

President.—What I wanted to know was whether this was general.

Mr. Mitter.—Yes, general.

Mr. Roughton.—You said that the position of the weaver had got bad. When did this occur? I am asking this question because in some centres the actual deterioration in the weaver's position is rather a matter of ancient history. I want to know whether your remarks about it referred to the last 5 years or 15 years.

Mr. Mitter.—This decline has not been restricted to the last 5 years. Only the rate of decline has been followed for more than 5 years. Unless some arrangement were made for marketing or for supplying the raw material to which we have made pointed reference in our replies it would be very difficult to improve the economic condition of the weaver.

President.—May I refer you to the publication which you have handed us—"Five Year Plan for industrial development in Bengal". On page 56 you have referred to the weaving industry and several proposals have been made as to how to better the lot of the handloom weavers. I would like to know how many of these proposals have been accepted by the Government.

Mr. Mitter.—The position is this. In the reorganised Institute at Berhampore which we are going to establish—in fact we would have established it by now had the machinery arrived in time—all these things would be tackled.

President.—There is a demand in other handloom weaving centres for an art designer and finishing expert. It is pointed out that the handloom woven goods are generally defective with regard to finish and modern design and that is why these goods are not saleable, though their quality is far better than the imported article. As you have got a scheme here in which various officers are going to be appointed, the Board would like to know what progress has been made in that direction?

Mr. Mitter.—In 1937 in the month of February or March these proposals were submitted to Government. They examined them and put in money in the current year's budget. Steps have been taken to import machinery first. Unless the machinery actually arrive here, we cannot appoint the staff. We have not yet been able to begin the work, but before the end of the financial year we shall be able to commence work.

President.—Do you think that all these experts will be available in India?

Mr. Mitter.—Frankly speaking I doubt very much whether we shall be able to get any one in India who can be considered to be adequately qualified to be in charge of the Technological Institute. I may tell you for your information that Mr. Ghosh and myself have been in communication with every part of India. But so far we have not been able to secure the services of one who answers to the tests that we would require him to satisfy. We may have to import a man for that post if necessary.

President.—I must say that the salaries shown here are on the low side if you are going to recruit people from abroad.

Mr. Mitter.—The salaries have been increased since the publication of this document. The scheme has been modified where necessary.

Mr. Anklesaria.—The maximum is Rs. 150.

Mr. Mitter.—We are going to have Rs. 150 as the minimum. These are for subordinate officers, but a really qualified man would be brought on a salary of say, Rs. 250 rising to Rs. 750.

President.—What was the position with regard to Mr. Bagchi? Yesterday you said that he wanted a higher salary. What was the salary on which he was started? I understand he has come with expert knowledge.

Mr. Mitter.—In the Silk Conditioning House which was first started we were in a position to appoint a qualified man. We had a provision there for a scale of pay from Rs. 75 to Rs. 150. But these schemes have not been all given effect to. When they are given effect to, Mr. Bagchi and others who may have come back to India after being trained abroad will be given an opportunity.

President.—Personally I think that if experts are available in India it is the duty of the Government to support Indian experts.

Mr. Mitter.—We will support Indian experts but where we are unable to get a real expert answering to the qualifications of one who may be depended on with the charge of the Institute we shall have to recruit from abroad.

President.—Here is a man who is available but has not been employed by the Bengal Government.

Mr. Mitter.—I do not know whether I am making myself clear. The question of employing these men for the Institute has not arisen yet. Unless the machinery actually arrives, we cannot appoint them.

President.—Can you tell me how long it will take?

Mr. Mitter.—We have already put this scheme into effect. We have ordered for the machinery. We have already made the necessary alterations to buildings and taken steps to carry out all preliminaries.

President.—When do you think you will be able to start?

Mr. Mitter.—By the beginning of March, 1939.

President.—Do you think that by that time you will be able to get those experts mentioned on page 58?

Mr. Mitter.—Except the top man we may be able to get the men in India. Of that we are confident.

President.—Your policy is that if exports are available in India, steps will be taken to employ them.

Mr. Mitter.—Yes. Even if we find men who are not absolutely up to the mark I am prepared to employ them and send them for study abroad.

Mr. Anklesaria.—As regards the silk expert, I hope you are not going to repeat the experiment of employing men who go to Europe and Japan and return here without acquiring the proper knowledge of sericulture.

Mr. Mitter.—No. In this Technological Institute which is going to be the fountainhead of and give the necessary drive, to the development of the industry, we cannot compromise with inefficiency.

Mr. Anklesaria.—I am referring to your name sake.

Mr. Ghosh.—Mr. Lofroy was too hard on him.

Mr. Roughton.—You have made certain proposals regarding the amount of protection to be granted to the raw silk industry. But you have not—I think I am right in saying so—made any proposals as to the amount of protection that should be granted to the manufactured goods in the event of protection being given to the raw material.

Mr. Ghosh.—We have stated in the statement that silk goods must be protected at the same time.

Mr. Roughton.—On what basis?

Mr. Anklesaria.—You said something in your note but your Government did not say so.

Mr. Roughton.—The intention of your Government is that whatever protection is given to the raw material, similar protection calculated on the amount of raw material in the finished article should be given to the finished article.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—At the last enquiry your Government was represented by Mr. Weston.

Mr. Mitter.—Yes.

Mr. Anklesaria.—He informed the Board that your Government was not happy about the silk industry at all as far as Bengal was concerned. Is that correct?

Mr. Mitter.—In what sense?

Mr. Anklesaria.—If you read what he said on page 197 of the Oral Evidence Volume, you will understand.

Mr. Mitter.—I do not know what authority Mr. Weston had to say that. Since the last protection was given, the Government of India have been doing what they can, in the shape of giving money to encourage research and experiments. The local Government which I represent are also not sitting idle. They are doing all they can consistent with their own resources.

Mr. Anklesaria.—You do not quite follow at all my question. Was Mr. Weston correct in saying that your Government were not happy about the industry?

Mr. Mitter.—There is nothing on record to show that Mr. Weston had the authority to say that.

Mr. Anklesaria.—Was not the industry in a very precarious position when Mr. Weston made that statement?

Mr. Mitter.—It was.

Mr. Anklesaria.—In some places the industry was rapidly dying and in some other places the industry was slowly dying.

Mr. Mitter.—Yes.

Mr. Anklesaria.—Was not Mr. Weston justified in saying that the industry which was rapidly dying in some places and was in a precarious condition in some other places was one about which the Government of Bengal were not happy?

Mr. Mitter.—No, he was not justified in saying so.

Mr. Boughton.—You yourself are not particularly happy about the position of the industry now because you are trying to inaugurate a number of remedies to put things right.

Mr. Mitter.—What do you mean by the term "Happy about it"?

Mr. Anklesaria.—Government were not satisfied with the position of the silk industry and were considering whether it deserved protection.

Mr. Mitter.—Our Government did consider that the industry should be protected.

Mr. Anklesaria.—You admit that when Mr. Weston made the statement the industry was in a precarious condition.

Mr. Mitter.—Yes.

Mr. Anklesaria.—You say so in your own answer.

Mr. Ghosh.—When Mr. Weston appeared before the Board, it was just after the depression which commenced in 1929. The Bengal industry suffered at that time. Mr. Weston was justified in saying that the industry was dying.

Mr. Anklesaria.—Since then you have made a statement before this Board and you say things have not bettered since the last protection.

Mr. Ghosh.—It is true that things have not bettered since then I want to qualify that statement. After the depression there was a rapid decline and it came to a position. Since then there has been no further decline. On the other hand there has been a little rise, as we pointed out yesterday, in the area under mulberry.

Mr. Anklesaria.—Your Government was so very little happy about the industry that the Finance Department of your Government recommended the abolition of the Sericultural Department.

Mr. Mitter.—That was at the time when the retrenchment questions were very much in the air. The Finance Department did not recommend the abolition of the Department. They suggested retrenchments. The abolition of the Department was recommended by two Retrenchment Committees but was not accepted by Government.

Mr. Anklesaria.—The Finance Department would like to abolish the Department: that was what was stated.

Mr. Mitter.—He had no authority to say that. It was one of the many, hundreds of recommendations of the two successive Retrenchment Committees. Many of their recommendations were not accepted by the Government.

Mr. Anklesaria.—Was Mr. Weston correct so far as he represented the Government in saying to the Board that the Bengal Government wanted protection for the silk industry of Bengal but did not require protection for the silk industry of India. May I refer you to page 178:—

"*President.*—We have not received that reply, but I am glad you make it perfectly clear that the Government of Bengal's position is that whilst they favour protection as far as your province is concerned, they are not prepared to say that protection is necessary for the industry as a whole in India.

Mr. Weston.—That is the present position."

Mr. Mitter.—I do not know what authority he had to say that.

Mr. Anklesaria.—I suppose it was for this reason that the Bengal Government did not suggest protection to the weaving industry.

Mr. Mitter.—I could not tell you that.

Mr. Anklesaria.—They did not suggest protection for the weaving industry at the last enquiry.

Mr. Mitter.—There is nothing on record to show that.

Mr. Anklesaria.—If you will see pages 178 and 179 of the Evidence Volume you will find:—

“*President.*—That may be true, but you will realise that in case the duty on imported silk is increased, then to that extent the handloom weaver will have to pay more for his raw material. What would be the attitude to your Government with regard to protection?”

Mr. Weston.—I can't tell you what the attitude of my Government will be but I can tell you what my view is”

I am not concerned with the personal view of the officer. I am concerned with the views of the Bengal Government. They did not claim protection to the handloom industry. When Mr. Weston was examined on behalf of the Bengal Government he did not claim protection for the Bengal weavers. He stated that it was his personal view. As a matter of fact if you read the Industrial Commission's report you will find that they came to the conclusion that protection or no protection it did not affect the Indian weaver.

Mr. Mitter.—Those were the conditions in 1916.

Mr. Anklesaria.—Is it your view that the Bengal silk industry is worth developing?

Mr. Mitter.—Yes.

Mr. Anklesaria.—Why do you consider it so? You say it is an uneconomic industry?

Mr. Ghosh.—Sericulture is the best rural industry and especially for Bengal districts where the poor peasants have hardly any other occupation and in years when the industry flourished in Bengal our people were in affluence. Now with the decadence of the industry even a man with property cannot get credit and the people have now become poor.

Mr. Anklesaria.—I take it that you consider sericulture more profitable than other industries?

Mr. Ghosh.—Sericulture is a subsidiary industry for the majority of the cultivators in conjunction with agriculture. In Bengal the agriculturist is poor with small holdings and he wants a subsidiary industry and this is the best for him.

Mr. Mitter.—I should say one of the best

Mr. Anklesaria.—You say in your note in the first paragraph that the prosperity of the sericultural industry is dependent entirely on the price obtained for raw silk. That is nothing peculiar to the sericultural industry. It applies to all industries.

Mr. Ghosh.—Under the present condition that is the position because the reelers are not getting proper price for their silk and they are not reeling.

Mr. Anklesaria.—In any industry if a man does not get proper price for his products he would cease producing.

Mr. Roughton.—Is the reeler also an agriculturist?

Mr. Ghosh.—Not usually.

Mr. Anklesaria.—You seem to lay particular stress on the fact that the prosperity of the sericulturist depends entirely on the price paid to the rearer or reeler.

Mr. Ghosh.—This is the position at present in Bengal.

Mr. Anklesaria.—Is this dependence for the prosperity of the industry of the price for its product peculiar to sericulture or is it common to all industries?

Mr. Ghosh.—Yes it is common to all industries.

Mr. Anklesaria.—In this particular case sericulture being a subsidiary occupation and not the main occupation, people would not go on producing silk unless and until they get a remunerative price?

Mr. Ghosh.—Yes, that is what is happening. That is why production has decreased. As regards sericulture being a subsidiary industry I would like to make the position clear. Although sericulture is described as a subsidiary industry in Bengal, it has ceased to be more than a subsidiary industry. It forms part of the family budget of the peasant and when the income from this industry has stopped he is sunk into poverty.

Mr. Anklesaria.—What is the percentage of income from sericulture compared with his other agricultural occupation. Suppose he gets Rs. 100 from agriculture, what will be his income from sericulture?

Mr. Ghosh.—Probably 75 to 100 per cent.

Mr. Roughton.—What proportion of his holding is normally under mulberry?

Mr. Anklesaria.—How much land does he devote to cultivation of mulberry. I understand that it is a very small portion of his average holding. It is $\frac{1}{6}$ of a bigha.

Mr. Ghosh.—It is not always small compared to the average agricultural holding. I will have to work it out. In Bengal there are about 6,000 rearers whose only occupation is sericulture.

Mr. Anklesaria.—Since when has this number increased to 6,000? We were told on the last occasion that there were hardly any people who had any main occupation as sericulture.

Mr. Ghosh.—I doubt whether that was based on actual census.

Mr. Anklesaria.—They also took a census. The witness was speaking from a register of the names of rearers.

Mr. Ghosh.—The figures I have given are from census taken by my own staff; the previous census I understand was taken with the help of Presidents of village unions and I doubt if they were accurate. My census was done by my own demonstrators under the direct supervision of inspectors in the districts.

Mr. Anklesaria.—I take it that these 6,000 people depend for their livelihood on sericulture alone?

Mr. Ghosh.—Yes.

Rai Sahib S. N. Bose.—Sericulture is ordinarily taken up by the female members of the family whose male members go for work outside and earn wages thereby. When they go home after the day's work they work on their own field. Suppose a labourer has got a plot of mulberry and that particular man works elsewhere as a daily labourer; on return home he takes some hours' rest and in the evening he works in the field. Perhaps he has got a cow or two goats; he utilises the manure for the mulberry. The family members and children who would otherwise have wasted their time are engaged in silkworm rearing and spinning and in this way an additional income is earned by the family three or four times a year.

Mr. Anklesaria.—Suppose the income from jute production is higher than the income from mulberry cultivation, would such a man leave off mulberry cultivation for jute cultivation?

Mr. Ghosh.—We have got records to show that there are people who gave up mulberry cultivation and took up jute cultivation or sometimes mango cultivation, but in every case they found that none was more profitable than mulberry cultivation and they came again to us asking for agricultural loan and for other help to start mulberry cultivation.

Mr. Anklesaria.—For a majority of the people in Bengal sericulture is not the main source of livelihood.

Mr. Ghosh.—No, it is not.

Mr. Anklesaria.—It is only a subsidiary occupation?

Mr. Ghosh.—Yes.

Mr. Anklesaria.—Those people who have got sericulture as their subsidiary occupation suffer no disadvantage compared with sericulturists whose main occupation is sericulture as regards their cost of production and things of that sort? If he produces cocoons he gets the same price as the man whose main occupation is sericulture.

Mr. Ghosh.—Yes, because that is governed by the market price.

Rai Sahib S. N. Bose.—We have seen that in the districts where silk has disappeared people who have been brought up in luxury were driven to utmost penury because in silk they were then earning three or four times the money they could earn from agriculture, eventually they turned into dacoits and robbers.

Mr. Anklesaria.—What time are you talking about?

Rai Sahib S. N. Bose.—About three decades ago.

Mr. Anklesaria.—You are referring to the tootias?

Rai Sahib S. N. Bose.—Yes. That will happen in other districts when the silk industry disappears.

Mr. Anklesaria.—Do you know that when an enquiry was made whether the disappearance of the sericultural industry had in any way affected the means of livelihood of the people the Collectors were uniform in saying that it had no effect except in the case of tutias of Bankura. They were the only people who resorted to crimes. This is from Lefroy's report.

Mr. Mitter.—No Collector in Bengal would say that.

Mr. Anklesaria.—What are the sericulturist's cash disbursements?

Rai Sahib S. N. Bose.—About a couple of rupees.

Mr. Anklesaria.—How much rearing does he do?

Rai Sahib S. N. Bose.—A rearer having the capacity of raising one maund of crop has to spend 8 annas for seed, for 25 maunds of mulberry Rs. 15 and for outside labour at the last stage. At the time of silkworm rearing in the last stage there is a fixed time when it must be finished, so he has to employ labour. Labour charge will be 4 rupees for one maund of cocoon and depreciation of appliances will be about 4 annas.

Mr. Anklesaria.—About Rs. 20?

Mr. Ghosh.—Yes.

Mr. Anklesaria.—What is the price of a maund of cocoons?

Mr. Ghosh.—Rs. 23 is the present price.

Mr. Anklesaria.—How much will it come to per pound?

Mr. Ghosh.—4 annas 3 pies.

Mr. Anklesaria.—On Rs. 20 basis what would be the price?

Mr. Ghosh.—Four annas.

Mr. Anklesaria.—So his profit will be 3 pies only.

Mr. Ghosh.—Yes per pound. More or less he gets his remuneration for work.

Mr. Anklesaria.—You say 4 annas is the cost price. He gets only 3 pies.

Mr. Ghosh.—The rest he gets is a return for his labour as for all his agricultural operations.

Mr. Anklesaria.—In 1918 the price which the cocoon producer got was 4 annas 7 pies and after that he went on producing cocoons and at the last Tariff Board enquiry the cocoon price was 4 annas 6 pies. There is not much material difference between the cocoon prices ranging from 1916 up till to-day.

Mr. Ghosh.—If you look at the figures of 1923, 1924 and 1925 prices were much higher.

Mr. Anklesaria.—There are no doubt intervals. The cocoon producer went on producing cocoons, even though the prices were not very remunerative for a number of years.

Mr. Ghosh.—The industry has fluctuations. People stick to this industry because they get some sort of return for their own labour. They always look to years of plenty when they get more. The prices in the Silk Industry are always fluctuating.

Mr. Anklesaria.—Consequently I say this being a subsidiary industry, its products are not amenable to economic considerations as regards the cost.

Mr. Ghosh.—The return which the ordinary peasant gets for his own labour for which he has no occupation is a good deal to him.

Mr. Boughton.—He sacrifices a good deal of capital by taking to mulberry. If he goes out of the mulberry business, he will sacrifice the capital cost of making mulberry garden.

Mr. Mitter.—He will have to sacrifice his additional income which he is earning.

Mr. Ghosh.—In the case of sugarcane there is overproduction and in the case of jute there is overproduction. All are clamouring to come back. They say "definitely there is no other industry like this, because we get 3 or 4 crops in a year and if one crop fails, we can stand it. They say there is no other crop like this".

Mr. Anklesaria.—Did Bengal export cocoons by sea?

Mr. Ghosh.—Never.

Mr. Anklesaria.—If you will kindly refer to page 181 of the written evidence, Volume I, you will find that as recently as 1930 Bengal exported 88,875 cocoons by sea.

Mr. Ghosh.—Those cocoons were mostly tusser. No mulberry cocoon was exported.

Mr. Anklesaria.—Excluding tusser and other wild silks.

Mr. Ghosh.—These cocoons are pierced cocoons for use in spun silk mills.

Mr. Anklesaria.—Do I take it that reeling cocoons have never been exported?

Mr. Ghosh.—Never.

Mr. Anklesaria.—The Indian cocoons which were reeled in France and Italy were Kashmir cocoons only.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—You have written this pamphlet (shown). I am on the subject of protection. Please see page 646 of the pamphlet. You are definitely against tariffs and in favour of subsidies.

Mr. Ghosh.—I have summarised the recommendations of the Tariff Board.

Mr. Anklesaria.—The Tariff Board said quite a different thing. You may take it from me it is not the Tariff Board that stated this.

Mr. Ghosh.—They have stated this.

Mr. Anklesaria.—I give the Report to you to find it out. On the contrary the Tariff Board is against subsidy.

Mr. Mitter.—That was written six years ago. That book he wrote not as a representative of the Bengal Government. He had not the authority of the Bengal Government. Those were his personal views.

Mr. Anklesaria.—Is Mr. Ghosh speaking now as a representative of the Bengal Government?

Mr. Ghosh.—Yes, now I do.

Mr. Mitter.—When that book was written, he was under the employment of the Government of Burma. He was not conversant with facts and figures in Bengal.

Mr. Anklesaria.—Was it published under the auspices of the Bengal Government?

Mr. Ghosh.—No. It was published by the Imperial Council of Agricultural Research.

Mr. Anklesaria.—Have you changed your opinion since then?

Mr. Ghosh.—I am definitely for protection.

Mr. Anklesaria.—You did say six years ago that bounties or subsidies as in France and Japan are to be given as a more powerful agency for improving the industry than a general scheme of protection, and you now make a diametrically opposite statement.

Mr. Ghosh.—My statement is that there should be protection against dumping which I shall prove and as long as dumping goes, protection by tariffs must be there. In addition to that the State must help the industry to develop in all phases as in other industries.

Mr. Anklesaria.—If it is found that dumping ceases, then you would consider the protective tariffs would not be necessary.

Mr. Mitter.—Some relief is necessary whether in the shape of bounty or protection.

Mr. Ghosh.—Protection by tariffs can then be reconsidered. At present protection is very necessary.

Mr. Anklesaria.—Do I take it that it is your considered opinion that so long as dumping can be proved to exist, protection by tariffs is necessary?

Mr. Ghosh.—Yes.

Mr. Anklesaria.—But so long as dumping exists and no further by tariffs.

Mr. Ghosh.—Under the present conditions as far as we see what is necessary I have stated, but then when the dumping ceases, the question can be reconsidered. By that I do not mean that the industry will cease to require assistance.

Mr. Anklesaria.—We are on tariffs and Government assistance. These are the two means at our disposal for developing the industry. You say tariffs would be necessary so long as dumping exists, but no further. But State assistance would be necessary all along.

Mr. Ghosh.—Yes. After the dumping ceases whether there will be further need for protection, that question has to be reconsidered.

Mr. Anklesaria.—You agree with the last Tariff Board that Sericulture is a unique industry in this that it cannot develop without State assistance whatever amount of protection by tariffs may be given today.

Mr. Ghosh.—I agree.

Mr. Anklesaria.—You are a silk expert and you have studied the Sericultural industry under conditions relating to it in all countries.

Mr. Ghosh.—In most countries.

Mr. Anklesaria.—Can you tell me one single country in which raw silk has been protected by tariffs?

Mr. Ghosh.—I do not know of any, but countries which need raw silk excepting China and Japan are all countries which cannot produce sufficient raw silk to meet their own requirements. Therefore it is necessary for them to allow all raw silk to come into the country free of duty.

Mr. Anklesaria.—Do you think that India produces enough silk to satisfy its own requirements?

Mr. Ghosh.—Just now not.

Mr. Anklesaria.—So long as India is not in a position to produce silk sufficient for its consumption, you would agree that foreign silk should be allowed to come in just as in France and Italy.

Mr. Ghosh.—The conditions in India are quite different from the conditions in France and other countries, because India at one time exported as much as 12 lakhs of pounds of silk from Bengal alone in addition to meeting the requirements of the local manufacturing industry which used to be carried on, on a very large scale. Therefore we say that India can produce not only what she requires, but she is in a position to make some for export. Therefore the conditions in India and in those countries are not analogous. For the sake of the industry in India, the raw silk industry must be protected.

Mr. Anklesaria.—Though no such protection has been given by tariffs in any other sericultural countries in the world.

Mr. Ghosh.—Although there is no precedent, it must be given.

Mr. Anklesaria.—You will admit the main defect from which raw silk industry suffers is the extreme conservatism and the inefficiency of the rearers.

Mr. Ghosh.—I don't agree there. Rearers are quite efficient. The defects which we suffer from is the quality of cocoons. That is the main defect.

Mr. Anklesaria.—What are the defects in our silk which you attribute solely to our cocoons?

Mr. Ghosh.—Less production of raw silk. It is due to the poorness of silk content. I believe I can explain to you how it is produced in order to make my point clear. The raw silk is reeled by joining the filaments of several cocoons together. When the filaments of some cocoons are exhausted, we have to replenish others. Some cocoons have short filaments and cocoons of long filaments produce better silk.

Mr. Roughton.—A fewer joints.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—At present the producer has got to take whatever price is offered by the Mahajan.

Mr. Ghosh.—That is the present position.

Mr. Anklesaria.—How the position of the rearer can be bettered by high tariffs?

Mr. Ghosh.—The reeler can sell his silk at a remunerative price.

Mr. Anklesaria.—You forget that the reeler is not his own master. He is not able to stand against the Mahajan. He has to take what price the Mahajan gives him.

Mr. Ghosh.—Not necessarily. If one Mahajan does not give me a good price, I may go to another man.

Mr. Anklesaria.—You are going against the statement given in your written answers. Mahajan generally advances money.

Mr. Ghosh.—That is with regard to the weaving industry.

Mr. Anklesaria.—You told me that rearers were not suffering from extreme conservatism, but you also stated somewhere that the Bengal rearers would not accept any seed which does not have Nistari mark.

Mr. Ghosh.—Rearers are like all agriculturists conservative. When it is demonstrated to them that these cocoons fetch better prices, they at once run for them as many are running for Nistid and Nismo. They cannot afford to make experiments. No agriculturist can. When it is demonstrated to him that these cocoons are better, he at once goes for it.

Mr. Anklesaria.—The Sericultural Industry, as you know, depends entirely on the weaving industry, because the weaving industry is its only consumer in India.

Mr. Ghosh.—Yes, everywhere.

Mr. Anklesaria.—There are insulating wires and parachutes which are not manufactured in India and which are manufactured in other countries. Here the Sericultural industry depends entirely on the weaver. If you make the weavers' product more costly by tariffs, then don't you think that the weaver would suffer?

Mr. Ghosh.—It all depends upon the sale of his products. If by the protection of silk fabrics we raise the price and the weaver gets remunerative prices for his fabrics, I don't know why he should suffer.

Mr. Anklesaria.—Does it not increase his cost of production?

Mr. Ghosh.—Yes.

Mr. Anklesaria.—Whatever increase there is in the cost of production is a matter not for congratulation but for regret.

Mr. Ghosh.—For the sake of the industry we have to sacrifice somewhere.

Mr. Anklesaria.—Where would your protection stop? Would it stop with the fabrics or would it go further? You admit in order to give adequate protection by tariffs to raw silk, you must put tariffs on all industries in which silk enters as a part or which displace even the demand for silk—for instance art silk. You will have to put tariffs on the whole range of these industries.

Mr. Ghosh.—It will be necessary to make it effective.

Mr. Anklesaria.—Many of these industries even do not exist in India, for instance art silk industry.

Mr. Ghosh.—Manufacture of rayon does not exist in India, but attempts are being made to find out its possibilities.

Mr. Anklesaria.—Rayon industry is another industry which does not exist. If you attempt to protect by tariffs, you will have to protect an industry which does not exist and therefore cannot make the demand for protection.

Mr. Mitter.—By protecting other industries which do not exist the necessary fillip will be given for the establishment of those industries.

Mr. Anklesaria.—Will you agree with me that the fabrics manufactured from art silk, staple fibre and other cheaper fibres are generally consumed by poor men.

Mr. Ghosh.—Not necessarily confined to poor men.

Mr. Anklesaria.—Even the high class men use them.

Mr. Ghosh.—They also make use of them.

Mr. Anklesaria.—Generally by poor men?

Mr. Ghosh.—Generally by middle class people.

Mr. Anklesaria.—Poor people cannot afford to buy silk goods.

Mr. Ghosh.—With regard to this I want to make one statement that art silk in all countries is taken to compete more with cotton than with silk. Cotton weavers are making the complaint that art silk is displacing cotton.

Mr. Anklesaria.—That is contrary to the finding of the Government of India. There was a special officer appointed to investigate this question and he found that art silk was not competing so much with cotton as with silk.

Mr. Ghosh.—I agree there.

Mr. Anklesaria.—This would involve protecting the goods consumed by poor men as compared with rich men.

Mr. Ghosh.—For the sake of an industry in which the welfare of the rural population of vast areas in India is concerned, it is necessary to make some sacrifice. Such sacrifices have been made in the past.

Mr. Anklesaria.—The interests of rich men who consume silk as well as poor men who produce the silk should be considered.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—You have given us certain statements showing the help which different Governments in the world give to their sericulturists.

Mr. Ghosh.—I have given you the instances which I could collect.

Mr. Anklesaria.—Turkey gives a subsidy of Rs. 15 per lb. of silk produced. Is that correct?

Mr. Ghosh.—France gives Rs. 15 per maund of green cocoons.

Mr. Anklesaria.—Japan spends about Rs. 3 crores.

Mr. Ghosh.—Perhaps more now.

Mr. Anklesaria.—What does your Government do?

Mr. Ghosh.—The Government of Bengal's expenditure this year will be about Rs. 8 lakhs.

Mr. Anklesaria.—How much would that be per lb.?

Mr. Ghosh.—It would be wrong if we calculate on the present production. We are spending this money in the hope of increasing the production.

Mr. Anklesaria.—How much would that be per lb.?

Mr. Ghosh.—It would come to one rupee per lb.

Mr. Mitter.—When you are taking into account the contribution made by the Government of France, Japan or any other country, I request you to consider the contribution of the Government of India.

Mr. Anklesaria.—You are going in for hybrids.

Mr. Ghosh.—I am going in for fixed multivoltine hybrids. I am making experiments in several directions, I am making a selection of the existing races. I am getting fixed hybrids which are practically multivoltine like the indigenous races. I am making experiments for first crosses.

Mr. Anklesaria.—Have you exhausted your investigations with regard to your local worms? Do you see no hope in your local worms?

Mr. Ghosh.—I don't say that I don't see any hope because Nistari is definitely suitable during the rainy season. I cannot replace it until I get a better one. So I have not given up any hopes.

Mr. Anklesaria.—You hope in course of time to replace the nistari with the types of hybrids which you are cultivating.

Mr. Ghosh.—We may if we find any suitable.

Mr. Anklesaria.—Was your predecessor inclined to cultivate the local breed or was he inclined to go in for hybrids?

Mr. Ghosh.—At one time they stopped all experiments. By that it has to be inferred that they wanted to confine themselves to local worms.

Mr. Anklesaria.—Your Government's efforts were directed sometime ago for developing local breeds.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—Now that policy has been changed.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—That policy has been changed on account of your taking over charge from Mr. Chaudhuri.

Mr. Ghosh.—I cannot say that. When I was placed in charge of the Department I suggested what was good for the Department and the Government accepted it.

Mr. Anklesaria.—No independent advice has been taken before committing the Government of Bengal to discard the local breed and go in for hybrids.

Mr. Mitter.—We have not discarded it. We have all along been experimenting with the sole and only purpose of finding something better and unless we standardise something better, we are not in a position to invite advice.

Mr. Anklesaria.—As regards mulberry, you have decided to go in for tree mulberry.

Mr. Ghosh.—We are trying to develop tree mulberry. We have not definitely decided to go in for tree mulberry.

Mr. Anklesaria.—Have you considered the advantages and disadvantages of bush as compared with tree mulberry?

Mr. Ghosh.—We have.

Mr. Anklesaria.—Why have you preferred tree mulberry?

Mr. Ghosh.—One principal reason is that for improved races of worms we want better leaves which we cannot get from the bush mulberry as cultivated at present.

Mr. Anklesaria.—It is for the univoltine tree mulberry is necessary. Multivoltines prefer bush mulberry.

Mr. Ghosh.—That is not the case always.

Mr. Anklesaria.—Would you be surprised to know that Japan is trying to revert to bush mulberry?

Mr. Ghosh.—I am not at all surprised. I will explain to you what is called bush in Japan. The Japanese bush has got a stem as thick as about 4 or 5 inches in diameter. It may be 6 inches to 2½ feet high. The Japanese bush is really a dwarf tree.

Mr. Anklesaria.—Is it your object to replace the bush entirely by tree?

Mr. Ghosh.—Not entirely. I am making experiments. We shall adopt whatever we find to be the best.

Mr. Mitter.—The whole thing is under experimental observation and until we come to a definite conclusion we cannot say anything.

Mr. Anklesaria.—You are of opinion that one of the main causes for the defects in raw silk is the defective system of drying cocoons.

Mr. Ghosh.—That is one of the factors.

Mr. Anklesaria.—What steps have your Government taken to remedy that defect?

Mr. Ghosh.—In the Reeling Institute we are experimenting with cheap drying chambers which we propose to introduce in villages so that rearers can get their cocoons dried.

Mr. Anklesaria.—Do you think that the Japanese method is not suitable to India?

Mr. Ghosh.—There is no system as the Japanese system. They have devised some means to apply the heat to the cocoons. There are several systems in use.

Mr. Anklesaria.—You will agree with me that worm rearing on a large scale is not possible or advisable. It must remain as a cottage industry for ever.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—On the contrary reeling admits of large scale production.

Mr. Ghosh.—It is a capitalistic industry.

Mr. Anklesaria.—So I suppose your Government is aiming at replacing the charkha by spindles?

Mr. Ghosh.—We are trying to.

Mr. Mitter.—May I ask what do you mean by flature? If you mean power driven flature, our ultimate aim may be that but we have to go through stages of evolution.

Mr. Anklesaria.—You know one of the main reasons why Japan beats all its rivals is that it can produce on a mass scale.

Mr. Ghosh.—That is one of the reasons but not the main reason.

Mr. Anklesaria.—What are the other reasons?

Mr. Ghosh.—The others are organisation and the quality to which the Japanese products have been raised with the help of scientific efforts.

Mr. Anklesaria.—There have been recently complaints that Japan on account of its mass production has been producing goods of distinctly lower quality than it used to do before. It has been sacrificing quality to quantity.

Mr. Ghosh.—On account of depression and of the loss to a certain extent of the American market the Japanese Government have adopted a definite policy of producing inferior silk at lower costs in order to be able to flood this market. It is not that Japan cannot produce high quality silk. It is out of policy that it is being done.

Mr. Anklesaria.—It is intentionally out of policy that she is producing lower grade in order to dump it in other markets.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—What are your reasons for saying that dumping by Japan is going on in India?

Mr. Ghosh.—First of all I have given you some figures to show how Japan is helping the industry and from the history of the custody silk I have given you will see it is a glaring case of dumping. On account of depression the Japanese Government were obliged to purchase about 112,000 bales. That shows clearly how dumping is going on. As a matter of fact the Japanese Government have given a grant of Rs. 5 crores yen in order to find new markets for this silk. The Japanese Government have spared no expense. They do not mind what losses they are incurring in the purchase of the custody silk. The price paid was 1,250 yen. After 3 years that silk was sold at 465 yen. The loss to Government was 9 crore yen. The Japanese Government are not minding all this. They are trying to maintain the industry at any cost. These are points which normally show that dumping is going on in India.

Mr. Anklesaria.—Is that the only ground?

Mr. Ghosh.—There are other grounds too.

Mr. Anklesaria.—I should like to know them too.

Mr. Ghosh.—It is a clear case of dumping. As regards the cost of production on which you are taking evidence, I have something to say. The Japanese Government are spending large sums of money on experiments and research; they help the mulberry industry when there is a frost attack, help the rears when there is a low price, bear all losses when the reeling industry is threatened. I have already told you that they purchased a huge quantity and would purchase any amount of stock in order to maintain the reeling industry. When you take all these facts into consideration you can have an idea at what cost the Japanese Government are fostering the industry. When the custody silk is placed here at a lower cost, what more evidence do you want as regards dumping?

Mr. Anklesaria.—I understand that Bengal has lost all her external market even in India.

Mr. Ghosh.—Practically all.

Mr. Anklesaria.—The industry subsists on home consumption.

Mr. Ghosh.—Still some silk goes to Madras.

Mr. Anklesaria.—To any appreciable extent?

Mr. Ghosh.—Still to an appreciable extent.

Mr. Anklesaria.—Why has it lost its external market? Is it not because it does not produce marketable silk?

Mr. Ghosh.—Just as Japan is dumping here, it is dumping everywhere. The quality is good and the price low. Naturally it is replacing Bengal silk.

Mr. Anklesaria.—Is it not a fact that the Bengal silk as produced now is not a marketable commodity?

Mr. Ghosh.—I cannot admit it entirely. Some portion is certainly quite a good marketable commodity which is being used for high class goods woven in India at present.

Mr. Anklesaria.—Where have you got a demand for Bengal silk in India and for what purpose?

Mr. Ghosh.—Bengal silk as far as I know—I have definite proof for it—is going to Madras. Some quantity is going to the Punjab and a portion to the United Provinces. All these markets require to be developed.

Mr. Anklesaria.—At what price is it selling there?

Mr. Ghosh.—I cannot give you off-hand.

Mr. Anklesaria.—Will it be home price plus freight?

Mr. Ghosh.—Yes.

Mr. Anklesaria.—You told us yesterday that last July the price of raw silk in Bengal was Rs. 3.

Mr. Ghosh.—For a short time it fell as low as Rs. 3.

Mr. Anklesaria.—If it had been sent to the markets which you mentioned just now don't you think it would have fetched a much better price than Rs. 3?

Mr. Ghosh.—On account of the disorganisation of the silk industry in Bengal this silk is produced in small quantities and sold to handloom weavers. It is necessary to get all reolers to have standardised goods.

Mr. Mitter.—There is no agency to buy it; there is no agency to collect it. We are trying to build up an organisation for this purpose.

Mr. Anklesaria.—Who controls your sericultural department?

Mr. Mitter.—It used to be controlled by the Agricultural Department but since 1933 it is under my charge.

Mr. Anklesaria.—I see your present budget is about Rs. 3 lakhs.

Mr. Mitter.—Yes. We will give you the details.

Mr. Anklesaria.—You know that a bale of silk changes its weight every day according to atmospheric condition, so a mahajan who gives out silk for weaving can be in a position to defraud the weaver.

Mr. Ghosh.—If he likes he can, because there are other ways of fraud by the small reolers after they have got the silk by throwing water on the floor and stocking the silk there for the night in that room and next day it will weigh more than it ought to.

Mr. Anklesaria.—Do you consider that the sericulturists require any financing?

Mr. Ghosh.—Yes.

Mr. Anklesaria.—Has your Government done anything in that direction?

Mr. Ghosh.—Yes. We regularly issue agricultural loans.

Mr. Anklesaria.—How much do you spend?

Mr. Ghosh.—That differs from area to area. Up to Rs. 10,000 in Malda alone.

Mr. Anklesaria.—How many are there in Malda?

Mr. Ghosh.—About 10,000 families.

Mr. Anklesaria.—What is the biggest loan you have given to sericulturists?

Mr. Ghosh.—Ra. 5 to Ra. 25.

Mr. Mitter.—We are also contemplating other steps in the way of financially assisting the sericulturists.

Mr. Anklesaria.—You also supply cheap disease-free seed?

Mr. Ghosh.—As far as possible we make attempt to supply.

Mr. Anklesaria.—Why do you qualify your statement?

Mr. Ghosh.—Because all do not take their supplies from us, neither are we in a position to supply the whole of it.

Mr. Anklesaria.—How do you utilise the sum of Ra. 40,000 from the Government of India?

Mr. Ghosh.—It has been utilised in developing examination centres among the rearers themselves. There the seed is examined under microscope and issued to selected rearers who have increased the supply of seed cocoons both local as well as hybrid, because now many are taking hybrids.

Mr. Anklesaria.—Can you tell us about the present land policy of Government and whether it is helpful to the sericulturist?

Mr. Mitter.—The whole land policy of the Government is going to be reviewed by the new Commission which the Government is going to appoint with Sir Francis Flood as its Chairman. But on the whole the present tenancy legislation which has just been gone through has been very helpful to the agriculturists in general.

Mr. Anklesaria.—Will it enquire into the sericulturists' grievances also?

Mr. Mitter.—When the terms of reference are drawn up we will try to include this.

Mr. Anklesaria.—Would you suggest concession of land to mulberry growers?

Mr. Ghosh.—Unfortunately in the sericultural districts there is very little land to give. These lands belong to the zamindars and there are several intermediaries between the zamindar and the sericulturist.

Mr. Anklesaria.—Any concession as regards assessment?

Mr. Mitter.—We have not gone into the question at all.

Mr. Anklesaria.—Have you considered the possibility of teaching reeling and rearing to persons in Jail?

Mr. Mitter.—No.

Mr. Anklesaria.—In the figures which you have submitted a mahajan gets about Ra. 3 to Ra. 5. I am not satisfied with your explanation.

Mr. Ghosh.—I am going to place before you actual manufacturers and mahajans and they will be in a better position to give you details.

Mr. Anklesaria.—Interest charge is not included in this?

Mr. Mitter.—No.

Mr. Anklesaria.—What would be the interest charge?

Mr. Mitter.—That depends upon the actual capital he has invested. Then there is the sales agency charges.

Mr. Ghosh.—If I went and made enquiries in a big emporium I would find that out of 1,000 pieces which they took probably 100 pieces would have to be written off due to defective manufacture, change of fashion and so on.

Mr. Anklesaria.—Do you ever have sales extending over 1,000 pieces at a time?

Mr. Ghosh.—Emporiums have.

Mr. Mitter.—Supposing you place an order, suppose I am a weaver and you ask me to produce 50 saris and you go on collecting saris from various people, at the end of the year when stock-taking takes place, articles which remained unsold will have to be written off.

Mr. Anktesaria.—What deduction would you make from his profit of Rs. 3 to Rs. 5 on account of various charges which you have mentioned?

Mr. Ghosh.—We have not got the details. I will place the actual dealers and mahajans before you who will give you all the facts.

(3) Evidence of Mr. S. C. MITTER, Director of Industries, Mr. C. C. GHOSH, Deputy Director of Industries, Rai Sahib S. N. BOSE, Superintendent of Sericulture, and Mr. S. K. MOULIC, Superintendent of Sericulture, Bengal, recorded at Calcutta on Saturday, the 26th November, 1938.

President.—I take it that all the information which the Board asked for on the last occasion has been supplied.

Mr. Mitter.—Yes.

President.—And these statements are so to say supplementary to those already supplied.

Mr. Ghosh.—Yes.

President.—The first question which the Board asked you was with regard to the justification of figures given concerning acreage under mulberry on the last occasion. Your view is that the information given then was incorrect.

Mr. Ghosh.—I have stated the position correctly in our revised reply.

President.—In your supplementary reply to question 2, you have given us figures regarding future expansion. Your view is that that was also an erroneous figure.

Mr. Ghosh.—According to the figures of acreage, it seems to be erroneous.

President.—Not only the figure supplied by the Government of Bengal, viz., 20 lakhs of lbs., but also the figure given by the Tariff Board as the probable production of Bengal were erroneous.

Mr. Ghosh.—At least they do not seem to be justified on the basis of acreage.

President.—When the Bengal representatives appeared before the Tariff Board on the last occasion, they must have had before them some sort of data. It is on those papers they must have based their figures of *readita*, cocoon production, silk production, cost of cocoons and so on. I want to know whether you have been able to trace those papers in your office or whether the figures are given by you on the basis of such calculations as you have been able to make.

Mr. Ghosh.—I have not been able to trace the records in my office. The present figures which I have given you are based entirely on the facts we have gathered.

President.—I would like to know this. You are an officer who has been recently appointed, viz., in 1936.

Mr. Ghosh.—In July 1936.

President.—It is only for the last 1½ years you have been in charge of the sericultural department. What is the practice of the Department? When the Tariff Board takes up the next enquiry, I want to know whether your successor will not say that all the figures given by Mr. Ghosh cannot be traced and therefore he is not able to substantiate these figures.

Mr. Mitter.—In addition to Mr. Ghosh who joined the Department about two years ago, we have Rai Sahib Bose and Mr. S. K. Moulic, two of our very best officers, who have been working in the Department for the last 20 years. The whole position is this. We—myself, Mr. Ghosh, Rai Sahib S. N. Bose and Mr. S. K. Moulic—have been unable to trace any of those previous records. The information which has been collected now for submission to the Tariff Board will be kept not only in the Sericultural Department but also in my own office.

President.—If a man had been working in the Department for the last 20 years, he must have taken some part when the last Tariff Board

enquiry was on and he would be able to give you a fairly good idea as to what actually happened on the last occasion.

Mr. Mitter.—You may ask Rai Sahib S. N. Bose.

Rai Sahib.—On the last occasion we took the census not by the Departmental Officers but by the Presidents of Union Boards and Chowkidars. This time the census was taken by our Departmental expert officers.

President.—Was that system followed?

Mr. Mitter.—Yes.

Rai Sahib.—Obviously the Chowkidars' statements were taken to be true. This time our departmental officers went from door to door and so our figures are on a more correct basis.

President.—What part did the Chowkidars play in the sericultural industry in Bengal?

Rai Sahib.—Chowkidars did not play any important part in sericultural operations. If any information is required by district authorities, it comes to the Circle Officer who sends it to the Presidents of Union Boards. They in their turn entrust the task to Chowkidars. They ascertain the acreage under mulberry in their jurisdiction and submit to the Presidents of Union Boards. They consolidate the figures and send them to the Circle Officers.

President.—On this occasion the services of Chowkidars have been dispensed with.

Rai Sahib.—Entirely.

Mr. Mitter.—This time we had the good fortune of having additional officers appointed by Government. In a general way you have seen for yourselves the expansion that has been going on and we have had help from these additional officers.

President.—What would be the remuneration of Chowkidars?

Mr. Ghosh.—Not more than Rs. 5.

Mr. Moulic.—There was also one other irregularity. On the last occasion the actual census of acreage was taken only in three districts and the acreage in other minor districts was assumed. Now we find that such acreage in other minor districts did not exist even in 1918 when the industry was flourishing. On this occasion we have actually taken the census in all the districts of Bengal. So, our figure differs from the previous figure.

Mr. Anklearia.—May I know whether you have compared it with the information collected by Mr. Lefroy?

Mr. Ghosh.—I have found some papers but I could not rely on them. I have to rely on my own figures collected by my own Department.

Mr. Anklearia.—Lefroy collected his figures by making enquiries of District Officers and those figures have been embodied in his report.

Mr. Mitter.—All technical enquiries conducted through the district staff boil down to this. The information is collected by Chowkidars. That is the reason why we technical officers have been asking the Government to appoint technical men who will be able to adjudicate between facts and facts.

President.—The point about acreage and present production is rather important. Your figure is 11,000 acres.

Mr. Ghosh.—10,000 acres.

President.—Last time you gave us 11,000 acres.

Mr. Ghosh.—No, 10,000 acres.

President.—Let us take the figure as 10,000 acres. The figure given by the Bengal National Chamber of Commerce is 8,247 acres.

Mr. Ghosh.—Our actual census figure came to 9,447 acres. There was an increase towards the end of 1937 and I estimate that increase to be such as to bring the figure to 10,000 acres.

President.—Let us see production on this basis. How much mulberry are you able to get per acre?

Mr. Ghosh.—That question I have already replied to and said that if sufficient protection is granted so that the rearer can be assured

President.—I want you to forget the question of protection. When I am considering the question of production, the question of protection does not arise.

Mr. Ghosh.—When the rearers get good remuneration they pay proper attention to mulberry cultivation, silkworm rearing and everything else. Under those conditions we expect that they would produce 80 maunds with twigs per bigha. On that basis I calculate that my production will be 4 lakhs of lbs.

President.—If you refer to your supplementary answer to question No. 5, you have given the yield of leaf as 85 maunds minus 10 maunds which is the allowance you make for drought, flood, etc. Your present production will therefore be 75 maunds.

Mr. Ghosh.—Yes, in Malda district in the future.

President.—I want to compare that with your present production.

Mr. Ghosh.—83½ maunds in Malda.

President.—Have you got similar information for other districts.

Mr. Ghosh.—Murshidabad 76½ maunds and Birbhum 67 maunds.

President.—When do you expect to reach the figure of 75 maunds?

Mr. Ghosh.—As soon as rearers get a fair price—within a year or two.

Mr. Mitter.—I don't agree with Mr. Ghosh there. From the day on which protection will be given effect to, it will take us three or four years to organise the industry on a proper footing. So it is very difficult to be precise in respect of this matter.

President.—When you calculate your production, you have to calculate the amount of cocoons you get and the amount of rendita. On what basis have you got this 4 lakhs of lbs?

Mr. Ghosh.—I have taken 16 lbs. of leaves to a lb. of cocoons.

President.—Without twigs?

Mr. Ghosh.—Yes. Then I have taken 15 lbs. of cocoons on an average for a lb. of silk.

President.—You have taken all the three qualities together?

Mr. Ghosh.—Yes.

President.—In your revised statement you do not want us to take the average.

Mr. Ghosh.—I do not want you to take the average because different qualities have got to be separated.

President.—When you take the average, on what basis do you take it? Your production of 3rd quality is only 10 per cent. When you take a flat average, it becomes 33½ per cent.

Mr. Ghosh.—The three qualities are produced in the following proportion:—

40 per cent., 50 per cent. and 10 per cent.

In this 50 per cent. there are several qualities, and the renditas in varna vary from 12·8 to 15·2.

President.—Then the average cannot be 15; the average will be 14 according to your original statement.

Mr. Ghosh.—The average of the tana has to be taken at 18·4 and varna 12·8 to 15·2. The average will be 15·75 excluding ghora.

President.—Excluding ghora your *rendita* is 15-75?

Mr. Ghosh.—Yes, average of *varna* and *tona*.

President.—In your calculation of production you have taken only 15.

Mr. Ghosh.—Yes on the average.

President.—But you say it is 15-75?

Mr. Ghosh.—But we must take that 10 per cent. ghorá because we can't neglect that 10 per cent. We got about 15 for the whole of Bengal.

President.—The next point is the cost of cocoons.

Mr. Houghton.—Before we come to that there is one point I want to raise. Previously you gave 8 pies per lb. of mulberry leaves with twigs and you said that 50 per cent. represent twigs, so the price of leaf comes to 1-6 pies per pound?

Mr. Ghosh.—Yes.

Mr. Houghton.—Actually this time you have taken 1-7 pies per lb. and that makes a difference, taking 16 lbs. of leaves, of nearly 2 pies per pound in the cost of cocoons.

Mr. Ghosh.—That has been taken for this reason that in arriving at that average for 23 cultivators we did not take into consideration losses due to dryage and floods.

Mr. Houghton.—Your average is really calculated on the statement in revised Annexure IV on which you find 1-17 pies for Malda, 1-30 for Murshidabad and -80 for Birbhum and then you roughly increase the cost by 50 per cent. because you say labour cannot be remunerated for short periods. Does that apply to rent per acre? Why do you roughly increase by 50 per cent. such items as rent per acre?

Mr. Ghosh.—If you will kindly refer to page 2 of supplementary answer to question 5 you will find that this 1-7 is not exactly on the basis of my annexure IV. If you will kindly see the estimate you have given of the cost of cultivation in fairly normal conditions in the Malda district, we have given details of operations and how we have arrived at this figure. You will probably remember the roarer who gave evidence before the Board at Malda; his cost comes to 1-8 pies per pound with twigs. The figures we have put down are based on actual experience of those who have been working at Malda for a number of years. This statement has been drawn up by two experienced officers of the department who have been carrying on this work for over 20 years in the Malda district. This statement refers practically to the Malda district.

President.—The Bengal National Chamber of Commerce have supplied us figures and their cost comes to 1-1 pie with twigs or 2-2 pies without twigs.

Mr. Ghosh.—It may vary a little from place to place. Out of 7,000 rearers we took only 23 under our observation. You cannot always go arithmetically by these figures.

President.—The Bengal National Chamber of Commerce figures appear to me to be correct for this reason that in arriving at the cost of 1-17 you have taken the yield as 75 maunds with twigs whereas according to your own statement the actuals for Malda is 63½ maunds. If I take 3½ maunds your figure of 1-17 will go up.

Mr. Ghosh.—Yes.

President.—So that the present cost will be in the neighbourhood of 1 pie.

Mr. Ghosh.—I agree. I am placing all the facts before you. Of course there will be slight variations here and there.

President.—The Bengal National Chamber have supplied us figures from actuals obtained by rearers who are being supervised by the All-India

Spinners' Association. Your figures are the future figures if I may call it.

Bai Sahib.—In the details you will find that the wages of labourers have been shown as 2 annas or 2 annas 3 pies per day. That is what is paid for famine relief work. But these should not be taken as real wage as on account of this low wage people are giving it up.

President.—When the Board was taking evidence in Malda the figure given was 4 annas and 2 annas for digging.

Mr. Ghosh.—The circumstances under which these figures have been calculated approximate to famine conditions. Two annas per day is very low and that is why I have suggested that it should be increased by at least 50 per cent.

Mr. Roughton.—In any case you have increased 1·66 pies to 1·7 pies per lb. That difference has to be multiplied by 16 and that makes a difference of approximately ·64 pies per lb. of cocoons and therefore your cost of cocoons which you bring out to 5 annas 0·39 pies should be reduced on that account.

Mr. Mitter.—It is not entirely on lines of approximation. We have taken certain labour charges but if we really tried to find out the actual labour charges it will exceed that amount.

President.—Your actual is 1·66 or 1·7 pies.

Mr. Mitter.—That is because we are not really certain of the actual daily wage.

President.—The probable explanation to my mind would be that this is for the future and that the present is much higher. The Bengal National Chamber's figure is 2·2 pies at present and yours is 1·66 without twigs.

Mr. Roughton.—Will you just refer to your original annexure IV.

Mr. Ghosh.—There is a slight mistake there.

Mr. Roughton.—The costs come to ·57 pies for Malda, ·65 for Murahidabad and ·41 for Birbhum.

Mr. Ghosh.—There is a slight mistake in addition. ·57 pies will be ·58 pies.

Mr. Roughton.—I will accept that.

Mr. Ghosh.—That is the actual under conditions of paying 1 anna 6 pies for labour.

Mr. Roughton.—Now you add 50 per cent. and then on top of that 50 per cent. you want us to believe that the price you have now given is too low because labour is not paid sufficiently. That is to say you want more than 50 per cent.

President.—After giving us the actuals you point out that the position of the labour is bad. Because they are underpaid, and if the Tariff Board wishes to look after the cultivator and the labour then the labour figures should be increased and that by 50 per cent.

Mr. Ghosh.—That is my conservative estimate.

President.—If you go on adding explanations and conditions you cannot expect the Tariff Board to sit indefinitely to enquire into this industry. Everything must have an end.

Mr. Mitter.—The Bengal National Chamber's figure of 2·2 is correct.

President.—The Bengal National Chamber of Commerce have given their evidence separately and have supplied us information in order to enable the Board to judge the conditions prevailing in Bengal. That does not mean that the Government of Bengal should absolve themselves of their responsibility in the matter.

Mr. Mitter.—Even with 50 per cent. increase in labour, it will not give sufficient inducement for them to come and work.

Mr. Boughton.—You have not yet answered my question. How are you justified in increasing the rent by 50 per cent.? You might conceivably justify the addition of 50 per cent. to the labour costs, but how do you justify the addition to the cost of rent. It is very hard to justify that. If you look at Annexure IV one of the items is rent. You increase the whole lot by 50 per cent.

Mr. Maulic.—If you allow .58 per lb., then 50 per cent. of that comes to .87 pies. That is with twigs, and without twigs it will be 1.74.

President.—If I take only Malda.

Mr. Moulic.—Malda represents 78 per cent.

President.—The other 22 per cent. must be taken into consideration. .8 given by Mr. Ghosh is practically a correct figure.

Mr. Moulic.—Approximately correct.

President.—If I take that figure and double it, it comes to 1.6.

Mr. Moulic.—87.

Mr. Boughton.—That may be an argument for putting up their arguments on other grounds, but it is not an answer to my question.

Mr. Moulic.—As regards rent on the last occasion we based our calculations on 28 acres of land in Malda District.

Mr. Anklesaria.—I don't see much discrepancy.

Mr. Moulic.—You have to take into consideration the rent of other districts also. In Murshidabad the rent is very high and in Birbhum the rent is very high; in Malda in some places the rent is a little bit low, while under other zamindars the rent is also high. We have given an average rent that would be applicable to the whole of Bengal in the present estimate.

President.—If I may say so you are rather begging the question for the simple reason that on one occasion you tell me to confine myself to Malda and on another occasion you ask me to take other areas into account in order to bring up the costs. It is not a very convincing argument.

Mr. Moulic.—That is not the thing.

President.—You told me to take only Malda.

Mr. Mitter.—In the different areas in Malda district the rent varies.

President.—For the whole of Bengal .8 is the cost per lb of leaf given by Mr. Ghosh on the last occasion. That is correct, and even if I am to double it, I cannot take more than 1.6 as the cost of leaves.

Mr. Ghosh.—We have calculated that on actuals and in this estimate of leaf we have looked at it from another point of view.

Mr. Anklesaria.—May I know what you mean by actuals? You yourself say that the figures you have taken were not actuals. You say that the figures were calculated at a very low rate.

Mr. Ghosh.—That is the low rate of wages.

Mr. Anklesaria.—That is your calculation and not the actual. If you double the figure for labour charges, there is no discrepancy.

Mr. Ghosh.—No.

Mr. Boughton.—Your explanation is that the cost of rent is abnormally low in Malda. Let us take another item. The price of manure has been increased by 50 per cent. Surely you don't think that it should be increased by 50 per cent. when the cost of labour has gone up. How do you explain that?

Mr. Ghosh.—Manure has got to be collected. Labour is paid for it. With the rise of wages the cost of manure goes up.

Mr. Roughton.—When you give the price of manure, how do you justify the increase?

Mr. Moulie.—On the previous estimate it was only 63½ maunds. If the land were properly manured, then the yield will be something like 85 maunds in place of 63½ maunds.

President.—We can leave it at that.

Mr. Anklecario.—The only wrong figure you have put in is for labour.

Mr. Ghosh.—Yes, enhanced.

President.—Let us take the cost of cocoons which you have given in three places. The first set deals with the cost as 1-63 pias for Malda (per lb. of cocoons), the second set deals with the cost of seed as 3 annas 9-64 pias for Malda (for 28 lbs. cocoons) and the third set deals with the cost of seed based on the examined layings (at 1 pie per laying). Is that correct?

Mr. Ghosh.—Yes.

President.—Let us now take these three statements. As regards the cost of seed, is that seed cocoon?

Mr. Ghosh.—Yes. 1-63 pias is the actual paid by the rearer for village seed cocoons for producing 1 lb. cocoons.

President.—The Bengal National Chamber of Commerce have given us a price of Re. 1 for 20 ounces.

Mr. Moulie.—That is seed cocoon.

Mr. Ghosh.—These are actuals paid by rearers who were under observation. If you take Malda figure, this is on a pound basis.

President.—You have given me a figure of 1-63 pias per ounce of seed cocoons.

Mr. Ghosh.—Yes.

President.—The Bengal National Chamber of Commerce have given a figure of Re. 1 for 20 ounces. How much does that come to per ounce?

Mr. Ghosh.— $\frac{1}{4}$ of an anna.

President.—I want to know whether this was actually paid by them to the Government for the purchase of seed cocoons.

Mr. Ghosh.—Ra. 1-4 a kahan.

President.—Kahan is equal to 1-6 lbs.

Mr. Ghosh.—This is actually paid by the villagers for the village seed.

President.—Next page gives the Government nursery seed. Is that seed cocoon?

Mr. Ghosh.—Supplementary reply to question 10 gives the price of seed cocoons arrived at in Government nurseries.

President.—Take the next page. What is this price—3 annas 9-64 pias?

Mr. Ghosh.—That is price of village seed paid by rearers for rearing 28 lbs. cocoons.

President.—This is the Government nursery figure for seed cocoons.

Mr. Ghosh.—On page 1 of the same note we have given the actual paid by the rearers who were under observation. On that basis this is calculated. Therefore this does not represent the Government nursery seed.

President.—What does this represent?

Mr. Ghosh.—You wanted to know how much will be the outturn per ounce of seed. 140 layings is equal to an ounce. Therefore this is calculated on the basis of the previous statement.

President.—Rs. 5-3-1-64 would represent 2 annas 11 pias per lb.

Mr. Ghosh.—Yes.

President.—You have simply multiplied the figure given above by 28.

Mr. Ghosh.—Yes.

President.—Ro. 0-2-11-66 for Malda, Ro. 0-4-9-46 for Murshidabad and Ro. 0-3-9-57 for Birbhum.

Mr. Ghosh.—Yes as actually reared and sold by the rearers themselves.

Mr. Roughton.—These figures are based on the abstract census of rearing given in Annexure VI.

Mr. Ghosh.—Exactly.

Mr. Roughton.—There is omission in that statement. As regards Murshidabad in item 12, you don't give the weight of the total outturn of cocoons.

Mr. Ghosh.—2,758 lbs.

Mr. Roughton.—How do you account for the higher cost in Murshidabad than in Malda or Birbhum?

Mr. Ghosh.—These are actuals. We have to find out where the costs have gone higher.

Mr. Roughton.—We must take only the Malda costs as the average, because most of the production is there. How in arriving at your price of cocoons do you consider it justifiable to include the areas in which the cost of cocoons is much higher?

Mr. Ghosh.—I have not included anywhere except labour.

Mr. Moulie.—Murshidabad figures have been very high, because the quantity of leaves without twigs is 18 lbs. in the case of those rearers who were under observation. The cost has actually gone higher in the case of Murshidabad. See in this connection item No. 3, supplementary replies to questions 3 and 6.

Mr. Roughton.—The average cost per lb. is 50 per cent. more in Murshidabad.

Mr. Ghosh.—That is what we have found. These are actuals.

Mr. Roughton.—In arriving at your ideal figure you have taken into consideration the average of the three districts.

Mr. Ghosh.—Yes.

Mr. Roughton.—Did you take the flat average?

Mr. Ghosh.—Yes.

Mr. Roughton.—Although 78 per cent. of production is in Malda it has much lower costs than the other two.

Mr. Ghosh.—In our cost we have not taken the average.

President.—What is your explanation for taking 18 lbs. of leaves?

Mr. Moulie.—Some worms might have died at the last age after consuming greater quantity of leaves. So the cost has naturally gone up.

President.—In Malda it is 13½?

Mr. Moulie.—There was no failure in those cases.

President.—That means if there are no failures, the average would be 13½.

Mr. Ghosh.—Not always.

President.—When you say 18 is due to failure and 13½ is not due to failure, why have you adopted 16 as the average?

Mr. Ghosh.—He is giving an explanation as to why it is higher. I don't think the explanation is correct.

President.—It would have been much better if the officers of the Government of Bengal instead of giving conflicting opinions here had met and discussed these points before and come to some sort of agreed conclusions.

Mr. Mitter.—We have met at a Conference.

Mr. Ghosh.—We have deputed our Demonstrators to collect the information. This information is collected for the Board. We have placed those facts before you as we have found them.

President.—I want an explanation for this figure.

Mr. Ghosh.—I cannot fully explain.

President.—Then I am afraid I cannot accept the figures given by you. If you cannot explain I cannot take your statements as correct. There must be an explanation for it. You cannot ask the Board to accept 16 without proper justification.

Mr. Ghosh.—We have tried to ascertain facts and place them before you.

President.—But the facts must be verified. I can't accept it.

Mr. Roughton.—Don't you agree that it is incorrect to take a flat average when there is such a big production in Malda where the cost is very low?

Mr. Ghosh.—I agree with this qualification that all these figures are based on the very low rate of 2 annas. All these figures are not actuals. The wages are 2 annas or 1 anna 6 pies.

Mr. Roughton.—To that you have added 50 per cent.

Mr. Ghosh.—Yes.

President.—As a matter of fact it may interest you to know that the Bengal National Chamber of Commerce have given us 12 lbs. They have given us 2,400 lbs. of leaves with twigs for 100 lbs. of cocoons. That works out to 12 lbs. without twigs per lb. of cocoons. That is why an explanation is needed from you when you have given such high figures. You want the future cost to be based on 16 lbs. without offering any explanation.

Mr. Roughton.—You have based your calculations on 28 lbs. of cocoons per ounce of seed. In your ideal statement on page 3 you have increased the cost of seed to 4 pies for examined layings. If you examine your layings surely the output of cocoons will be greater.

Mr. Ghosh.—With Nistari and Chotopolu, that is the average we have got,

Mr. Roughton.—If you have examined your layings, won't you get a bigger outturn?

Mr. Ghosh.—We will be able to guard against failures. The output cannot be more than 28 to 30 lbs. That is not an imaginary figure but collected from the area.

Mr. Roughton.—The point of using the examined seed is to avoid wastage by disease and so on. If you examined your seed, surely you would expect to get a greater outturn than otherwise?

Mr. Ghosh.—There will be less failures.

Mr. Roughton.—If there is less failure, there will be a bigger outturn.

Mr. Mitter.—We have just started introducing them.

President.—Unless you also assume a higher outturn of cocoons you are in the number of pounds of cocoons you expect to get from an ounce of seed.

Mr. Ghosh.—In this case there is no question of outturn.

President.—Yes, there is because your total cost is divided by 28 which is the number of pounds of cocoons you expect to get from an ounce of seed.

Mr. Ghosh.—Not in this case.

Mr. Roughton.—This note is on the assumption that 28 lbs. of cocoons are produced from an ounce of seed.

Mr. Ghosh.—Not this statement.

Mr. Roughton.—Then, how do you get these figures?

Mr. Ghosh.—I shall just explain to you. I have to refer you to seed cocoons.

Mr. Boughton.—You start your explanation by saying that an ounce of seed under present conditions has not been observed to yield more than 28 lbs.

Mr. Ghosh.—That is for the statement just below that. It has nothing to do with the cost of production of cocoons given on the next page.

Mr. Boughton.—Surely it has. What you have done is you have prepared previously the actuals and then you have prepared the ideal statement showing what would be the cost if certain additions are made. This statement on page 3 is based on the statement on page 2 with certain additions to produce ideal conditions.

Mr. Ghosh.—No. It is altogether a separate statement worked out. It has nothing to do with the statement on page 2 at all. Under present conditions that shows what the outturn is from an ounce of seed. I have explained that.

Mr. Boughton.—You must have considered the outturn of cocoons per ounce of seed before you arrived at those figures. How can you make any estimate of the cost of production without taking into consideration the amount of production? It is quite impossible to do so.

President.—How could you have worked out the cost per lb. of cocoons unless you knew the amount of cocoons produced from an ounce of examined layings? It could not have been worked out on a purely theoretical basis.

Mr. Ghosh.—I have taken into consideration the average of all the districts.

President.—My point is this. Have you got any figures showing the outturn from examined layings?

Mr. Ghosh.—I have.

President.—Please tell me the number of lbs. you get from an ounce of examined layings.

Mr. Mitter.—My submission is that the costing on the 2nd page is an ideal costing. It is not what he has got but what will in his own judgment obtain in the future.

President.—But you will agree with me that it is impossible even on a theoretical basis to work out the cost of a lb. of cocoons without going into the question of output of cocoons from an ounce of examined layings.

Mr. Ghosh.—In the case of examined layings, the yield is higher.

President.—What is the yield?

Mr. Ghosh.—We have not got that figure here.

President.—How did you get those figures? Did you borrow them from other Directors of Industries?

Mr. Ghosh.—The figure of 1 pie per laying I obtained from the nursery figures. I have given the explanation as to how I have arrived at 1 pie. As regards the cost of labour I have taken the actuals.

President.—How do you take the condition of labour which does not prevail? Are the Murshidabad charges on the basis of seed cocoons?

Mr. Ghosh.—On the basis of rearing by general rearers.

President.—Not on the basis of examined layings?

Mr. Ghosh.—Some are examined and some are not.

President.—You have not given me figures with regard to examined layings.

Mr. Ghosh.—We do not issue examined layings to rearers.

President.—These figures must have been worked out on the basis of 28 lbs.

Mr. Ghosh.—I admit that.

President.—From examined layings you must get more cocoons than you are getting on the ordinary basis and therefore your five annas per lb. of cocoons must come down.

Mr. Ghosh.—Yes, if examined layings are introduced.

Mr. Anklesaria.—Is the figure of 5 annas given by you per lb. of cocoons correct?

Mr. Ghosh.—It is quite correct according to our nursery figures.

Mr. Anklesaria.—Is the figure correct regarding cost of labour?

Mr. Ghosh.—It is based on actuals.

Mr. Anklesaria.—Do you want 50 per cent. to be added to the actual?

Mr. Ghosh.—Yes.

Mr. Anklesaria.—Is the figure which you have given weighted by 50 per cent.

Mr. Ghosh.—Yes, by adding 50 per cent.

Mr. Anklesaria.—First you took the actuals and then qualified the actuals by certain considerations which you mention in paragraph 2 of your statement.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—We may differ in respect of those considerations which have led you to put down those figures. You say that the following points require to be considered. That is what you say to begin with. If you do not take those considerations into account these figures would be wrong; if you do, they will be correct.

Mr. Ghosh.—Yes.

President.—I am not satisfied with the explanation. On the information supplied by the Bengal National Chamber of Commerce, it comes to 12 lbs., but I have accepted 13½ lbs. to be on the right side. The point for consideration is why has this figure of 18 lbs. been shown against Murshidabad? The explanation given by one of your officers is that it may be due to failure. Whatever may be the reason for such failure, if that is removed, then 13½ lbs. will be a correct figure. I have also verified that from another source. Anyway, 16 lbs. seems to be rather on the high side.

Mr. Roughton.—Have you ascertained by experiments the exact proportion of the weight of leaves to twigs?

Mr. Ghosh.—It varies from 50 to 55 per cent.

Mr. Roughton.—If it varies from 50 to 55 per cent., then the average is 52½ per cent. On how many experiments did you base that percentage?

Mr. Ghosh.—On a fairly large number.

President.—The next question is the cost of cultivation and yield of leaves from trees. You have given the cost of leaf per lb. without twigs from tree as 9 pie.

Mr. Ghosh.—Will you kindly read the explanation at the bottom of that page? We have said that that is a thing which is not done in Bengal. But we have been asked that we must submit some sort of figures.

President.—Let us take the next question with regard to roaring. You have given us the average as 28 lbs. for nistari and chotapolu and for nistid and nismo you have given 45 lbs.

Mr. Ghosh.—Yes.

President.—In the supplementary note which you have submitted this morning you say nistid and nismo are still on an experimental basis.

Mr. Ghosh.—We started only last year and we actually looked into the figures and we find that the actual quantity of seed supplied was 250 kahon which is about 2 per cent.

President.—Are you in a position to supply all the seed requirements by nistid and nismo?

Mr. Ghosh.—Not now.

Mr. Anklesaria.—You have not completed your trials yet?

Mr. Ghosh.—We cannot say definitely that we have completed the trials. We have given out seeds to the rearers and are watching the results.

Mr. Anklesaria.—It should be taken as at an experimental stage yet?

Mr. Ghosh.—Yes.

Mr. Roughton.—I understand that there is difficulty in giving tested seed because it is necessary for you under the peculiar circumstances of Bengal to issue all your seeds simultaneously because of certain fly pest, unless seed in a particular area all start at the same time certain flies brood and they can only be eliminated if the rearing operations all start simultaneously and consequently you cannot produce examined seed unless you have in each center a refrigerator to enable all the seed to be issued simultaneously.

Mr. Ghosh.—Refrigerators are not so necessary but if we have an organisation we can make arrangements for supply seed simultaneously, but we have not got the organisation at present.

President.—What shall we take as the average production for Nistari and chotapolu 28 or 30?

Mr. Ghosh.—I have explained the position clearly.

President.—You say it can safely be taken as from 28 to 30.

Mr. Ghosh.—Not more 30 but I estimated it at 28.

Mr. Roughton.—It is very much lower than anywhere else in India. It should be more comparable with the pure Mysore breed because they are multivoltines and they are not a breed improved by crossing and for those we have figures of 40 lbs. in the case of Madras and 50 lbs. for Mysore practically the same figure. We take it that the outturn is somewhere in the neighbourhood of 50 lbs. because we have evidence from two centres to that effect. That, I think I am right in saying, is not seed carefully reared on the Government farms, but those figures they have been able to obtain from individual rearers. It wants some explanation why with some similar rearers and for similar breeds the figure for Bengal is so very much lower than in Mysore.

President.—Specially when the figure given to the last Tariff Board was 48 lbs.

Mr. Ghosh.—The average I have based on actual observations of so many rearings throughout the year. In some cases it is 12, in some it is 43, in some 76, 40, 56, 24, 63, 48, 38, and so on and I have taken the average. I wanted to find out the actual conditions as to how much the rearers got.

Mr. Roughton.—What I would really like to know is, what is there peculiar about the conditions in Bengal compared with Mysore that makes the results in Bengal so much inferior to Mysore.

Mr. Ghosh.—In Mysore conditions are more favourable than in Bengal. It is drier and the elevation is higher; there are not so many droughts or floods and there the seed is examined before issue which we have not yet been able to arrange here.

President.—That is the main explanation. 45 lbs. is the actual for nistid and nismo?

Mr. Ghosh.—Yes.

Mr. Houghton.—Under careful conditions of Government supervision?

Mr. Ghosh.—No, in the hands of general rearers.

President.—You have given in answer to question 10 the average cost of producing seed. I suppose this is seed cocoons?

Mr. Ghosh.—Yes. For seed cocoons for general rearers in nurseries it comes to Rs. 1-1-8 per kahan or 5 annas per oz. of layings.

President.—That is the cost per ounce of seed?

Mr. Ghosh.—Yes.

President.—And you are selling it at less than an anna?

Mr. Ghosh.—We don't sell layings, we sell seed cocoons.

President.—What is the cost of producing 1 oz. of seed cocoons?

Mr. Ghosh.—About 7 pies per ounce.

President.—What is the price at which you are selling?

Mr. Ghosh.—We sell it at Rs. 1-4 per kahan; it comes to about 8 pies.

President.—The figure I have got is one rupee for 20 ozs. of seed cocoons which is less than an anna and your actual cost is 7 pies so that you are losing on the transaction.

Mr. Ghosh.—We do lose but our aim is to persuade the rearers to take nursery seed.

President.—It is a sort of subsidy then. You are selling it at a loss and I want to know what provision you have made and what is the loss you are incurring. The general system of rearing here is by means of seed cocoons and you are losing on a ounce practically an anna. How many seed cocoons are you giving out?

Mr. Ghosh.—Two lakhs ounces of seed cocoons.

Mr. Houghton.—Then you are losing 2 lakhs annas?

Mr. Ghosh.—Our cost of production is Rs. 1-1-8 and we are selling it at Rs. 1-4.

Mr. Mitter.—We are supplying at Rs. 1-4 to a few selected rearers.

Mr. Houghton.—So you are making money?

Mr. Ghosh.—The average outturn of seeds from Government nurseries is about 20,000 lbs. and the average revenue of the department is about Rs. 10,000.

President.—You are getting about 8 annas per pound?

Mr. Ghosh.—Yes.

President.—Your cost of production is Rs. 1-1-8.

Mr. Mitter.—We are losing. We have to rear selected worms and supply the demand of the rearers at Rs. 1-1-8 for 2 lbs. of seed.

Mr. Ghosh.—Sometimes it is 2 lbs. sometimes it is 2½ lbs.

President.—Will you please see the figures given in Annexure VI? You have given the total outturn of cocoons for Birbhum as 1,340 kahan or 2,144 lbs.

Mr. Ghosh.—Yes.

President.—That doesn't mean one kahan is equal to 2 lbs.

Mr. Mitter.—Not always. It varies from District to District.

President.—For Murshidabad you have given a figure of 1,838 kahan or 2,758 lbs.

Mr. Ghosh.—It comes to 1-6 lbs.

President.—So one kahan is not equal to 2 lbs.

Mr. Ghosh.—Not always. In these particular cases the exact weights are given.

President.—These are the weights which the Board has got to consider.

Mr. Ghosh.—In Government nurseries we got 2 lbs. to a kahan.

President.—If I take one kahan as equal to 2 lbs., your cost will go down.

Mr. Mitter.—That is not actual practice. It is true in the case of Government nurseries only that one kahan is equal to 2 lbs.

Mr. Anklesaria.—You are selling cocoons at Rs. 1-4 per kahan or 8 annas a lb.

Mr. Ghosh.—Yes.

Mr. Anklesaria.—We were told at Maida that a man pays 12 annas per lb.

Rai Sahib.—That might be his estimate.

Mr. Anklesaria.—You said just now that you sell to the rearers cocoons at 8 annas and he told us that he pays Rs. 1-8 per cocoon. That is 12 annas per lb. How do you reconcile those figures?

Mr. Ghosh.—The price for seed cocoons is never fixed. If you look at the curve, you will see how the prices vary.

President.—These figures are trustworthy. What is the bulk of your production?

Mr. Ghosh.—Nistari.

President.—What is the weight of your Nistari? How many cocoons to a pound?

Mr. Ghosh.—Average 700 to 800 in the hands of general rearers.

President.—With regard to nistid and nismo you say that it is in the hands of the rearers, general and selected. Can you tell me how many rearers out of the total number rear these cocoons?

Mr. Ghosh.—I counted the number the other day—800 rearers out of 15,000. Even as regards those 800 rearers, they have just started using. They are not using them completely.

President.—How many of these belong to nurseries?

Mr. Ghosh.—None.

President.—What about selected rearers?

Mr. Ghosh.—The total number is 400.

President.—Out of 15,000?

Mr. Ghosh.—Yes.

President.—14,000 will be general rearers.

Mr. Ghosh.—Yes.

President.—Out of 400 how many are rearing nistid and nismo?

Mr. Ghosh.—25 to 30 per cent.

President.—You have given the cost of reeling one pound of raw silk in reply to questions 18 and 19. I had better go through the supplementary statement you have given this morning. The first is practically nothing except an explanatory note with regard to the various items submitted. The second is you want that the protective duty, if levied, should be applied to the stocks held at the existing time as was done in the case of matches.

Mr. Mitter.—It was done in the case of matches.

President.—How to put a label on the silk?

Mr. Mitter.—The hales can be labelled.

Mr. Houghton.—What about the retailers?

Mr. Ghosh.—The retailers do not stock much. They go to stockists. Stockists' shops must be controlled.

President.—The other is you want legislation to prevent deception.

Mr. Ghosh.—Yes.

President.—Has it been done in any other country?

Mr. Ghosh.—I have given you instances. There is France, there is Spain and there is Brazil.

President.—What do they do there? Do they do it on the cloth?

Mr. Ghosh.—Yes.

President.—As regards the fair selling price I find that you have sent me a revised statement. You remember that the Tariff Board had a conference and the question of fair selling price was discussed at that conference.

Mr. Ghosh.—Yes.

President.—I find that as far as Bengal is concerned, you have sent me the revised figures. This refers to your province.

Mr. Ghosh.—Yes.

President.—My point is that you have altered the works cost and the fair selling price. If you look at your statement in answer to supplementary questions 18 and 19, you have given the price of cocoons for Malda, Tana as 4 annas 1 pie per pound.

Mr. Ghosh.—These are actuals.

President.—The cost of cocoons comes to Ra. 4-12-4.

Mr. Ghosh.—Yes.

President.—What price of cocoons have you taken?

Mr. Ghosh.—5 annas.

President.—What is the rendita if we take nistid and nismo?

Mr. Ghosh.—In the rearers' hands I don't think it will be more than 15.

President.—In Government nurseries?

Mr. Ghosh.—Sometimes I get even 10 and sometimes 12.

Mr. Boughton.—Take your rendita. How do you justify your figure of 14-6?

Mr. Ghosh.—It is Malda Varna and Murshidabad. I shall have to refer you to the original figure. These are from about 5,100 lbs. of outturn. In the case of khamru the outturn is 15 lbs. which I have omitted altogether.

Mr. Anklesaria.—You state that the Tana first quality of silk competes with Japanese silk.

Mr. Ghosh.—Quite correct.

Mr. Anklesaria.—Why?

Mr. Ghosh.—Malda Tana was the silk used in Southern India, Central India and Western India till Japanese re-reeled silk came in and ousted it.

Mr. Anklesaria.—What quality? There are several qualities of Japanese silk.

Mr. Ghosh.—Best quality re-reeled silk. Malda lost the market principally for that reason. In order to enable Malda to produce the same quality of silk and to regain its markets, it is necessary that these prices should be given.

Mr. Anklesaria.—What is your authority for this statement?

Mr. Ghosh.—This is historical. It is well-known.

Mr. Anklesaria.—What history tells us?

Mr. Ghosh.—I mean the history of this industry. Traders told us that till recent times they exported to these places.

Mr. Anklesaria.—Traders also say that Bengal silk doesn't sell, because it has deteriorated in quality and that it is not supplied in the form in which it is required. Unless the qualities are the same or similar, you can't compare the two.

Mr. Ghosh.—The qualities are practically the same, but it is the lower price of Japanese silk which ousted the Indian silk.

Mr. Anklesaria.—Or the inferior quality of Bengal silk was responsible.

Mr. Ghosh.—No. The market which was in the hands of Bengal was lost recently. The only reason was that the Bengal silk was undersold.

Mr. Anklesaria.—The Bengal silk ceased to be of use to people who used to use it.

Mr. Ghosh.—If the same quality is produced as before

Mr. Anklesaria.—That quality is not produced. Therefore it is not sold.

Mr. Ghosh.—With adequate price we can produce that silk here.

Mr. Anklesaria.—Therefore I want your authority for your statement that the Bengal silk was undersold.

Mr. Ghosh.—In support of that I have got to produce certain witnesses, certain traders, who were doing this business.

President.—With regard to the figures that you have given about Japan, are those the latest figures?

Mr. Ghosh.—Some are latest and some as old as 1929.

President.—With regard to the proportion of imported silk and Bengal silk consumed in Bengal, how have you been able to get those figures?

Mr. Ghosh.—We ascertained those facts through our own officers.

President.—It means that 90,000 lbs. of Bengal silk is being consumed in Bengal.

Mr. Ghosh.—Yes.

President.—That is one-fifth or one-fourth of the total production. When you give us revised figures regarding production, we shall be able to find that out.

Mr. Ghosh.—Yes.

Mr. Raughton.—Is that the estimate of officers specially deputed to find out that information?

Mr. Ghosh.—Yes. We sent out certain officers to collect this information.

Mr. Mitter.—We do not say that it does not exceed 90,000 lbs. It may be a little more.

President.—As regards re-reeling charge, you say that it is reported to be 6 annas. You know the conference agreed to 3 annas.

Mr. Ghosh.—This is with reference to Bengal.

President.—You know that I was even unwilling to agree to 3 annas.

Mr. Ghosh.—May I also point out that it was merely copied from the last Tariff Board report?

President.—After the discussions we had, you agreed to that figure.

Mr. Ghosh.—Yes, we agreed to that.

President.—You have given us figures for degumming. Your average is 4½ oz. for one lb. of silk. That is about 25 to 30 per cent.

Mr. Ghosh.—In this connection I have to explain the position. When you visited our Ballygunge Laboratory you saw that we were rearing different varieties in order to test the quality. We take each variety and find out the length of its filament and weight. We also degum it and find out what the loss is. We have arrived at various figures for

different varieties. When ordinary washing soap is used, the loss is more, but if palmolive soap is used, the loss is less. The quality of the soap makes a difference. The ordinary washing soap corrodes the stuff very much. I had two samples (Nistari sample and Kashmir sample) tested at the conditioning house. In the case of Nistari, by using palmolive soap, the loss came to 20.3 per cent. and in the case of Kashmir silk it came to 20.1 per cent.

Mr. Boughton.—What is your experience with indigenous silk? Does it lose more than the imported silk?

Mr. Ghosh.—As a matter of fact indigenous silk should not lose more in degumming, but it is due to defective degumming with unsuitable materials that there is more loss. That is my point.

Mr. Boughton.—There is more loss in degumming with the present practice.

Mr. Ghosh.—Yes.

President.—As regards the Japanese bonded silk, you say that the Japanese Government bought it at 1,250 yen.

Mr. Ghosh.—Yes, according to our information.

President.—And sold it at about 455 yen.

Mr. Ghosh.—Yes.

President.—Therefore the loss per bale was in the neighbourhood of 800 yen.

Mr. Ghosh.—Yes, per bale.

President.—It works out to 5 or 6 yen per lb.

Mr. Ghosh.—Yes.

President.—As to-day's exchange it will come to Rs. 4.

Mr. Ghosh.—Yes.

President.—As regards weaving charges in the Weaving Institute you have given the Department cost as 50 per cent. more. I don't quite follow that.

Mr. Ghosh.—In the silk Weaving Institute, that is the charge.

President.—You have given me the cost of producing various articles not by the ordinary weavers.

Mr. Ghosh.—I have given you. The weaving charge is only one item.

President.—I don't quite follow your method of adding 50 per cent. here and 50 per cent. there.

Mr. Ghosh.—That is only with regard to the Institute.

Mr. Mitter.—There is bound to be a certain amount of variation in overhead charges.

Mr. Anklesaria.—I have been looking through your papers and I find that the price of cocoons paid to the rearer has very considerably varied. You say that if the rearer obtains a price of 4 annas per lb. things would brighten up.

Mr. Ghosh.—I never said that things would brighten up with a price of 4 annas.

Mr. Anklesaria.—In your annexure to question 23, in the middle of the paragraph, you say that when cocoons began to sell at Rs. 20 per maund or 4 annas per lb., things began to brighten up. We examined a reeler at Malda and he said that he paid Rs. 18 to Rs. 20 per maund throughout on an average. I find also from the All-India Spinners Association that they have been paying Rs. 26.8 per maund on an average. You now claim Rs. 30 on an average per maund.

Mr. Ghosh.—Yes, 5 annas is my minimum.

Mr. Anklesaria.—But 4 annas is the border line cost. That is the minimum cost of production.

- Mr. Ghosh.*—No, 5 annas.
- Mr. Anklesaria.*—If you add one anna more or 25 per cent. more to the price realised by the rearer, it should satisfy him.
- Mr. Ghosh.*—We may think so, but they do not think so.
- Mr. Anklesaria.*—More especially as he has been quite content to receive from Rs. 18 to Rs. 20 for a number of years, it ought to satisfy him.
- Mr. Mitter.*—If he is contented, what is the case for protection then?
- Mr. Anklesaria.*—Do you mean to say that the All-India Spinners Association have been paying an uneconomic price?
- Mr. Ghosh.*—They have been paying 4·8 annas.
- Mr. Anklesaria.*—You say that when they were getting on an average Rs. 26·8 per maund, they were quite satisfied.
- Mr. Mitter.*—At Rs. 26·8 per maund it would work out at more than 5 annas.
- Mr. Ghosh.*—If it is somewhere near 6 annas, the area under mulberry would certainly increase.
- Mr. Anklesaria.*—But you want Rs. 30.
- Mr. Ghosh.*—Yes, if I could get it.
- Mr. Anklesaria.*—May I know whether the Mysore filature silk is at least equal to the best silk produced in Bengal?
- Mr. Ghosh.*—I have had no occasions to compare the two but I believe it will be.
- Mr. Anklesaria.*—The fair selling price of Mysore silk would be Rs. 5-12 and yet they would make a profit of 15 per cent.
- Mr. Mitter.*—We cannot accept that figure. Mysore conditions do not apply to us.
- Mr. Anklesaria.*—In that case, you would admit that in the competition between you and Mysore, you would be nowhere.
- Mr. Mitter.*—Of course, we shall not be in a position to compete in the beginning. After some time, we will also be able to lower our cost of production. But my point is this: how can Mysore sell at Rs. 5-12.
- Mr. Anklesaria.*—On that price, they expect a profit of 15 per cent. also. Here is the prospectus in which they say that. (Shown).
- Mr. Mitter.*—In the prospectus many things are said. About this nistid and nismo Mr. Ghosh has said just now that we have actually distributed to 800 rearers. I have since obtained the figures. We distributed to only 45 rearers in 1937-38 and in 1938-39 we have supplied so far 550 kahans but the actual number of rearers I cannot give you offhand. The main point is that "nistid" "nismo" are still on an experimental stage and therefore no conclusion is to be drawn on the results of nistid and nismo distributed to a very very few selected rearers.
- President.*—Do you hold out any hope for nistid and nismo.
- Mr. Mitter.*—We cannot commit ourselves to anything yet.
- Mr. Roughton.*—You are uncertain of the crop in the middle of the rains.
- Mr. Ghosh.*—Yes.
- Mr. Anklesaria.*—Have you investigated the possibilities of boropalu?
- Mr. Ghosh.*—We are still trying the proper method of refrigeration and hibernation.

31. THE JAPANESE CHAMBER OF COMMERCE; CALCUTTA.

Evidence of Messrs. T. KANO, T. ABIKO, M. FUJIBAYASHI,
H. YAMAMOTO and T. KUROSE, recorded at Calcutta
on Thursday, the 13th October, 1938.

President.—Mr. Kano, you are the President of the Japanese Chamber of Commerce?

Mr. Kano.—Yes.

President.—Mr. Abiko, you are the Vice-President of the Japanese Chamber?

Mr. Abiko.—Yes.

President.—Mr. Fujibayashi, you are a Committee Member?

Mr. Fujibayashi.—Yes.

President.—Mr. Yamamoto, you are also a Committee Member?

Mr. Yamamoto.—Yes.

President.—Mr. Kurose, you are the Honorary Secretary?

Mr. Kurose.—Yes.

President.—Before I begin to ask you a few questions, I would like to know whether you have been supplied by my office with a set of questionnaires which the Board has issued from time to time.

Mr. Kurose.—We have received two questionnaires—the general questionnaire and the questionnaire for importers and traders.

President.—We have not received any replies to those questionnaires. I really wanted your reply to the general questionnaire dealing with the cost of production.

Mr. Kurose.—We are merchants—not an expert in this line. We do not know the cost of production.

President.—I thought you might get into touch with the people from whom you are purchasing silk.

Mr. Kurose.—As Bombay is the most important importing market, we requested the Bombay Japanese Chamber of Commerce to do so.

President.—I wonder whether you are aware that we did examine the Japanese Chamber of Commerce, Bombay.

Mr. Kurose.—Yes.

President.—They didn't give us any replies.

Mr. Kurose.—When they replied to you they sent us copies.

President.—They didn't reply with regard to the cost of production.

Mr. Kurose.—We are merchants here. Naturally we do not know about these technical matters.

Mr. Anklesaria.—We were told that we would get replies in Calcutta.

Mr. Kurose.—Is that so?

President.—Manufacturers, I understand, are not able or don't want to disclose their cost of production to the merchants to whom they are selling their goods. Is that correct?

Mr. Kurose.—They (merchants here, viz., importers) get the offer from Japan and according to the offer, they are selling here.

President.—Is Calcutta a big market for your imports?

Mr. Fujibayashi.—Seaborne trade figures show that.

President.—You have established a Japanese Chamber of Commerce here and the reason why I want to know is whether the trade considers itself so important as to establish an Association.

Mr. Kurose.—The Chamber is established for all trade generally and not particularly for silk.

President.—It is not confined to raw silk and silk goods only.

Mr. Kurose.—No.

President.—As far as your activities of silk trade are concerned, think you have left the matter to the Bombay Japanese Chamber Commerce.

Mr. Kurose.—Yes, but not entirely. Their market is big. So it but proper that the matter should be handled there.

President.—I will just go through your Memorandum. On the very last page you have given us the imports of raw silk into India for the last 10 years. You have given it from 1927-28 to 1936-37 and if you look the Japanese imports, for 1927-28 they were 62,564 lbs. and the average price per lb. was Rs. 6-3-4. I take it that the average value you have given is for the whole of the production and not for Japanese silk only.

Mr. Kurose.—This is the average of the whole.

President.—If you take your Japanese silk alone, it will be a little over Rs. 5.

Mr. Kurose.—Yes.

President.—If I take only the Japanese, it comes to Rs. 5-4. I am talking of the 1927-28 figure. If you take the years from 1926-27 to 1936-37 there is a drop from Rs. 6-3-4 to Rs. 3-7-3.

Mr. Kurose.—The lowest figure is for 1936-37.

President.—So the drop is about 50 per cent. In the case of the Japanese silk the value is Rs. 3,308,736 for 974,746 lbs. It comes about Rs. 3-3. These are all c.i.f. prices?

Mr. Kurose.—Yes.

President.—Therefore the drop is slightly less in Japanese prices than we find in the total drop.

Mr. Kurose.—Not only the Japanese prices, but also others have dropped.

President.—In the case of others they have dropped more. You have given the Board the reasons for the decline in the price. You say "Decline in price is attributed to worldwide factors. Drastic depreciation of price has taken place not merely in India but also in Europe and America". Can you account why there has been such a big drop in 10 years of about 50 per cent.? Do you think the Government is giving any subsidy or providing any assistance to the manufacturers. If you look at the figures given by you on the very first page, you will find that during 1927-33 (the period before protection) the imports were 1,808,571 lbs. and the value Rs. 9,389,618 whereas during the period 1934-37 (after protection) the quantity has remained practically the same—1,828,456 lbs.—but the value has gone down to half Rs. 5,202,866.

Mr. Kurose.—Silk is an article in which the prices fluctuate—the same as in the case of jute in India. In some cases the drop is more than half.

President.—In April 1934 the protective duty was levied which worked out to Rs. 1-10 per lb. and 1935 prices are 50 per cent. down in spite of Rs. 1-10 duty. There can be only two reasons which suggest themselves one is active help from the Japanese Government and the second is that the cost of production must have substantially been reduced.

Mr. Kurose.—In India jute and cotton industries are to some extent protected by Government. In the same way every country is helping their own industries.

President.—Can you give us some idea as to the kind of assistance which the Japanese Government is giving to the silk industry?

Mr. Kurose.—We are merchants and we do not know.

President.—Could you ascertain and let us know?

Mr. Kurose.—If you write to the Indian Trade Commissioner in Japan, he will make enquiries and let you have the information.

Mr. Roughton.—What is the freight on raw silk from Japan to India?

Mr. Fujibayashi.—2½ per cent. on value.

Mr. Roughton.—How does that compare with the price of other commodities?

Mr. Fujibayashi.—Usually silk is charged at the *ad valorem*, because it is valuable goods. So we can't exactly compare it with other goods.

Mr. Roughton.—It must be possible to compare the freight on silk with the freight on other articles.

Mr. Fujibayashi.—It is higher.

Mr. Roughton.—How much does it come per bale?

President.—What is the system under which the importers of Japanese goods are doing business in India? If you can give us an idea, we will be able to get all the details about costs regarding which you have first hand knowledge.

Mr. Fujibayashi.—We buy generally c. i. f.

President.—Delivered in Bombay or Calcutta.

Mr. Fujibayashi.—In both places.

President.—What charges do you pay in India?

Mr. Fujibayashi.—After c.i.f. we pay duty, landing charges, trade commission.

President.—Are there no merchants amongst you who buy on f.o.b. basis?

Mr. Fujibayashi.—No.

President.—We were told in one of the publications that the expenses of finishing, examining, packing, transport and commission on sale amount to 40 yens per bale of 133 lbs. which at the exchange of 79 yen per Rs. 100 comes to 3 annas 10 pias per pound.

Mr. Fujibayashi.—Including transport?

President.—Yes including everything. Would that be correct?

Mr. Fujibayashi.—Yes.

President.—Your members are wholesale merchants and you give it to the retail merchants who come and purchase from you.

Mr. Fujibayashi.—Yes.

President.—Do you import both raw silk and silk goods?

Mr. Fujibayashi.—Not much in silk goods.

President.—Is there a big market for raw silk?

Mr. Fujibayashi.—Not so big as Bombay. 20 per cent. is consumed here.

President.—What is the difference in price between Bombay and Calcutta?

Mr. Fujibayashi.—It differs according to the condition of the market.

President.—Are you able to get better prices than in Bombay?

Mr. Fujibayashi.—It depends upon the demand and supply.

Mr. Raughton.—There may be a difference of few annas, sometimes in favour of Calcutta and sometimes in favour of Bombay according to the condition of the market.

Mr. Fujibayashi.—If the stuff is good and the demand is good, naturally the price will go up.

President.—Who are your main consumers?

Mr. Fujibayashi.—Weavers in Benares and some weavers in Bengal and the United Provinces. There are several weaving centres up there.

President.—Most of your silk is consumed by the handloom weavers.

Mr. Fujibayashi.—Yes.

President.—Have you been able to examine the Indian raw silk?

Mr. Fujibayashi.—Yes.

President.—How do you compare the quality?

Mr. Fujibayashi.—It is similar.

President.—You don't think there is much variation with regard to the quality.

Mr. Fujibayashi.—Qualities of Japanese, Kashmir, Mysore and Bengal.

President.—What qualities are at present being imported into India from Japan?

Mr. Fujibayashi.—The same quality as lotus brand which is manufactured in Kashmir.

President.—With which quality of Japan, will lotus compare?

Mr. Fujibayashi.—I can't say exactly. We are importing middle grade of Japanese silk.

President.—Are there no names?

Mr. Raughton.—Can it be E, F, G, H?

Mr. Fujibayashi.—E or G grade.

President.—Can you tell us the reason why there was a decline in 1935 of Japanese prices and towards the end of 1936 they jumped up by over a rupee? Have you seen the movement of prices of Japanese silk during the last 5 years?

Mr. Fujibayashi.—You can ask the Trade Commissioner.

President.—This is a point which the importers ought to know, because it affects you. If the price goes up, it means that you are unable to sell at a profit unless there is a big market for your product.

Mr. Fujibayashi.—The price here follows the tendency in Japan at that time.

President.—In 1935 the price of Canton silk was higher than the price at which the Japanese sold their silk in India. It is true that at that time they tried to send bonded silk into India?

Mr. Fujibayashi.—No.

President.—When did the bonded silk come into India?

Mr. Fujibayashi.—That I cannot say.

Mr. Raughton.—It has been admitted that in the year 1934-35 and 1935-36 bonded silk which was in the hands of the Japanese Government came into India in large quantities.

Mr. Kurose.—We are getting goods from Japan. We do not know whether what we are getting is bonded silk or not.

President.—The price at which the Japanese raw silk is sold has got a great deal of influence on the Indian prices. If you sell your silk at an unremunerative price, i.e., at a price below your cost of production, it stands to reason that the silk which you are selling is not the silk which is really marketable but is sold with the assistance of Government.

Mr. Kurose.—Those things are not the concern of merchants here.

President.—I am afraid the merchants are very much concerned with the imports and prices of Japanese silk.

Mr. Kurase.—We do not know whether it is bonded silk or not.

President.—Your own publications say that it is bonded silk. You say that you do not know well I am surprised. This information is also contained in the Japanese Silk Year Book.

Mr. Kurase.—The merchants are not investigators.

President.—They must investigate these things. When you show so much solicitude for the Indian masses and Indian handloom weavers I thought you might be able to give us a correct idea. You are now opposing protection on the ground that you are producing a high grade fixture silk and that it is a kind of silk which is wanted by handloom weavers. You also say that there have been imports in spite of protection and therefore the only people who have been benefited by the increase in the duty are the few sericulturists who stand to gain by the sale of their products. Having regard to that point it is necessary for the Board to investigate the prices and the qualities of Japanese silk.

Mr. Kurase.—Yes.

President.—I cannot get any information from you. Is the reduction in price due to any deterioration in quality or due to Government help?

Mr. Kurase.—It depends upon the market condition.

President.—I want you to give me an idea of that condition. It is the duty of the importer to give us the whole picture. As far as price movements and the qualities of silk are concerned, if an importer does not keep himself in touch with them, he is not a merchant. American market and the Yokohama prices have got a great bearing on the Indian prices.

Mr. Kurase.—These things we merchants do not know.

President.—I call you Indian merchants because you trade in India.

Mr. Kurase.—We do not know these things. If you write to the Indian Trade Commissioner in Japan, you will be able to get definite information.

President.—You are unable to give me the reasons why the value has gone down so considerably. The value has gone down by half in spite of protection. You have read the Tariff Board report and you know the basis on which protection is granted. We arrive at a fair selling price and then take the c. i. f. price of the imported silk. The industry is enjoying protection to the extent of Rs. 1-10 per lb. the industry complains that owing to the reduction in the price of foreign silk by 50 per cent they are unable to sell their silk. So I want to know the reason why there has been such a big fall in value although the quantity during the period of protection has remained practically the same. I suppose you are unable to answer that question.

Mr. Roughton.—With regard to the bonded silk, it has been admitted that it came in large quantities about the year 1934-35. There is no secret about that. It is admitted by your Chamber of Commerce in Bombay. What we are interested in at the moment is whether it is still coming in and if so to what extent. Is any coming in at present here in Calcutta? We are told for instance that it is classed as 'G' by the Japanese classification. Can you tell me whether any of that silk is now being imported into Calcutta?

Mr. Fujibayashi.—Yes. (The 'G' grade silk is imported in this market but we do not know whether it is bonded silk).

Mr. Roughton.—Is it only to a small extent?

Mr. Fujibayashi.—Yes, not much.

Mr. Roughton.—Roughly our information is so far as Bombay is concerned it is about one-fourth or one-fifth of what came in the year 1934-35.

Mr. Fujibayashi.—Recently the import has decreased much.

Mr. Roughton.—I was just going to ask you about that.

Mr. Fujibayashi.—The Seaborne statistics show the recent tendency of imports.

Mr. Kurose.—This year—January to August—the import has decreased very much. It is about one-third of last year.

Mr. Roughton.—I have seen the figures for Bombay. It was much less. I have not seen the figures for Calcutta. You are referring to the total imports. Can you tell us the reason for that?

Mr. Fujibayashi.—Due to the worst condition of the Indian market.

Mr. Roughton.—At the same time the Chinese imports have risen very considerably.

Mr. Fujibayashi.—Their prices are cheaper.

Mr. Roughton.—Their prices have gone down compared to the Japanese.

Mr. Kurose.—It is mostly Canton silk.

Mr. Roughton.—What is Japan doing with that class of silk which she would ordinarily be exporting to India? Is she exporting to other countries?

Mr. Fujibayashi.—That may be consumed in Japan itself.

Mr. Roughton.—There must be a slight surplus owing to the drop in the exports to India?

Mr. Fujibayashi.—That depends upon circumstances.

Mr. Roughton.—A law has recently been passed the object of which is to prevent too great fluctuations in prices of silk.

Mr. Fujibayashi.—Yes.

Mr. Roughton.—That law has been translated to us as the Raw Silk Stabilisation Act. That was passed in 1937 or somewhere about that.

Mr. Fujibayashi.—Yes.

Mr. Roughton.—The method of its working was to fix the maximum and minimum prices and then when it went either above the maximum or below the minimum the Japanese Government stepped in in some way to keep the price between these two limits. Have these prices been fixed at all? Has the law come into practical working?

Mr. Fujibayashi.—That I cannot say.

Mr. Roughton.—You must know the official prices in Japan. I am not criticising that Act in any way because obviously every one will agree (it is done in all countries as a rule) that prices should be stabilised. I want to know as we have not received any information whether the Act has actually come into operation.

Mr. Fujibayashi.—The Indian Trade Commissioner would be able to help you in that direction. We have only got some newspaper reports.

Mr. Roughton.—What are the maximum and minimum prices?

Mr. Fujibayashi.—The minimum price is something like 600 yen and the maximum 900 yen.

Mr. Roughton.—For the special grade it is 900 Yen and for the lower grade 600 Yen.

Mr. Fujibayashi.—Not according to the grade. There have been no occasions to have the law brought into force.

Mr. Roughton.—It has not been found necessary to bring the law into force.

Mr. Fujibayashi.—No.

Mr. Roughton.—What is the maximum rate?

Mr. Fujibayashi.—900 Yen.

Mr. Roughton.—It varies between 900 and 500 Yen.

Mr. Fujibayashi.—They have been taken from previous records. The highest was 4,000 Yen. This figure is abnormal. They have taken a reasonable latitude.

Mr. Roughton.—Of course the prices will be fixed from time to time—once a year—according to the market.

Mr. Fujibayashi.—Yes.

Mr. Roughton.—We have to depend a good deal on what are called Japanese spot prices. Can you tell us the exact method by which these prices are fixed? Are there any records of actual sale?

Mr. Fujibayashi.—There are two systems of fixing prices. One is forward price and the other spot price. Spot price means the price of the day.

President.—Spot means ready.

Mr. Fujibayashi.—Yes.

Mr. Roughton.—I want to know how that price comes to be fixed. There must be a number of transactions.

Mr. Fujibayashi.—There is an Exchange in Yokohama and they get every day quotations.

Mr. Roughton.—Is it done much in the same way as the prices quoted in the papers for securities on the Stock Exchange?

Mr. Fujibayashi.—Something like that.

Mr. Roughton.—Have you had any occasion to examine the quality of the Chinese silk which is selling at a very low price? Is there any difference in quality compared with what it was two or three years ago?

Mr. Fujibayashi.—I do not know exactly but it seems to be of the same quality as that imported two or three years ago.

Mr. Roughton.—Do you think that the quality is the same as before.

Mr. Fujibayashi.—Yes, I think so.

Mr. Roughton.—Would you say that the present fall in price in India is due more to the price in America or possibly to local and temporary causes such as the war between Japan and China?

Mr. Fujibayashi.—It depends upon the condition of the market in India.

Mr. Roughton.—About a year ago or perhaps less than that there was a sudden drop in prices of raw silk. Previously they went up for a year or 15 months. The drop occurred in the beginning of this year. Do you know what the reason for that is?

Mr. Fujibayashi.—That I cannot tell exactly.

Mr. Roughton.—This year the drop occurred in the early months and the rise occurred at the end of 1936.

Mr. Fujibayashi.—The fall in the price this year is chiefly due to the low price of Chinese silk.

Mr. Anklesaria.—Can you tell us whether you find the stocks of Japanese silk in India low or high?

Mr. Fujibayashi.—Moderate.

Mr. Anklesaria.—I suppose whatever is stated in your replies is based on authority?

Mr. Fujibayashi.—Yes.

Mr. Anklesaria.—You say the value of your imports since protection was granted has been half of what it was before protection came in. Do I understand that the reason is that the cost of production in Japan has been halved since protection was granted. You sell at a lower price than

before protection was granted: do you mean to say that your cost of production has been lowered?

Mr. Fujibayashi.—We do not know how they manage it. We are not aware of conditions in Japan.

Mr. Anklesaria.—You are a merchant and you ought to be able to tell us why you have been able to sell at such a low price compared to the price before protection was granted.

Mr. Fujibayashi.—We cannot say.

Mr. Anklesaria.—In your answers to the questionnaire you say that the protection granted is excessive, but in spite of its being excessive it has not checked imports?

Mr. Fujibayashi.—It has not increased much.

Mr. Anklesaria.—Would you agree with me that if protection is increased imports will be checked. At present the protection is not sufficient to check imports.

Mr. Fujibayashi.—Of course.

Mr. Anklesaria.—You say the weavers would be the sufferers if we increase the tariffs on raw silk. If we increase the duty on fabrics the weavers would not suffer.

Mr. Fujibayashi.—But the general consumer will suffer.

Mr. Anklesaria.—Can you suggest any other method of developing our silk industry than by protective tariff?

Mr. Kurose.—You send men to study how they do it in Japan.

Mr. Anklesaria.—Provided Japan is willing to give assistance to the Indian people when they go there! Is there a Japanese Rearers' Association in Japan?

Mr. Fujibayashi.—There are.

Mr. Anklesaria.—That Association publishes figures of cocoon prices every year?

Mr. Fujibayashi.—I do not know.

Mr. Anklesaria.—You have got a paper called *Nichi Nichi* in Tokio. I suppose the reports published in that paper regarding the sericultural industry in Japan would be correct?

Mr. Fujibayashi.—I cannot say. Even in India some papers give correct information and some may give wrong information. The same thing applies to Japan!

Mr. Anklesaria.—In the *Nichi Nichi* of 21st January 1938 it is stated that it was decided at a meeting with the Agriculture Minister that the maximum and minimum prices of raw silk should be fixed, the maximum being 950 yen and minimum 520 per 100 kin.

Mr. Fujibayashi.—Yes, about that.

Mr. Anklesaria.—And about 40,000 bales for the purpose of opening new markets were stocked.

Mr. Fujibayashi.—We do not know.

Mr. Anklesaria.—You cannot say whether the Japanese Government give a subsidy to the rearers?

Mr. Fujibayashi.—I do not know. The Japanese Government is helping the sericultural industry just as it helps other industries, but how they are helping we do not know.

Mr. Anklesaria.—You have got a two market system as regards silk in Japan, that is to say there is a price for the home market and another price for external markets.

Mr. Fujibayashi.—Not exactly.

Mr. Anklesaria.—In what respect does my statement require qualification?

Mr. Houghton.—Is there a distinction between silk for the home market and silk for export?

Mr. Fujibayashi.—They are different grades.

Mr. Houghton.—You have got different grades for home consumption and different grades for export?

Mr. Fujibayashi.—There is a Government inspecting bureau and goods which pass inspection can only be exported.

Mr. Houghton.—That is to say only better silk is exported?

Mr. Fujibayashi.—Generally. The prices differ.

Mr. Anklesaria.—You say the silks that are exported to India are E and G class?

Mr. Fujibayashi.—I did not say that. I only compared those with the 'Lotus' brand of Kashmir.

Mr. Anklesaria.—What class do you generally export to India? We were told in Bombay that you send the lower qualities.

Mr. Fujibayashi.—D, E, F and G.

Mr. Anklesaria.—Are the qualities consumed in Japan superior to the qualities sent out to India?

Mr. Fujibayashi.—I think it is about the same. But I am not a technical man; I cannot tell you exactly.

President.—It does not require any technical knowledge to find out what kind of silk is sold in Japan.

Mr. Fujibayashi.—There are different qualities.

President.—The manufacturer puts his goods on the market and he tells you what the quality is. For instance take the Lotus. Lotus is known all over India and all over Europe and it does not require any technical knowledge to know that it is Lotus.

Mr. Anklesaria.—You say in the last paragraph that the tariff is excessive. Why do you say that?

Mr. Fujibayashi.—Is there any country in the world where import duty is assessed on the raw material? In America raw silk is free.

Mr. Anklesaria.—I agree that raw silk is not protected in any sericultural country, but the reason is that countries which do not produce raw silk enough for home consumption cannot possibly protect it. It can only help the sericultural industry by other means. But in the case of India we have got a very bright prospect of developing the industry to the extent not only of satisfying the home market but even competing with foreigners outside the home market. As you know, India was an exporting country a few years ago and was successfully competing with the best producing countries in Europe. You will agree that in that case if by protection the raw silk industry in India can be developed then it should be protected.

President.—Are you dealing in artificial silk?

Mr. Fujibayashi.—Yes.

President.—Is there a large market for it in India?

Mr. Fujibayashi.—Not a very large market.

President.—What is the position of the artificial silk industry in Japan?

Mr. Fujibayashi.—The industry is developing every day.

President.—Is it competing with real silk?

Mr. Fujibayashi.—Not exactly.

President.—By the introduction of artificial silk yarn has the Japanese silk industry been affected as regards consumption and production?

Mr. Fujibayashi.—It has.

President.—Therefore to that extent it has taken the place of that material.

Mr. Fujibayashi.—Not so far.

President.—Does it compete with cotton?

Mr. Fujibayashi.—Not at present but in the long run it will affect cotton.

President.—What are the present prices of artificial silk yarn?

Mr. Fujibayashi.—About 12 annas per pound, for 160 denier.

President.—Is that the only quality which is coming?

Mr. Fujibayashi.—About 90 per cent. is 160 denier.

President.—Is it twisted or single?

Mr. Fujibayashi.—Single.

President.—Very little twisted is coming?

Mr. Fujibayashi.—Yes.

President.—What about staple fibre?

Mr. Fujibayashi.—It is a brand new thing; some imports are registered in the seaborne trade statistics from April of this year.

President.—Are there goods made entirely out of staple fibre?

Mr. Fujibayashi.—Yes.

President.—How do they compare with artificial silk?

Mr. Fujibayashi.—They cater for different tastes.

President.—Will it compete with spun silk goods?

Mr. Fujibayashi.—Staple fibre is used in a different way.

President.—Staple fibre is generally used in Japan for mixtures?

Mr. Fujibayashi.—And also by itself.

President.—Are you importing any staple fibre goods into India?

Mr. Fujibayashi.—Only yarn.

President.—At what price?

Mr. Fujibayashi.—About Rs. 1-6 to Rs. 1-8 a pound for 2/80s.

President.—Are you getting any coloured staple fibre?

Mr. Fujibayashi.—No.

President.—What about spun silk. Are you importing any spun silk yarn?

Mr. Fujibayashi.—No. For the last two years there are no imports since the duty was raised and as a consequence staple fibre and artificial silk are being substituted in its place by the weavers.

Mr. Houghton.—During the last year or so, I believe I am correct in saying, that the imports of artificial silk goods have fallen off. Can you tell me the reason?

Mr. Fujibayashi.—During last year (actually meant the year 1936-37 and the year previous to it) there were large imports of cut pieces which we call fents in place of artificial silk goods.

President.—Do you deal in artificial silk piecegoods?

Mr. Fujibayashi.—Yes, to a very small extent.

President.—You don't keep yourself in touch with the markets?

Mr. Fujibayashi.—Not very much.

Mr. Anklesaria.—As regards the competition between silk and artificial silk, the production of artificial silk and staple fibre has increased in Japan, whereas the production of silk has not decreased. It has remained stationary.

Mr. Fujibayashi.—Yes.

President.—Is there any other point which you would like to place before the Board?

Mr. Fujibayashi.—No.

32. BENGAL NATIONAL CHAMBER OF COMMERCE, CALCUTTA.

Evidence of Dr. N. SANYAL representing the Bengal National Chamber of Commerce assisted by Mr. A. P.

CHAUDHURY, Bengal representative of the All-

India Spinners' Association, Mr. S. BAGCHI,

Mr. J. N. SEN-GUPTA, Mr. S. R. BISWAS

and Mr. S. SEN, recorded at Calcutta

on Friday, the 21st October, 1938.

President.—Shall we begin?

Dr. Sanyal.—Yes, but before we start we should introduce ourselves. I am representing the Chamber. Mr. Chaudhry is the representative in Bengal of the All-India Spinners' Association. He is the Local Secretary of the All-India Spinners' Association engaged specially in reviving the Silk Industry in Bengal and Mr. Sen is assisting him so far as Malda District is concerned. Mr. Bagchi is a silk expert whom you already know. Mr. Sen-Gupta is our Secretary and Mr. Biswas our Assistant Secretary.

President.—You are the person who represents the Chamber?

Dr. Sanyal.—Yes.

President.—You are also a Member of the Committee?

Dr. Sanyal.—I am Member of the Executive Committee of the Bengal National Chamber of Commerce. I am also representing the Murshidabad Silk Association on the Chamber. At the outset I may be permitted to explain one or two matters before you begin to cross-examine us. That is in connection with the written evidence submitted already. I might be permitted to explain that the written evidence covered rather a wide range of subjects and required statistical evidence on some questions which was very difficult for a non-official organisation to collect. You will realise that in spite of that, we have tried our best to get some information from the members in the trade. I personally went over to the districts to try and collect some figures. However, we find now on verification that some of those figures are not correct. When the examination goes on, I should like to explain where the discrepancies lie and why the discrepancies have crept in.

President.—When did you discover these discrepancies?

Dr. Sanyal.—When you wanted us to give oral evidence, we examined the figures again and we went over and asked those who are actually concerned. We thereafter found certain discrepancies, but, I trust, these are not very vital.

President.—It would have been far better if you had submitted a revised statement.

Dr. Sanyal.—It would not be possible for us to get your valuable guidance over again. It is better to proceed on the statement we have submitted and if necessary we will correct it later on.

President.—In view of what you have stated, I had better take the replies to the questionnaire first before I take the general observations and if any of the points contained in the general observations are not covered by the questionnaire, then we might take them up separately. The first important question is with regard to the mulberry cultivation.

Dr. Sanyal.—Yes.

President.—Are your acreage figures correct?

Dr. Sanyal.—I am afraid the figures that we got were taken from the district revenue figures. The collectorate compiles figures for lands on which specially high rate of rent is collected, because mulberry is produced. These mulberry-producing lands are separately classified and recorded. The figures that we got relate to such Collectorate Department figures which do not show lands necessarily under actual cultivation of mulberry. We have discovered since submitting our replies to the Board that the figure would be near about 25,000 bighas only or between 7,500 to 8,000 acres.

President.—Does this figure of 63,000 bighas show to what extent cultivation can be expanded?

Dr. Sanyal.—I suppose so. This is a figure which actually shows the amount of land that at one time had been under mulberry cultivation, otherwise they would not have been marked as mulberry land. Even now the land revenue is assessed on the assumption that these lands are capable of producing mulberry.

President.—But how can they be assessed if the land is not utilised? Is it utilised for some other crop?

Dr. Sanyal.—Just now many of these mulberry lands are utilised for other crops.

President.—Though they have got to pay land assessment according to the mulberry cultivation.

Dr. Sanyal.—Yes and, as a result, many of the old tenants have surrendered their lands.

President.—Have you brought this to the notice of the Government?

Dr. Sanyal.—Government know it already.

President.—Can you tell me the difference in the assessment rates between the ordinary land and the mulberry land?

Dr. Sanyal.—The assessment on ordinary land in Murshidabad varies from 12 annas to Rs. 1-8 a bigha whereas for mulberry land it varies from about Rs. 3 to Rs. 6 a bigha. The average may be put at Rs. 4-8. The last Tariff Board took about Rs. 5.

Mr. Roughton.—Is ordinary land capable of producing mulberry crop?

Dr. Sanyal.—Yes it can, provided the land is specially raised and improved by ditches all round and no water is permitted to go near it.

President.—If adequate protection is granted for a period, do you think in Bengal as many as 131,000 acres of land would be utilised for mulberry which was the case in 1901?

Dr. Sanyal.—It may not be as much as that, because it all depends upon the quantity of raw silk that may be absorbed. It will go on side by side.

President.—The quantity of raw silk which is now consumed in this country and which has been the average for the last 5 to 10 years is somewhere about 40 lakhs of pounds.

Dr. Sanyal.—150,000 maunds. We have calculated about 40,000 maunds.

President.—Do you think that this figure is likely to be reached or do you think that now most of the land have gone out of mulberry cultivation, only your figure of 21,000 acres would be the correct land under extension?

Dr. Sanyal.—At the present moment I would stick to 21,000 acres, because those 1901 figures could not be depended at this length of time in 1938. Many of those lands have now been converted into mango groves.

President.—That is what I thought. What about your figure of the people who are dependant upon mulberry.

Dr. Sanyal.—There also our figures were obtained mostly on a certain basis which appears now to be open to objection. We presumed—and that is also true—that neither coolers nor those who were engaged in rearing were fully occupied for 12 months in a year and they had to depend upon some other occupation, namely agriculture. So when your question was about the number of people dependent entirely on sericulture, we had to put

in that we didn't consider there were any here engaged whole time, but presumably these men who were engaged largely in reeling and in rearing were to be considered as persons dependent mainly on mulberry cultivation and sericulture. We estimated that about 12,000 (10,000 on rearing and 2,000 on reeling) families would be the proper figure. We worked out our calculations on the basis of 3 to 4 persons per family, so that ultimately the number of persons would be 35,000 to 40,000; the same as was the figure laid before you by the Government of Bengal, namely 6,000 families were engaged.

President.—You mean the evidence tendered by Government two or three days ago.

Dr. Sanyal.—Yes.

President.—And not the evidence tendered on the last occasion.

Dr. Sanyal.—Not at all. As a matter of fact figures were supplied to us, to the All-India Spinners' Association about the number of reelers district by district in the different areas from 1929-30 onwards to 1935 and those figures tally more or less with the figures given by the Government Members in their evidence day before yesterday.

Mr. Anklesaria.—I am not able to follow you. You say in answer to question (1): "It is extremely doubtful if the industry to-day provides the sole and exclusive occupation of any section of the people" Is that correct or not?

Dr. Sanyal.—If you presume that 6 months' engagement could give them exclusive employment, it is correct. Your question misled us.

Mr. Anklesaria.—I am sorry.

Dr. Sanyal.—We presumed that you had in view persons who were engaged throughout the 12 months, but you might be knowing it by this time that neither the reelers nor the growers could be engaged the whole of the 12 months on their jobs.

Mr. Anklesaria.—Do you or do you not admit that the sericultural industry in Bengal is a subsidiary industry to agriculture?

Dr. Sanyal.—No. Many of them have had to take it as a side industry, because just now there has been a falling off in the income from mulberry cultivation. They have to depend on other agricultural operations. Originally they were mainly dependent upon mulberry and sericulture.

Mr. Anklesaria.—I am talking of the present period.

Dr. Sanyal.—Even now we have figures to show that with many the main occupation is still sericulture. With agriculture as subsidiary occupation the line of demarcation is very difficult to make. In a particular year when the price of cocoons is high, that becomes the main occupation, but in other years when the price of paddy is high, people go over to that.

Mr. Anklesaria.—What is your figure about people solely and exclusively engaged in Sericulture in Bengal? You said you have collected figures.

Dr. Sanyal.—These figures give us about 6,000 families in 1936-37.

President.—On page 2 you state that the rearers, reelers and weavers being mostly poor are in the clutches of the moneylending jobbers who appropriate to themselves the major share of the profits of the industry. How that is achieved?

Dr. Sanyal.—This is of course more general. At the present moment the organisation of the industry

Mr. Anklesaria.—I have not made myself understood. Reelers are not sericulturists in the sense which we have used. I am talking of silk worm rearers.

Dr. Sanyal.—With regard to rearing you must be knowing by this time that ordinary agriculturists carry on the operations of rearing in one of their rooms. It takes a few weeks and then they sell cocoons. During the other parts of the year they do carry on the ordinary agricultural operations.

Mr. Anklesaria.—The reason why I put this question is that the Government Officers who supplied to us figures say that silk worm rearing is entirely carried on by 79,000 people and reeling is entirely carried on by 5,335.

Dr. Sanyal.—I presume 79,000 would be divided by 5 to show the number of families. They don't show the number of people engaged.

Mr. Anklesaria.—They say the number of people engaged.

Mr. Chaudhry.—18,000 families. I can give you figures district by district if you want.

Mr. Anklesaria.—You don't talk of individuals in your replies. In your reply you say: "It is extremely doubtful if the industry to-day provides the sole and exclusive occupation of any section of the people in the silk districts of Bengal".

Dr. Sanyal.—It all depends on what sense you use the term.

President.—You don't give any reply. I want to know the present condition of the labour, the reelers, the rearers and the weavers. Are you able to verify the statement that they are in the hands of the moneylenders and all their profit is taken by them?

Dr. Sanyal.—We have said a substantial portion of their profit.

President.—Substantial means almost.

Dr. Sanyal.—The industry has been in a disorganised state in the last few decades and that is because of the continued setback and depression. It is the moneylenders that have to advance to the rearers money both for purchase of their seeds as well as to help them in marketing and for the purchase of mulberry. These moneylenders have two systems. You must have got them in the old Tariff Board's Report. The same thing is going on still. The moneylenders obtain twofold benefits—by the supply of preliminary capital for the actual equipments and operations and by helping them in marketing also, so that it is through them that both the processes have to pass and the actual rearers very largely depend upon the moneylenders.

President.—Are not rearers mulberry cultivators?

Dr. Sanyal.—Not in all cases. In most cases, yes.

President.—What would be the proportion?

Mr. Chaudhry.—Mostly they are, but they don't produce their entire requirements of mulberry leaves.

Mr. Roughton.—That may be. They have got to purchase a certain quantity. How do they have recourse to moneylenders for marketing?

Dr. Sanyal.—All the cocoons that are produced are brought to the moneylenders so that his advances may be realised and it is through the moneylenders that the cocoons are sold.

Mr. Roughton.—Here you say: "Reelers generally purchase from rearers who have to be paid in cash".

Mr. Chaudhry.—In some districts rearers do not themselves reel. It is seldom that the rearers reel. The master reelers receive advances of money from the general merchants on interest and these master reelers purchase the cocoons at as low a rate as possible and then they reel the yarn. Just when the season begins, they go with the sample lot to the merchant. The merchant offers the price and then when he goes on reeling after about 15 days he brings in another lot. The merchant says: "The price has gone down. I have just received a wire that it is 8 annas less." The reeler has no other alternative but to sell the yarn to him. Then there is a clique. If the reeler goes from his shop to visit another, a man is sent behind him and the next man offers him two annas less. In the end he has to supply the yarn at whatever price the merchant quotes. He cuts down the price as low as possible at the cost of the quality. The quality of the yarn deteriorates and these merchants go on cutting the rates.

President.—That has nothing to do with the point put forward here.

Mr. Chaudhury.—That is how they are exploited. As soon as the master reeler feels that the price has gone down, he pays less rate to the rearers. On the merchant in the town depends the whole structure.

Dr. Sanyal.—The object of the answer is to give you the information, if you are anxious to know, whether there is any co-operative organisation or any direct method under which these rearers could sell their produce without any middlemen coming and intervening.

President.—Personally I interpret your reply as meaning that as there is no organised cocoon market. Cocoon producers have got to rely on reelers and as there are no independent reelers, reelers have to depend upon the weavers and as there are no independent weavers, the merchants have got the full control over the industry.

Dr. Sanyal.—That is very largely true. It should not be presumed that this is the organisation for the entire industry.

President.—That means the merchant does the squeezing and takes away all the profit.

Dr. Sanyal.—The merchant, on the other hand, would come and say that he is not squeezing. In fact his profits have become very uncertain now because of the rate cutting.

President.—Is there no organisation in existence which supervises and does something to help the condition of the rearers and the reelers?

Dr. Sanyal.—They can't help in any way in marketing and supply.

President.—With regard to production they can. They can help the mulberry cultivators and the rearers.

Dr. Sanyal.—They don't touch even the fringe of the problem.

Mr. Anklesaria.—Who are these moneylenders? What is their position with regard to the rearers?

Dr. Sanyal.—They are the merchants who ultimately sell these cocoons to the reelers and take back from the reelers the reeled silk and supply the reeled silk to the weaver.

Mr. Anklesaria.—In return for the loans which they give to the rearers?

Mr. Chaudhury.—They are both merchants dealing in the commodity as well as investors of money.

Mr. Anklesaria.—Do they invest by lending money to the rearers?

Mr. Chaudhury.—Yes. The master reeler advances money to the rearers under a contract. Whenever cocoons are sold in the market say at Rs. 22, he gets them at Rs. 20 or so.

President.—How do you know that the price is Rs. 22?

Mr. Chaudhury.—They offer in the market and buyers come and that is how the rates are settled. They get reeled some yarn—just a sample lot—and offers are made. The price is dictated by the master reeler at the instance of the merchant in the town.

Mr. Boughton.—Why does the rearer borrow?

Mr. Chaudhury.—For the purpose of cultivating mulberry. He grows the mulberry himself.

Mr. Anklesaria.—For his own maintenance he has to borrow?

Mr. Chaudhury.—Yes.

President.—Will you please refer to your reply to question 3 with regard to the yield of silk?

Dr. Sanyal.—Here we have got to modify the figure of 63,000 bighas of land in the light of what we have said previously.

President.—Apart from that, I am talking about the 60 maunds of leaves per bigha. Is that figure correct?

Dr. Sanyal.—I think so.

President.—That means 180 maunds per acre.

Dr. Sanyal.—Yes.

President.—Is it 180 maunds of leaves?

Mr. Chaudhury.—Yes, with twigs.

President.—What would be the proportion of twigs?

Dr. Sanyal.—It would be about one-third.

President.—It is on the low side.

Dr. Sanyal.—One-third twigs and two-thirds leaves.

President.—Have you ever weighed them?

Dr. Sanyal.—No.

President.—I don't think that is a point which could be conjectured.

Mr. Chaudhury.—Where a conjecture has to be made, it is better for us to say that we do not know.

Dr. Sanyal.—We have consulted others but we have not found it possible to give you an exact figure.

President.—Have twigs any food value apart from leaves?

Mr. Chaudhury.—No.

President.—What is then the use of putting twigs?

Mr. Chaudhury.—It is sold like that.

President.—Is it for increasing the weight of leaves?

Mr. Chaudhury.—It is cut like that and sold.

Mr. Anklesaria.—Does it involve less labour?

Mr. Chaudhury.—Yes.

President.—The buyer purchases leaves with twigs.

Mr. Chaudhury.—If he purchases leaves alone he will have to pay nearly 50 per cent. more. So it is all the same for the buyer. If he purchases leaves with twigs he pays less.

President.—What about the figure of $1\frac{1}{2}$ maunds of cocoons given in the same reply? Is that correct?

Dr. Sanyal.—Yes, if 60 maunds of leaves are assumed to be correct.

President.—Let us not assume that. How many pounds of leaves are required to feed a pound of cocoons?

Dr. Sanyal.—24 lbs.

President.—With twigs?

Dr. Sanyal.—Yes.

Mr. Chaudhury.—For rearing 100 lbs. of cocoons they would require 2,400 lbs. of leaves with twigs.

President.—That is equivalent to 1,200 lbs. of leaves.

Mr. Chaudhury.—Yes. You can calculate it as 1,200 lbs. of leaves or 2,400 lbs. of leaves with twigs.

President.—Let us take 1,200 lbs. of leaves for 100 lbs. of cocoons.

Dr. Sanyal.—It makes no difference so long as proper allowance is made in respect of price. After all these leaves are not sold as leaves. They are sold with twigs.

President.—But I want to get at the price of leaves. The twigs are of no use.

Dr. Sanyal.—They are not quite useless. If the leaves are cut as leaves, they would not stand transit. By the time these leaves are fed to the worms, they would dry up.

President.—What is the distance between the rearing house and the place where the mulberry is grown.

Dr. Sanyal.—How is that going to help us?

President.—We want to understand the position about leaves. In order to arrive at the cost of a pound of silk, we must know the cost of mulberry

cultivation, seeds, cocoons and lastly silk. I cannot come to the silk stage unless I know how many pounds of leaves are being consumed.

Mr. Chaudhury.—It may be useful to know all that in arriving at comparative results. But for our purpose for 100 lbs. cocoons twigs and leaves cost Rs. 12-8 annas. Whether the leaves are mixed with twigs or not, it does not make any difference to us.

President.—After all, if protection is granted, it is going to be granted not for Bengal but for the whole of India.

Mr. Chaudhury.—We have never taken the leaves separately.

President.—I have already asked the Government representatives to work out the figures for us.

Mr. Chaudhury.—It would be better if you could give us about 6 days' time. If we say 1,200 lbs. or that it will be one-third, it will be simply a conjecture. We won't be on sure ground. If you give us a week's time we will be able to give you reliable figures.

President.—Leaves are not mixed with twigs in other parts of India. You say that 1½ maunds of cocoons yield 3¼ seers of raw silk. How many pounds of cocoons make one pound of raw silk?

Dr. Sanyal.—If it is good class cocoons it would be 16 lbs. The average would be about 18 lbs.

Mr. Chaudhury.—From our experience during the last two years I can give you figures. We purchased during that period 137,275 pounds of cocoons from which we reeled 7,444½ lbs. of silk. The Rendita worked out at 18-4.

President.—Have you taken double cocoons into consideration?

Mr. Chaudhury.—No. These are Nistari and Chhotopolu.

President.—Why don't you take the other two varieties of worms which give better silk—Nistad and Nismo?

Mr. Chaudhury.—They have just been introduced. We do not know how they will fare.

President.—I was told by the Government representatives that they had passed the stage of experiments. They expect that the future production out of these will be 50 per cent. more.

Mr. Chaudhury.—We are in a very unfortunate position. In Bengal the Sericultural Department tried to introduce these things into the villages. There is an endless quarrel between the Department and the villagers. Therefore it is a risk which we do not dare take. It would be better if the Sericultural Department undertook these experiments and made them a success. Then it would be possible for the villagers to take them up.

President.—That is what I am telling you. The Sericultural Department of Bengal have made them a success and are distributing them now. That is why I want to know why you are not in a position to get these seeds.

Mr. Chaudhury.—I will tell you. We have got a number of rearers from whom we get the supply.

President.—Which place do you exactly mean?

Mr. Chaudhury.—Malda and Murshidabad-Birbhum border.

President.—How many rearers are there?

Mr. Chaudhury.—I will give you the exact figures. In 1937 as many as 647 rearers in Malda sold to us 1,026 maunds of cocoons for Rs. 26,910. In Birbhum, i.e., the border between Birbhum and Murshidabad though we purchased cocoons we could not give you the weight because they sold to us by number. In our centre we purchased Rs. 4,458-11-3 worth of cocoons which was reeled to produce 897 pounds of silk valued at Rs. 5,873. In this connection I wrote to the Department and said that we were in touch with these rearers and that we would like very much to have disease-free layings. The Department has not got any arrangement as yet to supply us disease-free layings. They supply only seed cocoons. If we give these to our rearers we cannot possibly guarantee that they are disease-free.

President.—These are out of disease-free layings.

Dr. Sanyal.—Government do not guarantee that they are disease-free.

Mr. Chaudhury.—Though they are reared out of disease-free laying, there is no knowing that the moth which will come out and lay eggs will also be disease-free. The present arrangement of the Sericultural Department is to supply seed cocoons. The aim must be to supply disease-free layings. Before doing that, if we try and introduce new things or new worms, we are doubtful about the results.

President.—What is the price at which you are able to get the seeds?

Mr. Chaudhury.—Rs. 1-8 per seer for seed cocoons.

Mr. Roughton.—All rearers are not subject to the malpractice that you have described?

Dr. Sanyal.—There is a different organisation.

Mr. Chaudhury.—We want to revive the industry. We know that we are going to revive it. For that purpose we have to pay certain scales of remuneration. At the rate at which we have been paying the cost of a pound of silk comes to Rs. 7 a lb. We have our men stationed in these villages.

Mr. Roughton.—It is not correct to say that every rearer has difficulty in selling?

Dr. Sanyal.—Not every rearer but the bulk of them.

Mr. Anklesaria.—Do you mean the majority of them?

Dr. Sanyal.—They have been working only for the last two years. They are not able to organise the industry yet.

Mr. Chaudhury.—We would like to have it extended to the whole industry through the Government Department.

Mr. Roughton.—Are there any other similar agents who undertake the business of purchasing?

Mr. Chaudhury.—No.

Dr. Sanyal.—The All-India Spinners' Association is a non-profit making social service organisation.

Mr. Chaudhury.—We have been practising in the case of hand spinning.

Mr. Anklesaria.—Are you making any loss?

Mr. Chaudhury.—No. We are paying 3 per cent. interest on capital and making some profit at the end of the year. It is stipulated that the profit is to be the property of the workers. We borrow money. We have just arranged with the Imperial Bank to borrow Rs. 3 lakhs and we have borrowed Rs. 1,50,000 from the Bank of India by hypothecating our stocks.

President.—You say that the cocoon production can go up to a lakh of maunds per year. What is the present production? You say "The Chamber has been informed that the production of cocoons can be increased many times overgoing up to even a lakh of maunds per year." The present production will be 4½ lakhs of lbs. of silk.

Dr. Sanyal.—That is on the basis of 63,000 highas.

President.—We were told that the present production is about 5 lakhs of lbs.

Dr. Sanyal.—The present average is about 25,000 highas.

President.—No, about 30,000 highas. As regards your reply to question 8, I would like to know what is the present position with regard to the negotiations with the University of Calcutta?

Dr. Sanyal.—We know nothing about it.

President.—You say "The Chamber understand the Department of Industries, Bengal, is at present negotiating with the University of Calcutta in regard to the production of suitable type of mulberry leaves and also in regard to the quality of the races of worms."

Dr. Sanyal.—We took that from the Government publication entitled "Five year plan".

President.—We had a discussion with the Director on this subject.

Dr. Sanyal.—They might have this under contemplation.

President.—You say in your reply to question 11 "About 40,000 eggs are produced from an ounce of seed".

Dr. Sanyal.—That is the foreign country's figure.

President.—Is it a foreign country's figure?

Mr. Bagchi.—Yes.

President.—It does not say foreign.

Dr. Sanyal.—It does not say Indian either.

President.—This is a reply to our question which implies Indian.

Dr. Sanyal.—We have subsequently examined this. This is what we got from books relating to foreign countries.

President.—The figures given by the Government of Bengal are different.

Mr. Chaudhury.—If we calculate from seed cocoons, the result that we get is 100 lbs. of cocoons from 20 ounces of seed cocoons. We can also calculate the other way about.

President.—One ounce is equal to 140 layings.

Mr. Chaudhury.—Calculating at 140 layings per ounce and the yield at 80 times, the result will be 35 lbs.

President.—Have you taken the wastage?

Mr. Chaudhury.—Yes.

President.—What percentage have you taken?

Mr. Chaudhury.—One ounce of seed cocoon will yield 840 cocoons; of these 320 are mothers so that 320 layings can be had at the most. Out of that if there is a loss of 10 per cent. it might work up to 31.5 lbs.

President.—Loss is 25 per cent.?

Mr. Chaudhury.—We do not know that loss at all.

President.—You do not know the wastage with regard to eggs. When you say 25 per cent. worms are lost owing to disease, it is a mere conjecture?

Mr. Bagchi.—I don't say 25 per cent. From Nistari we get 17,500 eggs from an ounce of seed and from chotopala 9,000 to 10,000 approximately and the loss in Bengal is about 25 to 30 per cent. in the course of rearing, whereas it has been mentioned 5 per cent. less, that is to say 95 per cent. hatched out and made cocoons and they get about 40,000 and the loss is about 5 per cent.

President.—Which country has got multivoltine?

Mr. Bagchi.—There is no country which has got multivoltine. This should be univoltine.

Dr. Sanyal.—The idea was to give a comparative estimate. We do not know about these technical matters; we got information from Mr. Bagchi as to what would be the number of eggs and we got these replies from him. Mr. Chaudhury's figures being from a more practical point of view are more dependable because he has actually done it in his own farm.

President.—The cost of cultivation of mulberry you have put down at Rs. 200 and the recurring expenditure as Rs. 75 per acre per year which works out roughly to Rs. 25 per bigha.

Dr. Sanyal.—It varies from Rs. 35 to Rs. 25.

Mr. Chaudhury.—We can give you details. For one bigha they use 25 cartloads of manure for which they have to pay Rs. 8; labour for manure is Rs. 2 and other labour comes to about Rs. 15.

President.—What is the wage per day?

Mr. Chaudhury.—For this sort of work we do not employ females. Males get 4 to 5 annas per day.

President.—This has been calculated on that basis?

Mr. Chaudhury.—Yes. We called for these details from village cultivators and they have also to pay the rent.

President.—What is the rent?

Mr. Chaudhury.—On an average Rs. 5 per bigha for mulberry land and for this Rs. 30 expense if they sell the leaves they earn about Rs. 37.

President.—You say in answer to question 29 that the mulberry crop has been replaced by jute cultivation.

Dr. Sanyal.—It is an unfortunate mistake; it is not jute. It should be mango trees and sugarcane in some places and various vegetables, cauliflowers, brinjals and so on. Jute has been cultivated only in one place.

President.—What does the cultivator get from this crop?

Dr. Sanyal.—About Rs. 50 per bigha. This is near about the towns, so that it pays him to pay Rs. 5 or Rs. 6 rent. In the case of mango if there is a good year it somehow pays because there is no continued labour on that throughout the year. In mulberry districts many of these mulberry lands have been converted into mango groves; in parts of Murshidabad large plots have been converted into vegetable producing land. Only in some plots of Mirzapore jute was sown.

President.—In answer to question 21 you give 10 seers on an average from an ounce of seed. Is that again foreign?

Mr. Chaudhury.—In that connection I would like to say a word. In the case of mango or other crops if the income falls below Rs. 30, he has no option but to fall back upon cultivation of crops which will bring less than Rs. 30 because he is not in a position to sell silk and carry on mulberry cultivation.

President.—What is the price of silk which you have assumed?

Mr. Chaudhury.—We have been purchasing silk at Rs. 7 a lb. Our two years records show Rs. 7-0-0 per lb. That is the average, and on that basis if a rearer grows his own mulberry, it would give him Rs. 80.

President.—What is the cost of cocoon you have calculated?

Mr. Chaudhury.—Our actual purchase rate of cocoon comes to 4-8 annas per pound.

President.—What is the cost?

Mr. Chaudhury.—If the cultivator goes on purchasing seed cocoon and depends upon his own mulberry plantation and if we calculate the price of leaves at one pie per pound, it works out to 4-33 annas and if he is to purchase leaf at 1½ maunds to 2 maunds per rupee, it works out to 1-3 pies per pound of leaf, then it will come to 4-92 annas per lb. of cocoons.

President.—What is the percentage of people who have got their own mulberry cultivation.

Mr. Chaudhury.—Just at present I cannot give you the information but we will send it on to you later.

President.—You can also send me the details as to how you arrive at 4-92 annas as the cost per lb. of cocoons.

Mr. Chaudhury.—For producing 100 lbs. of cocoons the following expenses have to be incurred:—

	Ra. a.	
Seed cocoons—20 oz.	1 0	
Cost of appliances	0 3	
Other expenses	1 8	
Labour	9 0	This includes cost of home labour.
Total	14 8	

To the above sum of Rs. 14-8 if we add the value of 2,400 lbs. of leaves necessary for obtaining 100 lbs. of cocoons at the cost of production, i.e., 1 pie per lb. then the value of leaves will come to Rs. 12-8 and the total cost of producing 100 lbs. cocoons will be Rs. 27. But if the rearer has to purchase leaves at 1-8 pice per lb., he will have to pay Rs. 16-4 for 2,400 lbs. of leaves and the total cost of production will come to Rs. 30-12. When the total cost is Rs. 27 per 100 lbs. the cost per lb. comes to 4-32 annas per lb. When the total cost is Rs. 30-12 for 100 lbs. the cost per lb. comes to 4-92 annas per lb. of cocoons.

President.—How have you arrived at this labour charge of Rs. 9?

Mr. Chaudhury.—They have got to employ extra labour. In addition to the home labour they have got their paid servants.

President.—This is for rearing?

Mr. Chaudhury.—Yes.

President.—What about cultivation? When you arrive at a figure of 1 pie per lb. have you taken family labour into consideration?

Mr. Chaudhury.—For that they generally employ outside labour. That I have put at Rs. 15.

President.—If they have leaves from outside the cost comes to 4-92 annas?

Mr. Chaudhury.—Yes. The man who has his own leaf also purchases something from outside.

President.—How many lbs. of cocoons do you get from an ounce of seed?

Mr. Chaudhury.—I cannot say what will be the yield per ounce of seed.

President.—How have you calculated 4-92 annas per lb.?

Mr. Chaudhury.—We say seed cocoons 20 ozs. yield 100 lbs. of cocoons.

President.—That is the basis you have taken?

Mr. Chaudhury.—Yes. That is what we actually got in the villages from our own people.

President.—Look at your answer to question 24. You have given the price of cocoons as Rs. 14 to Rs. 20 per maund.

Dr. Sanyal.—That was before 1937.

President.—In 1937-38 there was better price for raw silk.

Dr. Sanyal.—We had better price. We have got actual charts (shown) which indicate our rates.

President.—4-92 annas is your cost and your average price comes to 4-78 annas?

Mr. Chaudhury.—It does not always lie with the rearer.

President.—In answer to question 25 you give the price of 6 lbs. of raw silk as Rs. 30, which comes to Rs. 5 a pound, and you are able to sale at Rs. 7 per lb.

Dr. Sanyal.—These were figures that were taken on an uneconomic basis which were actually prevailing and which had not been paying. The All-India Spinners' Association levelled it up by raising it to such a figure where they find it attractive to rearers. Their figures have been higher.

President.—The question is whether the weaver can afford to purchase raw silk at Rs. 7 per lb. After all raw silk unless it is woven is useless and therefore the whole judgment must rest with a weaver, as to whether he is in a position to pay Rs. 7 per lb. for raw silk.

Mr. Chaudhury.—If the weaver is able to sell his woven stuff he does not mind paying it. We have wholtime weavers for our purpose—I will give you the number—and we give them fixed scale of wages.

President.—How many pounds of silk are you able to sell at that price?

Mr. Chaudhury.—It was 339,000 lbs. last year. In Malda in 1937 we got raw silk 7,444½ lbs. from 137,275 lbs. of cocoons and from our Birbhum

centro we got 807 lbs of raw silk from cocoons whose weight is not known but the value of cocoons was Rs. 4,468 and the finished raw silk was valued at Rs. 5,873.

President.—That is a very small quantity.

Mr. Chaudhury.—We are waiting for the day when we shall have power from Government to get it protected.

President.—Surely you do not need protection when you can realize Rs. 7 per lb.?

Mr. Chaudhury.—We are now selling at Rs. 7 and it has been appreciated that if the price can be raised to Rs. 7 this will stimulate sericulture. We do not say that everybody outside will be paying Rs. 7 but in our limited sphere we are paying at that rate and we have found that with this rate the sericultural industry has received a stimulus, however, little it may be.

President.—It is all right for you to purchase raw silk at Rs. 7, but the question is whether you are able to dispose it off.

Mr. Chaudhury.—The cloth which we have sold is made out of our own yarn. We have got to carry on propagaunda.

President.—Your organisation is based more or less on the swadeshi movement?

Mr. Chaudhury.—Yes.

President.—And that is why you have got a monopoly of the market. The man who is, so to say, nationalistic in outlook supports you.

Mr. Chaudhury.—I put it just the other way: if I have got to earn from our people I have got to feed them and if I do not pay them fair wages I am not going to get my share. Whenever I am going to feed my rearers and reolers, I know that they will feed me also.

Dr. Sanyal.—You are quite correct when you say that it is only possible because of patriotic sentiments and their organisation has been based on the Congress propagaunda.

President.—I know the organisation. I had something to do with it at the time of the Cotton Textile Enquiry.

Dr. Sanyal.—As a matter of fact they have their own shops, their own sales organisation.

President.—Yes, I know.

Dr. Sanyal.—They also have the system of marking out certain specific products as the A. I. S. A. products.

President.—I cannot take those figures as figures for the ordinary rearer nor can those figures be judged with regard to protection.

Dr. Sanyal.—Those are the figures which would be very helpful.

President.—I say those figures are based not on the market price, nor on actual conditions of the market.

Dr. Sanyal.—Those are the prices which have stimulated trade and those are the figures which would help you to practically demonstrate what would be the minimum basis on which the industry could be developed.

President.—Your point is that the protection should be given in such a manner that the reeler should be able to dispose of his silk at Rs. 7 a pound.

Dr. Sanyal.—The figures given by the Bengal National Chamber of Commerce are the figures which prevailed in the market under competitive conditions.

President.—You have given me a price, but I want to get the minimum price at which I can stimulate the growth of the industry without injuring the consumer.

Dr. Sanyal.—I will demonstrate to you that that minimum price could not be anything less than Rs. 7.

President.—We will come to that later on, but then the price of Rs. 5 which you have given is the market price.

Dr. Sanyal.—Yes.

President.—You say in Bengal there were power driven filatures.

Dr. Sanyal.—Some time back.

President.—Were there at any time power driven filatures?

Dr. Sanyal.—There were a number of them.

President.—Where were they?

Dr. Sanyal.—In Beldanga in Mursidabad.

President.—By whom were they controlled?

Dr. Sanyal.—Messrs. Anderson Wright and Company.

President.—You have no personal knowledge.

Dr. Sanyal.—I have seen the factory which is run by steam power.

President.—Our information is otherwise. That is why I am asking you.

Dr. Sanyal.—I can't tell. It was certainly a steam process.

President.—We were told that there was some steam, but they were not power driven.

Mr. Raughton.—It is really a collection of inferior charkhas.

President.—You have given the number of cocoons to produce a pound of raw silk—8 kahans. Now one kahan is 1,280 cocoons.

Dr. Sanyal.—Yes.

President.—How many cocoons have you taken to a pound?

Dr. Sanyal.—We have given the number only.

President.—You say 8 kahans.

Dr. Sanyal.—10,240 cocoons.

President.—What is the weight?

Dr. Sanyal.—The weight has not been given.

President.—Unless you give me the weight, I can't work it. I do not know whether there are 700, 800 or 600 cocoons.

Mr. Sen.—600 to 700.

President.—It would be less rendita in that case. 18 would not be the rendita.

Mr. Chaudhury.—18.4 was the actual.

President.—This would not correct. 8 kahans is the weight basis. When we talk of a pound, it must resolve itself into a weight basis. For Nistari what have you taken?

Mr. Chaudhury.—We have worked out the number.

President.—This number doesn't tally. If you take Nistid and Nismo 4 kahans mean 5,120 cocoons.

Dr. Sanyal.—These figures have been given by the Murshidabad Silk Association and they got it from Mirzapore. Our friends have worked out on Malda figures.

President.—These figures require some explanation.

Dr. Sanyal.—I will explain later.

President.—You say 75 grams of raw silk can be obtained from 300 cocoons. Mr. Bagchi, kindly convert this into pounds.

Mr. Bagchi.—3.75 kilogrammes of standard quality. 375 grammes of raw silk is obtained.

President.—How many grammes make a pound?

Mr. Bagchi.—1,000 grammes.

President.—You have given me in answer to question 29 the cost of producing one seer of silk.

Dr. Sanjal.—There I have got to submit for your consideration that figures given are absolutely on an uneconomic basis of production as is prevalent now, and those figures were supplied to us by the Mirzapore men. We find on examination that these figures are not what we should have been supplied with. The figures that we now give are more dependable. The cost of cocoons we also assumed at 4 annas per lb. We were told that 10 acres of cocoons would make a seer of silk. We find, however, that unless we get 18 lbs. we can't get one pound of silk. The price also if we want to raise to an economic level would be 5 annas and not 4 annas. That would give us nearly Rs. 12 for the cocoon itself. We have, however, allowed for something between 16 and 18, because at certain seasons we can work at much less than 18 lbs. to a lb. So we have assumed Rs. 11 as the actual cost of cocoons on an average. The cost of labour has been stated as Rs. 1-12. This includes a boy's labour for two days.

President.—You produce one pound per day?

Mr. Chaudhury.—Yes.

President.—How many hours do you work?

Mr. Chaudhury.—6 to 8 hours.

President.—We were informed in Bengal that the practice is to work 10 hours.

Mr. Chaudhury.—They work at home.

President.—You say 6 to 8 hours.

Mr. Chaudhury.—Yes.

President.—What is the wage you have taken for the reeler?

Mr. Chaudhury.—We have assumed Rs. 1-8 for making two pounds, that is to say 12 annas for a pound. One day we pay 12 annas for two persons.

President.—Cost of labour is Rs. 1-8.

Mr. Chaudhury.—Yes.

President.—What about fuel and supervision?

Dr. Sanjal.—It is very much underestimated. It ought to be at least 8 annas. Establishment comes to 8 annas. This makes Rs. 13-8 per seer. That is Rs. 6-12 per lb.

Mr. Roughton.—Is that a sort of an ideal price?

Dr. Sanjal.—That is the price which might just suit the industry.

President.—Are these the actuals to-day?

Dr. Sanjal.—Our friends' figures have been a little more than that.

President.—These are the things which you would like us to take into consideration for protection.

Dr. Sanjal.—These are actuals.

Mr. Chaudhury.—In Malda cost of labour and water charges is As. 11-0½.

President.—Let us take the cost of cocoons first.

Mr. Chaudhury.—I shall do that later on.

	As. p.
Cost of labour and water	11 0½
Fuel	4 1
Miscellaneous and depreciation	1 2½
Interest on capital, supervision, etc.	6 8

President.—What capital have you taken into consideration?

Mr. Chaudhury.—We generally allow to the master reeler an interest of 12 per cent.

President.—What amount does he borrow?

Mr. Chaudhury.—Rs. 1,000 to Rs. 1,200.

President.—When you calculate the interest, you must have taken some amount.

Mr. Chaudhury.—We have allowed on the whole expenses incurred on these particular items.

President.—What is the amount on which the interest has been calculated?

Mr. Chaudhury.—Offhand I cannot tell you. The actual amount spent on these particular items throughout the year works up to Aa. 6-8. The total is Rs. 1-7-9. Calculating at 4-8 annas per pound of cocoons at that rendita the cost of cocoons comes to Rs. 5-8-8½. The total comes to Rs. 7-0-5½.

President.—Is this per pound?

Mr. Chaudhury.—Yes. In Birbhum it is a little less.

President.—You are paying them Rs. 7-0-6 per lb.

Mr. Chaudhury.—Yes.

President.—So that you are not paying any price on patriotic basis.

Mr. Chaudhury.—We don't say that we are paying any patriotic price.

President.—It comes to patriotic price when you see the market price.

Mr. Chaudhury.—We don't claim to have paid patriotic price.

President.—If you pay Rs. 2 higher than the market price, it means patriotic price.

Mr. Chaudhury.—That is the price at which the industry could go on. I will read out a paragraph from a letter from the department that this rate has stimulated the industry in Bengal.

President.—That is all right. With Rs. 7 there is bound to be a stimulus.

Mr. Chaudhury.—Therefore protection is to be given to such an extent that the stuff could be sold for Rs. 7 per lb.

President.—Let us understand what protection it will amount to at Rs. 7 for raw silk?

Mr. Chaudhury.—If it is reeled. If it is re-reeled to make it standardised we would propose that 13/15, 28/30 re-reeled imported silk should not be sold in the Indian bazaar for less than Rs. 7-8 a pound.

President.—That means you allow 8 annas a lb. for re-reeled.

Mr. Chaudhury.—Yes, and we shall get another 4 annas by the sale of waste. That we have not calculated.

President.—That means Rs. 7-12.

Mr. Chaudhury.—That means Rs. 6-12-0. We shall get 4 annas waste per pound.

President.—How many lbs. of waste will you get?

Mr. Chaudhury.—In 1937 5-62 lbs. of silk yielded 5-3 lbs. of waste. In 1938 5-93 yielded 5-07 lbs. of waste and if we deduct the price of wastage, our price of raw silk will come to Rs. 6-12-6.

President.—That is the price you want.

Mr. Chaudhury.—That is unre-reeled silk. If we re-reeled it, we add at least 8 annas and then there is the sales organisation cost. The merchant has got to organise the sales. He must have 4 annas a lb.

President.—What about profit?

Mr. Chaudhury.—That is what I say.

President.—You want silk at Rs. 7-8.

Mr. Chaudhury.—Yes.

President.—What silk you will compare your silk with?

Mr. Chaudhury.—13/15, 28/30 Japanese filature silk.

President.—What is the present price?

Mr. Chaudhury.—Rs. 6-3 on September 15th in the Bombay market.

President.—Let us take Rs. 6-3 and deduct Rs. 2-1 duty. It comes to Rs. 4-2. This price of Rs. 6-3 includes profit and freight charges, because it is a price in Calcutta market.

Mr. Chaudhury.—Rs. 6-3 is the Bombay price.

President.—It must include the importer's profit. The duty you require is Rs. 3-8 per lb.

Mr. Chaudhury.—Yes as a temporary measure if we have to set our industry going. We have other items, Bengal best Varna compared with Canton and that has to be fixed at Rs. 6-8.

President.—What is the price of Canton?

Mr. Chaudhury.—Rs. 4-3-3 at present.

Dr. Sanyal.—This should be Rs. 6-8.

Mr. Chaudhury.—Ghora competes with Italian coarse silk. That ought to be fixed at Rs. 4.

President.—The c.i.f. price comes to Rs. 3-4. This also will be practically Rs. 6-8. Let us take the protection for the lower quality.

Mr. Chaudhury.—Ghora competes with Italian silk and the minimum price should be Rs. 4. We don't deal in that line.

President.—Coarse silk will be Rs. 1-12 to Rs. 1-14 per pound. Do you compare it with waste product silk? At present silk is classified under four heads: waste product, dupion, handreeled or native reeled and filature. Will this come under waste product or does it come under handreeled silk? You might look up and let me have the information.

Dr. Sanyal.—Yes.

Mr. Chaudhury.—Our price comes to Rs. 6-12. At this rate we are having any number of applications from the rearers to be enrolled.

President.—You say re-reeling is not practised in Bengal.

Mr. Chaudhury.—It is practised by the weavers themselves, but not for selling the yarn, re-reeled yarn. It is very seldom done.

President.—Therefore you have given 8 annas for re-reeling and that is done by the charkha man himself.

Mr. Chaudhury.—Yes, we are trying the reeling machines introduced by the Sericultural Department. We have two demonstration parties in our centres and they have introduced these reeling machines and re-reeling machines. We are trying to work them, but we do not know with what result.

President.—In answer to question 47 you say "25 per cent. of the silk produced in Bengal is consumed within the province". Is that correct?

Dr. Sanyal.—That is raw silk.

President.—I suppose it is a pure guess.

Dr. Sanyal.—May be. It was obtained from the Association.

President.—Can you tell me which are your important markets where you send your raw silk? How much of it is being consumed in the Bengal Presidency?

Mr. Chaudhury.—In our own establishment whatever we weave, we reel ourselves.

President.—8,000 lbs. is a very small quantity.

Mr. Chaudhury.—I can say only what I know.

President.—You say in reply to question 52 "The services of the various district administrative heads should be utilised for this purpose". Do you mean for the purpose of collecting statistics?

Dr. Sanyal.—Yes.

President.—What is the work that they are doing at present?

Dr. Sanyal.—They do not have any definite work in connection with the sericultural industry.

President.—Have you drawn the attention of the Local Government that you desire them to do this work?

Dr. Sanyal.—After some insistence we have got some figures from the Sericultural Department after we have submitted this note. We have been trying to get some figures but they could not be had. Nobody could give us any figures.

President.—In reply to question 59, you say that Tassar, Muga and Eri silk are facing serious competition from imported artificial silk yarn. What is the price of Eri silk?

Mr. Chaudhury.—We have got our own establishment in Assam. We paid Rs. 2-8 to Rs. 5.

President.—Whereas the artificial silk yarn is 13 to 14 annas per lb.

Mr. Chaudhury.—Yes.

President.—Originally Eri silk was sold in the Bhagalpur market.

Mr. Chaudhury.—Yes.

President.—Artificial silk is competing more with Eri silk than mulberry silk.

Mr. Chaudhury.—Artificial silk yarn which is coarse is competing with Eri and Matka silk.

President.—What is the price of artificial silk (twisted) yarn?

Mr. Chaudhury.—Rs. 1-2 per lb.

President.—We have been told that only a very small quantity is coming in.

Mr. Chaudhury.—The whole of the Bhagalpur market is flooded with artificial twisted silk.

Mr. Roughton.—Is it twisted silk yarn?

Mr. Chaudhury.—Artificial silk is probably competing with reeled silk and the spun silk is competing with Eri and Matka. Matka is spun from pierced cocoons.

President.—The spun silk is ousting Tassar and Muga silk.

Mr. Chaudhury.—Muga silk is in Assam. Spun silk (twisted) is ousting Matka and Eri silk and to a certain extent also Tassar. Bhagalpur used to produce a large quantity of Tassar silk but now it is all gone. As regards Bhagalpur, you will probably be able to get better figures from the Government of Bihar.

President.—You have also replied to the Importers questionnaire.

Dr. Sanyal.—They are more or less general.

President.—With regard to competition I want to know whether there is anybody here who can answer the points raised therein.

Mr. Chaudhury.—It is difficult to say.

President.—Now I shall take the letter which you have sent to the Board, dated the 25th August. You have given the amount spent by the Government of Japan as Rs. 1,20,00,000. Is that figure correct?

Mr. Bagchi.—Yes.

President.—Is that by the Central Government?

Mr. Bagchi.—Yes.

President.—Can you give the figure for the provincial Governments?

Mr. Bagchi.—I am trying to get the figures from the Consul General and from the Secretary, Commercial Museum. I have not yet received them.

President.—You say that the various Prefectures together spend double this amount?

Mr. Bagchi.—Yes.

President.—How much will that be?

Mr. Bagchi.—Near about Rs. 4½ crores.

President.—Now take the production. The production is about 1 million lbs.

Mr. Bagchi.—The average production is 1·7 million lbs.

President.—I want to work out how much money they are spending per lb. of raw silk because your Government are spending about a rupee per lb. of raw silk. The Bengal Government representatives said that their Government were spending Rs. 5 lakhs on an annual production of 5 lakhs of lbs.

Dr. Sanyal.—We were surprised when we read those figures in the newspapers. We could not find any basis for them. We looked up the budget (shown) for several years and could not make out how this figure was obtained.

President.—What is the figure given in the budget?

Dr. Sanyal.—The budgeted figure for 1938-39 is Rs. 1,54,000 for the entire Sericulture Department.

President.—Mr. Ghosh, can you say how much the Government of Bengal are spending?

Mr. Ghosh.—We made that statement off-hand. Afterwards we went into the figures. This is what we spend:—

	Rs.
Provincial budget	1,54,200
Government of India's grant	50,000
Silk Technological Institute	83,500
Demonstration parties	16,000
Total	3,03,700

President.—You cannot treat the Government of India grant as provincial.

Mr. Chaudhury.—Just as for stimulating the hand spinning industry—we give a bounty of one anna per square yard of khaddar produced—in the same manner I proposed to the Department that they can pay some bounty. In addition to what they spend they must agree to spend one lakh of rupees on 2 lakhs of lbs., i.e., 8 annas a lb. If they do that, we will reel good silk, re-reel it and sell it below the cost of production for some time.

President.—That amount has got to be increased according to production.

Mr. Chaudhury.—Yes.

President.—To-day the production is 5 lakhs of lbs.

Dr. Sanyal.—That is not correct.

President.—According to Government the acreage under mulberry is 10,000. You yourself have given 7,500 acres.

Dr. Sanyal.—It cannot be beyond 7,500 to 8,000 acres.

President.—We have to take the Government figure as correct unless it is challenged.

Mr. Chaudhury.—Even if their acreage figure is correct, the production cannot be more than 3 lakhs of lbs.

Mr. Bagchi.—Referring to the question of average production I would like to state in brief these facts:—

Japanese sericulture.

1·7 million acre under mulberries (11 per cent. of the cultivable land).

2½ million families engaged in sericulture.

350 million kg. of cocoons raised on average.

400 million yen price obtained on average by the sale of cocoons.

Sericulture labour—

6 annas 3 pies to 10 annas 5 pies for male.

4 annas 6 pies to 8 annas for female.

Average income from silk raising yen 239 = Rs. 185.

Price per maund of mulberry on average 12 to 14 annas.

Price of one gram hybridised silk worm eggs 1 anna 6 pies to 2 annas.

From 1 oz. of silk worm eggs about 40,000 ants hatch out and 5 per cent. only is lost in rearing.

Reeler's maximum wages yen 1.20 = Re. 1 per day.

Reeler's minimum wages yen .70 = 9 annas per day.

From 3.75 kg. standard quality cocoon 375 gr. raw silk is obtained.

President.—I want you to check the figure given by Government for production, viz., 5 lakhs of lbs. My own estimate is much below 5 lakhs of lbs.

Mr. Chaudhury.—We had an opportunity of going into the accounts of merchants. We give certificates to the merchants and go and audit their accounts. The biggest merchant in Malda had a business of Rs. 1,50,000 a year. On that basis we have calculated roughly in consultation with the merchants themselves and we find that the production can come to about 2 lakhs of lbs. If we give a bounty of 8 annas a lb. on reports produced on the production of silk, then the industry would have a stimulus.

Dr. Sanyal.—That would be in addition to protection provided by the Government of India.

President.—If you take the budget figures, the amount spent by the Government of Bengal comes to about 8 annas a lb.

Dr. Sanyal.—No.

President.—According to your own estimate, the production is about 3 lakhs of lbs. The budget provision is 1½ lakhs of rupees. So it comes to 8 annas.

Dr. Sanyal.—How much of that really fructifies in the market?

President.—I don't quite follow.

Dr. Sanyal.—They maintain officers and staff out of this Rs. 1/2 lakhs. These do not directly go to help the rearers and reelers.

President.—You mean that you do not get the proper value from these officers.

Dr. Sanyal.—We do not get any appreciable or noticeable effect in the market.

President.—If you take the amount spent by the Japanese Government and work it out in the manner I have done for Bengal, it comes to 5 to 6 annas per lb.

Mr. Chaudhury.—It will be a great help if we are supplied with disease-free layings from the department instead of seed cocoons.

Mr. Anklesaria.—What help you calculate per pound that the Bengal Government should give?

Mr. Chaudhury.—In addition to what they are spending on carrying on administration it would be of great help if we are allowed a bounty of 8 annas per lb.

Mr. Anklesaria.—How much does it work out per pound?

Mr. Chaudhury.—If it is 3 lakhs it works out at 8 annas per lb.

Dr. Sanyal.—You have got to examine what proportion of the total production in Bengal is touched by the Government department. If the Government department has so far been able to cater at the most for about 20 to 25 per cent. of the entire seed supply,—and that is where research, improvement of mulberry and supply of disease-free seed come in—we would

like to know what is the total amount of seed cocoons sold and that will give the total quantity of cocoons that can be reared out of that seed.

President.—With regard to this five year plan have you any suggestions to make? (Shown a book.)

Dr. Sanyal.—We have not yet given much attention to this publication, because we do not know whether that is actually the Government scheme. We will go into that in due course. It has yet to come. I think it is all in imagination yet. It must be admitted that since the new Government came in there has been a certain amount of attention paid to this industry. But since protection was granted in 1933 unfortunately there has not been much attempt made by Government to take advantage of it.

Mr. Anklesaria.—Dr. Sanyal, will you refer to your general statement, paragraph 2. You say "At the outset the Committee would stress that the Sericulture Industry by its very nature, requires active and substantial help from the Government not only for its development but also for its maintenance". What do you mean "By its very nature"? How does it differ from others?

Dr. Sanyal.—This industry has in it some dangerous features which if not checked by Government would not enable the industry to run on economic lines. For example there is the question of selection and supply of disease-free seeds for which Government measures are required.

Mr. Anklesaria.—Tariffs won't do that?

Dr. Sanyal.—Tariffs alone won't do that; other measures are necessary along with it.

Mr. Anklesaria.—You say the industry is on the verge of extinction.

Dr. Sanyal.—Yes.

Mr. Anklesaria.—Would you explain it further?

Mr. Chaudhury.—The number of men engaged in the industry, the number of acres of land under cultivation have all gone down.

Mr. Anklesaria.—Will the present figures justify that statement?

Dr. Sanyal.—It would show that there has been considerable deterioration.

Mr. Anklesaria.—Would you look at the opinion of the Bengal Chamber of Commerce? Would you confirm or contradict it?

Dr. Sanyal.—I cannot confirm this opinion. I would not say the industry is exactly dead but it is seriously endangered.

Mr. Anklesaria.—Would you qualify it?

Dr. Sanyal.—I would certainly not agree. There is no ground to think as these people state, that there will be no market anywhere else as the cloth made is too inferior. In fact I have on me one of the standard Murshidabad silk cloths and I would ask your opinion whether it can stand comparison with any other silk.

Mr. Anklesaria.—The allegation is that Bengal silk is not marketable in outside markets.

Dr. Sanyal.—That is not correct.

Mr. Anklesaria.—And the statement that it is not capable of further improvement is also not correct?

Dr. Sanyal.—That is so.

Mr. Anklesaria.—Can you tell me if Bengal silk had an external market?

Dr. Sanyal.—I was myself in England in 1927 to 1930 and I was asked by many Murshidabad merchants to find out important markets for silk handkerchiefs there. In fact my relations are engaged in that business and some firms in England had been purchasing Murshidabad silk even then, and I can certainly say that there was a market for *kora* silk and for printed handkerchiefs even so late as 1929-30.

Mr. Anklesaria.—What was the amount?

Dr. Sanyal.—It is difficult to say in definite figures, but even then there was this market and a lot of this silk was also going to South Africa.

Mr. Anklesaria.—You have already explained how the defective system of marketing deprives the cocoon producer of his legitimate profit.

Dr. Sanyal.—Yes.

Mr. Anklesaria.—At present he has to depend on the moucylender?

Dr. Sanyal.—He has been reduced to that stage but the position can certainly be improved.

Mr. Anklesaria.—You say the system of egg supply by the Government of Bengal is not of much use. What is your complaint about it?

Dr. Sanyal.—That quantity they supply is very inadequate. We cannot depend upon any agency in Bengal for giving us disease free seeds, either Government or any other organisation, and in silk production the availability of disease free seed plays such an important part that we do not think that any other agency can be depended upon except Government, and in that Government has failed.

Mr. Houghton.—Do you think that Government seed is not disease free?

Dr. Sanyal.—The proportion of disease free seed is not very large.

Mr. Anklesaria.—In the same paragraph you say that you require legislative action by Government prohibiting the use of diseased cocoons.

Dr. Sanyal.—Yes.

Mr. Anklesaria.—Your supply of disease free seed is absolutely inadequate and unless and until you have got disease free seed supplied to rearers it would not be proper to prohibit him from using whatever seed he can get.

Dr. Sanyal.—But unless we have some sort of legislation to prevent the use of disease free seed, there is the likelihood of disease free seeds being contaminated.

Mr. Anklesaria.—My point is this that so long as you have not got an adequate supply of disease free seed you cannot prevent the rearer from using any seed he gets.

Dr. Sanyal.—I am afraid we have to take it the other way. So long as you don't have enough quantity of disease free seeds for the whole of the requirements we ought to try by any means to protect every gramme of seed that you get and must save it from contamination.

Mr. Chaudhury.—Side by side we can arrange for the supply of more disease free layings.

Mr. Anklesaria.—You say the imposition of a high tariff alone will not help the silk industry.

Dr. Sanyal.—That is so.

Mr. Anklesaria.—Would not high tariff by increasing prices which the rearer and reeler would get induce him to bring about improvements?

Dr. Sanyal.—It will, but at the same time unless arrangements are made to bring to him the knowledge of other more scientifically advanced countries these high tariffs will not eternally be maintained and the industry will not be in a position to stand on its own legs.

Mr. Anklesaria.—If he gets a higher price he will go on producing cocoons.

Mr. Chaudhury.—How much more are you going to pay him so that he can maintain himself an establishment for the supply of disease free seed?

Dr. Sanyal.—Of course it will provide a big stimulus.

Mr. Anklesaria.—You talk of supply of capital by Government. Do you mean that Government should give subsidies to rearers and reelers?

Mr. Chaudhury.—There are co-operative societies; they might advance money at a lower rate of interest.

Dr. Sanyal.—At the present moment mahajans are not dealing fairly with these people and in order to get out of their hands some other arrangement

is necessary and we suggest that Government should provide cheap money through co-operative societies.

Mr. Anklesaria.—You were talking of 8 annas being paid to rearers as bounty. Do you think there are any administrative difficulties?

Dr. Sanjal.—None. As a matter of fact in the Congress Ministries they are providing such bounties for khadar production.

Mr. Anklesaria.—There are no difficulties at all so far as the Congress provinces are concerned?

Mr. Chaudhury.—There are no difficulties.

Dr. Sanjal.—In other protected articles also similar assistance to the industry has been in some cases suggested, e.g., in the case of salt. We have in Bengal a certain amount earmarked by the Government of India for helping the salt industry.

Mr. Anklesaria.—You say in some cases mulberry plants are grown on leased land. How many people approximately are cultivating mulberry on leased land?

Mr. Chaudhury.—That is something beyond our scope to answer. It must be a very large number. These are very poor people.

Mr. Anklesaria.—How do you put down the price of chawm at 4 annas?

Mr. Chaudhury.—There are hawkers who come and buy it and there are exporters who export it mostly to Italy.

Dr. Sanjal.—We understand that of late one mill has been started in Bangalore and there are local hawkers who collect this and export or sell it to the Bangalore factory.

Mr. Chaudhury.—About a year ago the price was very high but it is low now. We are trying to get it spun in our own establishment. We have just begun and are now carrying on experiments with 30 or 40 spinners.

Mr. Anklesaria.—You say filatures won't pay unless the quality of cocoons improve, so I take it Bengal silk is not fit for filatures?

Dr. Sanjal.—We want to have filatures and improved cocoons simultaneously. At the present moment it appears that in Nistari there is some wastage on account of flaws and the length that we get per cocoon is much less. But the same and Nistari varieties recently introduced gave better results.

Mr. Anklesaria.—In your answer to question 54 you say India requires about 45 million lbs. of raw silk. How have you calculated this?

Dr. Sanjal.—From the import figures.

Mr. Anklesaria.—India is able to produce about 21 million pounds?

Dr. Sanjal.—That is on the basis of the last Tariff Board Report.

Mr. Anklesaria.—You say in answer to question 60 (b) "The protection should mainly be granted in the form of import duty but the Chamber would request the Tariff Board to consider whether the situation does not call for direct financial assistance in the form of subsidies, both by the Central and Provincial Governments for the development of the industry on proper lines." Here you do not want loans but you want subsidy.

Dr. Sanjal.—We want it in the form of bounties. In fact we have both Protective tariff and bounties in view. We had discovered that in India in different centres there may be different level of costs. At the present moment it appears that the level of costs in Bengal is slightly higher than that of Bangalore, and you may have this idea as to what would be the quantum of protection under the circumstances. We felt that India as a whole must be taken as one economic unit and as in the case of the market the price in the market should not be based on the demand of the person who is prepared to pay the highest bid but on the marginal man, so if you protect the industry it should be adequate to the marginal producer. We also realise as students of economics that it would not be reasonable if we demanded that, for the sake of the comparatively less efficient producer in Bengal a higher rate of duty should be imposed than what may be suggested

for the whole of India. We have therefore suggested that there may be a common basis of protective duty for the whole of India, with a subsidy to Bengal in particular to bring down this level of cost in line with the other provinces. In any case the protection must be such as to prevent Japanese raw silk of 13/15 and 28/30 deniers coming in at any price less than Rs. 7-8.

Mr. Anklesaria.—You would admit that the benefits of protection would go unequally to the different sericultural areas. Some areas would get much more than others.

Dr. Sanyal.—That is bound to be in the nature of things. As a matter of fact even in areas where localised industries are existent, there may be units some of which may be representative, some super marginal and some working at a loss. The degree of protection will vary according to the efficiency of each even in the same localised area.

Mr. Anklesaria.—Areas which may not require any help from State action by way of tariffs would be getting tariffs and thus imposing a burden on the consumer which will be quite avoidable in their case.

Dr. Sanyal.—We don't suppose there is any area in India which can to-day stand entirely without any tariffs and again so far as the burden on the consumer is concerned, we must make it perfectly clear that the Sericultural industry stands on an entirely different footing from other industries, because this is a luxury industry. The consumers—a comparatively smaller number—would very much like to pay better prices if they are allowed to wear a better class of silk than what may be the case if the whole of India is flooded by cheap stuff which is passed on as silk. In the latter case there would be no preference for silk wearers at all.

Mr. Anklesaria.—You will admit that there are two classes of consumers, rich consumers and poor consumers.

Dr. Sanyal.—The poor consumers will use artificial silk.

Mr. Anklesaria.—The poor consumers would be using, as you said, artificial silk rather than pure Indian silk.

Dr. Sanyal.—If they like to have some kind of pleasure from wearing silk.

Mr. Anklesaria.—Can they afford to have it?

Dr. Sanyal.—It is not a vital thing for them. It is very much better to provide this important side occupation for agriculturists in some of these areas rather than have the empty pleasure of giving sentimental satisfaction to some poor men who would like to have cheap stuff.

Mr. Anklesaria.—Have you calculated the proportion of the artificial silk consumed by the Indian consumers and the pure silk goods?

Dr. Sanyal.—From the import figures we can have some idea, but we can't really give any definite proportion. We find for example from the import figures on an average raw silk works out to about 25 per cent., artificial silk about 60 per cent. and the rest by manufactured silk imported. This import figure of raw silk does not show the total raw silk user.

Mr. Anklesaria.—We can have some idea. You would not be satisfied with protective duties on raw silk only. In order to make these duties effective you will have to put protective duties on a wide range of commodities.

Dr. Sanyal.—As we have explained already, the line of demarcation is very poor. So far as artificial silk is concerned, it does affect the eri silk and matka silk to a large extent. There are always some men on the margin who would, for example, when they have to present something on marriage occasions, if they are poor, go in for a cheap stuff costing Rs. 3 rather than spend Rs. 8 on silk. This artificial silk is, on the one hand, displacing the lower grade silk and the higher grade cotton. In both cases so long as India is not in a position to manufacture artificial silk and find employment for her people, it is better to shut it out.

Mr. Anklesaria.—Do you think that the handloom weavers would be benefited or injured by the protective duty on raw silk?

Dr. Sanyal.—It is presumed that there will be some kind of hardship for the first year, but this hardship will be soon got over, as soon as we get more raw silk produced. These handloom weavers can easily be fed by the local produce. After all, the number of handloom weavers is always very much smaller than the reelers and rearers engaged in the trade.

Mr. Anklesaria.—I take it that Malda, Birbhum, Murshidabad and Rajshahi are the principal districts in which silk is produced.

Dr. Sanyal.—Yes, so far as silk production is concerned, it is correct. There is very little in Rajshahi, very little in Bankura. Malda, Murshidabad and Birbhum are the three principal districts.

Mr. Anklesaria.—From 1880 to 1935 prices of cocoons and prices of raw silk have varied considerably.

Dr. Sanyal.—Yes.

Mr. Anklesaria.—And still we find that the condition of the industry in all these four districts, we are told, has been the same right up to 1935.

Dr. Sanyal.—It has never been the same.

Mr. Anklesaria.—The production has been the same.

Dr. Sanyal.—I am afraid I cannot really agree with this, because there is no actual statistical evidence available for these years.

Mr. Anklesaria.—Are you in a position to contradict these statistics given?

Dr. Sanyal.—There are no statistics given. If no actual figures are given it is not possible to accept the statement.

Mr. Anklesaria.—Do you agree with this opinion of the Indian Chamber of Commerce, Calcutta?

“The Committee would point out that the disparity between the sale price and the cost of production could not be adjusted by the Tariff protection. The fact that the industry exists in such hard times of competition is mainly due, as the Director of Industries pointed out in the Report of the Department of Industries, Bengal, to the profession of silk worm rearing being pursued by labour which was otherwise unproductive and would have remained unemployed.”

Dr. Sanyal.—I don't agree entirely. I believe they wanted to explain that the protection provided was not adequate and it has not had any effect noticeable on the sale price, because it could not prevent the importer from having his slice of the market.

Mr. Anklesaria.—What I would emphasise is the last sentence.

Dr. Sanyal.—That is an explanation.

Mr. Anklesaria.—Do you agree with that explanation?

Dr. Sanyal.—I don't.

Mr. Anklesaria.—It is not a fact?

Dr. Sanyal.—No.

Mr. Chaudhury.—If there is a loss in an occupation, who would like to have it for the sake of employment only?

Dr. Sanyal.—It is not a fact that those who are engaged are otherwise unemployable.

Mr. Anklesaria.—They don't say they are unemployable labour. They don't get employment. It was superfluous labour which was lying idle.

Dr. Sanyal.—We are all unemployed in that sense in this country. Probably what they wanted to explain was that agriculture is not a matter of profession with us, but is a compulsory engagement. Whether we desire it or not, whether we have a remunerative return or not, we have to be on it. As these people would otherwise be unemployed so they carry on somehow, and I think that is the explanation.

Mr. Anklesaria.—Would you agree with Mr. Mitter, the Industrial Inspector of Co-operative Societies, Malda, who has sent us some information about Malda? He says:

“The present duty on silk fabrics has not proved beneficial to handloom weavers.”

Dr. Sanyal.—He has not proved that it is detrimental to their interests.

Mr. Anklesaria.—He says it has not proved beneficial. If it has not proved beneficial the inference is plain.

Mr. Chaudhury.—Previously they were purchasing the yarn from the village reelers, but now the merchant who is there issues yarn for the cloth he receives, otherwise he will not accept cloth. Therefore this doesn't give them a free scope which they had before with the village reelers to purchase at a cheaper rate. That is the position. I have also some experience over that district and there are big merchants who import Japanese yarn. Previously these weavers were purchasing yarn from smaller reelers.

* *President.*—Weavers have become wage earners.

Mr. Chaudhury.—Yes.

Dr. Sanyal.—We have a better explanation. He has referred to the pure silk weavers and I think he means that the protection has not been adequate enough for the silk piecegoods to enable the silk weavers to get a proper market.

Mr. Anklesaria.—Is it a fact that sarrees, dhoties and chadars manufactured in Bengal do not compete with imported products?

Dr. Sanyal.—I do not understand how any body could have given this opinion.

Mr. Chaudhury.—We do not import silk sarrees and silk dhoties.

Dr. Sanyal.—It is yarn that is imported.

Mr. Chaudhury.—60 per cent. nearly is yarn.

Dr. Sanyal.—Latterly we have information that cheap foreign silk is imported for the printed sarrees that are largely sold in the market. Printed sarrees have been very largely composed of foreign silk and they do compete.

Mr. Anklesaria.—You say that India would require 45 million lbs. for its consumption.

Dr. Sanyal.—That is the import figure.

Mr. Anklesaria.—That is correct so far as the present consumption is concerned, but what about the future.

Dr. Sanyal.—It would be very much more.

Mr. Anklesaria.—Let us take 45 millions. How long would it take for India to produce that amount of silk?

Dr. Sanyal.—If we take the example of the other industries like Sugar, it may not take more than 3 years. If proper protection is given and if Provincial Governments co-operate, it should not take more than 3 years to stabilise the industry. Mulberry plants will take a longer time. Tree mulberries will take a number of years to grow. The experience of the Sugar industry has given us great encouragement.

Mr. Anklesaria.—It is different from the Sericultural industry. The areas are limited. The climatic conditions are different.

Dr. Sanyal.—That is why we have suggested that 10 years protection should be given. We presume that there will be an appreciable change in the course of three years if there is adequate protection and we shall be able to show definite results if protection is for 10 years. These improvements that we have suggested can only be introduced if the Provincial Government is assured that the money that they spend is not wasted. They can only be assured of that if there is protection for a fairly long period.

Mr. Anklesaria.—Suppose instead of granting protection by tariffs, it is decided to grant protection by bounties as in France and all the other

sericultural countries—Mr. Bagchi, there is not a single country in the world which has protected by tariffs its raw silk—Supposing we follow the example of the other countries and protect the industry by bounties adequate enough to develop it, are there any administrative difficulties?

Dr. Sanyal.—I suppose so. There are two factors that have to be considered. In other countries the position is not one of keeping out the imports. It is a question of improving the local production for capturing the foreign markets and the cost of production in those areas must be lower in order to be able to capture the foreign market.

Mr. Anklesaria.—Take France for instance.

Dr. Sanyal.—So far as France is concerned, there is no problem of keeping out imports from other countries. If France cannot produce cheaper, it cannot supply to the Indian market, because Japan is supplying cheaper still, Italy to a certain extent and China. France has got the problem of bringing down the cost of manufacture. Bounty has got to be locally given.

Mr. Anklesaria.—There are no tariffs on raw silk.

Dr. Sanyal.—There is no necessity of tariff. There is no problem of imports.

Mr. Anklesaria.—You mean to say there are no imports of Japanese silk in France.

Dr. Sanyal.—There may be some imports which do not compete with the local silk. In India there is also yet another problem and that is the question of the finances of the Government. These have got to be studied. We do not suppose the Government of India, placed as they are at the present moment and likely to be placed in the near future, will be in a position to grant such bounties, and the Provincial Governments on which the function of giving bounties may devolve would find it extremely difficult to find adequate money that will be necessary for them.

President.—Because department of Industries happens to be a provincial subject.

Dr. Sanyal.—Yes, that administrative difficulty may also be raised. Then again there is another administrative difficulty and that is due to this. The price is at present constantly fluctuating and it is only the measure taken by the Government of India that can stabilise the prices of imported articles. No provincial Government can take action on their own. A bounty given by a provincial Government cannot therefore prevent any fluctuations in the prices of incoming articles. Action on the part of the Central Government will therefore be called for.

Mr. Anklesaria.—You presuppose that the object of bounty is to prevent imports. The object of bounty in all the countries which have given bounties is to induce reeler and rearers to introduce more efficient methods.

Dr. Sanyal.—There is another important thing that has got to be considered. There is practical difficulty in distributing the bounty when the industry is partly agricultural. If it is factory industry concentrated at one place, you can actually measure the output, and control and check abuses. Here we are afraid such measures from the administrative point of view would not be practicable. There must be some amount of help provided by the different provinces as well as by the Central Government for research, for sericultural education, for improvement of seeds, for supply of disease free seeds, etc. These might call for some amount of expenditure from the provincial exchequer. Even there it might not be practicable to give bounty on production.

President.—You have told us that the Congress has been giving bounty and finding no administrative difficulty at all.

Dr. Sanyal.—So far as khaddar is concerned they have arranged it through one organisation. That organisation is the All-India Spinners Association which has got a regular system. All the production is controlled

and centralised. That is why it has been possible. Otherwise it is not administratively possible.

President.—Mr. Chaudhury, you are the Secretary of the All-India Spinners Association?

Mr. Chaudhury.—Yes, of the Bengal Branch.

President.—Mr. Ghosh said that the present production in Bengal is 460,000 lbs. How much has your figure come to?

Mr. Chaudhury.—3 lakhs of lbs.

President.—Is there any other point which you would like to place before the Board?

Dr. Sanyal.—We want to conclude by saying that our case is not merely for stabilising the sericultural industry at the earlier stages of agricultural processes but to give protection right through. In examining the case for protection we would like you to consider for some years say an adequate number of years—which we are putting at 10—the imports of Japanese, Italian, Chinese and other silks do not upset the programme of improvement which the provincial Governments may be contemplating.

President.—Your point is that if adequate protection is given for a period of years, then the Bengal Government or the Governments of sericultural provinces will be in a better position to give more money than is the case at present.

Dr. Sanyal.—Yes.

President.—You want compensatory duties on finished goods.

Dr. Sanyal.—Yes.

Mr. Anklesaria.—On art silk goods as well?

Dr. Sanyal.—Yes.

33. Mr. SURENDRA NATH SARKAR, REPRESENTING WEAVERS OF SAHIBGANJ IN MALDA.

Oral evidence of Mr. SURENDRA NATH SARKAR, representing weavers of Shibganj, recorded at Malda on Sunday, the 20th November, 1938.

Mr. Roughton.—How many looms have you?

Mr. Sarkar.—I am the owner of five looms?

Mr. Roughton.—Do you do anything else?

Mr. Sarkar.—I have my cultivation business.

Mr. Roughton.—Where do you get your raw silk from?

Mr. Sarkar.—I use Japanese silk.

Mr. Roughton.—Do you do cotton weaving as well?

Mr. Sarkar.—No.

Mr. Roughton.—Since when have you been purchasing Japanese silk?

Mr. Sarkar.—About 5 years ago I began to use Japanese silk, but for the last two or three years I use nothing but Japanese silk.

Mr. Roughton.—Why do you prefer Japanese silk?

Mr. Sarkar.—We are now wholly in the hands of Marwari merchants who are the agents of Japanese silk. When a weaver takes hundred rupees worth of goods, he is given by the Marwari merchant eighty rupees worth of Japanese silk and Rs. 20 in cash, so that the Japanese silk is thrust on the weaver.

Mr. Roughton.—If it were not for the Marwari would you prefer Japanese silk?

Mr. Sarkar.—Even now from the bottom of my heart I can say we all like to use local silk and the customers also want cloths made of indigenous silk.

Mr. Roughton.—Is the Japanese silk more profitable to weavers?

Mr. Sarkar.—No, not much. It is not a question of weavers profit. They do not get much in the shape of profits.

Mr. Anklesaria.—They are mostly wage earners.

Mr. Sarkar.—No.

Mr. Roughton.—No Marwari purchases Bengal silk.

Mr. Sarkar.—Even if we weave cloths from Bengal silk, we have to take them to the Marwaris, who offer less price for such saris or cloths. If cloths made of Japanese silk were offered Rs. 6, we would be offered Rs. 5-8 for cloths made of indigenous silk.

Mr. Roughton.—Have you now the same number of looms which you had before?

Mr. Sarkar.—I had more looms—as many as 45—about 8 or 9 years ago.

Mr. Roughton.—Do you sell the whole of your output to Marwaris?

Mr. Sarkar.—We were the persons who originally carried on this business. Then the Marwari came on the scene and began to make purchases of cloths from us. In the beginning they offered eight annas more per cloth and later began to undersell us in the market. That was how we lost our hold in the market. They are now masters of the situation and dictate their terms.

Mr. Roughton.—Do you deal always with the same Marwari?

Mr. Sarkar.—I deal with two or three, but they are all one and the same.

Mr. Roughton.—Do you use any artificial silk?

Mr. Sarkar.—No. In Shibganj, artificial silk is not at all used.

Mr. Houghton.—Have you ever tried it?

Mr. Sarkar.—No.

Mr. Houghton.—What is the price of Japanese silk?

Mr. Sarkar.—Rs. 6 to Rs. 6-4 per lb.

Mr. Houghton.—What is the price of Malda Tana silk?

Mr. Sarkar.—I do not know.

Mr. Houghton.—Which sells at a higher price?

Mr. Sarkar.—If the price of Japanese silk is Rs. 6 to Rs. 6-4 the price of Malda silk will be less by 8 annas per lb.

Mr. Houghton.—Why does not Malda silk sell then?

Mr. Sarkar.—We cannot make use of it because the Japanese silk is thrust on us.

Mr. Houghton.—If the Marwari gets the Indian silk cheaper than the Japanese silk, why does he thrust the Japanese silk on the weavers?

Mr. Sarkar.—He makes some profit out of the sale of Japanese raw silk and then makes a profit out of the transaction with the weaver in respect of cloth.

Mr. Houghton.—He can do the same thing with Indian silk.

Mr. Sarkar.—The sole aim of the Marwaris seems to be to push on Japanese silk. Our Malda silk has got a reputation in the market. The customers want cloths made of Malda silk. We tell lies and pass on cloths woven out of Japanese silk as cloths made of Malda silk.

Mr. Anklesaria.—What is the object of the Marwari in selling Japanese silk at a higher price?

Mr. Sarkar.—If he gives us Malda silk, we shall be able to ascertain the price but in the case of Japanese silk we do not know at what price he purchases and what profit he makes out of it.

Mr. Houghton.—Do you get more silk cloth from the same amount of Japanese silk?

Mr. Sarkar.—The same amount of cloth is obtained from both Indian and Japanese silk.

Mr. Houghton.—What is the difference in weight after degumming between the two?

Mr. Sarkar.—Malda silk loses a little more than the Japanese silk. If we take, say, 100 yards of Japanese silk and Malda silk, the Malda silk will weigh lighter.

Mr. Houghton.—In which silk is there more breakage?

Mr. Sarkar.—The Japanese silk is better. Haji Moniruddin Ahmed's re-reeled silk is equal to Japanese silk in winding quality. In respect of gloss, the Japanese silk does not come near Malda silk.

Mr. Houghton.—Are you in a position to refuse to take Japanese silk from the Marwari?

Mr. Sarkar.—If I had money I would not touch Japanese silk.

Mr. Anklesaria.—Is that the case with all the weavers?

Mr. Sarkar.—Yes.

Mr. Anklesaria.—Can you not form co-operative societies?

Mr. Sarkar.—We are trying to, and Government also are trying to.

Mr. Anklesaria.—What is the standard length of a sari?

Mr. Sarkar.—There are two sizes—5 yards × 45 inches and 5½ yards × 45 inches. The proportion is about equal.

Mr. Anklesaria.—What would be the price of a sari 5½ yards long?

Mr. Sarkar.—Rs. 7 to Rs. 7-8.

Mr. Anklesaria.—What profit does a Marwari make out of it?

Mr. Sarkar.—We do not know what profit he makes out of that. The weavers get Rs. 1 to Rs. 1-8 per sari for weaving. They get the raw material from the Marwari and return the woven cloth to him.

Mr. Anklesaria.—What is the price of the raw material which a Marwari has to pay?

Mr. Sarkar.—The practice of the weaver is this. The Marwari hands over raw silk to the weaver who makes it into cloth and takes it back to the former. The Marwari then haggles over the price. If it has cost the weaver Rs. 4-10 (which includes the cost of the raw material) he gets about Rs. 5-4 or Rs. 5-8.

Mr. Anklesaria.—If we raise the price of raw silk, it would not be to your advantage.

Mr. Sarkar.—The Shibganj products have a reputation in the Calcutta market. If I can get Makda silk, manufacture it into sari and sell it, I am sure to make a profit of Rs. 2 to Rs. 2-8. The products have a reputation in the market and there are people willing to buy them. But we are not in a position to take advantage of these things. If the duty on raw silk is raised, we won't suffer much. Only free us from the clutches of these Marwaris and then we will make a profit.

34. BENGAL CO-OPERATIVE SILK UNION, LIMITED, MALDA.

Evidence of Mr. A. N. ROY, Collector of Malda, and President,
Bengal Co-operative Silk Union, Rai Sahib S. N. BOSE,
Secretary, and Mr. A. K. BHADURI, Joint Secretary,
Bengal Co-operative Silk Union, Limited,
recorded at Malda on Monday, the
21st November, 1938.

Mr. Roughton.—Is this Union confined to Malda?

Rai Sahib.—Its operations extend all over Bengal but it is practically confined to selected weaving centres of Murshidabad and Malda.

Mr. Roughton.—How many members are there?

Mr. Roy.—There are 79 members—preference shareholders 48 and ordinary shareholders 31.

Mr. Roughton.—Does it buy cloth from members or does it sell on behalf of members?

Mr. Roy.—It buys cloths from shareholders of Silk Union and from other silk weavers.

Rai Sahib.—Primarily it purchases the products of shareholders but to keep pace with the market, it has to purchase from outside producers also.

Mr. Roughton.—Is your business confined only to Bengal silk?

Rai Sahib.—Yes, strictly confined to Bengal silk only.

Mr. Roughton.—How does it sell? Does it sell retail or wholesale to merchants?

Rai Sahib.—It sells retail. We have peripatetic agents. We have also a shop in Malda towns. Through our shop and through our agents, these cloths are sold out.

Mr. Roughton.—But your biggest market must be outside Malda?

Rai Sahib.—Yes.

Mr. Roughton.—Do you send your men round?

Rai Sahib.—We have peripatetic agents.

Mr. Roughton.—Is it registered as a Co-operative Society?

Mr. Roy.—Yes.

Mr. Anklesaria.—How long has your Silk Union been in existence?

Mr. Roy.—Since 1927.

Mr. Roughton.—Does it make any profit?

Rai Sahib.—It used to make profits till 1932. Since 1933, it is running at a loss.

Mr. Roughton.—Who bears the loss?

Rai Sahib.—We have been meeting the losses from our reserve fund. During the days when we used to make profits, our shareholders did not take any dividends and the profits were accumulated as Reserve Fund and Bad Debts Fund. We are meeting our losses from our reserves.

Mr. Anklesaria.—What is your reserve fund?

Rai Sahib.—Now it is only Rs. 5,000. We have been utilising that fund from the payment of our dues to the Provincial Bank.

Mr. Roughton.—What losses is it making per year?

Rai Sahib.—Last year we made a profit of Rs. 200.

Mr. Roughton.—What is your total capital?

Mr. Roy.—Rs. 21,500 (share capital only). We have also borrowed both from Government and Provincial Bank.

Mr. Anklesaria.—You are making losses from 1932 onwards because the price of silk has gone down.

Mr. Bhaduri.—Owing to economic depression, the members are unable to pay off their dues and so interest has to be remitted. But we have to pay all the same interest to the Provincial Bank. We are making remissions in respect of interest but neither the Provincial Bank nor the Government think it necessary to make the remission in our favour.

Mr. Anklesaria.—What is the amount of your bad debts every year?

Mr. Bhaduri.—We have lost as bad debts a sum of Rs. 20,000 up till now.

Mr. Roughton.—Has that all been written off?

Mr. Bhaduri.—Yes. Partly. (About Rs 3,000 have been written-off.)

Mr. Anklesaria.—Another reason for your present position is that prices have gone down.

Mr. Roy.—Yes, Silk Union cannot cope with the market conditions. Our biggest purchasers were the All-India Spinners Association also paid us a commission on cost price of goods purchased. Now they have stopped buying from us because they have their own agency.

Mr. Anklesaria.—What was the price of silk in 1932 when you made a profit?

Mr. Roy.—It will take time for us to give you those figures.

Mr. Anklesaria.—You will find that from 1933 to 1938 prices have steadily gone up.

Mr. Bhaduri.—The members who took loans from us have not paid us back regularly with the result that we have had to suffer losses.

Mr. Anklesaria.—Even when these people got higher prices, they did not pay you.

Rai Sahib.—Our members are mostly silkworm rearers.

Mr. Roughton.—You mainly finance rearers and not the reelers.

Rai Sahib.—Yes.

Mr. Roughton.—Do you sell raw silk or silk goods?

Mr. Roy.—Silk cloth.

Mr. Bhaduri.—At first we used to purchase silk yarn and sell silk goods. We have given up purchasing silk yarn for the last 3 or 4 years.

Mr. Roughton.—Do you not purchase direct from people to whom you have given loans?

Mr. Bhaduri.—Very rarely we make purchases from them. They don't come to us. They think that if we purchase from them, we will adjust the price against their dues to us and so they avoid coming to us. That is our difficulty.

Mr. Roughton.—You really have two main distinct lines of business, one lending money to silk rearers and the other buying cloth from people who would not usually be your clients. They would be weavers and not reelers.

Mr. Roy.—We have practically ceased giving loans, because the old loans have not been repaid.

Mr. Bhaduri.—It is for that reason the whole thing has been discontinued.

Mr. Roughton.—Who are your Members?

Rai Sahib.—The cultivators are our original members and they continue to be our members.

Mr. Anklesaria.—Weavers are not members?

Rai Sahib.—Yes, there are a few, but the majority of the members are rearers.

Mr. Bhaduri.—The rearers form the Society. They take the loan and pay back, but as some have defaulted, we have given up the silk yarn business.

Mr. Boughton.—You have practically ceased to function as purchasers of silk yarn?

Mr. Roy.—Quite so.

Mr. Boughton.—Have they paid your dues?

Mr. Roy.—Some are paying back; some are pleading inability and some are going into liquidation.

Mr. Boughton.—And your membership is also gradually going down.

Mr. Bhaduri.—Those who have gone into liquidation are no longer our members.

Mr. Boughton.—Others do not really take very much interest in your Association, because you are not financing them.

Mr. Bhaduri.—We are sometimes financing those who hold out definite hopes of repaying what we advance, but we are not financing those who are deliberately not making any payment. We have ceased giving advances to those people.

Mr. Boughton.—What is the total of the new advances that you made last year?

Mr. Bhaduri.—That will be a very small sum.

Mr. Roy.—We have practically not given any advances.

Mr. Boughton.—The Co-operative Society for all practical purposes is now defunct.

Mr. Roy.—We had ordinarily 48 preference shareholders which included 18 weavers and 34 Societies are ordinary shareholders. Of these 34 Societies one has gone into liquidation three have repaid the dues and have closed down and about 30 Societies are not repaying us and practically are not having any dealings with us.

Mr. Boughton.—Except that you are making some effort to realise your money.

Mr. Roy.—Yes. From the 18 preference shareholders who are weavers we are taking cloths.

Mr. Boughton.—What is the extent of the loan due to you from the rearers' Societies?

Mr. Roy.—Rs. 40,266, of which Rs. 33,000 is principal and Rs. 7,176 interest.

Mr. Boughton.—You must have classified these debts as good, bad and doubtful.

Mr. Roy.—Yes, about Rs. 20,000 would be bad debts.

Mr. Boughton.—On what do you make profit?

Mr. Roy.—On business and investment to societies. But we have not been able to realise interest from societies for several years and there have been difficulties in the way of our paying interest. We wrote to the Government on the subject. Out of Rs. 50,000 from Government, we paid Rs. 22,500 as principal and Rs. 12,027 as interest. We asked that this interest payment which we have made should be adjusted against the principal and that we should be exempted from paying interest. But we have not received any reply. The matter is under their consideration.

Mr. Boughton.—Do you still owe Rs. 27,500 to Government?

Mr. Roy.—Yes.

Mr. Boughton.—That is represented more or less by Rs. 40,000 bad debts.

Mr. Roy.—Bad debts represent our dues from Societies.

Mr. Boughton.—Are you taking any steps against these Societies? Are you putting them into liquidation?

Mr. Roy.—No.

Mr. Roughton.—You have not attempted to get the joint responsibility enforced?

Mr. Roy.—No, we have not.

Rai Sahib.—It would be rather hard to do so. Since 1934 Malda has been getting floods every year. Government are also helping them by means of agricultural loans and other things. Even Government have become lenient towards them. So we are waiting for better days to come.

Mr. Roy.—If you put them into liquidation, it will be another setback to this business.

Rai Sahib.—They have practically no means of paying back the loan.

Mr. Roughton.—You haven't got any other capital by way of deposits?

Mr. Roy.—No. We borrowed from the Provincial Banks Rs. 1,39,459 at 8 per cent. interest. Out of that we have repaid Rs. 1,28,000 as principal and Rs. 15,000 as interest. We still have to pay Rs. 2,514 as interest and Rs. 11,459 as principal. We are experiencing difficulties, because the rate of interest is very high.

Mr. Anklesaria.—Yours is the registered Union and so you must have balance sheets. Have you any balance sheets here?

Mr. Roy.—Yes (shown).

Mr. Roughton.—What is the extent of the cloth business during the year?

Mr. Bhaduri.—Rs. 8,000 to Rs. 10,000.

Mr. Roughton.—You make some profit on that.

Mr. Bhaduri.—Yes, there we don't lose.

Mr. Anklesaria.—Have you got your Memorandum of Association?

Mr. Roy.—Yes (shown).

Mr. Roughton.—What is the difference between ordinary and preference shareholders?

Rai Sahib.—Rearers' Societies are ordinary shareholders. Individual shareholders are called preference shareholders.

Mr. Roughton.—Supposing there was a dividend to be paid, you would first pay the preference shareholders.

Rai Sahib.—Yes.

Mr. Anklesaria.—Up till now you have not paid any dividend.

Rai Sahib.—No.

Mr. Roughton.—Before you started drawing on your reserves, what was the amount standing in those accounts?

Rai Sahib.—Rs. 20,000.

Mr. Anklesaria.—This reserve, you accumulated from the profits?

Mr. Bhaduri.—Yes. In 1936 we paid Rs. 12,704 towards the repayment of our loans, because the rate of interest was very high. Simply to reduce the dead weight of interest, we paid the amount from our reserves. That was the reason why the reserve has gone down.

Mr. Anklesaria.—In 1932 the price of silk was nowhere compared to the price of silk you have been getting from 1933 onwards. It was very low.

Mr. Roy.—We had very large sales in those days. We had a big customer in the All-India Spinners' Association at that time. They don't deal with us any more.

Mr. Anklesaria.—They are not dead. They are very much alive.

Mr. Bhaduri.—They don't purchase from us now.

Mr. Anklesaria.—Why not?

Mr. Bhaduri.—They have got their own branch.

Mr. Anklesaria.—What exactly were the objects with which you started the Silk Union?

Mr. Roy.—Only to develop the industry by helping rearers, reelers and others with finance (shown).

Mr. Boughton.—Your object was simply to finance the rearers?

Mr. Roy.—And help them also with technical instruction.

Mr. Boughton.—Are you doing anything in furtherance of these objects?

Mr. Roy.—So far as financial assistance is concerned, nothing is now being done, but so far as the question of technical instruction is concerned, the Peddie Institute has been started and our Secretary is a Sericultural Expert. He is giving them instruction whenever necessary. Demonstration and propaganda are now confined to the officers of the Sericultural Department. They have got their farm nearby and they are doing propaganda work in all rearing centres.

Mr. Anklesaria.—There are about 15 objects mentioned in the printed memorandum. One of the objects is: "To manufacture, to treat the products of its members and to dispose of the products so manufactured and treated in the most profitable manner." Are you doing that?

Mr. Roy.—We purchase cloths from our weaver members and are selling through our peripatetic agents.

Mr. Anklesaria.—Are you doing so in a profitable manner?

Mr. Bhaduri.—Yes, the business of purchase and sale of cloth is profitable.

Mr. Boughton.—That is mainly from non-members.

Mr. Roy.—Also from members. Of the 48 preference shareholders 18 are weaver members.

Mr. Boughton.—Are they Societies or individuals?

Mr. Roy.—Individuals.

Mr. Anklesaria.—From the rearers do you purchase cocoons?

Rai Sahib.—No.

Mr. Anklesaria.—What sort of help do you give to the rearers?

Mr. Roy.—We used to give financial help at the time of purchasing seed cocoons and at the time of purchasing mulberry. They used to take advances from the Union and repay them. Now that has been stopped.

Mr. Boughton.—That is the case with many Co-operative Societies.

Mr. Roy.—Yes.

Mr. Boughton.—The original members, so far as rearers are concerned, have no connection with the parent bodies except that they owe money. Is that the position?

Mr. Roy.—Yes.

Mr. Anklesaria.—There are 15 objects mentioned in the Printed Memorandum. Tell me what objects you are carrying out in an appreciable manner.

Mr. Bhaduri.—We purchase and sell the cloth. As regards cocoons we don't purchase any.

Mr. Anklesaria.—You don't purchase cocoons or yarn.

Mr. Bhaduri.—No.

Mr. Anklesaria.—You have never done it before?

Mr. Bhaduri.—We use to purchase yarn.

Mr. Anklesaria.—Why did you stop purchasing yarn?

Mr. Bhaduri.—The market became unsteady and the Union did not think it wise to take any risk in that direction. So far as the members are concerned, they are afraid of bringing their products to the Society lest the money may be adjusted in the repayment of loan.

Rai Sahib.—As regards silk yarn business the custom is this: they get credit from Marwari merchants. The Silk Union could not take that risk

of selling yarn on credit. We attempted that once and we lost money. So we had to give it up from our practical experience.

Mr. Anklesaria.—What other objects are you carrying out?

Mr. Bhaduri.—Supervision of course still continues, but so far as weaving and reeling are concerned it is meaningless.

Mr. Roy.—Supervision is now only confined to realising our old debts.

Mr. Anklesaria.—Do you teach them how to adopt hygienic conditions?

Mr. Roy.—That is not being done by the Sericulture Department

Mr. Anklesariq.—So you are not doing that.

Mr. Roy.—No.

Mr. Anklesaria.—I take it you are doing very little in furtherance of any of those objects mentioned in the printed memorandum.

Mr. Bhaduri.—It has now dwindled into one. As regards the others it has become a loan collecting body. We have first of all got to maintain our existence. We have got to pay our dues to the Provincial Bank and the Government.

Mr. Anklesaria.—Can you tell me why this movement has been such a failure in Malda? Is it the fault of the organisation?

Mr. Bhaduri.—The direct cause, I should say, is the inability of the members to pay back their dues. Then comes the question why they have failed to do so.

Mr. Anklesaria.—In the first place you wouldn't call them honest.

Mr. Bhaduri.—If all of them were dishonest, then there cannot be anything. The fact of the matter is that practically most of them have become unable to pay back their dues.

Mr. Roy.—My own idea is that during the great war the price of shellac was very high, the price of jute was very high and there was a good mango crop. The silk prices were also high and they made huge profits. Consequently their standard of living went up very high. Now the prices have gone down and they have not been able to reduce their standard of living proportionately. They have no surplus. They are economically getting poorer every year and they have to depend upon loans now.

Mr. Anklesaria.—Long after the war was over in 1932 these people were doing very well.

Mr. Roy.—The prices of shellac and other things continued to be high for some time longer and they acquired some wealth. So they could manage somehow.

Mr. Anklesaria.—If you look at the prices of silk, you will find that they have increased considerably after 1932 by as much as 80 per cent.

Mr. Roy.—There are cultivators who have this additional subsidiary business. Their economic condition is now very bad, and has been very bad for some years past and as cultivators they have not been able to pay their rents to their landlords for three or four years. They have not been able to pay back their loans to mahajans. They only depend upon loans for their existence. They go and sell their things to Marwari merchants for any price they can get. It is the middlemen merchants who really get the benefit of the higher mills.

Rai Sahib.—Producers have no option in the matter of price, whereas the purchasers have. These products cannot be kept in stock and so they have to be disposed off within a certain period of time.

Mr. Boughton.—Probably there was inadequate control amongst the primary Societies over their members.

Mr. Roy.—Practically no control. Everybody is in the same state.

Rai Sahib.—We have got 34 Societies scattered all over the district and one Supervisor.

Mr. Anklesaria.—There was no corporate selling nor corporate purchasing.

Mr. Roy.—No.

*Mr. Anklesaria.—*Suppose there was an organised corporate selling and organised corporate buying, do you think that it would change matters?

*Mr. Bhaduri.—*I hope so. If a fixed price could be guaranteed to them for raw silk, they would be willing to bring their products to the Union instead of going to the Marwaris and accepting the terms which they would be pleased to dictate.

*Mr. Anklesaria.—*What is in the way of assuring them? You have got the Government organisation.

*Mr. Bhaduri.—*We have got a Co-operative Organisation, but that does not standardise the price. The thing is that if their cost price is Ra. 30 per seer, they come and eventually ask for Ra. 32. Then they will say so much will be produced. It is not possible for the Silk Union to consume all and find suitable markets, not only in Malda, but in other places. Then there comes the question of competition with Marwari merchants who have got much greater capital than the Union. Suppose the value of each crop comes to Ra. 2 lakhs, it is very difficult for the Silk Union with its small amount of capital to compete with Marwaris. Unless the Silk Union is in a position to command by force of its capital foreign markets outside the province, it will not be possible for the Silk Union to make purchases on the terms which would be suitable to rearers and yarn producers. That is the first thing. Secondly the terms of the Silk Union will not always be agreeable to these people. They will come and say "give me the price at ounce", which it will not be possible for the Union to do.

*Mr. Anklesaria.—*Let us begin with the rearer. Suppose he wants to buy his seed on a corporate basis through the Union. Can he do it or not?

*Rai Sahib.—*Not always possible.

*Mr. Bhaduri.—*We shall have to advance money in that case. We don't produce the seed. We have to purchase and sell.

*Mr. Anklesaria.—*Would not the Government help you?

*Mr. Bhaduri.—*Not directly

*Mr. Anklesaria.—*Would not the Government supply seed?

*Rai Sahib.—*The Sericultural Department does that.

*Mr. Anklesaria.—*So on that account the rearer has no complaint.

*Rai Sahib.—*No, not as regards securing good seeds.

*Mr. Bhaduri.—*Sometimes the rearers may want seeds on credit. The Sericultural Department would not do that.

*Mr. Anklesaria.—*But you can do on a corporate basis.

*Rai Sahib.—*We can advance loans. That was the primary object of the Union.

*Mr. Anklesaria.—*But you are not in a position to advance seeds.

*Mr. Bhaduri.—*Neither seeds nor loans at the present moment to enable them to make purchases on cash payment as they were enabled to do so in years gone by.

*Mr. Anklesaria.—*But you can purchase Government seeds and supply them to your members.

*Mr. Bahaduri.—*If Government insist on cash payment, we shall have to take loans.

*Mr. Anklesaria.—*Would not Government give you credit?

*Mr. Bhaduri.—*Yes, but they will charge interest. If we had not to pay interest so long, our condition would have been better.

*Mr. Boughton.—*Your members already owe you more than they can afford to pay back.

*Mr. Bhaduri.—*We have represented both to the Government and to the Provincial bank and said "Your object was to help the industry by way of advancing loans through us. When we were getting no interest, we

ought not to be charged interest". But nobody has so far listened to us. So it is no use taking loans on interest and advancing to people who are not in a position to pay interest.

Mr. Anklesaria.—Let us take the corporate method of purchasing cocoons. The Society can purchase cocoons from rearers and sell them at remunerative prices much better than individual cocoon producer.

Mr. Bhaduri.—I don't think there will be any practical difference. On the contrary so far as cocoons are concerned, they will get better prices than the Silk Union, because they will be able to go from place to place.

Mr. Anklesaria.—We are told that the cocoon producer is not in a position to bargain with the buyer of his cocoons and so he is prepared to sell at any price which he may get.

Mr. Roy.—That is true.

Mr. Bhaduri.—That is because the marwari will advance money when they are in difficulties.

Mr. Anklesaria.—Is the cocoon producer in a position to dictate his price?

Mr. Bhaduri.—I don't think so.

Mr. Anklesaria.—If he were to entrust the selling of his cocoons to the Silk Union, would he not be in a position to dictate his price?

Mr. Bhaduri.—Then comes the question of the price of yarn which will be turned out of cocoons which it will fetch in the market.

Mr. Anklesaria.—The Silk Union would not cheat the producer like the marwari.

Mr. Roy.—No, it would not, but the price of silk will have to be fixed. Prices of yarn and other things will adjust themselves according to the price of silk.

Mr. Roughton.—Did you act at any time as a Co-operative Selling Union?

Mr. Roy.—No. If the All-India Spinners' Association would purchase from us as they used to do before, then we could sell the yarn to them.

Mr. Roughton.—The general Co-operative theory is this. A complicated thing like a Selling Union cannot function efficiently as it depends upon primary bodies which have shown their efficiency to act as Co-operative Primary Loan Societies. In this case the Loan Societies have failed. As a matter of co-operative practice, it is not sound to try and start a selling union when they have failed in their simpler form of activity.

Mr. Roy.—Yes.

Mr. Anklesaria.—I take it, Mr. Roy, you are of opinion that it is the price of the silk which regulates the price of the cocoons.

Mr. Roy.—Yes.

Mr. Anklesaria.—And not the price of cocoons which regulates the price of silk.

Mr. Roy.—No.

Mr. Anklesaria.—Is that your theory?

Mr. Roy.—That is my theory.

Rai Sahib.—The Union has practically paid Rs. 28,000 as interest. Incidentally I may tell you one thing: When these cocoon reeders go to these marwari merchants for loans, they will ask or seek their advice about the advisability of purchasing cocoons at a certain rate. They will tell them "in this month or in this season the yarn is likely to be sold at a certain price. Just see whether you can make profit at this rate of yarn and make your purchases of cocoons accordingly. What is likely to happen five or six months hence, that is at the time of selling yarn, that practically regulates the price of cocoons. They anticipate this and make purchases in that way. Sometimes when these cocoons are sold, they are sold at a

price which is not a real cost price. These things cannot be preserved. The real cost price is Rs. 25 per maund, but they have to sell at Rs. 15, because there is no purchaser at a higher price. That is their difficulty. Similarly in the case of yarn producers they produce things, but they cannot keep them.

Mr. Anklesaria.—You just now said to my colleague that it is not possible to have selling and purchasing Societies.

Mr. Roy.—So far as the Union is concerned, I don't think it will be possible.

Mr. Anklesaria.—Do you suggest an Association amongst the silk weavers to be formed?

Mr. Roy.—We made a suggestion on these lines to Government and asked a big loan to form a weavers Society. What the Marwaris do at present is that they take risks and cheat them in the end.

Mr. Anklesaria.—You want Government to start Associations or Unions who would sell the products of the members of the Union on a Co-operative basis.

Mr. Bhaduri.—The difficulty will be this: when the proper time for adjustment comes, a similar fate will overtake them as it has done in our case.

Mr. Anklesaria.—Then what you told Mr. Roughton is correct.

Mr. Bhaduri.—There will be no dearth of money if Government is approached, but the question is whether this money can be repaid with the interest which the Government are charging. Our past experience shows that if we had not to pay Rs. 28,000 as interest, we would be in a better position.

Mr. Anklesaria.—I take it that what you suggest with regard to the starting of the Association for the purpose of selling products of the members, is not a practical proposition.

Mr. Bhaduri.—Yes, unless Government advance money without interest for some time to come.

Mr. Roy.—We are actually purchasing from weavers who are individual members.

Mr. Anklesaria.—But you made no profit.

Mr. Roy.—In this business we are not making any profits to enable us to pay dividends, but we are making enough to carry on.

Mr. Roughton.—I take it that your members deal with other people besides you.

Mr. Bhaduri.—Yes.

Mr. Roughton.—That is one of your main difficulties.

Mr. Bhaduri.—All these people have been rendered homeless and are literally thrown on the streets. The best rearers and reelers are no better than beggars in Malda.

Mr. Roy.—The Marwari says "clear off my debt and then go to your Society". As he cannot clear off his debts, he is unable to come to the Society.

Mr. Bhaduri.—They won't wait.

Mr. Anklesaria.—It is a fact that the weavers don't get a fair deal from Marwaris.

Mr. Bhaduri.—The Marwaris also will complain that they don't get any better terms.

Mr. Roy.—It is true that the Marwari also loses occasionally some money in these transactions.

Mr. Anklesaria.—Can you suggest any means by which this inconvenience could be avoided?

Mr. Bhaduri.—The only thing is how the business can stand in the face of competition by whomsoever the business may be done—either by Government or Marwaris or anybody else. If the business cannot stand against competition, these things are practically of no avail. That is my personal opinion of the matter. The reason why I say that is because there were better Marwaris here, but they have ceased to have their business. Chinoy's were here. They were my clients. I had dealings with them for 10 or 12 years. They have now closed their shops in Jangipur.

Mr. Anklesaria.—By competition you mean competition from foreign people.

Mr. Bhaduri.—Yes, competition from Japan, China and also Italy.

Mr. Anklesaria.—Is the Italian silk coming in any large quantity?

Mr. Bhaduri.—Not in this district. Sometimes Italian spun silk is being imported. They anticipated this and so they closed their business about 6 years ago.

Mr. Anklesaria.—Do you suggest that tariffs against foreign products should be raised?

Mr. Bhaduri.—By means of sufficient protection, the price must be raised to a level which would be more than the cost of production.

Mr. Anklesaria.—Last time the Tariff Board fixed the duties on the basis of remunerative fair selling price for the home product.

Mr. Bhaduri.—I don't think it came to the standard.

Mr. Roy.—The recommendations of the Tariff Board were not accepted by Government in full.

Mr. Bhaduri.—The Protection Act does not give the amount of protection recommended by the Board.

Mr. Anklesaria.—1929 was the year in which the silk producers made profits, and that year was taken as the normal year.

Mr. Roy.—Yes, but the Act did not give sufficient protection to the industry.

Mr. Anklesaria.—Do you mean that during the period of protection the price of the foreign product has continually gone down and that has rendered the protection inadequate.

Mr. Roy.—Yes.

Mr. Anklesaria.—What is the guarantee that during the next period of protection the price of the foreign product will not go down in the same manner?

Mr. Roy.—If the price goes further down, the business will disappear.

Mr. Bhaduri.—Unless the price of yarn is fixed, the industry will disappear (graph shown and explained).

Mr. Anklesaria.—You will be satisfied if a fair remunerative price is assured to the primary producer. Whatever may be the cost or the selling price of the foreign product, if the primary producer is assured a price, he will not have anything to complain.

Mr. Roy.—No.

Mr. Anklesaria.—Suppose the primary producer is assured of a price of 5 annas irrespective of the price of foreign silk during the period of protection, then there will be no complaint.

Mr. Roy.—No.

Mr. Anklesaria.—If the rearer could afford to sell at a lower price than 5 annas, say 4 annas, then the reeler will not have to complain.

Mr. Bhaduri.—Certainly not.

Mr. Anklesaria.—Similarly if the weaver could get yarn at a cheaper price, he will not have to complain.

Mr. Roy.—If the cocoon rearsers could undersell, then everything will be regulated.

Mr. Anklesaria.—If the cocoon rearsers are satisfied, then everything will be satisfactory.

Mr. Bhaduri.—Yes. Either regulate at the beginning or at the bottom. One of two things we must regulate. Here comes the question of Government subsidy or loans without interest. Failing that, you must impose tariff duty to regulate foreign competition. Either spend money out of your own pocket or control the business of others.

Mr. Anklesaria.—Which would you prefer the uncertain game of regulating at the top or the certain game of regulating at the bottom?

Mr. Bhaduri.—Nobody likes to live on subsidy. Everybody likes to feel that his business is a profitable one. Subsidy damps the spirit and demoralises the individual. That is my impression.

Mr. Anklesaria.—That is the right impression.

Mr. Bhaduri.—I should be made to feel that my business is a profitable business and I don't live on anybody's grace. That is why I say instead of granting subsidy, if competition is regulated at the top, it will be more assuring.

Mr. Anklesaria.—During the period of protection is it possible to regulate competition at the top?

Mr. Bhaduri.—That could be done if instead of *ad valorem* duty or a duty per lb. it were fixed that the price could never be lower than so much.

Mr. Anklesaria.—How could it be done?

Mr. Bhaduri.—At least for a year it could be done.

Mr. Anklesaria.—Each year you would have it fixed.

Mr. Bhaduri.—Sometimes in an act we come across amendments almost every year.

Mr. Anklesaria.—So you propose that the price should be fixed every year.

Mr. Bhaduri.—Yes.

Mr. Anklesaria.—By executive order?

Mr. Bhaduri.—By amendments to the Act.

Mr. Anklesaria.—Without any enquiry.

Mr. Bhaduri.—The result is there.

Mr. Anklesaria.—'A' would contend that prices have gone up, whereas 'B' would contend that prices have gone down.

Mr. Bhaduri.—The Department of Industries is there. The Marketing Officer is there.

Mr. Anklesaria.—You say that you don't want a Tariff Board enquiry every year.

Mr. Bhaduri.—Certainly not. The final decision still rest with the Marketing Department of the Government of India. In the meantime a subsidy, if given by Government, for the purpose of protecting this industry, might be utilised towards the training of people and giving instructions in better method, etc., to people, because the tariff duties could not be made permanent. The period of protection by tariff may be for 5 years or 10 years. By that time the people must be sufficiently trained so that they can also produce cocoons at the same cost price as Japan or China.

Mr. Roy.—It does not depend so much on efficiency only. The Government of Japan are subsidising their industry and so they are able to sell at so low a price.

Mr. Anklesaria.—What do you mean by subsidising? Do they give money?

Mr. Roy.—To the extent of 7 crores of Yen the Government of Japan have subsidised their industry.

Mr. Anklesaria.—So far as I know not a pie is paid to the primary producer in cash in Japan.

Mr. Roughton.—It is spent for the general improvement of the industry.

Mr. Anklesaria.—It would demoralise people if they got money for nothing. If there is subsidy on the basis of efficiency and not quantity of production, you would be satisfied.

Mr. Bhaduri.—I do not know why our people cannot do anything which other people can do. Until the present defect is rectified, some protective measure is necessary. As soon as the defect is remedied, no protection will be considered necessary.

Mr. Anklesaria.—Have you calculated the cost of protection which you suggest?

Mr. Bhaduri.—My personal opinion is this. The previous Tariff Board's recommendation was not accepted by Government. I would suggest that instead of Rs. 2-6 per pound, it should be Rs. 3-3 per pound or the price of silk yarn should not be less than Rs. 7-8 per pound for Tana, and Rs. 6-8 for Varna.

Mr. Anklesaria.—You want Rs. 7-8 per pound for Tana?

Mr. Bhaduri.—Yes.

Mr. Anklesaria.—If you get a price of Rs. 7-8, would you be perfectly satisfied?

Mr. Bhaduri.—Yes. The real thing is that the condition in which the yarn is turned out in India is not up to the mark or standard which is required by the weaver. In order to make it equal or approach the standard of the Japanese and Chinese yarn, an additional cost of 6 annas is necessary.

Mr. Anklesaria.—You kindly give me a figure showing the cost of protection which will be paid by the consumer.

Mr. Roy.—So far as weft is concerned, they will have to pay additional Rs. 2. At present the Canton yarn is sold at Rs. 5.

Mr. Roughton.—Since when?

Mr. Bhaduri.—Since this year.

Mr. Roughton.—We understand that the present low price of Chinese yarn is purely temporary.

Mr. Bhaduri.—The expectation has been that the prices will go up.

Mr. Roughton.—Recently the price has fallen in the last few months. That particular level is not expected to last any appreciable length of time.

Mr. Bhaduri.—Before the protective tariff was imposed, I found there was always a difference of Rs. 2. Even after the imposition of the tariff, so far as weft is concerned, the difference is Rs. 2. They are underselling their things to clear off the stock. We thought that the prices would rise when the whole of their stock was cleared. We expected by this time their stock would have been cleared so far as Japan and China are concerned.

Mr. Roughton.—They are in a different position.

Mr. Anklesaria.—I will help you in arriving at the cost of protection. Our consumption is about 40 lakhs of pounds, out of which we make 16 lakhs of pounds. If you give protection to the extent of another Rs. 2 not only will the local producer but the foreign producer raise the price by Rs. 2.

Mr. Bhaduri.—The foreign price is now Rs. 5.

Mr. Anklesaria.—It will become Rs. 7.

Mr. Bhaduri.—Yes.

Mr. Anklesaria.—You want Rs. 2 more. That Rs. 2 per pound will be paid by all the consumers of raw silk. That is to say Rs. 80 lakhs will come out of the consumers' pocket.

Mr. Bhaduri.—Yes.

Mr. Anklesaria.—You won't be satisfied with Rs. 80 lakhs. You say that we must put tariffs on silk cloths also. Otherwise the Japanese instead of sending yarn will send cloth.

Mr. Bhaduri.—Yes.

Mr. Anklesaria.—Then we must put a duty on artificial silk also.

Mr. Bhaduri.—Yes.

Mr. Anklesaria.—Now if you calculate the cost, it will come to many crores of rupees for the sake of a petty sum of Rs. 32 lakhs which will be the amount of benefit derived by the local producers.

Mr. Bhaduri.—If such a duty is imposed and the local yarn or silk made to compete successfully, then all these things will be made in the country itself. There will be no import of foreign silk either in the form of yarn or anything else.

Mr. Anklesaria.—You have to consume Rs. 40 lakhs of pounds.

Mr. Bhaduri.—Yes, at Rs. 7 per pound.

Mr. Anklesaria.—That is Rs. 2 more than the present price. That Rs. 80 lakhs will be a burden on the consumer. The duty on artificial silk and fabrics will also be a burden on the consumer which will amount to crores of rupees. In order to benefit the Indian silk industry to the tune of Rs. 32 lakhs you would impose a burden of crores of rupees on the ordinary consumer. In the case of poor people

Mr. Bhaduri.—The consumers of silk are not poor people.

Mr. Anklesaria.—The consumers of artificial silk are poor people.

Mr. Bhaduri.—So far as the best silk is concerned, the consumer is not poor.

Mr. Anklesaria.—They are very few in numbers. The poor people buy at the rate of 4 annas per yard.

Mr. Roy.—So far as artificial silk is concerned, poor people are the consumers.

Mr. Anklesaria.—The vast majority of people consume that.

Mr. Roy.—So far as those poor people are concerned it will be a little more hard on them.

Mr. Anklesaria.—A little more only?

Mr. Bhaduri.—But what would be the effect? If at the end of 5 years the tariff protection had been successful the silk industry would have been revived.

Mr. Anklesaria.—The poor man will not consume silk goods for a long time to come. Some rich people who now consume first class silk goods at a higher price will get their goods at a cheaper price after 5 years.

Mr. Bhaduri.—Not only that, but poor people will be tempted to deal in business. Where there were 10,000 weavers we have now 1,000, 9,000 weavers having gone out of the field on account of foreign competition. If the protective scheme is a success, all these weavers and other additional rearers and reelerers will come back into the business and that will be a gain to the nation.

Mr. Anklesaria.—You must balance the advantages and disadvantages. 9,000 weavers are nothing before 300,000,000 consumers.

Mr. Bhaduri.—It would be much when we consider from the national standpoint. The whole business is going to be extinguished altogether.

Mr. Anklesaria.—Have you read Mr. Narayandas Behani's representation?

Mr. Roy.—No.

Mr. Anklesaria.—What he has suggested is that in addition to duties bounty should be given. Do you agree with that view of his?

Mr. Bhaduri.—As regards bounty, what I suggest is that it should be spent in furtherance of the development of the industry.

Mr. Roughton.—That is to say indirect bounty?

Mr. Bhaduri.—Yes. My experience shows that if Government give money, they will utilise it for other purposes as they have so often done in the past. They will take loans from the Union for the purpose of rearing cocoons and spend the money on the marriage of their sons and daughters. I am not in favour of giving them any subsidy in cash.

Mr. Roy.—Money should be spent in technical improvements.

Mr. Anklesaria.—You may give disease-free seeds.

Mr. Bhaduri.—Yes. Subsidy should be given in a form which they cannot utilise for any other purpose.

Mr. Anklesaria.—You may charge less rent on mulberry cultivation.

Mr. Bhaduri.—Yes.

Mr. Anklesaria.—You suggest that such sort of help should be given.

Mr. Bhaduri.—Yes, or institutions may be started where standard yarns could be reeled.

Mr. Roy.—We can give loans without interest for starting them.

Mr. Anklesaria.—Have you studied how Japan helps her industry?

Mr. Bhaduri.—No. It should be studied and on parallel lines attempts should be made to improve the industry in the country.

Mr. Anklesaria.—You say on page 4 of your representation that there is no competition between local goods and imported goods.

Mr. Bhaduri.—There is no direct competition, but there is indirect competition.

Mr. Anklesaria.—Indirectly mercerised cotton competes; artificial silk competes. In what sense do you say that there is indirect competition? You do not get dhuties and chaddars from foreign countries. You get them locally. Any one who wants a sari will have to purchase an indigenous product.

Hai Sahib.—When ordinary people and poor people go to purchase silk goods, they are shown artificial silk goods and they buy them at once because they are cheap.

Mr. Anklesaria.—You say that sari, dhoti and chaddar are not coming to Malda from foreign countries.

Rai Sahib.—The reply you are referring to concerns the Shibganj area. It does not apply to the Silk Union. This reply you are quoting is given by the Co-operative Inspector.

Mr. Anklesaria.—Does it not happen that poor people are cheated? When they want to purchase silk goods, artificial silk goods are sold to them.

Hai Sahib.—They mistake them for real silk goods.

Mr. Anklesaria.—If they are told that it is artificial silk, many customers would not purchase it and stick to real silk.

Mr. Roy.—Yes.

Mr. Anklesaria.—You would advise some legislation by which the consumer may be assured that he gets what he really wants. If he wants artificial silk, he should be free to get artificial silk and if he wants real silk, he must be able to get that. Are you in favour of such legislation?

Mr. Roy.—At least many Hindus would refuse to purchase artificial silk cloths.

Mr. Anklesaria.—At present the difficulty is that people are not able to distinguish artificial silk from pure silk. The reply I have just read out to you is from the Inspector of Co-operative Societies. He must have got his information from you. You are also a Co-operative Society.

Rai Sahib.—He must have got it from others.

Mr. Anklesaria.—Do you agree with it or not?

Mr. Bhaduri.—He must have got the information from weavers. He might have been informed that these weavers do not import artificial silk yarn for the purpose of weaving it into cloth.

Rai Sahib.—So far as local markets are concerned artificial silk cloths are sold and thus the sale of real silk cloth is affected.

Mr. Roy.—Weavers do not make any yarn purchases. It is the Marwaris that do so.

Mr. Anklesaria.—These local products—saris, dhotis and chaddars—do not suffer from competition.

Mr. Bhaduri.—Indirectly they do.

Mr. Anklesaria.—Not directly?

Mr. Bhaduri.—No.

Mr. Anklesaria.—Then, you agree with him that directly these three fabrics do not suffer from competition.

Mr. Bhaduri.—Yes.

Mr. Roy.—So far as purchases made for pujas—he is probably referring to these—they are made in the belief that they are woven out of indigenous silk. If the fabrics bear the stamp 'foreign', they won't be purchased.

Mr. Anklesaria.—We are told—at least I have read in Mr. Mukherji's book—that on certain occasions it is enjoined on Hindus to wear silk cloths made of indigenous material only. Can you tell me whether that is a fact?

Mr. Roy.—Yes. For pujas and other sacred ceremonies, we use purely indigenous silk because it is considered to be pure. Cloths made of cotton and other fibres are considered as impure.

Mr. Anklesaria.—You say on page 2 that it is only shirtings that suffer from foreign competition.

Rai Sahib.—That is with regard to Shibganj products.

Mr. Anklesaria.—I am talking of your representation.

Rai Sahib.—Our replies to your questionnaire were sent to the Registrar of Co-operative Societies and in our forwarding letter it was clearly stated that this particular statement referred to the Shibganj area.

Mr. Anklesaria.—It was not stated here.

Rai Sahib.—We did not submit our replies to you direct. We submitted them to the Registrar. In our forwarding letter we made that perfectly clear.

Mr. Anklesaria.—You say that this refers only to the Shibganj area.

Rai Sahib.—Yes.

Mr. Roughton.—During the year 1937 there was a general rise in the price of imported silk. That we got from the trade returns. It lasted for a period of 15 months. Was that rise reflected in the local prices in Malda?

Mr. Bhaduri.—They were doing a little better business last year. Those who were at the point of giving up stuck to it.

Mr. Roughton.—Was the level of prices reached then sufficient?

Mr. Bhaduri.—To a certain extent it was. Those who wanted to give up did not do so hoping that it would continue.

Mr. Roughton.—Did it cause any extension?

Mr. Bhaduri.—In this way, those who were about to fall off did not do so.

Mr. Roughton.—Was any mulberry planted?

Mr. Bhaduri.—No, not much.

Mr. Roughton.—Do you know what was the highest level which the prices reached?

Mr. Bhaduri.—In yarn we did not do any business.

Mr. Roughton.—Generally the higher cost of yarn has an adverse effect on your business of selling finished silk goods.

Mr. Bhaduri.—Yes.

Mr. Roughton.—That is counteracted by the duty on imported silk goods.

Mr. Bhaduri.—Yes.

Mr. Roughton.—Do you consider that the extra amount of duty levied on imported silk goods sufficiently compensates you for the extra amount you have to pay for raw silk due to the protective duty on raw silk?

Mr. Roy.—I don't follow your question.

Mr. Roughton.—From the point of view of the weaver, obviously he suffers by the price of his raw material being put up immediately.

Mr. Roy.—Yes.

Mr. Roughton.—The price of his raw material has been put up by reason of the increased import duty on raw silk and as compensation for that, extra duty is put on the finished articles in order that the weaver could sell in competition with the imported silk goods. It is only fair that the local weaver should be in a position to get more for his finished goods. I want to know whether the extra duty on finished goods is equivalent to the extra burden imposed on raw silk.

Mr. Roy.—How to calculate that?

Mr. Roughton.—It has been calculated by some people like this. It is said that to get a lb. of finished article, 1½ lbs. of raw silk will be required, so that if the duty on raw silk is 8 annas per lb., the duty on the finished article will come to 12 annas. You have not made any such calculation.

Mr. Roy.—No.

Mr. Roughton.—Have you any information as regards comparative loss in degumming in the case of Indian and imported silk?

Rai Sahib.—We have no information about the Chinese or Japanese silk.

Mr. Roughton.—Is it greater in the case of Indian silk?

Mr. Roy.—I do not know what it is in the case of imported silk.

35. LAKSHMANDAS BADRIDAS AND CO., MALDA.

Oral evidence of Mr. NARAINDAS BEHANI, Proprietor of the firm LAKSHMANDAS BADRIDAS of Malda, recorded at Malda on Monday, the 21st November, 1938.

Mr. Roughton.—You say in reply to question 14 that the present wastage in silk worm rearing from diseases and other causes is about 150 per cent. That is very high compared to what has been given to us. On what do you base your statement?

Mr. Behani.—That statement is based on what I hear from reelers.

Mr. Roughton.—What sort of business do you conduct? Do you buy silk yarn from reelers or do you buy silk articles from weavers?

Mr. Behani.—We buy silk yarn from reelers.

Mr. Roughton.—Do you buy direct or do you give advances to reelers and take the silk from them when it is ready?

Mr. Behani.—There are a few selected people to whom we give advances. Otherwise all our purchases are made outright.

Mr. Roughton.—To whom do you sell?

Mr. Behani.—We sell silk to weavers in Bengal as well as in the Madras Presidency.

Mr. Roughton.—Do you maintain agents in those places or do they come here and purchase?

Mr. Behani.—They send orders and we supply silk.

Mr. Roughton.—Do you deal in foreign silk at all?

Mr. Behani.—No.

Mr. Roughton.—In the last five years, has your volume of business decreased or increased?

Mr. Behani.—Last year the volume has decreased and for four years previous to that the business was going on as usual.

Mr. Roughton.—Why has the business decreased in 1937-38?

Mr. Behani.—Because foreign silk is selling cheaper and we cannot afford to sell it at that low price.

Mr. Roughton.—Foreign silk was selling cheaper in 1935. At that time also, was his turnover less?

Mr. Behani.—Yes, it was.

Mr. Roughton.—Where were these prices of raw silk given in answer to question 18 obtained from?

Mr. Behani.—From our own business transactions.

Mr. Anklesaria.—You must have based your prices on foreign prices prevailing at the time?

Mr. Behani.—We do business like this. Our customers place orders with us and we tell the reelers 'if you are prepared to supply silk at this rate, we are prepared to take so much quantity'. Our business is carried on mostly in that way.

Mr. Anklesaria.—Irrespective of what the foreign price is?

Mr. Behani.—Yes. Sometimes we purchase ahead in the hope of selling at a favourable price.

Mr. Roughton.—How do you determine what quantity of tana, varna and ghora you would require? Do you get orders first and then tell the reelers to produce that particular kind?

Mr. Behani.—Sometime we ask reelers to turn out a particular quality only on receipt of orders for that quality and sometimes we also stock in the hope of selling.

Mr. Roughton.—You have not been able to get yarn from Nistid and Niamo?

Mr. Behani.—No.

Mr. Roughton.—It has not yet come on the market?

Mr. Behani.—No.

Mr. Roughton.—You say that "protection should be such that no Japanese silk from 13/15 denier to 28/30 denier is sold in Indian market at a price less than Rs. 7-8 per lb. and no Chinese (Canton) filature silk is sold at a price of less than Rs. 6-8 per lb. and Italian ghora at a price less than Rs. 4 per lb." On what do you base these figures?

Mr. Behani.—I base them on the prices at which we can supply Bengal silk.

Mr. Roughton.—How do you know that?

Mr. Behani.—I have found from experience that if the Japanese or Chinese silk does not sell below the price mentioned, then the Indian silk will sell. The best quality of Malda silk cannot be produced at less than Rs. 13-8 per seer.

Mr. Roughton.—You do not know the actual costs incurred in its production, do you?

Mr. Behani.—No. But I have arrived^d at that figure because I have been dealing with reelers for the last so many years.

Mr. Roughton.—Is there more loss in degumming the Indian silk than the imported silk? If so, how much would it work out to per lb. in annas?

Mr. Behani.—I am afraid I cannot give you that figure.

Mr. Anklesaria.—Have you any other point to place before the Board?

Mr. Behani.—I have nothing more to add to our replies to the questionnaire and the statement submitted by me on behalf^d of my firm.

36. HAJI MONIRUDDIN AHMED, JANGIPUR, MURSHIDABAD.

Oral evidence of HAJI MONIRUDDIN AHMED, recorded at Calcutta on Wednesday, the 23rd November, 1938.

Mr. Roughton.—Are you a reeler?

Mr. Ahmed.—Yes.

Mr. Roughton.—Are you from Murshidabad?

Mr. Ahmed.—Yes, from Jangipur in Murshidabad district.

Mr. Roughton.—What is the extent of your business?

Mr. Ahmed.—I have 3 reeling factories with 297 basins.

Mr. Roughton.—297 basins in each?

Mr. Ahmed.—Jangipur—69, Balighata—128 and Bhadrapur—100.

Mr. Roughton.—Are these filatures driven by power?

Mr. Ahmed.—No. They are all driven by hand.

Mr. Anklesaria.—Do you not use steam?

Mr. Ahmed.—Yes, I do. In all the three places, the reels are turned by hand.

Mr. Roughton.—How long have these filatures been in existence?

Mr. Ahmed.—For the last 25 years. These filatures belonged originally to European businessmen from whom I purchased them. I have constructed one more factory in my own native place—Jangipur.

Mr. Roughton.—Have you had to curtail your operations lately?

Mr. Ahmed.—Yes, my business has declined.

Mr. Anklesaria.—How many basins did you work before?

Mr. Ahmed.—I used to work 297 basins almost throughout the year.

Mr. Anklesaria.—How many are you working now?

Mr. Ahmed.—60 basins.

Mr. Roughton.—Are you not working all your basins now?

Mr. Ahmed.—Just now, the reels are not working because the cocoon crop is not available. As soon as it is available, I shall work the remaining 247 basins.

Mr. Roughton.—Then, how is it that you say that your operations have become less? You never had more than 297 basins.

Mr. Ahmed.—Formerly I used to run all the 297 basins practically throughout the year with little or no interval. Now the intervals have become longer. I work for fewer days now than before.

Mr. Roughton.—Is it due to the shortage of the crop or to the fall in profits?

Mr. Ahmed.—It is due to both. The cocoon crop is less; the sale also has become less.

Mr. Roughton.—Where do you sell your silk?

Mr. Ahmed.—In all the weaving centres of the Bombay Presidency and the Madras Presidency. There was a big exporter sometime ago in Murshidabad. I used to hand over all my silk to him who in his turn exported it to all the important weaving centres.

Mr. Anklesaria.—Do you keep account books?

Mr. Ahmed.—Yes.

Mr. Anklesaria.—Can you tell me how much you were producing in 1929?

Mr. Ahmed.—Speaking from memory, I used to produce 250 to 300 maunds.

Mr. Roughton.—How much do you produce to-day?

Mr. Ahmed.—Last year I produced only 50 maunds.

Mr. Anklesaria.—And the year before?

Mr. Ahmed.—About 60 maunds.

Mr. Anklesaria.—Could you give us prices for the last ten years?

Mr. Ahmed.—About 8 or 9 years ago, there were exporting merchants through whom I sold. I also used to export on my own. After the advent of the cheap Japanese and Chinese silk, these exporting merchants wound up their business in Murshidabad and my business also contracted.

Mr. Anklesaria.—In what year did the decline occur?

Mr. Ahmed.—8 years ago.

Mr. Roughton.—How does the price of fabric woven out of your product compare with the price of similar products made from Chinese and Japanese silk yarn?

Mr. Ahmed.—The fabrics woven out of Japanese silk are less glossy and last a shorter time, whereas the cloths made out of my silk are more glossy and last longer.

Mr. Roughton.—What is the difference in price?

Mr. Ahmed.—Formerly our cloths used to sell at 1½ times the price of Japanese fabrics.

Mr. Roughton.—What is the position now?

Mr. Ahmed.—The local merchants or dealers have made contracts with Japan and they have huge stocks. They adopt all means to popularise the Japanese silk. They practically thrust the Japanese silk on the weaver. Consequently the demand for our silk has contracted. Now of course there is hardly any difference in price. Those who want fabrics woven out of our silk pay and are prepared to pay a better price. But we have to compete with the Japanese stuffs also. I would like to bring to your notice another fact in this connection. The dealers now pass off the fabrics woven out of Japanese silk as indigenous silk cloth. That is another kind of competition we have to face. Ordinary people cannot distinguish between Japanese silk and Indian silk. They have come to believe that our silk also has deteriorated in quality and has come to the level of the Japanese silk.

Mr. Anklesaria.—Why don't you all advertise your goods?

Mr. Ahmed.—We have not got the resources to do that. We are not able to compete with the Japanese propaganda and organisation.

Mr. Anklesaria.—What sort of propaganda does the Japanese merchant carry on?

Mr. Ahmed.—The Japanese organisation is such that the Japanese silk is obtained at the door of every weaver.

Mr. Anklesaria.—And your silk is not obtainable like that.

Mr. Ahmed.—No.

Mr. Anklesaria.—What steps are you taking to remedy that defect?

Mr. Ahmed.—We have not got financiers to stock our products in the same way as the Japanese products are stocked. We have not got the organisation.

Mr. Anklesaria.—Your former clients know the quality of your silk.

Mr. Ahmed.—Yes. Generally people realise the excellence of our goods. Now the financiers are all Marwaris. They have captured the whole trade. To compete with them there is no agency at present in the country.

Mr. Anklesaria.—I take it that it is the Marwari merchant that buys and it is the Marwari agent that sells.

Mr. Ahmed.—Yes.

Mr. Anklesaria.—Does not the Marwari buy your silk?

Mr. Ahmed.—He used to do so, but now there is none.

Mr. Anklesaria.—Mr. Nagendas Focichand Chinoy's firm was working here before.

Mr. Ahmed.—Yes. At that time I used to produce and supply them. They were exporting it to various centres. In fact, they were my financiers more or less.

Mr. Anklesaria.—When did that firm cease to deal in your silk?

Mr. Ahmed.—About 8 years ago. The same firm is now the agent of Japanese silk and supplying Japanese silk to the weavers.

Mr. Anklesaria.—Is it a fact that your silk has deteriorated in quality?

Mr. Ahmed.—No; on the other hand, the quality has improved.

Mr. Anklesaria.—Is it a fact that your production is not regular and cannot be depended upon?

Mr. Ahmed.—That is so.

Mr. Roughton.—How do your customers ascertain the quality of your silk? In the case of Japanese silk, it is conditioned.

Mr. Ahmed.—We have particular marks and we conform to them. Our buyers could test them by winding. They could also test them to be sure of the denier.

Mr. Roughton.—Do you sell different qualities with different marks?

Mr. Ahmed.—I supply according to the demand. If anybody wanted a particular quality of such and such denier, I used to produce and supply. I used to supply from 13/15 to 23/30.

Mr. Anklesaria.—If you approached the weavers without any intermediary, would they buy it from you?

Mr. Ahmed.—The weavers are not independent. They are dependent on those Marwaris who purchase their cloths. Therefore when the Marwari merchant asks a weaver to take the Japanese raw silk, he cannot refuse it.

Mr. Anklesaria.—The weavers do not buy from you.

Mr. Ahmed.—No.

Mr. Anklesaria.—Consequently there is no market for your silk.

Mr. Ahmed.—No. In the Bijapore district they took some Bengal yarn for turban cloth.

Mr. Anklesaria.—In 1929 what was the price you paid for the cocoons you purchased from the rearers?

Mr. Ahmed.—About Rs. 35 to Rs. 45 per maund.

Mr. Anklesaria.—And after that?

Mr. Ahmed.—In the last year of my prosperity I had 150 maunds in stock and paid Rs. 35 per maund for my cocoons and the price of raw silk was Rs. 9 per pound.

Mr. Anklesaria.—That would be 1929-30?

Mr. Ahmed.—Yes. That stock I had to sell at about 8 rupees per seer in competition with Japanese silk.

Mr. Anklesaria.—That was 1930?

Mr. Ahmed.—Yes.

Mr. Anklesaria.—In the next year after that what price did you pay for your cocoons?

Mr. Ahmed.—In that year there was a panic and the production of cocoons was reduced to half and most of the reelers failed on account of the sudden drop in prices but I continued. The next year the price fell to Rs. 15 to Rs. 20.

Mr. Anklesaria.—Consequently the cost of production of your reeled silk must have gone down?

Mr. Ahmed.—But the labour charges did not go down; only the cocoon prices went down.

Mr. Anklesaria.—That forms an important element in the cost of production.

Mr. Ahmed.—Yes, but apart from that I had to maintain the same staff.

Mr. Anklesaria.—Granted. But your main item of cost having considerably gone down the cost of silk must also have gone down?

Mr. Ahmed.—Yes, the cost of production went down proportionately. The expenditure became less but then the price of silk also came down and sold at from Rs. 4 to Rs. 4-8 per pound.

Mr. Anklesaria.—You say in 1930 your silk sold at Rs. 9 per pound when the cocoon price was Rs. 35 per maund.

Mr. Ahmed.—I paid for cocoons at Rs. 35 per maund, but I had produced 150 maunds of silk from such cocoons as I had in stock and that silk on account of lower prices I had to dispose of at Rs. 8 or Rs. 9 per seer although it ought to have sold at Rs. 18 or Rs. 19 per seer.

Mr. Anklesaria.—What was the price you paid for cocoons in 1932?

Mr. Ahmed.—From Rs. 16 to Rs. 20 per maund.

Mr. Anklesaria.—Can I take it that the price of cocoons which you paid has continuously gone down from 1932 onwards?

Mr. Ahmed.—Yes and it remained at that low price with occasional fluctuations.

Mr. Boughton.—On the whole in the last five years you have been better off than before.

Mr. Ahmed.—During the last five years there has not been any appreciable rise. Conditions have not improved.

Mr. Anklesaria.—What was the price of cocoons in 1934?

Mr. Ahmed.—Practically the same as to-day.

Mr. Anklesaria.—What price do you pay to-day?

Mr. Ahmed.—From Rs. 14 to Rs. 25 per maund.

Mr. Anklesaria.—What are these variations due to?

Mr. Ahmed.—There are some uses to which Bengal silk is specially put to just now, for example for turbans in the Hijapore district. Turbans are only made out of Bengal silk. So when there is a bigger demand for this silk the price goes up higher, but when there is no such demand we pay lower prices for cocoons.

Mr. Anklesaria.—On an average what price have you been paying for your cocoons?

Mr. Ahmed.—Rs. 18 to Rs. 20 per maund.

Mr. Boughton.—Was there a rise in the price of silk last year?

Mr. Ahmed.—Yes, when there was a failure of cocoons. I myself paid Rs. 25 per maund.

Mr. Anklesaria.—In 1933 the price of silk was 9-8 per seer and it continually increased to Rs. 10 in 1934, Rs. 10-4 in 1935, Rs. 10-8 in 1936 and Rs. 12-4 in 1937. Can you remember if there was the same fluctuation in the price of cocoons?

Mr. Ahmed.—The price of raw silk went up even to Rs. 13 and I paid a proportionately higher price for my cocoons. Since the protective duties were imposed the price of silk has ranged somewhere in the neighbourhood of Rs. 10 and had it not been for the tariffs, it would have gone down to Rs. 7 and the industry would have been ruined. I sold my silk before the tariffs came on at Rs. 8 per seer.

Mr. Anklesaria.—What is the present price?

Mr. Ahmed.—Rs. 12 per seer?

Mr. Anklesaria.—From Rs. 3-8 the price has risen to Rs. 6; that is about a hundred per cent. increase.

Mr. Ahmed.—Yes.

Mr. Anklesaria.—You think that is due entirely to protection?

Mr. Ahmed.—Yes, mainly and also owing to the rise in the price of Japanese silk.

Mr. Anklesaria.—What is the price of your silk to-day?

Mr. Ahmed.—Rs. 12 to Rs. 13 per seer.

Mr. Anklesaria.—Do you advance any money to the cocoon producer?

Mr. Ahmed.—We buy for cash; to a very few we advance money but usually we purchase for cash.

Mr. Anklesaria.—So I take it as you buy in the open market, the price of cocoons has varied during these five years according to the price of silk.

Mr. Ahmed.—Yes.

Mr. Boughton.—Have you got a detailed statement of the cost of production to-day?

Mr. Ahmed.—The fair average price of cocoons under present conditions is Rs. 25 per maund; to bring the purchased cocoon to the godown costs Rs. 2.

Mr. Boughton.—What would you consider to be the average fair selling price?

Mr. Ahmed.—Fair average price under present conditions should be Rs. 25 per maund.

Mr. Boughton.—What are you paying for your cocoons?

Mr. Ahmed.—I paid from Rs. 13 to Rs. 20. That was for the last crop. There is no cocoon just now; as soon as the market opens we shall know what the rate is. I have my factory at Jangipur. If the price of cocoon is Rs. 20 for bringing it down and putting it into godown we have to pay Rs. 2. We have to get it from Malda and Birbhum. Railway freight from Malda is Rs. 1-4 per maund to Lalgola Ghat and cartage from Lalgola Ghat to my place is 4 annas per maund; then 2 per cent. commission to the purchasers, i.e., As. 6-6 per maund; cooly 4 annas a maund. So the total comes to Rs. 2-2-6. There are difficulties of transport from different centres. From some centres cocoons have to be carried on the heads of coolies. Then Reeling, Turning, Supervising, Water and Fuel charges all together come to Rs. 3-12 per maund, so that the total comes to Rs. 25-12-6.

Mr. Anklesaria.—What is the quantity of silk produced?

Mr. Ahmed.—2 seers 4 chataks to 2 seers 6 chataks; 4½ to 4¾ lbs.

Mr. Boughton.—What is the rendita?

Mr. Ahmed.—16.

Mr. Anklesaria.—What is the total amount?

Mr. Ahmed.—Rs. 25-14-6.

Mr. Anklesaria.—What is the amount of waste?

Mr. Ahmed.—2¼ to 2¾ lbs. of waste.

Mr. Anklesaria.—What is the price?

Mr. Ahmed.—3 annas per lb.

Mr. Anklesaria.—That is how much?

Mr. Ahmed.—About 7 annas.

Mr. Anklesaria.—Rs. 3-12 is the re-reeling charge.

Mr. Ahmed.—Yes.

Mr. Anklesaria.—If you deduct the price of silkwaste, it comes to Rs. 25.

Mr. Ahmed.—Rs. 5 per lb. The quality which I expect to get out of it will sell at Rs. 10-8 to Rs. 11.

Mr. Anklesaria.—At a rendita of 10?

Mr. Ahmed.—Yes.

Mr. Anklesaria.—You gave us a general price of Rs. 13 per seer.

Mr. Ahmed.—Silk of this quality I had to sell at Rs. 10-8 to Rs. 11.

Mr. Anklesaria.—You said that you had sold silk at Rs. 13.

Mr. Ahmed.—Not this year. The rate for first class silk is Rs. 13 and I have not got the stock to supply.

Mr. Anklesaria.—Did you not say that you had sold at Rs. 13?

Mr. Ahmed.—No. That was the original price. I sold the silk at Rs. 10-8 to Rs. 11.

Mr. Anklesaria.—You have just made the two sides of the account balance.

Mr. Ahmed.—According to my experience the position is about right. Sometimes it is even worse. In the previous year I sold at a great loss.

Mr. Roughton.—The previous year was a year of high prices.

Mr. Ghosh.—I am keeping 10 reelers under observation. I find one making profit and another is losing.

Mr. Anklesaria.—Why is it so? Can you account for it?

Mr. Ghosh.—Probably the outturn of cocoons is low. That is the principal factor. The quality differs. There are many reasons. In transit some moths cut out of the cocoons and they go to waste. In steaming there are wastes. Losses occur frequently here and there.

Mr. Roughton.—You have taken Rs. 20 as the general price.

Mr. Ahmed.—I have two samples. One is raw silk as reeled out of basins and the other is machine re-reeled.

Mr. Roughton.—Do you do re-reeling?

Mr. Ahmed.—Yes.

Mr. Roughton.—What is the cost of re-reeling?

Mr. Ahmed.—12 annas per seer. In re-reeling there is usually some loss and it comes to 6 annas per pound.

Mr. Roughton.—Is the market price of re-reeled silk higher?

Mr. Ahmed.—Yes, always.

Mr. Roughton.—By how much?

Mr. Ahmed.—8 annas per lb. This silk competes with the Japanese silk in winding, etc.

Mr. Roughton.—Re-reeling is not included in your cost.

Mr. Ahmed.—No. When the Japanese silk came into the market, the weavers found that re-reeled silk worked better. They asked for re-reeled silk. When I supplied this, the weavers were satisfied, but the difficulty is that there are no agencies to purchase in large quantities and supply.

Mr. Roughton.—Have you not got enough re-reeling machines?

Mr. Ahmed.—My capital is not much and the stock is not much. I can't meet the full demand. Another point is that Japanese silk is given on credit to a very great extent which I cannot do.

Mr. Roughton.—Did you have your silk conditioned in the Conditioning House?

Mr. Ahmed.—I have brought some samples with me to get it conditioned in the Conditioning House.

Mr. Anklesaria.—May I take it that from 1930 you are making a loss? If you are making a loss, why do you continue?

Mr. Ahmed.—I received a loan of Rs. 25,000 from Government and one of the conditions is that I should continue. The loan was given under the State Aid Industries Act. The interest charged is 5 per cent.

Mr. Boughton.—When was it given?

Mr. Ahmed.—3 years ago.

Mr. Boughton.—Have you paid the interest?

Mr. Ahmed.—I have paid the interest.

Mr. Boughton.—Have you paid any amount towards principal?

Mr. Ahmed.—The loan is in the form of cash credit with the Imperial Bank of India. I have to pay interest and draw up to that amount.

Mr. Boughton.—It is guaranteed by Government.

Mr. Ahmed.—Yes. I made great profits before.

Mr. Anklesaria.—When?

Mr. Ahmed.—Before depression came in.

Mr. Anklesaria.—What do you call 'great profits'?

Mr. Ahmed.—I began life with a capital of Rs. 24 and am the owner of property worth Rs. 2 lakhs. There was a time when I made a profit of Rs. 300 a day.

Mr. Anklesaria.—On a capital of how much?

Mr. Ahmed.—Over a lakh of rupees. When the price came down from Rs. 16 to Rs. 6, I lost about Rs. 65,000 8 years ago. Nagindas Foolchand Chinoy used to advance me up to Rs. 80,000 at one time.

Mr. Anklesaria.—What do you expect the Government to do for your betterment?

Mr. Ahmed.—What I suggest is this: one thing is the control of the market and the second thing there should be a financier to purchase and supply to the customers. In controlling the price, these two things should be looked into, the cocoon price should not be less than Rs. 25 and the silk price not less than Rs. 12-8 to Rs. 13.

Mr. Anklesaria.—How can that be done according to you?

Mr. Ahmed.—By protection. I can't think of anything else. Our business is to produce. We are producers. Government should take up propaganda and all that. Silk should be examined as quickly as possible in the Conditioning House and there should be certification. If the Government merely stops at giving a certificate, it won't do. Government should control the market and arrange to stock and supply.

Mr. Anklesaria.—That is to say Government must become a seller of silk.

Mr. Ahmed.—They should make arrangements so that this can be effected. As I have been helped with money, similarly stockists should be helped. I want more money to run my factory.

37. GOVERNMENT OF BIHAR.

Evidence of Messrs. V. K. B. PILLAI, I.C.S., Director of Industries, Bihar, and M. N. DE, Superintendent, Silk Institute, Bhagalpur, recorded at Calcutta on Friday, the 18th November, 1938.

President.—Mr. Pillai, you are the Director of Industries, Bihar?

Mr. Pillai.—Yes.

President.—And Mr. De?

Mr. Pillai.—He is the Superintendent, Silk Institute, Bhagalpore. I am only part time Director. I am also Cane Commissioner.

President.—I will just run through the replies to the General Questionnaire sent by your Government. The letter is dated the 15th November 1938.

Mr. Pillai.—I have got it before me.

President.—In answer to question 1, you say: "The prices of tasar cocoons have gone up from Rs. 2-8 to Rs. 4 per 1,280 inferior cocoons and from Rs. 9-8 to Rs. 13 for superior ones". What is the average weight of cocoons.

Mr. De.—35 big green cocoons and 70 small ones weigh one lb.

Mr. Pillai.—We are speaking of tasar.

Mr. De.—Small cocoons will be about 70 per lb.

President.—1,280 are small cocoons and being inferior 140 cocoons are equal to one seer.

Mr. Pillai.—Yes.

President.—The number of superior cocoons will be 70 to a seer?

Mr. Pillai.—Yes.

President.—What does khari mean?

Mr. Pillai.—1,280 cocoons.

Mr. Boughton.—How much does it weigh?

Mr. Pillai.—34 lbs. if they are large and 18 lbs. if they are small.

President.—1,280 cocoons will weigh about 34 lbs. Would that be superior ones?

Mr. Pillai.—Yes.

Mr. De.—We get two crops usually and sometimes three.

President.—The point is whether the weight of the cocoons is so much that 70 cocoons would weigh one seer.

Mr. Boughton.—It is 35 to a pound.

Mr. De.—70 big cocoons of tasar weigh one seer.

President.—You say many rearers who gave up tasar rearing have again taken it up. That means the revival of the industry.

Mr. Pillai.—Because the prices have gone up lately.

President.—What was that due to?

Mr. De.—All of a sudden the import of spun silk has stopped. The effect of the duty we feel only just now.

President.—That means tasar silk is taking the place of spun silk.

Mr. De.—To a certain extent in place of spun silk.

President.—Now the artificial staple fibre are competing with tasar silk at the present moment.

Mr. De.—Yes.

- President.*—What is the price per pound of tasar silk?
- Mr. De.*—At present the price is Rs. 11 per seer.
- President.*—That means Rs. 5-8 per pound.
- Mr. De.*—Yes.
- President.*—The price of staple fibre is very much lower.
- Mr. Pillai.*—Rs. 1-10 to Rs. 1-12 for yarn of 2/80s. egunts.
- President.*—And 12 to 13 annas for artificial silk yarn.
- Mr. De.*—The weaving charges of tasar are very high. The weaving charges of staple fibre are very low.
- Mr. Roughton.*—Your statement that the increase in price is due to the duty on spun silk seems difficult to believe, because if that be so, the price would have gone up in 1934 and not now.
- President.*—The effect is being felt now. The duty was levied only in May, 1936.
- Mr. De.*—The practical effect of the duty we only see now.
- President.*—Your present production is 17½ lakhs of kharies annually.
- Mr. Pillai.*—It is not possible to estimate the output. The figure on further verification has been found to be incorrect.
- President.*—How much will that be in pounds? 34 pounds will be equal to one khari.
- Mr. Pillai.*—Yes.
- President.*—The price given by you is for green cocoons?
- Mr. Pillai.*—Yes.
- President.*—You say the present price of tasar silk is about Rs. 5-8 per pound and one khari is equal to 1,280 cocoons.
- Mr. Pillai.*—Yes.
- President.*—1,280 would be about 34 pounds.
- Mr. De.*—Yes big ones, but all the cocoons are not big.
- President.*—I want production in pounds. Can you work it out and give me?
- Mr. De.*—It is not possible to estimate even approximately the production in pounds.
- Mr. Roughton.*—Are these cocoons divided into two distinct lots—superior and inferior?
- Mr. Pillai.*—Two sizes.
- Mr. Roughton.*—Are there any intermediate kinds as well?
- Mr. Pillai.*—Tasar cocoons are of several qualities.
- Mr. Roughton.*—Do different ones come of the same tree?
- Mr. Pillai.*—May come.
- President.*—What is the price of inferior cocoons?
- Mr. Pillai.*—Rs. 2-8 per khari.
- President.*—Rs. 12 is for the superior quality.
- Mr. Pillai.*—Yes.
- President.*—The percentage is one-third to two-thirds.
- Mr. Pillai.*—It is approximately so.
- President.*—You say that Government is charging one rupee per family. What exactly does it mean?
- Mr. Pillai.*—It is dalkatia tax.
- President.*—Is it per tree?
- Mr. Pillai.*—What happens is this: in settlement records certain families are shown as having dalkatia rights. They are allotted certain number of

trees by custom—it is not for one particular tree, but a tax per family from the reserve and protected forests.

President.—They have got to rear out of these trees.

Mr. Pillai.—Yes.

President.—Suppose trees are not sufficient?

Mr. Pillai.—Some other trees will be allotted to them.

President.—This is only a nominal charge.

Mr. Pillai.—Yes so that outsiders may not come and there may not be indiscriminate competition.

Mr. Roughton.—What is the total amount of royalty collected?

Mr. Pillai.—That is dealt with by the Forest Department, but I would put it between Rs. 3,000 to Rs. 5,000, because royalty is also collected by private zemindars. There are zemindari forests. So it is very difficult to give the total amount of royalty collected.

Mr. Roughton.—Would it be Rs. 5,000 by zemindars?

Mr. Pillai.—By Government. I shall give you the correct figure later.

Mr. Roughton.—Has there been any increase in the royalty?

Mr. Pillai.—No. That is a fixed amount from time immemorial.

Mr. Roughton.—Have more people begun to pay royalty?

Mr. Pillai.—Here the custom is different. Certain families have got the inherent right to rear in the forest. No new additions are and can be made. Suppose you and I want to rear we will not be allowed. It is what is called *dalvatia* system. The aboriginal tribes have got an inherent right to rear on payment of one rupee.

Mr. Roughton.—What happens when a foreigner is allowed to rear.

Mr. Pillai.—Foreigners are not allowed to rear in those areas.

Mr. Roughton.—Many rearers have come.

Mr. Pillai.—It is not in the Government forests, but is in private forests.

President.—Do those forests belong to zemindars?

Mr. Pillai.—They are private forests belonging to zemindars.

President.—Can you tell us what steps do you contemplate taking with regard to the expansion of the industry?

Mr. Pillai.—We are doing propaganda at present. We have got two stations at present one at Ranchi and the other at Chaibassa; and also two sub-stations one in the district of Manbhum and another in the district of Manthal Parganna. At Ranchi we have got an *eri* farm with Supervisor and two rearers and we are supplying eggs free of charge to the villagers. We send eggs sometimes by post and sometimes by rearers. If eggs are sent by post, it takes a week or so. We have now demonstration parties going to the villages and they demonstrate to the villagers how rearing is to be done. This is all that we do.

President.—Do you think that by this method you are likely to double your production?

Mr. Pillai.—Not at the present rate of progress. This method has to be intensified.

President.—When it is a paying proposition it ought to be rapidly developed.

Mr. Pillai.—The difficulty is this; rearing is practised entirely in Chota Nagpur where labour conditions have got an influence on this. Suppose in Jamshedpur Tata pays higher wages or there is an increase in the prices some people give up rearing. Suppose there is a labour strike, most of the people go back and there is rearing. There is a lot of extraneous influence on rearing in spite of Government propaganda.

President.—There is an alternative source of income.

Mr. Pillai.—Yes.

President.—1280 cocoons produce about 1 seer of silk.

Mr. Pillai.—Yes.

Mr. Roughton.—They are small cocoons and not big ones.

Mr. Pillai.—We have taken the average.

Mr. Roughton.—As regards your answer to question 4, do you mean that from 1,280 mudis or magai cocoons you get 1½ seer and from 1,280 daba cocoons one seer?

Mr. Pillai.—Yes, the word “respectively” makes it plain.

President.—Small cocoons give 10 chataks.

Mr. Pillai.—Yes.

Mr. Roughton.—The big ones give 1½ seer.

Mr. Roughton.—Are these superior varieties?

Mr. Pillai.—They won't be called superior.

President.—What are the names of the superior cocoons?

Mr. Pillai.—Mungia and Bogai.

Mr. Roughton.—You have got two categories in answer to question 1 and three categories in answer to question 4.

Mr. Pillai.—I don't exactly follow.

President.—If you look at the reply to question 4, there are three classes of cocoons, is that correct?

Mr. Pillai.—Not exactly three classes.

President.—Please tell me what is exactly the position.

Mr. De.—We have got 5 or 6 different kinds of cocoons.

President.—Do you classify them according to the weight or according to the price?

Mr. Pillai.—They are classified according to quality of fibre and colour.

President.—I would like you to supply us with more details. This doesn't give a clear idea of what you intend to convey to the Board.

Mr. Pillai.—Yes.

President.—In your answer to the next question you give the varieties of silkworms.

Mr. Pillai.—Yes.

Mr. Roughton.—What is your maund?

Mr. De.—83 2/7 lbs. Bengal maund.

President.—Your Government at that time was not a separate unit.

President.—Your Government at that time was not a separate unit. Before Provincial Autonomy Bihar and Orissa were one province.

Mr. Pillai.—Yes.

President.—In the last Tariff Board Report it was stated that 1,280 tasar cocoons yielded 2 pounds of silk or one seer of silk. If you look at page 213 of the Evidence Volume, you will find that the Government of Bihar did not specify which cocoons they were. According to your present statement, from 1,280 Daba cocoons, you can get one seer of reeled silk.

Mr. De.—This is average for all classes of cocoons.

President.—The system by which the industry is carried on in Bihar seems to be different. The men who rear the cocoons sell them to the middlemen and these take them to Mahajans. Practically the whole thing is in the hands of merchants or Mahajans.

Mr. De.—We are trying to introduce spinning and reeling among the rearers.

President.—The next point dealt with in your answer to question 2 is not very encouraging for the rearers. You say "they are bound to accept whatever rearing charges are offered to them". It is rather an unfortunate position.

Mr. Pillai.—It is very unfortunate.

President.—What efforts are Government making to offer them relief?

Mr. Pillai.—We want the rearers to reel themselves. So we propose to have demonstration parties to do propaganda work amongst the rearers. That would give them substantial help.

President.—Is that the intention of the Government of Bihar?

Mr. Pillai.—Yes, that is the intention of our Government.

President.—You say that you would like to encourage the rearers to keep the moths in captivity.

Mr. Pillai.—Yes.

President.—Have they not adopted that method?

Mr. Pillai.—Not on a large scale. The female moths are tied and the wild ones come and fecundate them. Since the establishment of Chaibassa station some propaganda has been done and rearing is done in captivity.

President.—Can they do so?

Mr. Pillai.—It can be done and they are doing.

President.—You say from one ounce of seeds 1,280 cocoons are produced.

Mr. Pillai.—Yes.

President.—But one ounce of seeds gives you 3,000 worms.

Mr. De.—Yes, but there is a heavy mortality.

President.—If 2,500 worms die, the mortality comes to 70 per cent.

Mr. Pillai.—Yes.

President.—What is that due to?

Mr. Pillai.—They die on account of excessive rain or storm.

President.—I want to know whether it is beyond the control of the cultivator?

Mr. Pillai.—It is beyond the control of the cultivator. It depends upon natural causes.

President.—Is that due to diseases or carelessness in rearing?

Mr. Pillai.—Carelessness is also responsible for some of the mortality. There are lizzards and such things which eat them up. The background has to be remembered. This is being done in a jungly tract by jungle tribes.

Mr. Anklesaria.—Your mortality rate seems to have increased by more than 100 per cent. The figure given to us last time was 25 per cent.

Mr. Pillai.—Personally I do not agree with the figures given last time.

President.—If you look at page 213 of the Evidence Volume you will find it was stated on the last occasion that about 25 per cent. of the tasar worms died before they formed cocoons due to grasserie and flacherie. It has been admitted that the disease which is troubling the worms is flacherie principally.

Mr. De.—In particular areas the mortality due to disease is very high.

President.—Mr. Anklesaria is quite correct when he says that the rate of mortality has increased very considerably as compared with the figure given on the last occasion.

Mr. Pillai.—I personally do not agree with the figures given last time.

Mr. Anklesaria.—Why?

Mr. Pillai.—I have been a Deputy Commissioner in those parts. I know that the rate of mortality is much more than 25 per cent.

Mr. Anklesaria.—Did you enquire?

Mr. Pillai.—During the course of my tour as District Officer I had often made enquiries. I know that the mortality has always been more than 25 per cent.

Mr. Roughton.—Deaths due to natural causes may be very high but not the deaths due to diseases.

Mr. Pillai.—May be.

President.—Then you say that from one good tree about 80 cocoons are obtained. One worm will give you one cocoon.

Mr. De.—Yes.

President.—Can you tell us the quantities of leaves which they feed on?

Mr. De.—The worms are reared on the tree and they take care of themselves. When the leaves are exhausted they are transferred to another tree. On the tree they spin the cocoons. From the trees the cocoons are collected and brought.

President.—You say that cocoons are selling dearer now as compared with other food crops. What are the other food crops?

Mr. De.—In September last, on account of the demand for tasar cocoons, the price was very high compared to rice and pulses.

President.—What is the price of rice?

Mr. De.—8 to 9 seers per rupee.

President.—What is the price of Dal?

Mr. De.—7 seers to a rupee.

President.—When you are comparing the selling price, you must also compare the cost of production. Can you tell us what it costs us to produce one pound of tasar cocoons?

Mr. De.—They spend only one rupee which they pay as royalty to Government. They do not spend anything else.

Mr. Pillai.—It is a sort of spare time job. The worms look after themselves. That is the position.

President.—Whatever they get for their cocoons is their profit except one rupee.

Mr. De.—Yes. In some cases people get Rs. 50 to Rs. 60. In other cases they get only one or two rupees.

President.—They do the night watching.

Mr. De.—Yes, they sleep under the tree. When the worms are big, they do not require any watching. When the worms are small they require watching.

President.—You say that Government have started a marketing organisation. We would like to know what sort of a marketing organisation it is.

Mr. De.—They purchase raw silk.

President.—Do Government purchase raw silk?

Mr. De.—Yes, the marketing organisation does. Afterwards the raw silk is distributed to weavers.

President.—The raw silk business is in the hands of middlemen.

Mr. De.—The marketing organisation purchases the raw silk.

President.—The aboriginal tribes who are the rearers sell their cocoons. They don't reel.

Mr. De.—The marketing organisation also buys from merchants.

President.—I want to know in what way Government propose to help the rearers in order that they may get a better price.

Mr. De.—In the beginning it was difficult for the merchants to dispose of their sarrees. The marketing organisation is helping the weavers and the merchants to dispose of the fabrics.

Mr. Pillai.—So far as rearers are concerned, the distribution of disease-free eggs is the main help.

President.—Are you charging them anything?

Mr. Pillai.—No. Eggs are distributed free.

Mr. Anklesaria.—How do you fix the price which you give to the merchant? Do you pay him the same price which he pays plus commission?

Mr. De.—Whatever the merchants charge will have to be paid.

Mr. Anklesaria.—It has no relation to what has been paid to the rearer?

Mr. Pillai.—No. Government are also helping in another way. We are also purchasing direct from rearers. We know to whom we have distributed the eggs.

Mr. Anklesaria.—What would be the percentage of such purchases?

Mr. Pillai.—Very difficult to say.

Mr. Roughton.—You say in answer to question 35 that "rearing, reeling and spinning are taught at Government Silk Institute, Bhagalpur".

Mr. Pillai.—Yes, and also at the Government Seed Supply and Research Station at Chaibassa.

Mr. Roughton.—Do these jungly people come to those stations?

Mr. Pillai.—In Chaibassa a lot of these people come in. On market days they are collected together and lectures are delivered. That is the sort of propaganda now carried on. The lectures are delivered in the tribal language.

Mr. Roughton.—What precisely do you teach them in respect of rearing? In what directions are you trying to effect improvements?

Mr. De.—We explain everything to these aboriginal tribes. We also take our worms there. These people are full of superstition. They will sacrifice something—sometimes two hens or pigeons—in order to propitiate their deity. Without making some sacrifice they will not start rearing. We are advising them that rearing has nothing to do with all that. Then our rearers from nurseries are visiting them in their villages and advising them how to rear. We are also teaching them how to spin and weave. They are taking to spinning and weaving.

President.—I don't think that any education is necessary as far as rearing is concerned.

Mr. Pillai.—As far as rearing proper is concerned, no education is necessary. We have practically adopted the best methods possible.

Mr. Roughton.—The main thing about rearing is that moths have got to be kept in captivity.

Mr. De.—Then there is the question of exchange of seeds. Local seeds give bad results. If they get eggs from distant places, the results are better. So we are distributing eggs from distant places to rearers of different districts.

President.—What do you mean when you say that the rearer gets Rs. 2?

Mr. De.—Very little he gets.

President.—Is that for cocoons? It cannot be. What is the average per family? How many cocoons do they produce?

Mr. De.—With 40 seed cocoons they start rearing. They get from Rs. 2 to Rs. 60.

Mr. Pillai.—Very rarely you will find people making Rs. 60.

President.—Shall we say Rs. 25 will be an average?

Mr. Pillai.—Yes.

Mr. Anklesaria.—Would that be a fair average?

Mr. Pillai.—Yes.

President.—On page 4 of your replies you have given a production of 20,000 seers or 40,000 lbs. That figure does not tally with the production which you have given as 9,000 maunds.

Mr. Pillai.—It is not possible to estimate the output. The figures may not be correct.

President.—You have promised to give me a note on the subject.

Mr. Pillai.—Yes.

President.—The tassar silk can be twisted.

Mr. Pillai.—Yes.

President.—And it can be woven.

Mr. Pillai.—It is being woven.

President.—How does it compare with the mulberry cloth?

Mr. Pillai.—Not so fine.

President.—Is it dull?

Mr. Pillai.—Rather dull and coarse.

President.—How does it compare with eri silk?

Mr. Pillai.—It is not so fine and soft as eri.

President.—Is there any serious competition with tassar silk at the present moment?

Mr. De.—Yes, at present there is.

President.—As you have pointed out, it is staple fibre and art. silk.

Mr. De.—Yes.

President.—Both of them compete directly or indirectly? I find that there has been an increase in the imports of artificial silk.

Mr. Pillai.—Very great increase.

Mr. Anklesaria.—Has it lowered your production of tassar?

Mr. Pillai.—To a certain extent it has. The difficulty is I must confess we have not done sufficient propaganda. Our marketing organisation is not yet sufficiently advanced. That is the crux of the problem.

President.—To what extent is your mulberry silk used in your province?

Mr. Pillai.—I don't think that mulberry silk is used to a great extent.

Mr. Houghton.—The competition must be with spun silk.

Mr. De.—Yes.

Mr. Anklesaria.—Mulberry is not competing with tassar.

Mr. Pillai.—No. From ancient times there have been a large number of weavers in Bhagalpur. Since the introduction of staple fibre and art. silk, most of the weavers have taken to them.

President.—You have also raised the same point which we discussed yesterday, viz., that the imported raw silk is superior to Indian silk in winding quality, and in uniformity?

Mr. Pillai.—That is a fact in respect of reeled mulberry silk.

President.—You admitted also the other day that that was a fact.

Mr. Pillai.—Yes.

President.—I want to know whether your Government are doing anything with regard to tassar silk to improve its defects.

Mr. Pillai.—We have just ordered a twisting plant. I suppose that it will improve its quality.

President.—Will it?

Mr. Pillai.—To a certain extent it will. We have just placed the order for Rs. 15,000.

President.—There will be a difference of Rs. 1-4 between the price of ordinary tassar silk and twisted tassar silk.

Mr. Pillai.—Yes.

President.—Does that mean that Rs. 1-4 would be the cost of twisting?

Mr. Pillai.—Yes.

Mr. Roughton.—You have asked for 100 per cent. tariff.

Mr. De.—The tariff should be adequate; that is what we want.

President.—You want protection against staple fibre?

Mr. De.—Yes, and artificial silk.

Mr. Roughton.—You are not concerned with raw silk at all?

Mr. De.—We are just beginning; we are not directly concerned.

Mr. Roughton.—You really do not want 100 per cent. duty on raw silk for your own purpose? It is generally desirable for the rest of India?

Mr. De.—We support their view.

President.—The present duty on spun silk is really an inducement which serves as protection to the tassar industry?

Mr. De.—Yes it does.

Mr. Anklesaria.—Last time you did not claim any protection.

Mr. De.—No.

Mr. Roughton.—On what calculations do you justify the figure of 70 per cent.; is not the protection you have got at present adequate?

Mr. De.—We find that staple fibre is coming in.

Mr. Roughton.—It is coming in at an ordinary duty of 25 per cent. You say at present owing to the high price production is increasing with great rapidity. How do you reconcile that with the request for a heavy increase in the present import duty?

Mr. Pillai.—The demand for tassar silk increased in September and October but prices have gone down again.

Mr. Roughton.—Your figures show a steady increase in price and the inference to draw from that is that the industry requires less protection. I would like you to explain this.

Mr. Pillai.—When there is dearth of cocoons prices go up.

Mr. Anklesaria.—You mean production has gone down?

Mr. De.—Yes.

Mr. Anklesaria.—You have got 20,000 reorers now, it was higher before.

Mr. De.—The number is approximate. From our experience we find that the production that we had in 1933-34 was higher than what it is now and the number of reorers have decreased and again the number is increasing since last year on account of the high price of cocoons.

President.—On an average how many cocoons does a reorer produce?

Mr. De.—We produce about 2 kharis, about 2,500 cocoons.

President.—On the last occasion you gave a reply that on an average one reorer produced 4,000 cocoons.

Mr. Pillai.—The present figures are more correct.

President.—Has Orissa got a very big tassar industry.

Mr. Pillai.—Mayurbhanj and other States were also included in that.

Mr. Anklesaria.—You think if the staple fibre imports were checked you would have a greater production of tassar?

Mr. Pillai.—Yes. These weavers will switch on to tassar. Our merchants do not like to take to tassar because they can make more money out of staple fibre, but the weavers would like to use tassar.

Mr. Anklesaria.—But if the reorers get a better price, they will produce more.

Mr. Pillai.—The reorer is not much benefited. The whole system is bad. The reorer takes the cocoons to the hat and the mahajan purchases it, and

sells it to the bigger mahajan so that there are two or three intermediaries between the rearer and the weaver.

President.—Can you give us the cost of producing one pound of silk?

Mr. De.—I will send it to you later on.

President.—You are exporting silk-waste to Europe?

Mr. Pillai.—Formerly we used to, but we are spinning it in India now and not exporting it.

President.—Has it entirely ceased because of the Indian demand or because of the price prevailing in foreign countries?

Mr. Pillai.—We have taken to spinning.

President.—In answer to question 71 you have given the price of raw silk as Rs. 10-13. Is that for one seer?

Mr. De.—Yes.

President.—Hand twisting charges: that is also per seer?

Mr. De.—Yes.

President.—This figure of export in answer to question 67, viz., 11,432-13-8, is that in rupees?

Mr. Pillai.—Yes.

President.—You have not given us the quantities so we do not know what the price was. You might send us the quantity.

Mr. Pillai.—Yes.

President.—In answer to question 73 you say Government are granting subsidies.

Mr. Pillai.—Government used to grant subsidies. I shall send a note.

President.—The aboriginal need not know. When I am offered a price it must have some relation to the price of silk, and a man who is reeling must know the price of silk.

Mr. Pillai.—Yes, there will be a bazar price in relation to silk but there is nothing to prevent him from offering less.

President.—Suppose a merchant offers one rupee, will the aboriginal accept it?

Mr. Pillai.—He would be bound to sell.

President.—Does it amount to more or less controlling of prices?

Mr. Pillai.—I would not characterise it as controlling of prices.

Mr. Boughton.—If what you say about the inability of the aborigines to realise better prices is correct—which is not borne out by the figures here—and if they are entirely at the mercy of the merchants how are the prices rising?

Mr. Pillai.—These prices are not the prices realised by the aborigines.

Mr. Boughton.—Who buys it in the first instance?

Mr. Pillai.—The middleman and the middleman sells to the reeler.

President.—Can you give us an idea of what actually the aborigines realise for his cocoons?

Mr. Pillai.—He is at the mercy of the merchants. He gets about Rs. 4-8 per kahan, that is 1,280 cocoons; the merchant takes it to the bigger merchants at Chaibasa and other places and sells it at 8 annas more and that is taken to Bhagalpur.

President.—Will you please look at page 23 of the Tariff Board's Report, Table XV where statistics of silk production for Bihar and Orissa are given? It is stated that the value of silk is Rs. 31,62,000, whereas the quantity of silk reeled is 240,000 lbs. It is very difficult now to give a separate figure.

Mr. Pillai.—Yes.

President.—I do not know whether it has gone down or whether it has gone up. Could you supply figures for Bihar?

Mr. Pillai.—It is not possible.

President.—And also we would like to have the figures of the number of persons depending on this. Last time they were supplied to us.

Mr. De.—Very few depend upon the industry exclusively.

President.—Still the figures were supplied to us.

Mr. De.—Weavers generally depend, but not the rearers.

President.—If you could give your replies as you did on the last occasion, it would be helpful.

Mr. De.—Yes.

President.—As far as mulberry silk is concerned you are not producing anything.

Mr. Pillai.—We are producing 100 lbs. in the district of Purnea adjacent to Malda.

President.—Do you think that the production is likely to increase?

Mr. Pillai.—To a certain extent, but I am not very optimistic.

President.—Suppose adequate protection is granted?

Mr. Pillai.—We may increase to a certain extent.

President.—What about eri silk?

Mr. Pillai.—We can.

President.—What is the present production of eri silk?

Mr. Pillai.—3,000 lbs.

Mr. Roughton.—Is eri fed on wild castor?

Mr. De.—No.

Mr. Pillai.—It is planted merely for this purpose.

Mr. Roughton.—Don't you have wild castor?

Mr. Pillai.—Yes. In our farm we plant castor specifically for this purpose.

Mr. Roughton.—Rearers use planted castor.

Mr. Pillai.—Yes.

Mr. Roughton.—Does he get oil and that sort of thing?

Mr. Pillai.—In the homestead land they generally plant castor seed and they get leaves. Besides leaves they get seeds.

Mr. Roughton.—Does eri culture spoil the castor seed?

Mr. Pillai.—It is not a paying proposition to rear eri worms if leaves are exclusively cultivated for that purpose. They don't spend a single farthing on cultivation. On the homestead land they have castor plants and out of these leaves worms are fed.

Mr. Roughton.—Do they put the eri worms on the plant?

Mr. Pillai.—No.

Mr. Roughton.—Do they pick leaves and feed them?

Mr. Pillai.—Yes.

President.—In answer to question 1 (a), (b), (c) and (d) of the questionnaire for the silk and artificial silk goods manufacturers, you say: "The commercial work is undertaken in order to advertise Bihar silks and secure wider markets for the same". Is that the reason for starting the Institute at Bhagalpur?

Mr. Pillai.—Yes. We manufacture and sell both in India and outside. We have got our agents in London and America.

President.—Do you get good prices?

Mr. Pillai.—Fairly good prices.

President.—Are you manufacturing pure silk goods?

Mr. Pillai.—Nothing else.

Mr. De.—Formerly we used to send large quantities. On account of the duty in England, our exports have come down.

President.—There is no preference for silk.

Mr. De.—There is slight preference.

President.—You have given me in rupees these figures. Will you give me also in pounds?

Mr. Pillai.—I have made a note of that.

President.—Your main production is scarvas and mufflers all made out of tasar silk.

Mr. Pillai.—Yes. We make some sarees, shirtings and suitings also. We don't sell them outside India.

President.—As far as your cloth is concerned there is practically no competition. Is that due to the special patterns that you are producing?

Mr. De.—Yes.

President.—Have you got any designer?

Mr. Pillai.—We got a designer from England some years ago. We propose to get another very soon.

President.—It is very important in the interest of the Handloom Industry.

Mr. Pillai.—Yes. Till recently we had help from a lady from Czechoslovakia called Mrs. Klinar.

President.—You have also sent a reply to the Handloom Industry in which you say reeled mulberry silk is introduced.

Mr. De.—Yes.

President.—Are you getting mulberry silk imported?

Mr. De.—We get from Mysore and Bengal.

President.—Indigenous mulberry silk?

Mr. De.—Yes. On account of the cheapness of Japanese silk local weavers are using foreign silk.

President.—Is Japanese raw silk coming?

Mr. De.—Yes.

President.—You say the total production of goods is Rs. 30 lakhs. What is the present production?

Mr. De.—About 18 lakhs.

Mr. Anklesaria.—Real silk doesn't compete.

President.—It competes with mulberry silk. There are a couple of factories started before 1934. Are they still continuing to manufacture spun silk goods?

Mr. De.—Now they are using artificial silk and staple fibre.

President.—Is there any mixed yarn?

Mr. De.—Mercerised cotton weaving.

President.—You have also replied to the general questionnaire.

Mr. De.—That is a new thing. We have got very little knowledge of that.

Mr. Pillai.—We have got only 40 to 50 rearers.

President.—You are at present rearing *nistari* and *barapola*.

Mr. Pillai.—Mostly *nistari*.

President.—You are getting eggs supplied by the Bengal Government.

Mr. Pillai.—We produce our own eggs. Sometimes we get from Bengal Government also.

President.—Is this figure correct, 52,000 worms from an ounce of seed?

Mr. Pillai.—87,500 eggs of mulberry.

President.—It must be a mistake.

Mr. Pillai.—Yes.

President.—The present wastage is only 10 per cent.

Mr. Pillai.—Yes.

President.—This is a very good figure. Bengal Government's figure is very high.

Mr. Pillai.—This is in a very small locality which can be better controlled.

Mr. Roughton.—Do you rear yourselves.

Mr. Pillai.—Yes.

President.—You have sent us replies to questions 11, 25, 28 of our questionnaire regarding the Handloom Industry. There you say that the average price of cocoons realised for 1935 was Rs. 16 to Rs. 18. Have you got those replies?

Mr. Pillai.—I haven't got them.

Mr. Anklesaria.—You export cocoons to Central Provinces. Are they being reeled there?

Mr. De.—Yes. Cocoons are exported.

Mr. Anklesaria.—You can send these cocoons also to more distant markets than Central Provinces without any deterioration taking place in the cocoons.

Mr. De.—Yes.

Mr. Anklesaria.—Yesterday you told me Mr. Pillai, that you have tried bounties.

Mr. Pillai.—We tried in Khunti sub-division of Ranchi district.

Mr. Anklesaria.—And it failed.

Mr. Pillai.—Yes.

Mr. Anklesaria.—You have promised to give me a note.

Mr. Pillai.—Yes.

Mr. Anklesaria.—You say nobody depends upon sericulture.

Mr. Pillai.—Yes exclusively.

Mr. Anklesaria.—What do you mean?

Mr. Pillai.—That means in the sense that he has got other occupation.

Mr. Anklesaria.—He has got a primary occupation and then in his spare time he takes up sericulture. What would be his income from the main occupation?

Mr. Pillai.—It varies from place to place.

Mr. Anklesaria.—What would be the proportion between his income he derives from the main occupation and his income he derives from Sericulture.

Mr. Pillai.—It is very difficult to answer the question. In Ranchi district it may be practically 5 per cent. of the income from his main occupation and in Singbhum it may be a little more, in certain selected areas in what is called Kolhan area.

Mr. Anklesaria.—It won't exceed 5 to 10 per cent.

Mr. Pillai.—It is difficult to say.

Mr. Anklesaria.—If the average income is 25, it should be more than 5 per cent.

Mr. Pillai.—In the aboriginal family in the Singbhum district each member of the family works in the iron mines, manganese mines, etc.

Mr. Roughton.—Jungli people are not the people who usually go to the mines.

Mr. Pillai.—Yes they do.

Mr. Anklesaria.—Do the rearers go to the mines?

Mr. Pillai.—Yes.

Mr. Houghton.—I am speaking of my knowledge of the Central Provinces.

Mr. Pillai.—I am talking of the Singhbhum district.

Mr. Anklesaria.—You said that the aboriginal rearer is bound to sell to the mahajan whatever price he offers. You have got the Government to buy.

Mr. Pillai.—Government will not buy on a large scale. Government will rarely buy from the rearer himself. They buy from the middlemen.

Mr. Anklesaria.—Is there anything to prevent the rearer from going to the Government.

Mr. De.—In the State of Mayurbhanj they purchase all the cocoons from the rearers and the State sell the cocoons.

Mr. Pillai.—In a State it is possible.

President.—Middlemen make money.

Mr. Pillai.—Yes.

President.—Is there any other point which you would like to place before the Board?

Mr. Pillai.—No.

38. GOVERNMENT OF ASSAM.

Evidence of Mr. S. L. MEHTA, I.C.S., Director of Industries, Assam, recorded at Calcutta on Saturday, the 19th November, 1938.

President.—You are Director of Industries, Assam.

Mr. Mehta.—Yes.

President.—You are also in charge of sericulture.

Mr. Mehta.—As Director of Industries, I am in charge of sericulture.

President.—We have received replies to the General as well as Handloom Questionnaires. I suppose you have got both the copies with you.

Mr. Mehta.—I have only got the replies to the general questionnaire sent by the Government of Assam. If there is anything which you want to ask about the handloom industry, I think I shall be able to answer them.

President.—With handlooms you are probably directly concerned.

Mr. Mehta.—I am as much concerned with sericulture as with handlooms. I have got experts under me for both.

President.—I will just go through your replies to the general questionnaire and ask you questions on those points which require further elucidation. On the last occasion, your Government replied to our questionnaire and supplied certain figures. Now I want all those figures brought up to date in order to enable us to review the position of the industry during the last five years. If you look at page 28 of the Tariff Board report, you will find that the production of mulberry silk in Assam was 6,400 lbs. (reeled), Tasar nothing, Muga 100,000 lbs. and Eri 50,000 lbs. Can you give us an idea of the present production?

Mr. Mehta.—It will be roughly an increase of one third or 30 per cent.

President.—On all these figures?

Mr. Mehta.—Yes.

President.—In reply to question 3, you say that your present production can be quadrupled.

Mr. Mehta.—That is the maximum attainable.

President.—Is that the future production?

Mr. Mehta.—That is given in reply to the question with regard to the maximum production attainable.

President.—In order to get that I must know the present production. Shall I put down the present production of mulberry silk as 10,000 lbs. this year?

Mr. Mehta.—I think that that would not be an inaccurate figure. But it is a guess only because we have not got definite statistics.

President.—That was also stated on the last occasion. The same stereotyped reply is given now.

Mr. Anklesaria.—What do you base your guess on?

Mr. Mehta.—Partly on the amount of silk that is found in different hata. When we go on tour, we generally make enquiries as to the amount of cocoons sold in hata at important centres. We will have to make better enquiries in future so far as figures are concerned if they are to be reliable.

President.—If you look at page 29 of the Tariff Board report, you will find the number of persons depending on silk worm rearing in Assam shown as 12,000 under mulberry silk and under other silk as 150,000.

Mr. Mehta.—I do not know where they obtained these figures from. I have got no definite figures but all I can say is that the number of people

who are taking to silk worm rearing has considerably increased within the last five years.

President.—What would be the present approximate estimate?

Mr. Mehta.—Even that is difficult to say. The fact is that the food-plants grown have increased within the last five years. At present the production of cellular seed as compared with 1933-34 has increased by nearly 9 times. All that is being utilised by the rearers.

President.—Is that a definite information?

Mr. Mehta.—Yes.

Mr. Roughton.—The fact that the production of cellular seed had increased considerably might either be an indication of the total proportion of cellular seed having increased or the production itself having increased.

Mr. Mehta.—It is actually the production that has increased. I know that for a fact because formerly we had about 26 model rearing houses owned by private agriculturists and since the Government of India's subvention, the number of model houses has increased by 100, in each of which there has been a considerable increase in cellular seed production.

President.—Mr. Roughton's point is this. Formerly you might have been producing 50 per cent. cellular seed and to-day you might be producing 100 per cent. cellular seed. It does not imply that the production has increased. The increase in the production of cellular seed does not mean that production has increased.

Mr. Mehta.—I understand that.

President.—Are you definitely of opinion that production has gone up?

Mr. Mehta.—Yes, very considerably. It may not be 9 times but it has gone up very considerably.

Mr. Roughton.—What is the production of Eri and Muga silk?

Mr. Mehta.—I am talking of all the three—pat, muga and eri.

Mr. Roughton.—Have you any statistics showing the cultivation of mulberry, for instance?

Mr. Mehta.—Do you mean the area?

Mr. Roughton.—Yes. Is your mulberry tree mulberry?

Mr. Mehta.—Mostly tree mulberry, so far as villages are concerned. I have not got the area under cultivation of mulberry.

President.—Could you get that information for us?

Mr. Mehta.—It is very difficult. The conditions in the villages are such that it is difficult to get the area except that the model house rearers under the new scheme have grown small patches.

President.—You realise that there is great necessity for collecting some sort of statistics and having a survey in order to get an idea of the actual production if your Government really want to help the rearers and reelers. I want to know what steps your Government intend taking in this matter.

Mr. Mehta.—Statistics would no doubt be useful but I think that if the Board would be good enough to visit with me some of the places and see the conditions, perhaps you would agree with me that it would be very difficult to collect statistics on the scale and on the basis on which you want.

President.—What about Kashmir which is in a similar position?

Mr. Mehta.—I am afraid I do not know the conditions of Kashmir. I will make my position clear. The rearer has got a small house or cottage and a little open space where he grows a few vegetables. On the border he has a few mulberry trees which have been growing for generations. It may be half a dozen, ten or twenty. He plucks leaves from those trees and does a small amount of rearing every year. It is very difficult to find the area.

President.—But you are able to tell us (Question 11) that the number of ounces reared by each rearer's family during a year is 3 ounces.

Mr. Mehta.—About that on the average.

President.—That means each rearing house.

Mr. Mehta.—Every one has not got a rearing house.

President.—In India you hardly find a separate rearing house. The dwelling house is turned into a rearing house.

Mr. Mehta.—The average may be taken as that.

President.—The average number of worms is 32,000. If you say that the number of ounces reared by each rearer's family is 3 ounces, then there must be a good number of trees round about it. We have been told that 25 to 30 trees are required to rear an ounce of seed.

Mr. Mehta.—I don't think so.

President.—That is the information we got from Mr. Psychaud.

Mr. Mehta.—I have only seen a few trees in several houses and there are some houses where people might not be rearing. These people pluck the leaves from those trees and utilise them. We have only multivoltine worms generally reared by these people.

Mr. Houghton.—Are there no census figures?

Mr. Mehta.—No.

Mr. Houghton.—At the last census, was not silk worm rearing shown as a separate occupation?

Mr. Mehta.—No, not as far as I remember.

Mr. Houghton.—Is the eri worm fed on wild castor or cultivated castor?

Mr. Mehta.—It is not regularly cultivated by people. As I said before, every one has a few castor plants in his own compound. Seeds fall and new plants grow.

Mr. Houghton.—Do they grow on the bunds of fields?

Mr. Mehta.—They grow in the fields from seeds which fall from plants.

President.—Can you tell us the weight of the cocoons?

Mr. Mehta.—

Variety.	Weight of 100 empty cocoons in grams.
French Yellow univoltine	21.8
French White univoltine	23.2
Assamese White univoltine	10.8
French White crossed Assamese White	16.9
Bivoltine Japanese White 1st generation	14.9
Bivoltine Japanese White 2nd generation	14.9
Bivoltine Japanese White 1st generation	16.4

As regards multivoltine Assamese White there are several generations and I think the weight ranges from 9 to 10.8 grammes. Several experiments have been made on the Assamese Greenish White and the weight ranges from 10 to 10.9 grams. For eri there is no record.

President.—The reason why I ask you is this. If you look at your reply to question 7, you have given the number of cocoons to a pound (dry weight). Then, the figure of 250 would become 750 for Univoltine French White to convert it into green weight.

Mr. Mehta.—It may be—I do not know.

President.—Personally I think that it is too high.

Mr. Mehta.—These figures have been supplied by the Superintendent of Sericulture.

President.—What about 1,280 cocoons per kahan? Can you tell us the weight?

Mr. Mehta.—It is not sold by weight.

President.—We want to know how many pounds of cocoons are required to make one pound of silk. You have given the reelable silk as 4 chitaks.

Mr. Mehta.—These are the figures given to me by the Superintendent of Sericulture.

Mr. Boughton.—When you say "yarn", do you mean raw silk or silk yarn?

Mr. Mehta.—It means raw silk.

President.—When you verify that, will you verify the number of cocoons to a lb. of silk green weight? In most places we deal with cocoons to a pound before they are stifled.

Mr. Mehta.—Our difficulty is that each man has his own cocoons, stifles them in his own house and does the reeling. However I think we will be able to get you some figures.

President.—How many pounds of cocoons are required to make one pound of silk?

Mr. Mehta.—These answers are based entirely on the information supplied to me by the Superintendent of Sericulture, so that I am afraid I cannot give you any more detailed reply.

President.—I thought that when Government deputed you here, they might have informed you as to how these figures were arrived at.

Mr. Mehta.—You said that there would be some general discussions in which the Directors of Industries would be interested. So, I came only with those papers.

Mr. Boughton.—I think it is green weight.

President.—How many lbs. of cocoons yield one lb. of silk? Last time your Government stated 1,300 cocoons to a lb. of silk (green weight). You generally rear three kinds of worms—mulberry, muga and eri and the largest production I suppose is out of muga?

Mr. Mehta.—Yes.

President.—As far as that silk is concerned I suppose it has got a market of its own?

Mr. Mehta.—Yes.

President.—And mulberry silk does not come into competition with that silk?

Mr. Mehta.—It is a different variety. It has got a golden yellow colour which has its intrinsic value. It is used in embroidery and so far as saree is concerned it is used in borders.

Mr. Boughton.—Is it woven?

Mr. Mehta.—Yes. It is twisted and after that they weave it into thos.

President.—The greatest point about this silk is that it has got great lasting quality.

Mr. Mehta.—Yes and the colour. With regard to eri its greatest value is its lasting quality.

President.—Can these silks be reeled in a factory?

Mr. Mehta.—I think muga can be reeled but eri is from pierced cocoons so that it has to be spun.

President.—What is your opinion with regard to the future expansion of the industry? As far as castor leaves are concerned they can be grown all over India without any difficulty and the Board is anxious to have as much information from you as possible because here the industry is in a more or less prosperous condition.

Mr. Mehta.—Rearing is not very difficult in the case of eri. The worm is generally very hardy and can stand quite an amount of difference in temperature and climate so that other provinces are gradually taking it up. I believe Bihar is rearing some and Madras is taking it up.

President.—In the Conference we were told that the Punjab and Bombay are also thinking of rearing eri worms. If you could provide us with a note on the subject dealing with the temperature and climatic conditions under which it can be reared and the likelihood of their being reared in certain climates, that would help the Board to find out to what extent the industry can be developed in other provinces.

Mr. Mehta.—I have not the least objection to sending you a note as to how eri worms are reared.

President.—I want also to know the climatic conditions under which eri worms can be reared, the amount of leaves that are required to feed an ounce of worms and similar information as we are collecting in regard to mulberry silk.

Mr. Mehta.—If you could give me the points, I shall be glad to supply the information.

President.—It is necessary to know whether there is any chance of expanding the industry in India because it has practically a monopoly market.

Mr. Roughton.—Mr. Mehta's difficulty is rather this that he can say that eri worm thrives in the climate of Assam but he cannot say how it will thrive in the climate of Punjab.

Mr. Mehta.—That is the difficulty. I can say that so far as Assam is concerned it can stand the difference in temperature from so much to so much and that our temperature has got so much humidity under certain conditions and in certain months of the year. My fear is that in the extremely dry climate of Bombay and Ahmedabad the eri worm may not thrive.

President.—Last time the Tariff Board devoted some attention to the question of climate, humidity and compared it with conditions in Japan in order to see whether there was any possibility of the expansion of mulberry silk in other parts of India. If you could give similar information, the Board will try to see if there is a future for it.

Mr. Mehta.—Bihar and Madras have done it, Bengal has started it; Punjab is going to take it up and the other provinces now remaining are the Central Provinces and Bombay.

President.—Do you rear bi-voltines?

Mr. Mehta.—Yes.

President.—It must be a very small quantity?

Mr. Mehta.—From the farm we are supplying some of this seed. The local seeds produced by rearers have also got a small amount of it but we do not know the extent.

President.—What is your experience with regard to cross-breeds?

Mr. Mehta.—In the case of cross-breeds univoltine French were crossed with Assamese white and the milk yield is $1\frac{1}{2}$ times more. I have got the figures of cross-breeds in the Annual Report. I will give you the figures of the two farms. Univoltine Assamese white, weight of 100 empty cocoons in grams 10.8 as against that of French white crossed with Assamese white univoltine, weight per 100 empty cocoons 16.9. It is definitely more. In bi-voltines we have no cross-breed because we are only having Japanese bi-voltines from generation to generation and the yield of that is 14.8 to 16.4 grams. Multivoltine Assamese variety we have not crossed.

Mr. Anklesaria.—The most successful hybrid you have not tried?

Mr. Mehta.—You cannot cross univoltine and multivoltine worms because the characteristics of the two are different.

Mr. Anklemria.—Madras is very successfully doing it. If you read the Mysore answers you will find that they are entirely successful.

President.—Look at your answer to question 9. Where do you get your hybridised seed?

Mr. Mehta.—In the farms.

President.—In multivoltine variety I don't think there is any cross?

Mr. Mehta.—Multivoltine variety has not been crossed. I have got the report of both the farms. We have got univoltine French white crossed with Assamese white.

President.—Can I say that the bulk of your production is univoltine?

Mr. Mehta.—No. We have also the multivoltine variety, because the rearers take three crops in a year. They have the univoltine as well as the multivoltine crops.

President.—Look at your answer to question 10. What is the price of seed?

Mr. Mehta.—5 annas for 100 layings of multivoltine and 10 annas for univoltine.

President.—You have stated 70 to 150 layings. Could you give us separately for all the three varieties—univoltine, bivoltine and multivoltine?

Mr. Mehta.—I will give you the figures later on. The muga seed is very big; eri is a little less and mulberry is the smallest.

President.—How would you compare muga worm with tassar?

Mr. Mehta.—I have not seen tassar worm in Assam at all, but I understand it is a very big worm.

President.—We were told that 70 small tassar cocoons weigh one pound. How many cocoons to a pound are there in muga?

Mr. Mehta.—I will supply the figure later on.

President.—When you charge 5 annas per ounce of seed you must be basing it on something. I want to know how much concession the rearer gets from Government in the purchase of seed.

Mr. Mehta.—I will be able to give you roughly the costs in the farms. It is very much less than the actual cost to Government. I think the price charged is nominal.

President.—How many seeds do you rear?

Mr. Mehta.—I can give you the number of layings produced in each farm.

President.—Then give me the cost incurred on the farm. Do you do anything else except rearing?

Mr. Mehta.—Yes, hybridisation, cultivation of and experimenting on various kinds of mulberry and various other things. There are a lot of overhead charges.

President.—We have been able to get the cost of seed in other places; would you just make an effort and see if the items can be separated.

Mr. Mehta.—I will see if it is possible. The whole thing was an amalgamated block expenditure on the farm and what you would regard as the cost of production of seed cannot actually be worked out.

President.—It can be if an effort is made.

Mr. Mehta.—I am afraid it will be difficult in view of the fact that there is no exclusive staff.

President.—You can assess his pay according to the amount of work he puts in.

Mr. Mehta.—If it is possible I will try.

President.—In answer to question 14 you have given the wastage. Are you sure that for mulberry it is 10 per cent.?

Mr. Mehta.—That is what my Superintendent of Sericulture has given me. I will verify it again. In our case it may be correct because it is done on such a small scale in small individual houses that much more individual attention is given.

Mr. Boughton.—A part of this 10 per cent. won't hatch in the beginning?

Mr. Mehta.—So far as the seed from the farm is concerned they hatch very well.

President.—Probably it may mean that 10 per cent. wastage is due to disease only.

Mr. Mehta.—It may mean 10 per cent. loss due to disease and other causes such as climatic conditions. With regard to model rearing houses there is no fear of rats or fly.

President.—How many rearing houses have you got?

Mr. Mehta.—136 model houses, subject to correction.

President.—Is there any subvention given by the Government of India?

Mr. Mehta.—From the Government of India we are getting a certain amount for the last three or four years, and out of that we made 100 model rearing houses. Rs. 10,500 was in my scheme for model rearing houses and half of it was given by the Government of India and half was to be given by the local Government.

Mr. Boughton.—This would not be the general percentage?

Mr. Mehta.—As I told you I cannot give you the wastage on general production.

President.—It is a distinct gain if that figure of 10 per cent. is correct?

Mr. Mehta.—If my Superintendent of Sericulture has taken only the figures of model rearing houses and selected rearers than that figure may be correct.

President.—The only point you should ascertain is whether the bulk of the rearing of mulberry worms are done in rearing houses.

Mr. Mehta.—That I can give you.

President.—You can say whether the bulk of mulberry silk worms are reared in the rearing houses.

Mr. Mehta.—I don't think it can be treated as the bulk. There are only 126 to 136 rearing houses and I know of no other rearing houses in the villages of this type.

President.—You might be able to say what they are rearing in these model rearing houses?

Mr. Mehta.—On that we have definite information here.

President.—What is it?

Mr. Mehta.—All mulberry in the model rearing houses; there is nothing but mulberry. Muga rearing cannot be done in a house. The worms are taken and put on the tree. They remain on the tree till they have reached the 5th stage.

President.—Do they use a bundle of straw? Is that for Eri?

Mr. Mehta.—That is for the sake of pairing. The processes are different. When the moths come out from the seed cocoons, the female is tied up to a small bundle of straw. The arrangement is called "kharika". The male moth is selected from the best cocoons and is allowed to pair for a certain period after which the female moth starts laying eggs. The seeds are very big. After the worms come out, they are put on the soom or suala trees. They remain there till they are ready to spin and then they are taken out and put on "jalis" bundles of dry leaves where they spin.

President.—What percentage of your seeds is disease-free?

Mr. Mehta.—I shall let you know later.

President.—With regard to the cost of cultivation you say it is negligible.

Mr. Mehta.—I have explained it very elaborately. The local conditions are so peculiar that it is very difficult to find that out.

President.—Is there any bush mulberry?

Mr. Mehta.—In the villages I don't think there are many. All the new cuttings which have been put in in the last 3 or 4 years have not yet become big trees. We hope ultimately they will become big trees.

President.—Have you any bush mulberry?

Mr. Mehta.—Yes in the Government farms. They are only for seed production.

President.—So that the ordinary rearers use leaves out of the tree mulberry.

Mr. Mehta.—Usually.

President.—You say that the cost of cultivation is negligible.

Mr. Mehta.—Yes. It is negligible to an agriculturist who does this along with other things. Intrinsically I agree there must be some cost of production. It is difficult to give you a figure.

President.—When other provinces have been able to give us figures, better efforts may be made.

Mr. Mehta.—In spite of my best efforts I could not give it.

President.—How many lbs. of leaves are required to feed an ounce of seed?

Mr. Mehta.—I will let you know later.

President.—You give me the average yield of cocoons per ounce of seed.

Mr. Mehta.—31,000.

President.—For univoltine?

Mr. Mehta.—I can't say.

President.—And you have given me the total number of worms as 32,000 in reply to question 11.

Mr. Mehta.—This 32,000 is probably the average for all the three taken together.

President.—Is this figure of 32,000 correct or not?

Mr. Mehta.—Whatever my Superintendent of Sericulture has given it is correct according to him.

President.—At the end of page 4 you give the average yield of cocoons per ounce of seed as about 31,000. If I take the weighted average, it may be correct, but I have no figures to verify.

Mr. Mehta.—32,000 may be the average for all the three taken together.

President.—If you take the average of the three, it will be 34,000. How many worms are in an ounce of seed? The average does not give any idea.

Mr. Mehta.—I shall have them verified.

President.—On page 5 you say: From some 320 medium sized mulberry trees (say in an acre) approximately 12 maunds of green cocoons are obtained.

Mr. Mehta.—That is what he has given.

President.—The price of cocoons you have given here as Re. 1 to Rs. 1-4 per lb.

Mr. Mehta.—In the case of eri.

President.—And what about pat?

Mr. Mehta.—As a matter of fact the cocoons are not sold at all.

President.—The rearer reels it himself.

Mr. Mehta.—Yes.

Mr. Roughton.—Can you give us an idea of the course of prices of eri and muga?

Mr. Mehta.—I have given them. The prices varied from 10 annas to Rs. 1-4.

Mr. Roughton.—We want to know what it was in 1933-34, 1934-35, 1935-36, 1936-37 and 1937-38.

Mr. Mehta.—Those prices are prevailing even now. It depends upon the quality.

Mr. Roughton.—Do you mean there has been no change?

Mr. Mehta.—More or less in the same level. We have got different qualities of cocoons. If the eri cocoons are small and dirty not likely to give a good deal of spun silk, they will probably fetch 10 annas a lb. If they are really first class white, beautiful and likely to give very good spun silk, they may fetch a price of Rs. 1-4.

Mr. Roughton.—Can you give us figures for the last 5 years for first class eri cocoon?

Mr. Mehta.—It will be in the vicinity of Rs. 1-4 per lb.

Mr. Roughton.—In other places there have been variations and it is impossible that there can be no variations in Assam.

Mr. Mehta.—It depends upon the quality. There are no fluctuations.

President.—There are no regular markets.

Mr. Mehta.—There are only small hats and the fluctuations may be, as I said anything from 10 annas to Rs. 1-4 depending upon the number of customers.

President.—On page 185 of the written evidence volume, it is stated that the average price of 1,000 reelable muga cocoons is Rs. 2-8 now, against Rs. 6 in the past.

Mr. Mehta.—That may be true, because the price of eri, as far as I remember, in 1923-24 was much more than what it is now. In the last 4 or 5 years the price has almost remained in the same level.

President.—Please look at the next sentence. It is stated that one seer of empty eri cocoons is Rs. 1-4 against Rs. 3. What the Board would like to have is the fluctuation of prices for the last five years.

Mr. Mehta.—There is not very much fluctuation.

President.—There has been some variation. The pat cocoons are very seldom sold. The price per 1,000 reelable pat cocoons is 5 annas.

Mr. Mehta.—That is true.

President.—A few lines above in the same page it is stated: "The price of 1,000 seed cocoons of muga is Rs. 5 now, against Rs. 10 a few years ago. The price of 100 layings of pat as well as of Eri is 2 annas to 4 annas. We want similar information if you are able to give it.

Mr. Mehta.—The price of eri cloth went down considerably just before this period. There were fluctuations from 1923.

President.—Since 1933-34 there has been no fluctuation.

Mr. Mehta.—Not very material fluctuation at all.

President.—How do you say 10 annas to Rs. 1-4?

Mr. Mehta.—That is for the different quality of cocoons.

President.—How many qualities are there in eri?

Mr. Mehta.—There are no different grades. Some may be very small or dirty.

President.—Is there any system of sorting?

Mr. Mehta.—No definite sorting or grading.

President.—How can you have different prices for different qualities?

Mr. Mehta.—People purchasing them will be able to say what sort of yarn they will be able to get. They are just sold in small bazaars.

President.—It must be a mixture.

Mr. Mehta.—It depends upon the rearer himself. He might get a lot containing good, bad and indifferent cocoons.

President.—I think you might make enquiries and see whether you could give us prices.

Mr. Mehta.—I do not want to be assertive, but I know the case of eri cocoons.

President.—It doesn't tally with the information given to us on the last occasion.

Mr. Mehta.—On the last occasion they might have given information more on guess than actual reliable statistics.

President.—That is the usual practice for the present Directors namely to deny all responsibility for the statements made by previous Directors.

Mr. Mehta.—There is no record to show on what they based their statement.

President.—Governments continue though the officers may change.

Mr. Mehta.—With due deference to the Chair, I want to point out that if there was any system by which these changes in prices and also fluctuations of quantities of raw silk produced was maintained or if any record was maintained in the office, that system has certainly not been discontinued by anybody to my knowledge and we should have had similar figures collected from time to time. We find in my office there are no figures.

President.—Have you got these figures of costs which were arrived at at that time?

Mr. Mehta.—I have got no figures. I really do not know from what statistics or basis my predecessors whoever they may be have given that information except as I say by guess or personal knowledge of hats. That would not be a thing which I will be in a position to do now.

President.—I have asked you to send me information about the weight of the green mulberry cocoons and I hope you will be able to give me similar information for eri and muga cocoons.

Mr. Mehta.—Yes.

Mr. Roughton.—You don't publish any statistics for wholesale or retail prices.

Mr. Mehta.—We have no wholesale prices.

Mr. Roughton.—You don't publish statistics regarding retail prices.

Mr. Mehta.—Prices in different parts of Assam may vary appreciably everything depending upon the man, his need, the market and the purchasers available.

President.—Look at your answer to question 25. You say: "From 1,000 muga cocoons a rearer reeler gets $\frac{1}{2}$ lb. good yarn which sells at Rs. 3-8 to Rs. 7-8 per lb. That is a very big variation. Could we take the average of the two or are they the maximum and the minimum?"

Mr. Mehta.—The whole thing depends upon the quality of reeled silk which varies considerably. In some parts of Assam it is so full of knots, floss and other defects that one would not like to purchase it at any better price.

President.—Could you give us the cost of one pound of muga silk? I want to see whether a man is making profit or not.

Mr. Mehta.—There is no question of these people losing. Every one who does this is an agriculturist primarily.

President.—There must be some out of pocket expenditure. To rear you require appliances, seed and leaves.

Mr. Mehta.—For muga there are soom and sualu trees. Land revenue is the only thing he pays.

President.—What is it?

Mr. Mehta.—One rupee per bigha. That may not be always his own land. There are several other places where trees are growing on Government land. Anybody can put his worms. Only two or three people will go and watch to see that the birds do not pick these worms up.

President.—Government have no supervision. Can anybody go and rear on Government trees without Government knowledge?

Mr. Mehta.—There is no question of Government having supervision over small bits.

Mr. Houghton.—Government want protection but they are unable to give us any real figures.

Mr. Mehta.—With regard to advantages and disadvantages, we certainly fall in line with other provinces who have made out a case for protection on fairly good costings. Owing to peculiar local conditions we may not be able to give you good costings but there are others who have done so.

President.—It is necessary for the Board to ascertain the costs in different provinces and States and compare them to see whether they are high or reasonable. The Kashmir Government have supplied us with costings both for Jammu and Kashmir. The Punjab Government have supplied costings for univoltines. We want to have some sort of idea so far as Assam is concerned.

Mr. Mehta.—The local conditions in some places may permit of giving you costs but they do not permit in my province.

President.—On what do you base your case for protection. As far as Assam is concerned, I suppose you don't need protection.

Mr. Mehta.—If the Japanese and Chinese silks are sold in our markets too cheap, no one will have the incentive to take up this subsidiary occupation and this industry will simply be wiped out.

President.—So long as he is able to get these prices, he is very well off. This is his subsidiary income and he spends nothing on it.

Mr. Mehta.—He wants more of that and unless he has a little incentive, he won't do it.

Mr. Houghton.—You do not give us definite figures.

Mr. Mehta.—It is not possible to give.

Mr. Houghton.—You say that the production is increasing.

Mr. Mehta.—There is no doubt about that.

Mr. Houghton.—What arguments have you in favour of protection? You say that it costs nothing and that production is increasing.

Mr. Mehta.—So far as mulberry silk is concerned, we are in the same position as other provinces.

President.—I am coming to mulberry afterwards. Do these prices of muga or eri go up or down or show variations according to the prices which are prevailing for mulberry silk?

Mr. Mehta.—Yes, they do.

President.—That is one criterion

Mr. Mehta.—They will vary relatively.

President.—If protection is withdrawn, do you think that the prices of muga or eri would be affected.

Mr. Mehta.—They will certainly be affected. They will come down.

President.—Though you say that it is a monopoly, there seems to be some relation with the prices of mulberry silk.

Mr. Mehta.—I do admit that the prices of these would relatively increase or decrease.

President.—The Board must also find out, apart from variation, if protection is granted, by how much the price of muga silk would increase.

Protection is Rs. 1-10 per lb. to-day and suppose we give them Rs. 3-10 as asked for by Mysore and other places. Then, the price of muga silk will go up.

Mr. Mehta.—Yes.

President.—It means that he will get more profit but I want to know how much. In order to ascertain his profit, I must know his cost of production.

Mr. Mehta.—It is difficult to work that out.

President.—If I see that Rs. 3-10 is a fair price, I will say that protection is no longer justified as far as muga cocoons are concerned. I must have some basis to go upon to find out the approximate cost of producing one pound of cocoons.

Mr. Mehta.—We will make an effort in the future in some special area to see whether any castings could be worked out. At present it is difficult to give you any figures.

President.—Unless we get your costs, as far as Assam is concerned, we will have to say that Assam does not need protection.

Mr. Mehta.—I hope you will not drop Assam.

President.—I am thinking of dropping Kashmir and I will have to leave out Assam also.

Mr. Mehta.—If you will excuse my blunt speaking, the Board will then get the curses of thousands of families.

President.—The Board is only a judicial body. It cannot have any sympathy for anybody. Nor can it base its protection on sentiment?

Mr. Mehta.—I hope the Board will not be unsympathetic. I am pleading on behalf of the agriculturists.

President.—But you are unable to give us any figures.

Mr. Anklesaria.—I understand your position. When my turn comes I shall make it clearer.

President.—I hope you will at least make an effort to give us some figures to show the cost of production. You say that 1,280 cocoons are equal to one kahan. You do not know the weight of that.

Mr. Mehta.—There they go always by the number.

President.—Is the Assamese Sarupat univoltine?

Mr. Mehta.—It is multivoltine.

President.—What is the weight of multivoltine? Last time it was given as 1,300. This time it is given as 1,100.

Mr. Mehta.—Where is 1100?

President.—You have given that in reply to question 7.

Mr. Mehta.—The yield of reelable silk is a chitak or 2 ozs.

President.—If I take 1,100 cocoons, the rendita works out to 9-3. That is even much better than Japan. They require 10 lbs. of cocoons to a pound of silk whereas your figure works out to 9-3.

Mr. Mehta.—We have given the number of cocoons to a pound on the basis of dry weight.

President.—If I take the figure of 250 given for Univoltine French White, on the basis of dry weight, then it will come to 750 on the basis of green weight which is entirely wrong. Last time you gave us a figure of 1,300, see page 41 of the Tariff Board report.

Mr. Mehta.—I do not know how these figures were obtained.

President.—If you are getting Rs. 7 per lb. you are very well off.

Mr. Mehta.—If we get Rs. 4 we will be very much worse off.

President.—You cannot be worse off if your cost is negligible. The Board is helpless in the matter of these calculations.

Mr. Mehta.—We are also helpless. We cannot work out the cost of production owing to our peculiar local conditions.

President.—Some effort must be made.

Mr. Mehta.—I have explained to you our difficulty.

President.—You say in reply to question 28 that the cost of indigenous hand reel is about Rs. 2. That I suppose refers to the initial cost of equipment. Again in reply to question 29 you say that the cost for reeling one pound of raw silk in a stick reel or Bengal reel is about Rs. 1-8. Is the cost of reeling Rs. 1-8?

Mr. Mehta.—Yes.

President.—It is rather on the high side. This is exclusive of the cost of raw material. In this case the raw material is cocoons. I want to have the details for Rs. 1-8.

Mr. Mehta.—It is the cost of labour of 2 men and fuel.

President.—The labour charges of 2 men will be Re. 1. Then the fuel charge will be 8 annas. That is very high.

Mr. Mehta.—I shall give you the details later.

President.—What is the system of sale of silk?

Mr. Mehta.—Raw silk is sold as such. The handloom weavers generally go the villages and purchase the raw silk.

President.—Are they independent handloom weavers?

Mr. Mehta.—The Sualkuchi weavers are independent weavers.

President.—Do they come and purchase it from the rearers?

Mr. Mehta.—Yes. Sometimes some of the rearers go to the Marwaris and sell the yarn when they are in need of money.

President.—Are these prices that you have given obtained from Marwaris or are they obtained from charikha men?

Mr. Mehta.—These are general prices. When the local weavers go to the villagers, the rearers obtain a little better price.

President.—Do these lower prices apply to Marwaris?

Mr. Mehta.—I could not say that.

President.—They must be the minima.

Mr. Mehta.—The lower and higher prices may depend upon the quality of raw silk.

President.—Are you able to grade your silk?

Mr. Mehta.—Variation there is. Everybody does not know the art of reeling equally well. As the skill varies, so the quality varies.

President.—The quality will vary according to the experience and technical skill of the reeler.

Mr. Mehta.—Yes.

President.—The Board must have some idea with regard to prices.

Mr. Mehta.—In Assam the rearer is himself the reeler. Every rearer is not a perfect reeler.

President.—I admit that.

Mr. Mehta.—Take the case of water. In some places it is pure and in others it is very dirty.

President.—Have they to pay anything for water?

Mr. Mehta.—They get it from the stream or well. As the quality of reeled silk varies considerably, the price also varies.

President.—Do you get silk waste from all the three?

Mr. Mehta.—From the Eri there won't be much waste. The whole thing is spun. From muga they get waste which is spun and made into cloth or chaddars.

President.—What about mulberry waste?

Mr. Mehta.—I do not know what they do.

President.—Is it also used there?

Mr. Mehta.—I have not seen mulberry waste sold in the market. They must be using it along with others. Generally the waste is used locally.

President.—Who spins the waste?

Mr. Mehta.—The rearers themselves do.

President.—Do they make the cloth?

Mr. Mehta.—Some of them are also weavers. Some rearers are reelers as well as weavers. In some cases they are not.

Mr. Anklesaria.—Where do they find time to carry on all these operations?

Mr. Mehta.—The time taken is very small indeed.

President.—It cannot be a subsidiary occupation when a man does all the three processes.

Mr. Mehta.—I can give you a number of instances. The total period taken in agriculture will be about 4 to 5 months in a year and for the rest of the period he has nothing to do. When rearing goes on, his wife can give a hand to it or his son or daughter or any other relation living with him can give a hand to it. There are periods when no rearing is done.

Mr. Anklesaria.—Does the agricultural season coincide with the rearing season?

Mr. Mehta.—As regards multivoltines, we raise three crops, part of which might interfere with the agricultural season. As the ladies give a hand, they are able to carry on.

Mr. Anklesaria.—Won't the ladies give a hand in agricultural operations?

Mr. Mehta.—They do. They do the work of transplanting, reaping, threshing, etc. Every woman in Assam knows weaving.

President.—With regard to re-reeling, what is the charge?

Mr. Mehta.—As a matter of fact, the re-reeling machines have been purchased only this year and we have just been trying to introduce them. I have said so in my annual report.

President.—You state that one-third of the total production is consumed locally. Where does the other two-thirds go?

Mr. Mehta.—With regard to eri and muga the woven fabrics are sold by marwaris to outsiders and also in other provinces.

President.—Do you sell in Bengal generally or does it go to places like Madras and Bombay?

Mr. Mehta.—We directly sell in Bengal to the marwaris and they sell to their agents outside on orders which they get. But they do not disclose to us where they sell from Calcutta.

Mr. Boughton.—In answer to question 50 you say "There has been a rise in price from 5 to 10 per cent. Is that on the figures of 1928?"

Mr. Mehta.—It must be after the scheme of protection came into operation.

Mr. Boughton.—Will you verify and let us know?

Mr. Mehta.—Yes. These answers were given by my Superintendent of Sericulture and should have been more elaborate. On what figures he has based his estimate I cannot say but I think that since protection was granted there has been an increase of 5 to 10 per cent.

President.—During the last enquiry you said "The price per seer of muga yarn now is Rs. 25 against Rs. 50; that of pat is Rs. 12 now against Rs. 40 and of eri Rs. 4 against Rs. 14".

Mr. Mehta.—Yes. The price of eri varied from Rs. 4 to Rs. 14.

President.—When you say 5 or 10 per cent. there must be some relation. You can't say simply 5 or 10 per cent.

Mr. Mehta.—I do not know what the Superintendent of Sericulture meant by this statement. The original intention was that the Superintendent of Sericulture was going to be examined by the Tariff Board and my Government had deputed him to go to Shillong for examination. But unfortunately your dates were changed and he retired on the 14th of November. If he were here he could easily have elaborated the answers.

Mr. Houghton.—I think the Government of Assam should have given definite answers that this was the rise in a particular year.

Mr. Mehta.—It is understood that since the protection was granted there has been a rise in price of 5 to 10 per cent., since 1933-34 up to now, but I shall enquire and let you know.

Mr. Anklesaria.—I take it you are quite sure that there is a rise?

Mr. Mehta.—Yes.

President.—This is for raw silk?

Mr. Mehta.—We are generally more concerned with eri and muga.

Mr. Houghton.—Assam imports eri cocoons from Bihar?

Mr. Mehta.—No. I think we can send some cocoons to other places.

Mr. Houghton.—My recollection may be wrong.

Mr. Mehta.—We used to send some to Bihar but we are using more and more ourselves as I am introducing charkhas in place of takli and the production is increasing now.

Mr. Houghton.—As far as I can gather from your memorandum the cost of rearing is negligible, the cost of reeling is Rs. 1-8 per pound, raw silk sells at at least Rs. 3-8 per pound and may be double that amount, production is increasing, silk is readily saleable and the price has increased: in view of these facts can you tell me on what basis Government asks for a 50 per cent. duty? On what considerations have they arrived at a figure of 50 per cent.?

Mr. Mehta.—The consideration which might have weighed is only this that as protection given during the last five years has resulted in increased activity on the part of agriculturists to take up this useful subsidiary occupation, if further protection is granted it will result in a substantial increase and development of the industry.

Mr. Houghton.—You have given no figures on which you have based your case for protection.

Mr. Mehta.—I have already explained my difficulty, that in the circumstances existing in the Province it is difficult to give you definite figures about the cost of rearing and the cost of production.

President.—But you have promised to make an effort.

Mr. Mehta.—I will try. But it is difficult for me to find out what the cost of labour is to the villager in his own house for odd things. In that sense it is difficult to get at the cost of production.

Mr. Anklesaria.—He would not easily stop producing if he does not get what other people think is a remunerative price?

Mr. Mehta.—If the price of imported silk goes down considerably he will not have the incentive to carry on that occupation as relatively his value will go down.

Mr. Anklesaria.—In that sense the industry is a subsidiary?

Mr. Mehta.—Yes.

Mr. Houghton.—The bulk of the production is muga?

Mr. Mehta.—Yes.

Mr. Houghton.—With what particular imported material do eri and muga compete?

Mr. Mehta.—Eri silk is used for shirtings, chaddars and so on and muga is used for making thans, saree borders, ordinary shirting and coating material.

Mr. Roughton.—Does muga silk material compete with imported silk material and eri silk compete with material made of spun silk?

Mr. Mehta.—I do not know which silk materials compete directly unless some waste material comes in which looks like eri silk.

Mr. Roughton.—What do you mean by competing?

Mr. Mehta.—When two things are finding a sale in the market. For example take georgette or crepe-de-chene manufactured out of silk which is of a distinct quality and in different designs. Sarees made out of pat with muga border are of a different type and design but both are sarees and both would find a sale in the market.

Mr. Anklesaria.—If the choice of the buyer is affected by the price of the two articles then there is competition?

Mr. Mehta.—Here the two articles are entirely different; that would not be considered as competition in this sense.

Mr. Anklesaria.—Then putting an import duty would not affect you?

Mr. Mehta.—People might substitute crepe-de-chene for what they are using now, if it is cheaper. The cheap foreign article would naturally replace these local things. That is why we want protection in any case.

President.—I think, of the qualities of silk that are imported at the present moment and are similar to silk produced out of muga and eri are staple fibre and artificial silk.

Mr. Anklesaria.—Is there anything common between staple fibre and your silk?

Mr. Mehta.—There is no quality comparable to eri.

Mr. Roughton.—As regards eri silk articles that we have seen it does not compete at all with imported silk.

Mr. Mehta.—There is one point with regard to mulberry silk and that is that if the foreign silk competes and pulls down the price of mulberry silk the price of eri silk will relatively go down and the villager will get much less for his labour than what he is now getting.

Mr. Roughton.—I readily agree that there is competition between articles made out of mulberry silk but we want to find out whether the same competition exists in eri and muga.

President.—I would like to have explanation from you, if not now later on, as to what extent directly or indirectly silks and silk cloths imported into India compete with Assam eri and muga clothes.

Mr. Mehta.—The demand for these silk goods will depend upon their prices, whether a person can afford to pay a particular price.

Mr. Anklesaria.—Your remedy is to put a duty on imported silk?

Mr. Mehta.—If a duty is put on imported silk the price of pat will certainly keep to a certain level and if it keeps to that level a relative level will be kept by muga and eri, and that will give a means of subsistence to the agriculturists.

President.—I asked you from the beginning whether there was a relation between the price of these different qualities of silk.

Mr. Mehta.—There is. If the price of imported goods goes down the price of muga and eri also goes down. If the price of mulberry silk improves, everyone gets a little better price.

Mr. Anklesaria.—If you have got 100 lbs. consumption of mulberry silk and 100 lbs. consumption of eri and eri becomes cheaper than what it was would not people consume 150 lbs. of eri and only 50 lbs. of mulberry silk?

Mr. Mehta.—I am afraid not, because the two things are entirely different. From eri nobody can make saree. I had some twill made out of eri but it does not keep well.

Mr. Anklesaria.—I was told that ladies skirts were made from eri.

Mr. Raughton.—The material was made of cotton and wool.

Mr. Mehta.—So far as eri is concerned it is a much more heavy material.

Mr. Raughton.—Since 1935 the price of mulberry silk increased certainly by 20 per cent. but you say that eri silk has not varied more than 5 to 10 per cent. during the period of protection.

Mr. Mehta.—Our collection of prices is from various petty dealers and unless there is a large export market or a large buyer it is very difficult to give you exact figures of relative prices.

Mr. Anklesaria.—You say Indian silk is inferior to foreign silk in point of lustre.

Mr. Mehta.—That is what the Superintendent of Sericulture has said from his experience. I would not say that.

President.—I will ask you a few questions with regard to the handloom industry. I suppose the industry has remained more or less stationary?

Mr. Mehta.—No, it has improved considerably during the last few years.

President.—How many people depend upon it. Last time it was 2,50,000 and you say it is now 4,33,000.

Mr. Mehta.—Yes.

President.—Are you getting Malda silk in Assam?

Mr. Mehta.—We get some; weavers in Sunkuchi are getting some.

Mr. Raughton.—You say there is some improvement in the weaving industry. Is that in the silk weaving industry?

Mr. Mehta.—Both silk and cotton.

President.—You have given us the prices of Italian and Japanese silks. Are these nominal quotations or are these silks sold in your market?

Mr. Mehta.—Replies in that questionnaire are based on the information supplied by my Weaving Superintendent and he has, I think, actually enquired from the people in the trade.

Mr. Anklesaria.—Are you consuming?

Mr. Mehta.—Yes to some extent.

Mr. Raughton.—In Assam in a particularly favourable position as regards the handloom weaving industry?

Mr. Mehta.—I think so.

Mr. Raughton.—What are the causes?

Mr. Mehta.—There is no cotton or silk mill in the whole of Assam and weaving has been practised by the people of Assam for generations. In the Assam Valley I say without exaggeration that if a woman in the village does not know how to weave, she will have difficulty to find a husband in the marriage market. Almost every woman in the Assam Valley weaves at home. Generally they prefer to weave their own cloth. With regard to Sericulture, I cannot give any definite information. Even high class families rear in some quantities and weave their own cloths.

Mr. Raughton.—Assam also exports.

Mr. Mehta.—A few professional weavers may do. Almost every house has a loom. All the ladies weave their own cloth. The Census of 1921 reveal that there were more than four lakhs of looms. I hope the Government will accept my proposal to have a fresh Census taken of the handlooms. There are more than 9,000 improved fly shuttle looms in the province.

President.—You say the industry is entirely in the hands of Marwaris.

Mr. Mehta.—With regard to silk?

President.—Yes.

Mr. Mehta.—They generally purchase most of the things so far as eri silk and other things are concerned from small individual rearers and weavers.

President.—Are they paying better prices?

Mr. Mehta.—It depends upon the general conditions.

President.—Marwari is a bad person, but is a necessity.

Mr. Mehta.—In several places he is a necessity where there is no purchaser nearby. The rearer generally bargains with people in places where there are half a dozen shops and sells his cocoons at the highest price he could get. He has a certain minimum which he wants. He would not give it for a throw away price.

President.—The prices that you have given on pages 3 and 4, for the different classes, are they cost prices or sale prices?

Mr. Mehta.—These must be the sale prices.

President.—These are the prices at which the Marwaris buy.

Mr. Mehta.—Marwaris or others. There are other persons buying.

Mr. Anklesaria.—You say Marwaris squeeze.

President.—How are they obtained? Personally I think that this is in reply to a question regarding cost price.

Mr. Mehta.—Sualkuchi weavers are not in the hands of Marwaris. They are independent weavers who have even now made a sort of joint effort to start some selling centres in Gauhati and other places. They are selling everywhere on their own. They are getting fairly good prices.

President.—You say in answer to question 14 of the Handloom questionnaire that there appears to be no restriction in the use of spun silk.

Mr. Mehta.—They do use spun silk in Sualkuchi.

President.—What do you mean by Khasi saree?

Mr. Mehta.—A particular type of cloth which the Khasi ladies use.

President.—Is it made of mulberry silk?

Mr. Mehta.—It is made of pat silk. It is used by the Khasi women in Shillong.

President.—Do they use Chinese silk?

Mr. Mehta.—Yes and also Italian silk. The Sualkuchi weavers use all kinds of silk.

President.—Why has the Co-operative organisation not made any headway?

Mr. Mehta.—The Sualkuchi weavers themselves are jealous of one another and they would not combine. We made an effort to combine them into a Co-operative Producers Organisation, but they didn't accede to our request. That is the only place where I would say that organised silk weaving is being done to some extent.

President.—As far as Assam is concerned, it has not worried itself with regard to staple fibre.

Mr. Mehta.—No.

President.—It is stated here that staple fibre is not at all popular.

Mr. Mehta.—No.

President.—It means it has been tried in Assam.

Mr. Mehta.—It must have been tried. I have not seen much of it anywhere.

President.—What about artificial silk?

Mr. Mehta.—It is also being used nowadays with regard to cotton weaving.

President.—For mixtures?

Mr. Mehta.—Yes. My Superintendent thinks that there is crass among the people to go in for artificial silk.

Mr. Anklesaria.—Does mercerised cotton compete with muga?

Mr. Mehta.—No.

President.—Please look at your answer to question 18, page 5.

Mr. Mehta.—This is the opinion of my Weaving Superintendent.

President.—Do you endorse his opinion?

Mr. Mehta.—I am not an expert on silk so as to give any preference with regard to quality for one or the other. From sentimental point of view I would prefer Indian silk. Being not an expert, I cannot say whether Chinese silk is superior to any Indian silk.

President.—Chinese silk is preferred because it is whitish and stronger.

Mr. Mehta.—That may be the opinion of the Weaving Superintendent.

President.—We want to know the opinion of the weavers.

Mr. Mehta.—They do not merely use Chinese silk. It depends upon some people preferring whitish quality. Some will use other silk. It is not that Chinese silk is used alone.

President.—It is no question of alone. It is a question of preference. I am confining myself to the word "preference". There are defects in Indian silk. Generally they are less uniform, and less whitish.

Mr. Mehta.—So far as Sualkuchi weavers are concerned, I think this fact might be counting with them. So far as their customers are concerned, I think that they do prefer whitish Chinese silk. The question of preference arises because the weavers of Sualkuchi find that there are certain classes of consumers who prefer Chinese silk.

President.—Do the customers know that the cloth is woven out of Chinese silk?

Mr. Mehta.—Yes it has got special whitish appearance.

President.—Can they not get it out of Indian silk?

Mr. Mehta.—The price factor plays a part. They say Indian silk is slowly gaining ground. My own knowledge is that Indian silk is not sold in large quantities by Marwaris and the weavers in Sualkuchi and other places go and buy their silk from the nearest Marwari shops which do not stock Indian silk. If Indian silk is sold at the same price as the Chinese silk, they will prefer Indian silk.

Mr. Anklesaria.—Why?

Mr. Mehta.—Because it is Indian.

President.—Can Chinese silk be passed off as Indian silk?

Mr. Mehta.—I do not know.

Mr. Anklesaria.—The weavers do not ask about the kind of silk.

Mr. Mehta.—The weavers know it. Whatever is available near at hand, they go in for because it is cheaper than the other thing.

Mr. Anklesaria.—Do they show any decided preference for the Indian article?

Mr. Mehta.—That is the general sentiment throughout India.

Mr. Anklesaria.—That sentiment exists in Assam.

Mr. Mehta.—It does. If Indian silk first quality is as good as Chinese silk and if it is made available by the silk distributors, namely Marwaris, the Sualkuchi weavers would certainly take to it.

Mr. Anklesaria.—You say that mercerised cotton also competes.

Mr. Mehta.—That is with regard to one particular thing. They make it into muga shade. It looks exactly like muga border. That is what is meant when it is said that the mercerised cotton yarn dyed in the golden yellow shade has taken the place of muga silk in the warp. When they want cheap stuff, it is cotton stuff. It is known to people. It has got the appearance of muga silk.

Mr. Anklesaria.—Would you have protection against mercerised cotton?

Mr. Mehta.—No. People know it.

Mr. Anklesaria.—Would you not encourage the Co-operative movement by inducing people who want your silk to become members of Co-operative Societies before they receive any aid?

Mr. Mehta.—So far as concession in price of seed is concerned, it is very small. An anna or two would not induce them to become members. We have been making efforts to organise Co-operative Societies. I am also Registrar of Co-operative Societies.

Mr. Anklesaria.—What sort of effort?

Mr. Mehta.—We started Co-operative Weaving Societies in the last three or four years.

Mr. Anklesaria.—Starting Societies would not much help you. Do you go about and tell the villagers the benefits of such Societies?

Mr. Mehta.—Yes. Co-operative Inspectors are making efforts with regard to the starting of the various types of industrial Societies, but for want of literacy among the people it has been found difficult to get people working as Managers.

Mr. Anklesaria.—How many Societies are there working?

Mr. Mehta.—I have got at present 1,510 rural Co-operative Societies in the Province.

Mr. Anklesaria.—How many of these are silk weavers Societies?

Mr. Mehta.—There are no separate Co-operative Silk Weavers Societies and the weavers do both cotton weaving as well as silk weaving. Rural Co-operative Societies are Credit Societies.

Mr. Roughton.—Co-operative Societies amongst weavers in India are not a success.

Mr. Mehta.—We have got a few weaving societies. The experience of the last two years is neither good nor bad. Just now we cannot hazard any opinion with regard to the results.

President.—Is there any other point which you would like to place before the Board?

Mr. Mehta.—No.

39. CONFERENCE OF DIRECTORS OF INDUSTRIES.

(1) Evidence of Mr. M. S. RAMACHENDRA RAO, Director of Industries and Commerce in Mysore, and Mr. H. S. GOVINDA RAO, Superintendent of Sericulture, Mysore, representing Mysore State, Mr. S. C. MITTER, Director of Industries, Bengal, Mr. C. C. GHOSE, Deputy Director of Industries, and Rai Sahib S. N. BOSE, representing Bengal, Mr. L. B. GREEN, Director of Industries, and Mr. K. T. ACHAYYA, Sericultural Expert, representing Madras, Rai Bahadur LALA RAMLAL, Director of Industries, and Mr. M. R. VAID, Sericultural Expert, representing Punjab, Mr. V. K. B. PILLAI, I.C.S., Director of Industries, and Mr. M. N. DE, Superintendent, Silk Institute, Bhagalpur, representing Bihar, Mr. S. L. MEHTA, Director of Industries, Assam, Mr. T. C. WAZIR, Director of Sericulture, Jammu, representing Jammu and Kashmir, and Mr. M. E. HASKELL, Industrial Engineer, representing Bombay, recorded at Calcutta on Wednesday, the 16th November, 1933.

President.—Gentlemen: Before we begin the discussion, I had better settle the programme of work that we are expected to do during the short period that you are here. My idea is that we might have an informal talk to-day and then adjourn. I have compiled some points dealing with costs of production and various other aspects of the industry, copies of which will be circulated to each one of you. You might then have an informal talk amongst yourselves and see what are the points which you would like to stress and what are the points which the Board should discuss with you at the time of oral evidence tomorrow. The whole of to-morrow will be devoted to the oral evidence and if we do not finish, we will continue it on Friday afternoon. Then on Saturday we propose to take the oral evidence of the Director of industries, Assam, and the Director of Industries, Bihar.

Mr. Mehta.—I did not get any notice that I was going to be examined. The Superintendent of Sericulture has retired and a new officer has taken over charge on the 14th of this month. The written evidence of the local Government was based on facts supplied to me by the Superintendent of Sericulture. I have not brought all the papers with me because I did not know that I was going to be orally examined.

President.—I think that your Government wrote to us that you are deputed by them to be examined orally if the Board so desires.

Mr. Mehta.—I have not been informed of it, but I have no objection to your examining me. I shall give you whatever information I can.

Mr. Pillai.—I would rather like to leave this place on Friday as I have an engagement at Patna on Saturday.

President.—It will all depend on the time the Conference will take. These are the papers (distributed).

Mr. Ramachendra Rao.—I should like to know what the Directors of Industries are expected to do.

President.—I take it that you have already seen the letter addressed by the Board to your Government before you arrived here. The first point mentioned therein was "Present position of the industry as compared to 1933 with regard to (i) Silkworms, (ii) Mulberry, (iii) Seed production,

(iv) Cocoon production and (v) Raw silk. If you look at the papers now circulated, you will find that all the five points referred to in the letter have been elaborated in order to help the Directors of Industries to get an idea of what points we are likely to discuss. The main attention of the Board will be directed towards the costs of production and for this reason I have circulated various Tables showing the costs of production as worked out either during the course of oral evidence or supplied to the Board from time to time. These cover both charkha silk as well as filature silk. They will help you to arrive at what the industry considers the fair selling price of a pound of raw silk should be either by charkha or by filature. In these papers you will find the details with regard to the cost of mulberry and the cost of cocoons. Though the conditions vary in different places we have to see whether we can arrive at a tentative cost which would be applicable for the whole of India. That is the reason why we have added the points regarding the measure and period of protection and also Imperial preference for raw silk. The question of dumping has also been included. One other point I have raised is with regard to present production about which there is some ambiguity. We want to know what is the production in India at present and what will be the likely production if adequate protection is granted. Several of you had given us figures but they differ from the figures that we worked out on the last occasion. In order to estimate the present consumption and the future consumption in India I think that if you could give us a revised statement, it would be helpful. I have given you these points in order to give you an idea of what the Board is likely to discuss as we go along and to see whether there are any common grounds on which to base figures. Another reason why these main headings were sent to you was that your Governments might be aware of the point which we want to discuss in this conference. I take it that there will be unanimity with regard to (2), (3), (4) and (5).

Mr. Ramachandra Rao.—They can be commonly discussed. It is only with regard to (1) the difficulty arises.

President.—With regard to the cost of production of cocoons, during the course of our enquiry, the Tariff Board found that the figures of the neighbouring places did not tally which, as you say, might be due to peculiar local conditions. We want to know whether we could arrive at some common basis because, the cost of production of cocoons forms about 60 per cent. and in some places 70 per cent. of the cost of silk. I understand as far as silkworms are concerned, the position has considerably changed. You are now producing raw silk out of cross breeds and therefore your cost of production of cocoons will be slightly less and the cost of raw silk will also be lower. Last time the Tariff Board calculated Rs. 6-10-9 as the cost of producing 1 lb. of raw silk in a 200 Basin filature.

Mr. Ramachandra Rao.—As far as Mysore is concerned, we have already furnished information. But how to correlate it with the position of Bengal?

Mr. Anklesaria.—The more the agreement amongst yourselves the greater the weight that will be attached to your opinion.

President.—It has been suggested to me that you would like to meet before giving oral evidence.

Mr. Ramachandra Rao.—That would be very helpful.

President.—There is one other matter which we might discuss and that is about the cooperative movement—how far cooperation will help the industry with regard to marketing and so on? That is one of the points which my colleague Mr. Anklesaria would like to take it up with you. I think it is a very good point and should be carefully considered.

Mr. Rao.—Is it intended that after the joint discussion a joint memorandum is to be submitted?

President.—I think it would be helpful if you could do so. With regard to the cost of production I must make the position clear, namely that the Board is not committed in any way. These have been compiled from the oral evidence and statements submitted and they are just placed before you to give an idea of what the present position of the industry is and what material the Board has in its possession with regard to rendita and various other charges including re-rooling. It is also stated what the profit and the interest on working capital should be. The reason why these details have been given is to arrive at the future cost in order to see whether the industry will satisfy the third condition laid down by the Fiscal Commission, namely that the industry will be able to stand on its own legs and be able to do without protection. That is why we would like to see what is the best method for the industry to follow in order to be able to reduce costs of production.

Mr. Rao.—Yes.

President.—I would like to add a few words before we adjourn. The Tariff Board is most grateful to the various provincial and Indian States Governments for having agreed to send their representatives to this Conference. We have already given you an indication of the lines on which the Board propose to discuss but if there are any points which you gentlemen would like to place before the Board, you are quite welcome to do so. As you are aware, this industry is unlike any other industry to which the Tariff Board has so far granted protection. This is predominantly a cottage industry and the last Tariff Board came to the conclusion that more protection would be of no avail, unless substantial help was forthcoming from the various Governments. The reason, therefore, for convening this conference is to enable the Board to have an idea as to how far those governments are keen on furthering the interests of this industry by financial aid and in other ways to bring back the industry to a flourishing condition. As you know, Bengal had a very flourishing silk industry in the past and for 50 years she was exporting silk in very large quantities. The industry has deteriorated in Bengal, chiefly because of the pebrina disease. The Bengal Government is now doing its best by research in various directions. The industry is now more or less confined to Mysore and Kashmir. In the case of Kashmir the production has not increased during the last five years; it has remained practically stationary. In Bengal however production has gone down since the last Tariff Board reported. At that time they gave us a figure of 20 lakhs of pounds and the Tariff Board calculated it at 10 lakhs. To-day the production is somewhere between 4 lakhs to 5 lakhs pounds whereas the Bengal National Chamber of Commerce have put it down at 3 lakhs of pounds. The Board would like to get a clear idea on this point, namely how far the industry has deteriorated and its causes. Another point that arises is this. The present Directors of Industries are not able to substantiate some of the statements made by their predecessors and therefore it is difficult for the Board to review the position of the last five years. I hope, gentlemen, you will be able to give us some idea of the progress made by the industry during this period. As regards Bihar and Assam we would like to have a clear idea of the progress made with regard to eri and tasar silk. I understand eri is confined to Assam and very good silk is being produced from it.

Mr. Mehta.—Yes, this is an important cottage industry.

President.—It has a very big future because castor leaves can be found all over India, I have gone minutely into the cost of eri silk and I would like to see whether we could get some idea of the future of this industry. What is the position of the tasar industry, Mr. Pillai?

Mr. Pillai.—Fairly satisfactory. We produce cocoons to the extent of 3½ lakhs. Government have got very large schemes for its development

but it would all depend on how far the Government of India would be prepared to finance them.

President.—Since the advent of Provincial autonomy Industries is a provincial subject and that is why I want to know how far the provincial exchequer is prepared to finance the industry.

Mr. Pillai.—Not to a very great extent I am afraid.

President.—During the course of this enquiry we have been told that since the introduction of provincial autonomy Ministers of Industries are very keen on developing cottage industries and in one or two places where the industry was supposed to be extinct, it has now been brought into prominence as a result of their taking active interest in cottage industries, and I would therefore like to know whether the provincial governments would give adequate assistance for developing the industry on right lines. With regard to financing and any other work which the Central Government is expected to do, it will be through the Imperial Sericultural Committee and I have invited the opinion of the various provincial governments as to the lines on which it should be done. We have received some suggestions from Mr. Mitter in a memorandum which he has submitted to the Board giving an idea of what he considers to be the financial assistance necessary and the kind of work which the Committee is expected to do, but I would like the Conference as a whole to consider that. It is rather important because so far I understand the activities of the Imperial Sericultural Committee are confined to the propagation of disease free seed and research into diseases of silkworms. We would like to know whether the grants at present allotted are adequate and what is the provision you would like to be made? Was Assam excluded last time?

Mr. Mehta.—We got it. The Central Provinces got about Rs. 2,000.

Mr. Ghosh.—The C. P. Government got it for tasar.

President.—Kashmir has not got any grant?

Mr. Wazir.—No. We were asked to evolve a joint scheme with the Punjab but somehow or other that scheme did not materialise and we decided to carry on research work on our own without a grant from the Central Government.

President.—On what grounds did you ask for a grant?

Mr. Wazir.—We had asked for a small grant for the production of disease free seed but afterwards the Government decided that the State should provide disease free seed to the Punjab if they liked to have it at cost price or at a slightly higher rate without taking any subsidy from the Government of India.

President.—Your Government have the right of representation on the Committee?

Mr. Wazir.—Yes, the Kashmir State is represented on the Committee.

President.—Burma got some grant?

Mr. Ghosh.—Yes before the separation. I managed to get it.

President.—For the same cause?

Mr. Ghosh.—For the production of disease free seed.

Mr. Mehta.—That amount could not be utilised for any other purpose. The condition was to have some research work done and in the term research they included production of disease free seed as a secondary form of research and under that condition they gave us some fund. Actual research work was done by Mysore and Bengal.

President.—Mysore have replied that they have been successful in certain respects.

Mr. Mehta.—We concentrated all that we got on mulberry disease-free seed production. I cannot give you the figures of total silk production because almost every house in Assam has got some sericulture and there has been no survey.

President.—You can't compile an approximate figure?

Mr. Mehta.—It is impossible to guess.

President.—On the last occasion your Government gave the quantity of silk reeled as 6,400 lbs. That was mulberry silk.

Mr. Mehta.—I have got no definite statistics so I cannot give you any definite figure. It may be much more than 6,400. I will give you the answers when you examine me orally.

Mr. Wazir.—The grant was originally made for research work and when it was pointed out that production of disease free seed did not constitute research as such it was ruled there that for purposes of allocation of that grant production of disease free seed would be treated as research work and as such the grant went to different provinces according to their requirements.

Mr. Rao.—Mysore got a grant of Rs. 10,000 which was set apart for research work as such. The Mysore Government spent an equal amount. The Government of India grant is for recurring expenditure only.

Rai Bahadur.—As has been suggested by my friend from Bihar, the Central Government should set apart a substantial part of the money with a view to help the Sericultural industry. They get a lot of money from Customs and I think it is only fair and reasonable to the industry that they should distribute a substantial part of that amount. The Provinces by themselves will not be able to do very much more than what they are doing.

President.—I want you to really think this point over. Madras, Mysore and Bengal are asking for protection to the extent of Rs. 3-10 to Rs. 3-12 a lb. If Government accepts this proposal they will lose revenue.

Mr. Mitter.—Government will not lose revenue until the industry is developed.

Rai Bahadur.—I do not know whether we should confine ourselves in so far as the utilisation of the grant from the Government of India is concerned to research and the distribution of disease free seeds only.

President.—Research can be made Central, but there are various other forms of help which the industry needs before it can stand on its own legs. I was comparing the assistance given here with the assistance given by the Japanese Government.

Rai Bahadur.—I don't think the grant should be specifically earmarked to this or that and nothing else. I think at present the Government of India are taking a very narrow view of the matter.

Mr. Ramachandra Rao.—This point will come up for discussion tomorrow.

President.—Yes.

Mr. Mitter.—Will it be in order if we raise the question of railway freights? That is a matter which entirely concerns the Government of India.

President.—My information is that there is no grievance with regard to freight. I think we did examine the Madras and the Mysore Governments on this point. The freight came to one anna per lb. and we thought there was nothing very much in it. If, however, there is a grievance in respect of freight, we would be willing to consider it. Bengal silk is being sent to Madras.

Mr. Acharya.—Very little at present.

President.—That is so, because the freight is heavy.

Mr. Achayya.—Once upon a time Kumbakonam and Conjeevaram consumed a good quantity of Bengal silk.

Mr. Roughton.—Who was responsible for the statement that freight from Japan was one pie per pound? He simply gave the authority some Textile Journal.

Mr. Ghosh.—One gentleman who visited Japan has written an article and in the course of that article he has mentioned 16 yen per ton which works out to 1 pie per pound.

President.—There are several other people who have visited Japan and who will be able to substantiate the statement whether the freight is one pie per lb.

Mr. Ramachendra Rao.—The freight charges have been given.

Mr. Achayya.—Did not the Japanese Chamber of Commerce give any figure?

President.—The rates are very much higher. We examined the Japanese Chamber of Commerce.

Mr. Ramachendra Rao.—I think it is about 2½ per cent.

(2) Evidence continued on Thursday, the 17th November, 1938.

Mr. Mitter.—Before we proceed may I say this that after you adjourned the meeting yesterday, we met in conference and we elected Mr. Ramachendra Rao, Director of Industries, Mysore as our Chairman and we have come to the unanimous conclusions in respect of the many points which you have raised and it is my submission that Mr. Ramachendra Rao should be the spokesman. If there is anything which has got to be supplemented, we can do so.

President.—That would be quite all right. I have just glanced through what is at present submitted. I think you have dealt with the cost of production per lb. of charka silk as well as filature silk.

Mr. Ramachendra Rao.—Yes.

President.—That is an important point which you have been able to tackle. I am very glad that you have been able to do so on an All-India basis and it would facilitate discussion whether we agree or not. Let us take first charka silk and compare it with what is given on provincial basis.

Mr. Ramachendra Rao.—Yes.

President.—The last Tariff Board had based all their calculations on pure Mysore and local seeds without taking into consideration any attempts that were being made at that time with regard to crossbreeds.

Mr. Ramachendra Rao.—Yes.

President.—The rendita and the cost of cocoons were fixed on that basis. Apart from the cost of cocoons we had also arrived at the figure of 5 annas on the ground as to what should be the fair price for cocoons which should be paid to the rearer in order to induce him to continue the work of producing cocoons. Since then there is no doubt that substantial improvement has been effected due to the production of crossbreeds. If I take that into account you will admit that the cost of cocoons will go down and in consequence the rendita must be lower.

Mr. Ramachendra Rao.—In fixing the rendita at the same rate as was done last time, we have to take into consideration the fact that the production of crossbreed layings is, apart from Mysore, still limited.

President.—Let us examine this point. The production of silk will give us some idea. Your production is nearly 8 lakhs of pounds?

Mr. Ramachendra Rao.—Yes.

President.—Mr. Wazir representing Jammu and Kashmir Government has got about 2½ lakhs.

Mr. Wazir.—Yes.

President.—Madras is 1,15,000.

Mr. Green.—Yes.

President.—And Bengal?

Mr. Ghosh.—About four lakh lbs.

President.—And Bengal production is about 3½ to 4 lakhs of pounds. Therefore the present production cannot have the same rendita as it was 4 or 5 years ago. The object of the Conference was to bring about a tentative proposal which will take into account the progress so far achieved and if you are asking for protection to be granted for the next ten years, you must also take into account the improvements that are likely to be effected in future. If you are asking me to give you protection on the basis of the old figures for the next 10 years, I am afraid it will be difficult for the Board to accept your argument.

Mr. Ramachendra Rao.—We have to take into consideration the forward area where developments have already taken place.

President.—You are asking me to adopt the same figures adopted by the last Tariff Board.

Ramachendra Rao.—Taking individual Provinces and States we can adopt the figures the Board has given. When we come to an All-India figure

President.—The All-India figure must consist of the figures on which the present bulk of the production is based. At present the bulk of the production is in Mysore, Kashmir and Madras.

Mr. Ramachendra Rao.—Kashmir stands on a different footing, because it is univoltine.

President.—I suppose you have given me an All-India figure, which excludes Kashmir?

Mr. Ramachendra Rao.—So far as All-India is concerned, rendita for multivoltine cocoons is 16 to 1 and rendita for univoltine cocoons (Kashmir) is 14 to 1.

President.—I can have two costs and then average them out. But that is not necessary because univoltine compare very closely with multivoltine crossbreds. As regards multivoltine the bulk of the production is in Mysore. If I take South India, I must include Madras where there is a tendency to go over to crossbreed. You will be getting 100 per cent. very soon.

Mr. Ramachendra Rao.—Yes.

President.—The rendita given to me by Kashmir is 12 lbs. The rendita given to me by the Punjab Government is 12 lbs. The rendita given to me by the Bengal Government is 13 for nistid and nismo. When we were examining you, you also said 13 lbs. of crossbred cocoons would produce a pound of silk.

Mr. Ghosh.—That is with regard to the best cocoons of nistid and nismo.

President.—I must take them only; what will be the cost of one lb. of raw silk?

Mr. Ghosh.—Do you take into consideration what we expect to do?

President.—I must also take that into consideration. I cannot take the present state for the next 10 years. Some people are asking protection for 15 years. You want a rendita of 15 lbs. Do you want me to base the fair selling price on that? When I was discussing with the Mysore representatives, we arrived at a figure of 13 lbs. to a pound of raw silk. This same figure was given to me 5 years ago. If it was 100 per cent. crossbreed, that would be the figure. Afterwards I had discussions in Srinagar with the representatives of the Kashmir Government and I revised the figure and made it 14½. Kashmir has got only flature silk. I have taken 14, 12 and 11 instead of 15, 12 and 13 for charka silk.

Mr. Ramachendra Rao.—So far as Mysore is concerned we stand by those figures.

President.—As far as Madras is concerned, they have given still lower figures—15.3, 13 and 12. Their subsequent figures based on 100 per cent. crossbreeds are much lower.

Mr. Acharya.—Yes.

President.—The lowest is 9.6.

Mr. Anklesaria.—Can you give us figures for the 1st, 2nd and 3rd qualities of silk as regards the quantity produced?

Mr. Ramachendra Rao.—Not for All-India.

Mr. Boughton.—I think you have given us figures.

Mr. Ramachandra Rao.—We have given for Mysore and not for All-India.

Mr. Green.—Our figures are 20, 50 and 30.

Mr. Boughton.—I think Mysore gave us 40, 40 and 20.

Mr. Mitter.—40, 50 and 10 for Bengal.

Mr. Green.—If you base your protection on crossbreeds alone, the position is going to be very difficult until we have attained cent. per cent. distribution of crossbreeds.

President.—That is what I am not doing. If I were to do that, as I pointed out to Mr. Acharya, the rendita would be 12, 10.4 and 9.6. But I am taking the rendita as 14, 12 and 11. I am taking something midway between what is obtaining to-day and what will prevail in future. Your present figures are 15.3, 13 and 12 and I am taking for the next ten or fifteen years 14, 12 and 11. I thought that that would be reasonable for All-India.

Mr. Ramachandra Rao.—14, 12 and 11 are for Mysore.

President.—I can take those figures as representing the whole of India.

Mr. Ramachandra Rao.—As far as Mysore is concerned, we still stand by those figures.

President.—Your production is equal to 50 per cent. of the present production.

Mr. Ramachandra Rao.—Yes.

President.—According to my calculation, India is producing about 15 lakhs of lbs. What is the quantity of silk produced in Bihar?

Mr. Pillai.—Very little.

Hai Bahadur.—About 5,000 lbs. in the Punjab now. Last time it was about 1,000 lbs.

Mr. Ghosh.—We have made very little progress with improved varieties but we hope to be able to do so in the future. Our rendita as you have seen for first class silk with existing worms is more than 18. If you accept 15, I think that the conditions in Bengal will be covered by that.

President.—I am not prepared to take 15 when Bengal itself says 13.

Mr. Ghosh.—If you are taking the future into consideration, then you may be right.

President.—I have taken into consideration individual figures. I have also taken into consideration the univoltine worms which will have to be included when I am calculating cost for All-India. As a matter of fact when we visited Kashmir we were told that another filature with 200 basins is being put up. Then, there would be three filatures with 200 basins each. Mr. Wazir is also contemplating to have an additional filature in Jammu. In a short time four lakhs of pounds of raw silk will be produced by the univoltine worms in Kashmir and Jammu. We cannot ignore the fact that their rendita is 12.

Mr. Wazir.—May I make my submission in this connection? The fact of the matter is that in Kashmir with univoltines we do get 12 to 1. In Jammu actually we get 14 to 1. Last evening the point was discussed here amongst the Directors of Industries as to how to arrive at an All-India basis. We thought that as a result of protection we should not only expect the industry to make progress where it is existing at present but also expect the industry to be started where it does not exist. Where it has to be established it is not likely, in the beginning, to give the same results that are achieved in Mysore or in Kashmir where it has been in existence for such a long time. After thinking over all these points amongst ourselves we came to the conclusion that the best solution would be to adopt the figures we have suggested as an average for All-India.

President.—All-India basis must not ignore the present production and present actuals.

Mr. Wazir.—We are talking of charkha silk only. When we come to filature we have taken different figures.

President.—I am talking of both simultaneously as far as rendita is concerned. The rendita has been given on the basis of local seed and not crossbreeds.

Mr. Wazir.—There we have taken 14 to 1.

President.—Last time the production in the Punjab was about 1,000 lbs.

Bai Bahadur.—Yes.

President.—Now it is 5,000 lbs.

Bai Bahadur.—Yes.

President.—As regards Assam, we cannot get any figures.

Mr. Mehta.—We are not able to give you definite figures but I know that there has been a considerable increase.

President.—It was 6,400 lbs. Can we take the present production as 8,000 lbs.?

Mr. Mehta.—It may be more.

President.—In any case the total production at present in India will not be more than 16 lakhs of lbs.

Mr. Ramachandra Rao.—We have calculated as 16 lakhs of lbs.

President.—That would be correct. How much have you taken for Bengal?

Mr. Ghosh.—6 lakhs.

President.—I don't think that that figure is correct. According to my calculations, it is about 4 lakhs of lbs. As we are going to examine the Bengal Government separately, we shall be able to find that out.

Mr. Ramachandra Rao.—In 1937-38 the total production of 16½ lakhs of lbs. is made up as follows:—

Mysore	8 lakhs of lbs.
Kashmir & Jammu	2½ lakhs of lbs.

President.—Kashmir is 165,000 lbs. and Jammu 40,000 lbs. only.

Mr. Wazir.—That was due to the curtailment of operations in 1934-35. Normally however the outturn of Kashmir amounts to 2 lakhs of lbs.

President.—The same as was given 5 years ago.

Mr. Wazir.—Yes.

President.—To-day's production would be less than 2½ lakhs of lbs.

Mr. Wazir.—In the current year it will be more.

Mr. Ramachandra Rao.—The total production in 1937-38 would be about 16½ lakhs of lbs. We found that imports of foreign silk in 1937-38 amounted to 25 lakhs. In all, it came to about 42 lakhs of lbs. On the present basis, that would be the total requirements of the country. We have also said that if adequate protection is given for a definite period we can increase the local production to that limit, i.e., about 40 lakhs within ten years.

President.—That means there is enough area which can be expanded.

Mr. Ramachandra Rao.—Yes.

President.—To cover the entire needs of the country?

Mr. Ramachandra Rao.—Speaking for Mysore we had 60,000 acres under mulberry. It has now gone down to 25,000 acres.

President.—The point is whether you will be able to get back all that.

Mr. Ramachandra Rao.—Yes. The climate is there, the soil is there, the labour is there and the talent is there also.

President.—Just as you have been able to work out the details for Mysore, could you let us have details showing how India would be able to produce 40 lakhs of lbs.? I find that the figure given by Bengal is about 10 lakhs of lbs.

Mr. Ghosh.—25,000 acres and 10 lakhs of lbs.

Mr. Mitter.—That may increase if adequate protection is given.

President.—Mr. Green, you have stated that you will be able to produce 5 lakhs of lbs. if adequate protection is given.

Mr. Green.—Yes.

President.—Do you think that you have sufficient area?

Mr. Green.—I do not see any reason why we should not reach that figure ultimately in Kollegal alone.

President.—At present it is only 111,000 lbs.

Mr. Green.—Yes.

President.—It means an increase of more than three times the present production.

Mr. Green.—It should be possible given adequate protection to bring 25,000 acres under cultivation, but that should be taken as the maximum. It would perhaps be advisable to put it slightly less than that.

President.—What other provinces have you taken into consideration when you say 2 lakhs of lbs.?

Mr. Hamachendra Rao.—Punjab, Bihar, Assam and Bombay.

President.—Bombay is still experimenting. What is the stage which the experiments have reached?

Mr. Haskell.—We have assigned Rs. 10,000 for a scheme in 1939-40 but I think that more expenditure will be necessary to develop it.

President.—In which place have you decided at present to undertake experiments on sericulture?

Mr. Haskell.—In the districts of Dharwar and Belgaum where sericulture did exist formerly.

President.—What about Poona?

Mr. Haskell.—We are also going to have it in Poona. There would be eri culture.

Mr. Mitter.—The Government of Bombay have asked the Government of Bengal to lend them one of our officers to help them in making a survey for the development of sericultural industry. The officer is going very soon. What I want to submit is that the Government of Bombay are anxious to develop the sericultural industry. If they were not, they would not have asked the Government of Bengal to lend an officer.

President.—I know that, and that was the reason why I insisted that a Bombay representative should be here. I know they have got a specific grant for this purpose. I only want to ascertain how this 2 lakhs of lbs. has been arrived at. It is about 5,000 lbs. in the Punjab and practically nil in Bihar.

Mr. Pillai.—We propose to develop it in Purnea district which is adjacent to Maida. In the course of the next ten years we hope to produce 2,000 lbs.

Rai Bahadur.—Apart from mulberry, the Punjab Government have sanctioned a scheme for the development of eri culture and if we make a good job of it, I am sure, we will push it further and get funds from the Punjab Government. It does not take more than a year to grow castor plants for the leaves for feeding the eri worms.

President.—Mr. Ramlal, if you look at page 24 of the Tariff Board report you will find that we have divided the production under mulberry, Tassar and other silks. I presume that those figures are for mulberry alone.

Mr. Bamlal.—Yes.

President.—Have you taken that point into consideration when you arrived at this figure of 4,000,000 lbs.

President.—Personally I think that the figure of 2 lakhs of lbs. is on the high side.

Mr. Mehta.—Our production may go up to four times.

President.—It was 6,400 lbs. last time.

Mr. Mehta.—It would be about 10,000 lbs. now. Our production can be quadrupled.

President.—That is about 25,000 lbs.

Mr. Mehta.—Yes. As regards mulberry, nearly 80,000 to 90,000 cuttings have been planted in three years. We have got large areas where there is tree mulberry. Our production would go up considerably if protection is continued.

President.—Mr. Ramachendra Rao, you have not taken into consideration the figures of Assam and the Punjab in calculating the present production.

Mr. Ramachendra Rao.—No.

President.—Supposing the production in the Punjab is 5,000 lbs. and in Assam 10,000 lbs., it comes to only 15,000 lbs. As regards Bengal, I am very much disinclined to accept the figure given by the Bengal Government. The Bengal National Chamber of Commerce have given us a figure of 3 lakhs of lbs. and they have based it on an acreage of 8,500 as against 10,000 given by the Bengal Government. Even if I take 10,000 acres, it does not come to more than 4 lakhs of lbs. looking to the present production of 28 lbs. per acre.

Mr. Ghosh.—Actually it amounts to 408,000 lbs.

President.—That would be correct. As regards Madras, have you verified?

Mr. Achayya.—Yes, it is verified.

Rai Bahadur.—As regards the Punjab, in 3 years time the production would go up to 20,000 lbs.

President.—Including 10,000 for Assam and 5,000 for Punjab the present production is about 1,500,000 lbs. and your acreage at present is 26,500?

Mr. Ramachendra Rao.—Yes.

President.—And you can double it I suppose?

Mr. Ramachendra Rao.—Yes.

President.—Kashmir will go up to 5 lakhs?

Mr. Wazir.—The last figure was worked out on the basis of what we would attain in 20 years. Now we have worked out on the basis of what we could attain in the next ten years and have put it down at 5 lakhs. In Jammu I am working up to 50 per cent. increase in the next two years.

President.—That does not mean more than 75,000 lbs.

Mr. Wazir.—And Kashmir is doing 400,000 lbs.

President.—Kashmir is having only 600 basins?

Mr. Wazir.—Yes, and 76 basins for duppion silk.

President.—At present they have got 192, 192 and 72 and they are putting up an additional 200 basins?

Mr. Wazir.—Yes.

President.—You have got at present 107 basins and how many are you adding?

Mr. Wazir.—48.

President.—Last time the number of basins given were 992 for Kashmir and 94 for Jammu. Even if I take the increase into consideration the total number of basins would be 815?

Mr. Wazir.—It will be less but then the capacity would be larger. In the case of those 992 basins in the past the outturn was not high enough.

President.—The outturn at that time was 224,000 in Kashmir and 32,000 in Jammu?

Mr. Wazir.—Yes. We have got 815 large basins in both Jammu and Kashmir to-day including the 200 basins under construction.

President.—With regard to the price of cocoons you have asked for a uniform price of 5 annas a pound. Your additional note, Mr. Green, suggests that it should be 5 annas. When you appeared before the Board on the last occasion, we worked out the cost of production of a pound of cocoons out of pure Mysore and out of crossbreed, and we had found that the price came to somewhere near 4 annas for the one and 3 annas 8 pias for the other and we took 4 annas as the average cost of production and said that we would allow 6 pias more for other charges and bring the figure to 4 annas 8 pias. We also worked out the costs with the representatives of Mysore and arrived at the figure of 4 annas 6 pias. As regards Bengal, Mr. Ghosh, we have seen the actual present costs given by you and the ideal cost which you have put down as 5 annas. The actual cost, as I have worked it out, comes to 4 annas 6 pias.

Mr. Ghosh.—Yes.

President.—I am taking the ideal cost and I will show you where the disparity occurs. When you are asking for ten years protection you will have to take into consideration a certain percentage of crossbreeds.

Mr. R. Rao.—We have allowed for that.

President.—If we take a certain percentage of crossbreeds, 5 annas seems to be on the high side.

Mr. R. Rao.—In asking for 5 annas we have taken into consideration not only the developed area but also the present not fully developed areas.

President.—For developed areas you would consider 4 annas 6 pias a reasonable figure?

Mr. Mitter.—4 annas 6 pias would not give an incentive to people to increase cultivation.

President.—But the real cost is much lower?

Mr. Mitter.—Under present conditions it may be lower, but because it is lower sufficient number of people are not taking it up. They must be given a little more incentive.

President.—A little more incentive can come only from the Government department. You have got to encourage the sericulturists by research work by which you can increase the pounds of cocoons per acre. You must be able to reduce cost. If you ask me to give 5 annas I do not think it will help the sericultural industry at all.

Mr. Rao.—The sericulturist should be assured of a fair living wage.

President.—I have taken into consideration the amount he will get for his alternative crops.

Mr. Rao.—If in calculating the cost of cocoons we reduce the cost of labour it means so much loss to the sericulturist and his family.

President.—If you look at the Madras figures as we calculated them you will find that the basis of 5 annas and 4 annas have been taken into consideration; so the average will also come to 4 annas 6 pias for the period of protection.

Mr. Achayya.—It will take a long time before we can achieve it. Our crossbred seed distribution is only 5 per cent.; that is almost negligible.

President.—On the other hand I cannot give profit to the people who have got 33 per cent. crossbreed.

Mr. H. Rao.—25 per cent.

President.—Next year you will go up to 33 per cent.

Mr. Green.—In the case of Bengal they have no crossbreed.

Mr. Rao.—We are progressively increasing. The only point is that in calculating the cost of cocoons we have to put something for the labour of his family.

President.—I have allowed that.

Mr. Rao.—It is provided, I know, but the point is: what is the labour charge to be provided allowing for a living wage?

Mr. Wazir.—In this connection is it possible to know what is the cost of producing cocoons in Japan. We would like to know that because that would help us in deciding a fair selling price.

President.—That we have got and simultaneously with that information we have got information about the amount of money which the provincial governments are spending there on sericulture. Their selling price of cocoons is about 7 annas per lb. They have got a regular market for sale whereas in India I do not think there is any market at all.

Mr. Wazir.—In India markets have to be developed. What I submit is that there should be some correspondence between the price of cocoons paid in Japan and that fixed for India.

President.—Then we must take the cost of producing one pound of silk in Japan and in India.

Mr. Wazir.—The point is to do something to improve the standard of living of the poor rearer.

President.—It may interest you to know that during the oral examination of the Mysore representatives I did take into consideration the costs in Japan. If I take the amount of silk which they get out of their cocoons and work out the figure it came to exactly 4 annas 6 pies against 7 annas of Japan.

Mr. Mitter.—May I ask you one question? During the time the Japanese silk industry was developing did the Board find out what was then the cost of production? At the present moment the industry is fully developed.

President.—I think that is the business of people who have visited Japan. Your own representative is one of them and he would be in a better position to inform the Board as to what has happened during the last 30 years.

Mr. Mitter.—When you are comparing the price in Japan with the price in India I submit that you are certainly taking into account this improved factor that the price of Japanese silk which is in a highly developed condition cannot be compared with the price of Indian silk which has not developed.

President.—I was just replying to the point that was raised by Mr. Wazir namely whether I had taken into consideration the cost of cocoons in Japan.

Mr. Mitter.—And you came to the conclusion that 7 annas of Japan was equal to 4 annas and 6 pies of India?

President.—Yes at the present rate of exchange. It may interest you to know that we have received a very able memorandum from the Indian Trade Commissioner in Japan.

Mr. Wazir.—What I wish to be clear about is whether this difference between 7 annas and 4 annas is due exclusively to the exchange factor. On what rate of exchange was that 7 annas calculated and on what

rate of exchange was that 4 annas calculated? There has not been much fluctuation for a considerable time.

President.—It would be better if I were to give you this and then we can discuss it in the afternoon.

Mr. Wazir.—It may interest you to have an extract from the "Silk and Rayon Digest" dated 13th April 1936:—"On the basis of the distribution of cocoons in the chief cocoon markets in Japan during 1935, the department of Agriculture and Forestry gives the total average price of cocoons for the year as 3.74 yen (28.9 kake) for spring white cocoons, 3.75 yen (28 kake) for spring yellow cocoons, 5.33 yen (43.3 kake) for Summer-Autumn white cocoons and 3.67 yen (31.1 kake) for Summer-Autumn yellow cocoons".

President.—At present rate of exchange it works out to 12 annas 6 pies for one yen. Since the last Tariff Board report Japanese exchange has been fairly steady. With regard to the other charges I think they are more or less the same as those adopted by the last Tariff Board.

Mr. R. Rao.—We have taken the Mysore costs.

President.—The only thing which I wish to discuss is about re-reeling charges.

Mr. Govinda Rao.—I would like to point out that in the statement compiled by the Board, Mysore—Item 11— $\frac{3}{4}$ lb. at 5 annas 4 pies per lb. for Mysore charka—Deduct cost of $\frac{3}{4}$ lb. of waste that has got to be deducted from Rs. 7-6-6, the cost of producing $1\frac{1}{4}$ lbs. of silk, $\frac{3}{4}$ lb. waste is produced for every $1\frac{1}{4}$ lbs. of silk.

Mr. Ramachandra Rao.—We have allowed for price of charka waste at 4 annas.

President.—I was told by Mr. Shamsuddin Khan that the price was 5 annas.

Mr. Achayya.—It is not 4 annas but 3 annas in Kollegal. To-day's figure is decidedly less than when the Board visited Bangalore.

President.—We must get some idea of the tendency of the market. What is the price for charka waste?

Mr. Wazir.—There is a slight fall in the price.

President.—Mr. Shamsuddin Khan paid as much as 8 annas. If you take the average it will be 5 annas.

Mr. Achayya.—The other day I had a discussion with Mr. Shamsuddin. What he told me was that at the time of war scene in Europe they would not under-write for heavy goods such as silk waste, hides and skins and that was the reason why the prices went down suddenly.

President.—To-day the position has changed?

Mr. Achayya.—Yes, but these things take a long time to adjust themselves.

President.—We can then accept the figure of 4 annas instead of 5 annas 4 pies.

Mr. Ramachandra Rao.—Yes.

President.—If I take half the waste, that would be correct.

Mr. Ramachandra Rao.—Yes.

President.—Then it will be 2 annas.

Mr. Ramachandra Rao.—Yes.

President.—Deduct 2 annas from Rs. 4-15. That will be Rs. 4-13. Similarly if you deduct annas 2 for the waste from the cost of producing

one lb. of silk, the figures that you got for the three qualities would be as follows;—

	Rs. A. P.
First quality	4 13 0
2nd quality	4 0 10
3rd quality	3 8 4

Mr. Ramachendra Rao.—Take cocoon prices for Mysore. As regards cocoon prices in item No. 1 they are shown as 4 annas 6 pias for the first quality, 4 annas 3 pias for the second quality and 4 annas for the third quality. Cocoons are not sold in that way. It is only the rendita that varies.

President.—I find the price of cocoons also varies. The Madras Government give different prices for cocoons for different qualities.

Mr. Achayya.—I should like to submit that in making our calculations in our oral evidence Rs. 19 was taken for the wags of 225 lbs. You calculated it roughly at one anna per lb. It comes to 1½ annas per lb. That is where all the calculations went wrong.

President.—I was referring to that when I was talking to Mr. Green. There was a note accompanying the oral evidence.

Mr. Ramachendra Rao.—As regards the differential rates, although this point has been mentioned in the oral evidence, I have pointed out that I didn't quite see how it came in there. I put in a question mark there. It only referred to the rendita and not to the several grades of silk.

President.—This was actually worked out in the oral evidence. I took it from the oral evidence.

Mr. Ramachendra Rao.—So far as I am concerned, the quality can only refer to the rendita and not to the price. That is not the practice.

President.—What is the practice in Bengal?

Mr. Ghosh.—All one quality.

President.—Your statement shows different prices for different areas if you look at figures in Annexure C.

Mr. Govinda Rao.—According to the market conditions.

President.—It depends upon places where the charkas are.

Mr. Govinda Rao.—Sidlaghatta cocoons are weighed on the 5th day.

President.—If you look at the prices there are different prices for different localities.

Mr. Govinda Rao.—Yes according to the market conditions.

President.—Also according to the quality of cocoons produced.

Mr. Govinda Rao.—3rd and 5th day cocoons. As regards the prices of cocoons

President.—It depends upon the quality.

Mr. Govinda Rao.—The same quality produces second grade and third grade silk. Not all charka owners produce first class silk.

President.—It depends on the bulk of the production in a particular locality.

Mr. Govinda Rao.—You mean percentage.

President.—In Sidlaghatta when we visited last time we found the bulk of the production was only first class.

Mr. Govinda Rao.—In Sidlaghatta town. What about places round about?

President.—I do not know how it will pay a man who produces third class quality of silk.

Mr. Govinda Rao.—The cocoons are available there. In the last Tariff Board also

President.—I had taken a uniform price at that time.

Mr. Govinda Rao.—In the oral evidence we have stated that in Japan also the same conditions prevail.

Mr. Ramachandra Rao.—This is what I found in the record of oral evidence sent to us: "On the last occasion we made some difference with regard to the price of cocoons for the first, second and third qualities. I propose to make it As. 4-6, As. 4-4 and As. 4-3 because even in a country like Japan where it is all filature silk and not hand reeled silk the price for cocoon is for the lower quality". I have put a marginal query showing "not clear, the reference is perhaps to *rendita* for different grades of *charka* silk".

President.—What is the condition of *charka* silk in the Punjab? You have no filature silk.

Rai Bahadur.—We have only a small demonstration filature of 5 basins.

Mr. Ghosh.—The same cocoons are sold. May I say one thing about the different qualities of cocoons. The same cocoons are purchased by the reeler. The man who wants to turn out first class silk reels first class silk and produces more waste. The man producing second class silk has less waste and is compensated in the price.

President.—Personally I am doubtful. They must have different prices. In the third class of silk according to Mr. Ghosh himself there is no waste.

Mr. Ghosh.—The waste goes into the silk.

President.—Therefore the quality of the cocoons must be very bad and he cannot pay the same price for that class of cocoons.

Mr. Ghosh.—There is no difference in price as regards the sale price on a particular date.

Mr. Ramachandra Rao.—We should try to grade cocoons also. I quite agree that we must have some arrangement of grading. For the best quality the producer will get a better price. Until we have such regulated markets just as we have in the case of cotton or tobacco where we insist upon grading, the present practice will have to continue.

President.—That means reelers are bad. Why do you have first class, second class and third class when the quality of cocoons is the same. If you say you have got the same quality of cocoons, and you pay the same price, how can you get three different kinds of silk?

Mr. Ghosh.—It is on the appliances used and the efficiency of the reeler.

President.—That must reflect in the cost of *charka* silk.

Mr. Ghosh.—The *rendita* is there.

President.—The reelers' wages are lower.

Mr. Boughton.—They get more silk out of the cocoons.

Mr. Ramachandra Rao.—If you take the third quality silk, the labour is less and the waste is less.

President.—He gets more silk and that is why *rendita* is lower.

Mr. Ramachandra Rao.—Yes, because more waste is included in the silk.

President.—The Board will take into consideration this point. Shall we take the price of filature waste?

Mr. Ramachandra Rao.—We have agreed to the price of 10 annas for filature waste.

President.—What about the other costs for the filature silk?

Mr. Ramachandra Rao.—I would point out the changes made. I have put it in the memorandum. We have increased the provision under repairs and renewals from 1 to 2½ per cent. because of the kind of machinery,

that is used for filatures and also because the depreciation is calculated at 5 per cent. which we consider should be $7\frac{1}{2}$ per cent. We have retained 5 per cent. depreciation and we have increased the provision under repairs and renewals from 1 to $2\frac{1}{2}$ per cent. One per cent. is not enough. If depreciation has been provided, at $7\frac{1}{2}$ per cent. then of course one per cent. will be all right.

President.—We can only allow depreciation on building and lands according to the rates allowed by the Income-tax Department. I am afraid we can't make a distinction.

Mr. Mitter.—Income-tax Authorities allow different rates of depreciation for different kinds of machinery. We have taken those different rates and then arrived at an average. 5 per cent. is too low. It ought to be $7\frac{1}{2}$ per cent.

Mr. Ramachandra Rao.—We calculate depreciation in the Income-tax Returns on differential rates for different kinds of machinery.

Mr. Raughton.—I know the Income-tax people are very liberal in their allowances. I was engaged on another enquiry not long ago dealing with cotton in which that point came out very clearly.

Mr. Ramachandra Rao.—5 per cent. will be the average.

Mr. Raughton.—The rate allowed by the Income-tax people is too much. For ordinary commercial purposes you ought to take less than what is allowed by the Income-tax people—that is with regard to the cotton mills.

Mr. Ramachandra Rao.—There are varying rates of depreciation. It is only a question of striking a general average.

Mr. Haskell.—The depreciation charge for machinery is over 5 per cent. The machinery which they are using in filatures is one which comes under various heat and water conditions. It is not possible for that machinery to have a depreciation rate of 5 per cent. which means that that machinery will last 20 years. I don't think that any cotton or textile machinery can last altogether 20 years. 14 years is the maximum period after which it should be scrapped. The point is either you take a higher percentage of depreciation or take a lower percentage of depreciation and higher allowance for repairs and renewals.

President.—Mr. Haskell, you will admit that repairs and renewals depend upon the kind of machinery and the kind of industry.

Mr. Haskell.—I admit that.

President.—It cannot be the same in all cases. As a matter of fact this 1 per cent. was accepted by the Mysore Silk Filature. When they appeared before the Board, they didn't raise any objection.

Mr. Gocinda Rao.—They asked for raising the depreciation from 5 to $7\frac{1}{2}$ per cent.

President.—What is other point?

Mr. Wazir.—We charge 10 per cent. on machinery and what we spend on repairs is deducted from depreciation. Our system of accounting is different.

Mr. Ramachandra Rao.—As regards production per basin, we have taken it at $1\frac{1}{2}$ lbs.

President.—I am afraid I cannot agree to that. When we visited Kashmir we saw there two filatures working with 200 basins, where production per basin was more than $1\frac{1}{2}$ lbs. They were turning out 20/22 and 13/15 deniers.

Mr. Acharya.—Yes, with univoltine cocoons. Ours is not univoltine. There must be some margin allowed.

President.—Last time. For 28/30 denier we took $1\frac{1}{2}$ lbs. The percentage of silk of 13/15 denier turned out in India is very small.

Mr. Ghosh.—The weavers demand 13/15.

President.—I do not know whether the Kashmir people are able to supply the demand.

Mr. Wazir.—Yes, we are supplying.

President.—Wherever we go, we hear complaints from handloom weavers that they cannot get Kashmir silk.

Mr. Wazir.—That shows that the demand exceeds the supply. What I mean to submit is that a certain proportion of our output is 13/15. We have arrived at this figure of outturn per basin after taking everything into consideration.

President.—Mr. Peychaud said that it was nearer 2 lbs. than 1½ lbs.

Mr. Achayya.—The Kollegal Silk Filature is worked on the basis of 1½ lbs.

President.—What denier is it?

Mr. Achayya.—20/22.

President.—Is the whole production 20/22?

Mr. Achayya.—I think so.

Mr. Ramachendra Rao.—Some allowance must be made for the less efficient area.

President.—It means that I give more profit to Kashmir, if I base the fair selling price on multivoltines alone. There is a production from univoltines of about 2½ lakhs of lbs. and there is likely to be much more in future. Kashmir gets the advantage in rendita as well. If I base the fair selling price on multivoltines alone, it means that the Kashmir industry is not taken into account in arriving at the fair selling price.

Mr. Achayya.—If you take the univoltines, multivoltines will suffer. Since the bulk of silk produced in India is from multivoltines, it is better to take the figure for multivoltines.

President.—The Board must take into consideration both kinds of silk. Mr. Peychaud said definitely that it was nearer 2 lbs. I am not taking 2 lbs. I am taking only 1½ lbs.

Mr. Ghosh.—The production of raw silk even in filature will vary with the denier and the time worked. If it is a thick denier, the production will be more. But it is practically impossible to produce 13/15 even working 10 hours on a basin.

President.—Mr. Ghosh, I have told you on what basis I have arrived at this figure. When we were discussing with Mysore representatives, I took the figure as 1.25 lbs. But when we visited Kashmir, Mr. Peychaud told me that they were getting nearer 2 lbs. and that 1½ lbs. would be a fair average to take.

Mr. Ghosh.—What denier was it?

President.—13/15.

Mr. Wazir.—May I enquire whether when Mr. Peychaud gave that information he said that it was the average for all the qualities of silk? I certainly am prepared to subscribe to the proposition that out of No. 1 good quality cocoons, reeling 13/15 under special conditions, we may get an outturn of 1½ or nearly 2 lbs. I am taking Jammu province now. Speaking from the papers which have been submitted to the Board, if you will kindly turn to page 8 of the Administration Report for 1935-36, you will find our outturn of silk per basin as follows:—

	lbs.	ozs.
1931-32	1	7
1932-33	1	6
1933-34	1	6

This is the average which has been worked mostly for coarse sizes—30/35, 40/45 and 60/100. Very little of this silk is turned out as 13/15 and 20/22.

President.—That is contradictory to what has been stated here. According to the statements made here, the coarser the denier the more the quantity of silk turned out per basin, whereas you are taking coarse silks less production.

Mr. Wazir.—This is the average that has been worked out for all qualities of silk, No. 1 and No. 2 inclusive. We have decided to take the output per basin as 1½ lbs. with the undeveloped areas more in mind where the industry has much headway to make before they could count upon a fair outturn. We must also take into consideration the number of threads we reel.

Mr. Acharya.—It is absolutely impossible to reel 2 lbs. with 4 skeins.

Mr. Ramachandra Rao.—This is based on Japanese filatures.

President.—1½ lbs.?

Mr. Ramachandra Rao.—Yes. I don't think we can improve on that.

Mr. Wazir.—The ideal outturn with ideal speed of reel for different sizes has been worked out in a tabular form. The information is available. In the course of the oral evidence I think I read some portion from the report. If you will permit me I will read it again. As regards 18/22 denier in Italian filatures, with average quality of cocoons and with the average speed of 75 revolutions per minute—here we have to remember that outturn, among other things, depends upon the speed of the reel; if the speed of the reel is increased certainly it is possible to get more silk but then it will affect adversely the winding quality of silk, so we have to take a fair speed of reel which is represented by 75 revolutions per minute—they have taken 630 to 670 grammes of silk as the average outturn per basin. With due regard to all the circumstances, therefore, the figure of 1½ lbs. has been arrived at by us after a good deal of thought.

President.—With regard to working capital, you have allowed interest only on working capital and not on block capital.

Mr. Ramachandra Rao.—That is what we have done.

President.—You have taken the interest on invested capital as profit.

Mr. Ramachandra Rao.—Yes.

President.—Have you verified figures under items (6), (7), (8) and (9)?

Mr. Ramachandra Rao.—Yes.

President.—The only other point is re-reeling charge for filature silk.

Mr. Ramachandra Rao.—We have dealt it in our memorandum—see page 4.

President.—I am referring to another thing. Since your examination, Mr. Acharya has submitted a note to the Board showing what additional capital would be necessary for providing a re-reeling machine, and he has stated that it would cost about Rs. 4,000. It has also been stated that the re-reeling charge comes to 4½ pies per lb.

Mr. Acharya.—The filature itself must do that work.

President.—We have been told definitely that even the Indian filature silk is defective in re-reeling, that is in winding quality. That is the opinion of those who use this silk.

Mr. Ramachandra Rao.—We have been using the same silk in Mysore.

President.—That is the opinion which we have received from a large number of weavers.

Mr. Haskell.—There is no difference between Indian and imported silks. I don't think that the weavers are having any more trouble with Indian silk.

President.—Have you seen the filature silk?

Mr. Haakell.—Yes.

President.—A number of weavers whom we have visited have definitely told us that as far as winding quality is concerned, even the filature silk is defective.

Mr. Wazir.—Re-reeling is a process which certainly helps the quality of silk. In the case of inferior and charkha silks we can with advantage have recourse to re-reeling.

Rai Bahadur.—We got our silk from Kashmir and not from Mysore.

President.—I don't think that it would be necessary to have this additional expenditure.

Mr. Acharya.—If that is so, I don't understand why Japan should reel and re-reel its silk if it does not improve its quality.

President.—There is no doubt that Japan does re-reel its silk.

Mr. Ghosh.—At first Japan had adopted the method of reeling according to the French system. When they found that re-reeling gave them an advantage they changed the whole machinery and system.

President.—Even so it is an improvement on the quality of filature silk.

Mr. Ghosh.—Re-reeling will improve all silk whether we reel silk on filature or by charkha method.

President.—Suppose I allow Rs. 4,000 as additional capital expenditure and add 4½ pice to the cost, which practically comes to very little, will the filature Co. instal the re-reeling machinery?

Mr. Ghosh.—It is very difficult to say. There is one man in Bengal—Haji Moniruddin Ahmad—who has got some sort of re-reeling machinery. He has been supplying re-reeled silk to Madras and other places. He has given me figures. Re-reeling enhances the cost by 6 annas a lb. according to him.

President.—That is much too high.

Mr. Ramachandra Rao.—Is it proposed to add this to the cost?

President.—Yes.

Mr. Green.—I think that provision should be made for the re-reeling charge. It is a very small addition.

Mr. Ghosh.—If modern Japanese machinery is adopted, re-reeling is a routine process.

Mr. Ramachandra Rao.—The following extract from the Japanese Silk Year Book (1935-36) explains re-reeling as it is understood in that country:—"Direct Reeling and Re-reeling—For sometime since the introduction of foreign reeling machines, the direct reeling system was in vogue, which, however, was later replaced by the re-reeling system in many mills, because although direct reeling is more economical, the slow drying of the reeled silk in the moist climate of Japan necessitated the re-reeling of it from the small reels. Direct reeling is now obsolete".

Conditions in Japan and here are different.

Mr. Acharya.—As far as this is concerned re-reeling need not be done in a moist country like Japan. The reeled silk can be enclosed in a hot chamber to make the reel dry as the reeling goes on even in direct reeling. But they adopted re-reeling because it improved the winding qualities of silk. The American silk market insisted on re-reeling.

Mr. Rao.—I agree. A, B, C qualities of Japanese silk are superior and all of them go to the American market. E, F, G are lower qualities; we never see any A, B, C qualities at all in this country, it is the inferior qualities which mostly are imported into India.

Mr. Acharya.—All the silks imported into India from Japan are re-reeled silks.

Mr. Ghosh.—Many of the weavers say that they want re-reeled silk.

Mr. Green.—Undoubtedly it will increase the competitive power of the Indian silk.

President.—It is a point which the Board will have to consider. Supposing we do allow it will the filatures instal their machinery?

Mr. Wazir.—I believe there is no difference of opinion so far as improvement by re-reeling is concerned. In the case of inferior quality of silk it does improve the winding quality.

President.—There is unanimity of opinion that re-reeling improves the quality whether it is charkha or filature silk. Suppose we make a recommendation that this addition be allowed will the filatures take to it?

Mr. Ghosh.—In the new small demonstration filature that we are putting up in Bengal with up to date Japanese machinery, there is a re-reeling process.

Mr. Ramachandra Rao.—You might insist on filatures adopting it. After all filatures will have to depend upon Government and when they come up for assistance you can insist on their putting this up.

Mr. Haskell.—As an onlooker, when you are on the question of re-reeling, I may say that unless you have legislation in every province that they must have re-reeled silk, they will not adopt re-reeling machinery. My idea of Japanese re-reeled silk is that the silk being sold by a combine they insist that the silk should be re-reeled so that there might be no difficulty with regard to the exports to America. Another point which strikes me is that the silk being pressed by hydraulic process there is an extra pressure on the silk and re-reeling is necessary to prevent it from being entangled in winding so that it may not be damaged, this may be one of the reasons why re-reeling is adopted in Japan. If the Board decides to recommend re-reeling as a necessity then there should be a legislation in which there should be a clause that every Province must adopt it and the extra cost of re-reeling should be included in the price which the Directors of Industries have given in the memorandum.

President.—My point is this. last time the Tariff Board allowed 3 annas as re-reeling charge for charkha silk and our experience shows that re-reeling has not been carried out by these people and the 3 annas we allowed went practically to the pockets of the people who are making charkha silk. That is why I want to know whether re-reeling charges should be made on this occasion.

Mr. Acharya.—I would meet Mr. Haskell's argument by saying that Japan consumes a lot of her own silk; and where is the necessity to re-reeled that silk which is not pressed at all as in the case of bales for export.

President.—Mr. Haskell, I asked you particularly because Bombay is a very important centre as far as the handloom industry is concerned and I wanted to know whether handloom weavers prefer re-reeled silk.

Mr. Haskell.—My impression is that the price is the main factor but as regards working conditions there is practically no difficulty with regard to the Indian silk.

President.—I do not think re-reeling charge would be allowed.

Mr. Ghosh.—In Malda we are adopting re-reeling as a process for the charkha silk.

Mr. Ramchandra Rao.—I think so far as filature silk is concerned it may be unnecessary.

Mr. Green.—The charge comes in at one stage or another. The weaver does the re-reeling if the silk is not supplied to him in re-reeled form.

President.—I am taking the two separately. As far as the weaver is concerned we will take the cost of producing a yard of cloth, but as far as the production of raw silk is concerned I want to know whether that charge is necessary.

Mr. Ramachandra Rao.—Supposing Rs. 6 is the fair selling price in which you include 3 annas, if the man had at least realised Rs. 6

President.—The Board must be fully satisfied that arguments will be made for re-reeling charkha silk.

Mr. Ramachandra Rao.—We will make it.

Mr. De.—The poor weavers do not require re-reeled silk; they re-reel the silk themselves.

Mr. Wazir.—He would prefer to have re-reeled silk. Since he does not get the quality of silk he requires, he resorts to this process on his own account.

President.—That means he gets less money because the silk is not re-reeled.

Mr. Ramachandra Rao.—We have trained people in re-reeling.

President.—The point is whether there is a system of re-reeling charkha silk in India at the present time to justify this charge being added to the cost of raw silk. If it is the general system here then the Board will be justified in allowing that charge.

Mr. Ramachandra Rao.—If we make the first class charkha silk re-reeled it would realise a better price for the re-reeler and save expenditure for the weaver.

President.—Will he get a couple of annas more if he spends 3 annas for re-reeling?

Mr. Ramachandra Rao.—I should think so.

Mr. Wazir.—And the weaver will pay a higher price. We in Jammu used to do the re-reeling sometime ago because at that time the quality of our silk did not come up to the mark. We have now given it up because the winding quality has improved. Our experience is that it is more convenient and economical to do the re-reeling in the filature itself where the silk has been reeled. That is our experience in Jammu. If the silk without being re-reeled is sent out to the weaver, he sometimes finds that the winding quality is not good enough for a specific object and he has got to do the re-reeling on his own account.

President.—I would like the silk to be re-reeled for this reason that Indian silk has a bad name as regards winding quality and the Japanese people having captured the market by introducing better quality of silk at a lower price are able to hold their own against even Canton filature silk and Indian filature silk.

Mr. Ramachandra Rao.—Yes.

President.—The two things that we must insist on are that arrangements must be made by the respective provincial Governments for re-reeling and that charkha silk in future will be re-reeled.

Rai Bahadur.—I can definitely undertake to do that. The silk will have a better market if this is done.

President.—Do you think arrangements can be made in Bihar?

Mr. Pillai.—Yes.

Mr. Mehta.—We have been introducing re-reeling machines in Assam.

President.—Have you been able to re-reel any mulberry silk?

Mr. Mehta.—Some quantity.

President.—It is more or less agreed upon that 3 annas will be a reasonable charge.

Mr. Ramachandra Rao.—Yes.

President.—The next point is with regard to the boiling off. I had circulated a statement which we received from one prominent Mill in Bombay with reference to Kashmir silk and the difference according to him is as much as 9 annas per lb. Is that correct?

Mr. Wazir.—I am afraid I cannot subscribe to the view of that consumer. The fact of the matter is that we have not conducted any experiments because we have no conditioning house, but in the Tariff Board you have got some figures indicating the result of experiments conducted in Mysore, viz., Kashmir silk Yellow 23·7 as against Canton 21 and Kabin 22·9. I am prepared to subscribe to this difference, 23 as against 22·9 but not to the figures mentioned in the consumer's report.

President.—He is comparing Kashmir silk with Japanese silk.

Mr. Wazir.—I cannot talk with any authority as regards Japanese or Chinese silk. I have with me a statement showing the comparative results of experiments in respect of losses in boiling off conducted in America. It is described as 'the real loss in boiling off' and it is taken from the figures given by Adolf Rosenzweig in the American Silk Journal for August 1925:—

	Per cent.
China	17
Japan	17½
Persia	18
Turkestan	18½
Adrianople	19
Prussia	19½
Canton	20
Italy (crossed with China)	21½
Italy (crossed with Japan)	22
Italy (pure yellow)	23
Syria	23½

I would depend upon these figures and here also there is some difference. Our silk goes with the Italian and the French and in their case the loss is 21½ to 23½. I am prepared to concede that going by these figures there is some difference between our silk and Japanese silk. I would put it as 23.

Mr. Govinda Rao.—Is it yellow Japanese silk?

President.—Yes.

Mr. Govinda Rao.—Yellow Japanese silk loses more than 20 per cent.

President.—It is not stated here whether it is 20 per cent. or not. I told him to work out what additional cost the weaver has got to incur if he purchased Japanese silk and Kashmir silk at the same price and his calculations came to a difference of 9 annas per lb.

Mr. Govinda Rao.—Japanese silk which he has taken for comparison is yellow.

President.—Both are yellow.

Mr. Wazir.—So far as that goes there may be a little difference.

President.—If he takes yellow, he must take yellow in both cases.

Mr. Ramachandra Rao.—30 per cent. Mr. Wazir thinks that it is too high.

Mr. Achayya.—In Kollegal the handloom weaver varies the boiling off according to the class of goods he weaves and the percentage of loss is less than for silk used for weaving materials like crepe-de-chine.

President.—I told him to take the same class of silk. That means he has taken yellow in both cases.

Mr. Achayya.—And for the same class of goods.

President.—I can verify that, but I think it is for the same class of goods. As far as Kashmir yellow silk is concerned, the boil off is much greater.

Mr. Wazir.—Against 23 of Japan.

President.—We do not know what it is for Japan. He has not given us percentages. He has given us the additional expenditure he has got to incur.

Mr. Ramachendra Rao.—We might get the percentage verified.

President.—That is a thing which requires to be looked into. I do not know what it will be with regard to Mysore silk.

Mr. Wazir.—These figures have been given by Mysore.

President.—Last time you had given us figures for Chinese silk.

Mr. Govinda Rao.—Take the Japanese silk which is available and conduct the boil off test.

President.—Please do give us the results of your tests.

Mr. Ramachendra Rao.—It would be better to take both.

Mr. Wazir.—Just now I am concerned with clearing one point and that is in the memorandum which we have submitted we have given 27 per cent. to be the loss in boiling off, and that is when the Japanese silk was taken to lose 23 per cent. relatively.

President.—How can it be relative?

Mr. Wazir.—I had not seen the figures yesterday.

President.—Shall I say that these figures are not correct?

Mr. Wazir.—I cannot say. So far as that goes I cannot give it at this stage. Mysore has tried.

President.—You will be able to supply later on.

Mr. Wazir.—I shall try.

Mr. Green.—Could not Mysore carry out tests on Kashmir as well as on Japanese silk?

Mr. Govinda Rao.—If Mr. Wazir could give us samples, we would conduct the test.

Mr. Wazir.—Yes with the greatest possible pleasure.

Mr. Anklesaria.—You had better buy it in the market.

President.—I shall try and give you some samples of Kashmir yellow and Japanese yellow.

Mr. Wazir.—It would be well if you could send the samples.

Mr. Mitter.—We could do the testing. We have the conditioning house.

Mr. Haskell.—The question we have got to consider is not fine laboratory tests running to three places of decimals, but from the practical point of view. What the weaver is concerned with is that he gets his silk at the minimum cost. The experience in the Bombay Presidency has been that there is practically no difference—we have already submitted in our written reply and supported it in our oral evidence—in the degumming losses between the imported and the Indian silk.

President.—Mr. Haskell, this man has a silk mill in Bombay and is very well placed. I will supply you his name and you might make enquiries if you wish. 9 annas makes a tremendous difference.

Mr. Haskell.—It does. The handloom weaver or the merchant who buys the silk is bound to buy the silk which would suit him best in price.

President.—The weavers themselves told us as far as degumming is concerned that there is greater loss in the case of Indian silk. There

is unanimous opinion of the market with regard to the defects of the Indian silk about winding quality and degumming.

Mr. Haskell.—About Re. 1 or Ra. 1-2 is the price difference.

President.—The price being the same, these two defects are found in Indian silk. They have been corroborated by many persons.

Mr. De.—Our experience is that we get 25 per cent. loss. The loss in the case of Indian silk is more.

President.—One of the prominent importers confirmed it yesterday.

Mr. Wazir.—Bengal silk mills were getting silk from us, but prices didn't suit them and so they gave it up.

Mr. Haskell.—If you take a rupee difference in price—let us take for argument's sake that there is 10 per cent. difference in the boil off—the Japanese silk is cheaper on the price basis and that is another reason for that silk being proffered.

President.—You have not understood my point. Suppose you get adequate protection. Adequate protection means that the imported price is equal to the fair selling price. That means in the market the weaver purchases Indian silk at the same price as Japanese silk. Having established that fact if I find that Indian silk is costlier to me as a result of degumming then the weaver will on the same price prefer Japanese silk. That is the whole point, and that is why I wish to know the exact position.

Mr. Ghosh.—We have found in the case of charka silk if it is reeled in a better manner with proper croisure, the loss due to degumming is certainly less. A good deal depends upon reeling.

President.—It may be due to the carelessness of the reeler.

Mr. Ghosh.—To the process of reeling.

President.—As regards dumping in addition to an elaborate note given by you, we have also received a memorandum from the Bengal Government.

Mr. Ghosh.—In a minute I shall give you the reference to the Journal from which I got that information.

President.—It is said that the bonded silk was purchased at 1,250 yen. Distress, I think, came in 1929.

Mr. Acharya.—Distress came in 1929-30.

Mr. Ghosh.—On page 48 of the American Silk and Rayon Journal, June, 1933. I see it was mentioned the price fixed for April should be 1,250 yen per bale and the sale was at 455 yen.

President.—This was the cost price?

Mr. Ghosh.—Purchase price.

President.—Who purchased it.

Mr. Ghosh.—Government.

President.—Government purchased it at 1,250 and sold it at 455 yen.

Mr. Ghosh.—Yes.

President.—To whom was it sold?

Mr. Ghosh.—To a private merchant.

Mr. Govinda Rao.—Apart from the published figures in the Rayon Journal, we have got our own agents to give us information which is more reliable.

President.—The next point is about the future trend of prices. In the memorandum you had given me. I find that declared values do not give a correct idea, because all the qualities of silks have been grouped together. I have been able to work the declared values for China and Japan separately and for different kinds of silk. I have compiled figures for the last three years for Japan.

Waste products including dupion.		Rs. per lb.
1935-36	.	2
1936-37	.	2.3
1937-38	.	2.5
<i>Hand-reeled.</i>		
1935-36	.	2.7
1936-37	.	No imports.
1937-38	.	4.1
<i>Other sorts including filatures.</i>		
1935-36	.	2.6
1936-37	.	3.5
1937-38	.	4.2
And for China.		
<i>Waste products.</i>		
1935-36	.	2.6
1936-37	.	2.4
1937-38	.	2.2
<i>Hand-reeled.</i>		
1935-36	.	2.7
1936-37	.	2.7
1937-38	.	3.0
<i>Other sorts (including Canton and Shanghai filature silk).</i>		
1935-36	.	3.1
1936-37	.	3.4
1937-38	.	3.5

Mr. Ramachendra Rao.—More than Japan.

President.—Less than Japan.

Mr. Ramachendra Rao.—In the previous two years it was more.

President.—The price in September 1935 was Rs. 3-12 to Rs. 3-14 per lb.

Mr. Ramachendra Rao.—We have given you that information in our memorandum.

President.—I find that as far as filature silk is concerned, the competition is with Japanese filature silk.

Mr. Wazir.—And Chinese filature silk.

Mr. Ramachendra Rao.—For information regarding declared values we have to depend upon annual trade returns.

President.—You have taken it from the Sea-borne trade returns.

Mr. Ramachendra Rao.—In proposing what we consider to be a measure of protection, we have taken the invoice value.

President.—I want to know whether Canton filature silk competes with 1st class charkha silk or not. What is your opinion, Mr. Green?

Mr. Green.—I think that it competes with first class charkha silk.

President.—I think that the Japanese filature silk competes with the Indian filature silk. I will tell you why. The Indian prices which I have seen are about a rupee higher than those of Canton filature silk.

Though at present the Canton filature silk is Rs. 4.5 per lb. which is a low price owing to special circumstances, it will be about Rs. 6 if you take the average of the last two years, whereas the Japanese filature silk sells about a rupee higher. Therefore the first class charkha silk would be comparable with Canton filature silk and Japanese filature silk would compare with the Indian filature silk.

Mr. Green.—Yes.

President.—And the hand-reeled and Dupion would compare with the 2nd and 3rd qualities.

Mr. Ramachendra Rao.—That is what we have said, subject to this qualification that the Japanese filature silk is coming in more now.

Mr. Ramachendra Rao.—The imports of Chinese filature silk have recently increased.

President.—But the competition which the Board has to consider is that from Japan.

Mr. Ramachendra Rao.—It is very difficult to say because during the last 4 or 5 months there have been large imports from China.

Mr. Roughton.—During the last few months Japan has hardly come in whereas Chinese imports have increased. The presumption is that the Chinese are selling off at specially low prices.

Mr. Ramachendra Rao.—Or the Japanese might have appropriated Chinese production as war spoil.

Mr. Roughton.—They would not like to spoil their own market.

Mr. Ramachendra Rao.—They want money for their war.

Mr. Antlesari.—We enquired of the Customs Collector about the Japanese sending their silk as Chinese silk.

Mr. Green.—They might ship it from Shanghai.

Mr. Achayya.—India is not an important market for Japan and so they might ship from Shanghai.

Mr. Roughton.—The samples of silk which we saw in Bombay came from China. In any case the main supply has been from Canton which has not been in Japanese hands except during the last two or three weeks.

Mr. Ghosh.—That is correct.

Mr. Ramachendra Rao.—I am only making a guess.

President.—That is a probability.

Mr. Achayya.—At the same time there was the fear that Canton would be bombed and so it might be that they wanted to get rid of the stock.

Mr. Roughton.—Probably that is the reason.

Mr. Govinda Rao.—The other day I was discussing with the Assistant Manager of a big Japanese firm this point and I told him "Only 61,000 lbs. of Japanese silk has come now, whereas last year 420,000 lbs. came in". In the usual way he simply smiled. When I put it to him "you perhaps send a lot of raw silk from Shanghai", his reply was "May be".

President.—That was the statement made by the Vice-Consul for China in Bombay when we examined him. He also said that goods might have been smuggled from Japan and shipped from China.

Mr. Govinda Rao.—In spite of the fact that only 61,000 lbs. has come in during the last few months, Japanese silk is available in large quantities in the market.

President.—It might have been in stock.

Mr. Govinda Rao.—It is not stock.

President.—How can it have come?

Mr. Achayya.—It must have come through Shanghai.

Mr. Roughton.—Why should Japan want to send its silk through China and get smaller prices?

Mr. Achayya.—Japanese prices are very high. In the market the silk is sold as Japanese silk and not as Chinese silk.

President.—Is this done in order to avoid the duty?

Mr. Achayya.—Yes. For all practical purposes, the exporting country is China and in the market the silk is sold as Japanese silk.

Mr. Anklesaria.—Can you distinguish Japanese filature silk from Chinese filature silk?

Mr. Achayya.—It is not always possible.

Mr. Anklesaria.—Mr. Haskell, can you?

Mr. Haskell.—It is very difficult.

President.—We asked the Collector of Customs whether this was a fact because it was pointed out to us by the Vice Consul for China and Mr. Chandavarkar said that it could not be correct.

Mr. Anklesaria.—He said something about packing being different.

Mr. Achayya.—There are filatures in China which are producing silk of the same quality as that of the Japanese filature.

President.—Take both Yellow Kashmir and Yellow Japanese. Will you not be able to distinguish?

Mr. Wazir.—It is very difficult to distinguish.

Mr. Ramachandra Rao.—Mysore silk can easily be distinguished.

President.—Kashmir silk has got more lustre.

Mr. Wazir.—A man who is dealing with both classes of goods can.

President.—Do you mean that an importer can?

Mr. Wazir.—Yes, if he is handling both Kashmir and Japanese silk.

President.—Then the appraiser ought to be able to tell us.

Mr. Achayya.—It may be possible for him to distinguish between Kashmir and Japanese silk but not between Chinese and Japanese silk, because the Chinese filatures also produce silk of the same standard as the Japanese.

Mr. Anklesaria.—Is there any difference in packing?

Mr. Achayya.—They will pack it in Shanghai with the Chinese material.

Mr. Govinda Rao.—Are we not getting Japanese materials from the United States of America packed in U. S. A. materials?

President.—As regards the future trend of prices: you have given us prices of the last five years but 1933-34 prices were rather abnormal prices, and then again 1937 prices were very high.

Mr. Ramachandra Rao.—Yes, that is the boom of 1937.

President.—From September 1936 to February 1938?

Mr. Ghosh.—Yes.

President.—That is the period when prices were high.

Mr. Ramachandra Rao.—That has been admitted in our memorandum.

President.—As regards marketing, I suppose that is a matter for provincial Governments.

Mr. Ramachandra Rao.—We agree that marketing organisation should be a State activity.

President.—The Directors of Industries here recognise the importance of it and will take up this question with their respective Governments.

Mr. Ramachandra Rao.—Yes.

President.—Mr. Haskell, are the Government of Bombay doing something as regards marketing?

Mr. Haskell.—We are doing it through the Industrial Association.

President.—Do you purchase manufactured articles?

Mr. Haskell.—Yes, they are sold to wholesale dealers.

President.—Do you purchase it outright from the weavers?

Mr. Haskell.—Yes.

President.—And pay them their wages?

Mr. Haskell.—Yes.

Mr. Acharya.—There are marketing officers under the Government of India.

Mr. Green.—They are rather market investigators.

President.—Under the Imperial Council of Agricultural Research?

Mr. Green.—The Government of India have given a grant for the carrying out of marketing surveys in the provinces.

President.—After the provincial autonomy, this charge ought to be legitimately borne by the provincial Government.

Mr. Ramachandra Rao.—We recognise that it should be a State activity, but the question as to where the money is to come from is one which should be decided by the local Governments.

President.—With regard to Customs classification, you recommend that the tariff values should be abolished.

Mr. Ramachandra Rao.—Yes.

President.—As a matter of fact you will be surprised to know that the tariff values has helped the industry.

Mr. Ramachandra Rao.—We must find out how the tariff value is fixed.

President.—The tariff value for Japanese silk is Rs. 4-12 and the duty comes to Rs. 2-1. The price in 1938 were such that if the duty was calculated on the invoice value, it would not have amounted to Rs. 2-1.

Mr. Houghton.—Sometimes it works in one way and sometimes in another way.

Mr. Ramachandra Rao.—Yes. When we say tariff value, we that goods that should have been assessed at a higher tariff value are got into the country assessed at a lower rate.

President.—You want the duty to be calculated on invoice value.

Mr. Ramachandra Rao.—Yes.

Mr. Acharya.—Won't they manipulate the invoice value?

President.—The system in India is that wherever there is a wholesale market value, the duty should be assessed on the wholesale market value and not on invoice value.

Mr. Houghton.—The duty is assessed on the invoice value only at places where there is not a sufficiently large market to ascertain the wholesale price.

President.—I have been informed that market price is always slightly higher than the invoice value.

Mr. Ramachandra Rao.—The measure of protection will depend upon the working of the two figures.

Mr. Houghton.—That is a matter on which the Board has still to make up its mind. We are yet in the stage of taking evidence.

President.—With regard to the working of the Imperial Sericultural Committee, I take it that you have taken into consideration the note which was submitted to the Board by Mr. Mitter and the suggestions you have made are somewhat on the lines of that note. You want Rs. 3 lakhs instead of one lakh for research.

Mr. Ramachandra Rao.—Yes.

President.—And the activities of the Committee should not be confined only to the distribution of disease free seeds and researches into diseases.

Mr. Green.—I consider the scope of the grant should be enlarged and extended to permit of grants being given for research.

President.—What about the appointment of a sericultural expert?

Mr. Ramachendra Rao.—We thought that it was a matter of detail.

President.—I would like to know the details of the Rs. 3 lakhs required.

Mr. Green.—We will settle the details Rs. 3 lakhs should be made available for the grant.

Mr. Roughton.—Rs. 3 lakhs plus cost of any staff required?

President.—What do you think should be the salary of the expert?

Mr. Ramachendra Rao.—I do not see any need for an expert at all. You might leave it to the Committee.

President.—What is your suggestion, Mr. Green?

Mr. Green.—I am inclined to agree with Mr. Ramachandra Rao that as conditions vary so greatly in different sericultural areas it might be better to appoint experts to carry on *ad hoc* investigations from time to time.

President.—Shall we say Rs. 20,000 a year for an expert?

Mr. Mitter.—I would suggest that provision be made for Rs. 50,000 but how and in what manner the amount should be spent is to be left to the Sericultural Committee.

Mr. Ramachendra Rao.—We don't want that any part of the Rs. 3 lakhs should be spent on experts and staff.

Mr. Pillai.—At present the Government of India sets apart Rs. 1,00,000; that should be increased to Rs. 3,00,000.

President.—What about the staff?

Mr. Pillai.—That would be outside this Rs. 3,00,000.

Mr. Roughton.—I imagine what would happen when the Committee would meet is that there would be some particular problem which would require investigation; that would have to be undertaken by the various provinces or States who maintain the provincial thing. Particular objects of that kind they would entrust to a provincial man and provide a grant towards the cost. They certainly would not want to keep a whole-time expert.

Mr. Ramachendra Rao.—That is not the idea at all.

President.—With regard to the handloom weaving industry you want a separate grant?

Mr. Ramachendra Rao.—Out of this three lakhs of rupees. What we propose is that the silk handloom weaving industry is equally important and deserves special attention and out of this grant of Rs. 3 lakhs a reasonable proportion should be set apart to improvements being made in that direction.

Mr. Green.—I suggest that the benefit of the protection afforded to the silk industry should accrue to all sections of the industry and that the silk weaving industry constituting as it does a part of the silk industry some of the benefits of protection should be assured to it in one form or other.

Mr. Haskell.—The consideration should be that the money should be utilised for the marketing of Indian silk.

President.—Personally I think the grant should be given on similar lines as in the case of the cotton weavers.

Mr. Haskell.—With the proviso that the money should be utilised for the sale of Indian silk.

Mr. Roughton.—It is conceivable that the Government of India will recognise some responsibility for research but I am very doubtful if they will agree to spending money on marketing.

Mr. Ramachendra Rao.—They are doing it in the case of cotton and wool.

President.—You have not informed us what the provincial Governments and States are prepared to spend for this industry.

Mr. Mitter.—We have submitted on behalf of Bengal what we are spending and what we propose to spend.

Mr. Ramachandra Rao.—I think the Mysore Government have addressed a letter to the Board in which they say that as regards the assistance to be given to the sericultural industry by this Government, they have all along been assisting it technically and financially at a considerable cost to themselves and it is their accepted policy to do so in case the industry is protected in an adequate measure and for an adequate period. We also add that it would be of considerable help if recommendation is made to the Government of India to set apart a part of the money out of the levy of duties for the benefit of the whole of India. In the case of Mysore I might also add that whereas in the Department of Agriculture we are spending Rs. 5,20,000, we are spending Rs. 2,30,000 on the Sericultural Department a year.

Mr. Boughton.—Is that gross or net?

Mr. Ramachandra Rao.—Net sum.

Mr. Boughton.—You collect Rs. 30,000 by the sale of layings. You supply at concession rate?

Mr. Ramachandra Rao.—This is gross. Even if you take net it will be Rs. 2 lakhs.

Mr. Anklesaria.—You talk of a reasonable amount of money from the customs duties being set apart by the Government of India. What would you call a reasonable amount?

Mr. Ramachandra Rao.—At least Rs. 3 lakhs.

Mr. Boughton.—You do not want the money to be raised in the form of a cess as in the case of lac?

Mr. Ghosh.—In the case of lac the whole of it is exported on which the cess is leviable.

Mr. Ramachandra Rao.—In the case of coffee there is a cess, but how is it to be levied in the case of sericulture?

Mr. Acharya.—Any cess will raise the price of silk which we do not want.

Mr. Ramachandra Rao.—As far as possible all this burden should be shifted on to the competing countries.

President.—I am not satisfied with the statements made about the assistance which the industry would receive from the various provincial Governments and States. You are asking us to set aside Rs. 3 lakhs a year for sericultural work. If I take the production as 15 lks of lbs. in India this will work out to about 3½ annas per pound of silk.

Mr. Ramachandra Rao.—Yes.

President.—I think a similar amount should be set aside by the provincial Governments and Indian States with regard to their production of silk for the handloom weaving industry.

Mr. Pillai.—That 15 lakhs do not include eri and tassar.

President.—At present how much are you spending?

Mr. Ramachandra Rao.—We are spending Rs. 2 lakhs.

Mr. Pillai.—We are spending about Rs. 50,000.

Mr. Acharya.—We are spending Rs. 32,000.

Mr. Mehta.—We spent Rs. 26,481 in 1937-38 from Provincial Revenues and the production of mulberry silk is only estimated at 10,000 lbs. I think it will be much more.

President.—What is your estimate of mulberry silk?

Mr. Mehta.—I cannot estimate.

President.—How much are you spending in the Punjab?

Rai Bahadur.—Rs. 25,000; it will further go up.

Mr. Pillai.—Ours is about Rs. 38,000 exclusive of the subvention. That includes maintenance of the Silk Institute at Bhagalpur; that is about Rs. 18,000 net cost.

President.—It will be Rs. 32,000.

Mr. Green.—The figure of Rs. 32,000 in our case does not include any proportionate expenditure incurred on the maintenance of the Government Textile Institute, and represents only the amount expended on sericulture out of provincial funds.

Mr. Mitter.—In our case it is Rs. 1,54,000; that is going to increase.

Mr. Ghosh.—Our receipts now amount to about Rs. 4,000 to 5,000, so you can take it at Rs. 1,50,000.

	Rs.
<i>President.</i> —Madras	32,000
Bihar	32,000
Mysore	2,00,000
Assam	26,481
Punjab	25,000
Bengal	1,50,000

What about Kashmir, Mr. Wazir?

Mr. Wazir.—In the case of Kashmir, the Government is financing the whole industry. The amount provided last year was Rs. 12,70,000 for Jammu and Kashmir. Apart from this I wish to make specific mention of the provision made for the extra filature in Jammu and the renewal of an old filature in Kashmir. For Jammu they are providing Rs. 55,000 in the current year's budget and for Kashmir they have provided Rs. 42,000 for the renewal of the filature. Besides, they are providing Rs. 12,000 for the establishment of new nurseries in Jammu, and Rs. 7,000 extra for extending seed production works in Kashmir.

President.—Is it not a fact that all this expenditure goes towards the production of cocoons and silk?

Mr. Wazir.—I said at the beginning that the whole industry is financed by the State. Our industry is different from others.

President.—My point is, is there any amount which the Government is spending which is not debited to the cost of production of mulberry, cocoons or silk?

Mr. Ramachandra Rao.—It is worked as a commercial concern.

President.—Kashmir is on a different footing from the rest of India?

Mr. Wazir.—Yes.

Mr. Green.—It is not at all quite clear whether the figures which have been put before you by the different Provinces and States are gross or net. The figure I gave you is gross and we have some receipt.

Mr. Ramachandra Rao.—Rs. 2 lakhs is net.

Mr. Ghosh.—Rs. 1,50,000 is net.

Mr. Pillai.—No receipts.

Rai Bahadur.—Rs. 20,000 would be net.

Mr. Green.—Rs. 30,000 would be a correct figure both from the Provincial exchequer and the Government of India subvention. It is not possible to allocate the receipts. The expenditure last year would be about Rs. 37,000 and receipts about Rs. 6,000 or Rs. 7,000. The net would be Rs. 30,000.

Rai Bahadur.—The expenditure incurred by the Irrigation Department in planting mulberry trees will be met from their budget and I have nothing to do with it. I do not know what they are going to do.

Mr. Mitter.—They are really speaking spending more.

Mr. Roughton.—Do they plant mulberry trees on the canal banks?

President.—I think you have said something about mulberry plantation tree and bush.

Mr. Ramachendra Rao.—On the 1st page of the memorandum.

President.—You say it is recognised everywhere that the system should be of disease-free layings. Bengal is the only exception in this respect.

Mr. Ghosh.—We are trying to work it up.

President.—What is the system in Bihar?

Mr. Pillai.—We have no mulberry.

Mr. Anklesaria.—Do you get over silk warm diseases in Bihar.

Mr. Pillai.—We do.

President.—Is that the unanimous view that bush mulberry is necessary to a certain extent as food for multivoltine worms.

Mr. Ramachendra Rao.—Yes.

Mr. Wazir.—I have bought some bivoltine seeds from Mysore and we reared them on leaves from trees. We got very small cocoons and on reeling in the filature we found that the *rendita* was 12 (dry weight) and 36 (green weight).

Mr. Ramachendra Rao.—Mr. Achayya tells me that he fed those worms on bush mulberry leaves and he gets much bigger size.

Mr. Anklesaria.—By going in for tree you lose.

Mr. Ramachendra Rao.—Yes in the earlier stages.

Mr. Mehta.—It all depends upon local conditions.

(Afternoon.)

President.—I have been going through the Memorandum and I find that almost all the points have been covered except two. One is with regard to the Imperial Preference at present enjoyed by the Indian silk in the Empire market and the other is the position of the handloom weaver. I think we have received a note from the Director of Industries, Bengal, but we didn't receive any information from Mr. Naik or Mr. Silra on the subject of the cost of twisted silk. If you see page 94 of the Report we had given certain figures with regard to twisting, winding and boiling off. Mr. Haskell, you will be interested in these items. Are all these charges at present same or has there been any alteration? Mr. Ramlal, have you got a copy of the Report?

Rai Bahadur.—Yes.

Mr. Ramachendra Rao.—We have given you the information in our answers to the general questionnaire.

Mr. Haskell.—Boiling off charges and twisting and winding charges form 6 per cent. of the total cost.

President.—Rs. 1-8 to Rs. 1-8 over the cost of material.

Mr. Haskell.—Yes.

President.—That would be approximately correct, Mr. Achayya?

Mr. Achayya.—Yes, it is approximately correct.

President.—What is the price of twisted silk at present? Have you any idea?

Mr. Achayya.—Rs. 7 to Rs. 7-2 per pound.

President.—It is about a rupee more than the price of raw silk.

Mr. Govinda Rao.—Yes.

President.—And the difference is about Rs. 1-8.

Mr. Govinda Rao.—Yes.

President.—With regard to the preference which is now being enjoyed by the Indian silk in the United Kingdom market. I don't think anybody has concentrated on this point except Mysore.

Mr. Ramachendra Rao.—We have got some information.

Mr. Wazir.—We are enjoying the benefit of that Imperial Preference so far as silk waste is concerned. Our exports to England are subject to a lower rate of duty.

Mr. Anklesaria.—Do you export anything to England?

Mr. Wazir.—Yes we do.

President.—The duties are levied according to whether the silk is discharged and undischarged.

Mr. Wazir.—They make that distinction.

President.—What does that mean?

Mr. Wazir.—Ours is undischarged.

Mr. Ramachendra Rao.—Not boiled off. Degummed is discharged and undegummed is undischarged.

President.—The preference is about $\frac{1}{4}$ th of a penny.

Mr. Wazir.—I can give you the exact rates of duty which are levied on imports from British Empire and those coming from other quarters and the preference we get.

President.—You don't think that this preference is sufficient to stimulate the export of raw silk.

Mr. Wazir.—We have made attempts to send raw silk, but it doesn't pay us.

President.—Can you tell me by how much is the preference?

Mr. Wazir.—I can give you an idea of the prices ruling in the British market. For instance for triple extra 19/15 the rate at present is something in the neighbourhood of 8s. 3d.

President.—What was the price which you wanted for the Kashmir silk?

Mr. Wazir.—It does not compare favourably with the price that we can get for the best quality in India and that, is why we are not exporting to Europe.

President.—It would be about Rs. 6-4.

Mr. Wazir.—Yes for the best quality of silk Rs. 5-8 to Rs. 5-10.

Mr. Anklesaria.—Your silk in quality is equal to the Japanese silk imported into England.

Mr. Wazir.—I am prepared to subscribe to the view that our silk is almost as good as that imported into British India, but so far as superior qualities of Japanese silk exported to European countries are concerned, I cannot subscribe to that view.

Mr. Anklesaria.—You cannot claim preference and send in inferior articles. If you send in inferior articles, you cannot claim preference.

Mr. Wazir.—I think there are preferential rates irrespective of the quality of goods.

President.—With regard to the point about freight I have been able to get some information. I was told that the ocean freight is Rs. 10-8 for a bale of 133 lbs. That works out to 2 annas a pound.

Mr. Ghosh.—The information about ocean freight is not in respect of raw silk. It is mentioned as piecogoods and similar stuff.

President.—This relates to raw silk.

Mr. Ghosh.—If piecogoods come at that rate, raw silk will come in at that rate.

Mr. Houghton.—It is rather misleading.

Mr. Mitter.—Don't you think that 2 annas is rather on the high side? I doubt very much whether 2 annas is the correct figure.

President.—This is supplied to me by an importer.

Mr. Acharya.—I have given you figures taken from invoices in our answers.

Mr. Mitter.—If the rate is 2 annas per lb. they must be getting some rebate, because the rate of 2 annas is too high.

Mr. Acharya.—On a consignment valued at 23402.04 Yen the freight and insurance charges are 921.59 cents and landing charges Rs. 6,653.14. That is roughly about 16 per cent.

Mr. Green.—That is not an unusual proportion on the value of consignments for ocean freight and insurance.

Mr. Anklesaria.—What would be the freight alone?

President.—If you look at page 59, freight is given separately. That was for Chinese silk.

Mr. Acharya.—The information given on page 61 is for a consignment from Kobo.

Mr. Anklesaria.—How much does that come to per lb.?

Mr. Acharya.—For 30 bales it is 921 yen 59 cents.

Mr. Haskell.—It is Rs. 2-5-6 at 12½ annas per yon.

President.—That is about 3 annas.

Mr. Acharya.—F. O. B. price is 23,402 Yen.

Freight and insurance	921.59
Landing charges	6,653.14

President.—I think that the freight of 2 annas is quite correct. With regard to the handloom weavers I would like to know what efforts are being made to better their lot.

Rai Bahadur.—We are spending about Rs. 1½ lakhs. We have got 12 looms. We are trying to give them technical education.

President.—The position is that most of the handloom weavers have now become wage earners.

Rai Bahadur.—There are weaver merchants, who are working on their own.

President.—The weavers themselves have told us that two things are lacking in India, viz., that there is difference in finish between the Indian cloth and foreign cloth and that there are no good designers to give them first class designs.

Rai Bahadur.—So far as silk is concerned we are not doing very much. As regards wool and cotton, we are doing all we can to impart technical education. We are spending quite a lot of money. We are also giving loans to people.

Mr. Mehta.—We have a very important centre called Sualkachi, 14 miles from Gauhati. We have been helping the weavers there with technical advice. They have a lot of designs. They are doing nothing but silk weaving. Government have started a new class called silk weaving class and some Sualkachi weavers are taken over there and given better training with regard to technique and designs.

President.—They say that the designs are not modern and not sufficiently attractive.

Mr. Mehta.—They only cater to the taste of particular people. The fabrics which they make are easily sold. They are liked by people in Bengal and Assam who are their customers so that the question of modern designs does not come in.

President.—What about Madras? Are you not devoting some attention to handloom weavers?

Mr. Green.—In Madras more attention has been devoted to the cotton handloom weaver than to the silk handloom weaver. No effective steps have yet been taken to improve the lot of the silk weaver. We provide instruction in silk handloom weaving at the Government Textile Institute and to some extent have introduced new patterns and that sort of thing. Of course, it does not amount to very much. We have not been able to provide funds for organising co-operative societies for the sale of products turned out by handloomers. This is a very important question which ought to be taken up without further delay. We are doing a good job for the cotton handloom weavers. As I say for silk handloom weavers we are not doing much.

President.—You intend doing something.

Mr. Green.—I hope that we will be able to get a little money from the Government of India to make a start. In Madras money is extremely scarce.

President.—I think that the Congress Government are keen on advancing the interests of weavers.

Mr. Green.—As a broad generalisation the statement is no doubt correct. But without money it is not possible to do anything.

Mr. Roughton.—Madras is the richest province in India.

Mr. Green.—From what standpoint?

Mr. Roughton.—From the point of view of ability to balance its budget when other provinces are unable to do so.

Mr. Green.—That may have been so in the past but it looks as if we are going to have a deficit budget this year and next unless we can exploit new sources of revenue.

President.—What is the position in Bengal?

Mr. Mitter.—The position in Bengal is similar to that obtaining in Madras. We have not so far been able to provide any large sums of money to better the lot of the silk handloom weavers. In this year's budget we have been able to provide some money and by the end of January or February the Technical Institute will have been completely equipped. In the note which has been submitted to you recently we have stated clearly what we are doing to do in the matter.

President.—What about the Five-year plan? There are some officers whom you propose to appoint. Are their salaries included?

Mr. Mitter.—Yes. The scheme refers to experiments on looms and appliances, fabrics, training of students also weavers, and development of silk weaving.

Mr. Pillai.—Last year we practically ignored the sericultural industry. Since the Congress Government came into power, they have been taking great interest. They have recently sanctioned a sum of Rs. 15,000 for a silk twisting plant and an order has been placed for that. With the help of about Rs. 60,000 recurring grant, we propose forming a marketing organisation for silk goods on the analogy of the cotton marketing organisation, the idea being that we will supply the raw materials to weavers and take back the finished goods from them. Government will market the finished goods. We are doing that so far as cotton is concerned and Government have promised to give us more money to help all handloom weavers.

President.—*Mr. Haskell*, what about Bombay?

Mr. Haskell.—So far as the Department of Industries, Bombay, is concerned, we have a Textile Designer and he is improving the style of fabrics to suit modern conditions but you will agree with me the progress in this respect has to be necessarily slow because the local people do not like to change their old styles of clothing. Regarding the question of finish, the finishing of silk cloths would be all right provided they do not use any gold thread, imitation or real. It is not possible to calendar

the silk on machinery because the real or imitation gold is spoilt in the process. The difficulty would always remain so long as the fabrics contain gold thread.

President.—Do you refer to the gold thread?

Mr. Haskell.—Yes. Then there is another difficulty. If we have a sort of central finishing plant, the fabrics would have to bear freight from the place of production to the finishing plant and back again, the markets being local. This the consumer may not agree to pay. The Department is considering the question of applying new appliances and increasing the production per unit of labour.

President.—Has that in any way helped the handloom weaver to market his products?

Mr. Haskell.—It does. The District Industrial Institutions which have been introduced with the exception of one are paying their way and I expect in the course of the next few years, all will be able to meet their expenditure.

Mr. Ramachandra Rao.—We are helping both cotton and silk handloom weavers. We are supplying the raw material and taking back the finished goods and disposing of them. We have an expert designer and a weaving institute.

Mr. Wazir.—I have nothing to add to what Mr. Kotibhaskar said in the course of the oral evidence in Srinagar.

Mr. Anklesaria.—Mr. Ramachandra Rao, will you please refer to page 3 of your memorandum? You have taken the price of silk waste as 4 annas per lb. for charkha and 10 annas for filature.

Mr. Ramachandra Rao.—Yes.

Mr. Anklesaria.—Tell me: have you received an offer lately from Mr. Silva or some filature or some spun silk factory at Re. 1 for silk waste?

Mr. Ramachandra Rao.—No.

Mr. Anklesaria.—Do you know that filature silk waste from Kashmir is sent to Switzerland at Rs. 1-3 ex-factory?

Mr. Ramachandra Rao.—What quality is that?

Mr. Wazir.—The best filature silk waste—chassam.

Mr. Ramachandra Rao.—What is the average rate realised?

President.—What is the percentage of that waste?

Mr. Wazir.—I think we have already given you those figures. We have realised the following average prices in Europe:—

	Rs.	A.	P.
1933-34	0	12	2
1934-35	0	14	6
1935-36	0	15	4
1936-37	1	3	2

This is the average price for chassam. The average price realised in 1936-37 for both chassam and gaddar combined is 13 annas 8 pica.

President.—The point I want to know is this: what proportion of the total waste would be Sarnakh for which you secured a price of Rs. 1-3?

Mr. Wazir.—We have those figures.

Mr. Anklesaria.—Is the quantity produced of that kind of waste very large?

Mr. Wazir.—Yes.

Mr. Anklesaria.—Did you get an offer from the Mysore Government for your silk waste?

Mr. Ramachandra Rao.—No.

Mr. Wazir.—An enquiry was made.

Mr. Govinda Rao.—The Spun Silk Mills in Mysore must have corresponded with the Kashmir Government.

Mr. Ghosh.—I also got an enquiry whether waste was available in Bengal for spun silk.

Mr. Anklesaria.—Did you make any offer?

Mr. Ghosh.—It was merely an enquiry.

Mr. Anklesaria.—As regards the future trend of prices, your conference are agreed that in future prices would be declining.

Mr. Ramachendra Rao.—Yes, from our experience of all these years and due to unsettled conditions in the far east.

Mr. Anklesaria.—I take it therefore that if prices continued to decline protection which would be granted would continue to be ineffective.

Mr. Ramachendra Rao.—Why should it? If protection is to be at the existing rate, it would continue to be ineffective.

Mr. Anklesaria.—You cannot say for how long it will continue to be ineffective.

Mr. Ramachendra Rao.—We cannot say, but the Government of India may at any time in the course of 10 or 15 years, whatever the period of protection may be, institute an enquiry and find out the conditions.

Mr. Anklesaria.—As regards dumping, have you all agreed as to what you can call dumping?

Mr. Ramachendra Rao.—When an article is sold in this country at less than the cost of production in the country of origin, it is called dumping.

Mr. Anklesaria.—Have all your colleagues agreed to this definition?

Mr. Ramachendra Rao.—I should think so.

Mr. Anklesaria.—Do you agree that the price of raw silk should be regulated by the price of cocoons as recommended in the last Tariff Board report?

Mr. Ramachendra Rao.—Yes.

Mr. Anklesaria.—Does everyone agree?

Mr. Ramachendra Rao.—Yes. The price of raw silk should be guided by what should be the fair price for cocoons.

Mr. Anklesaria.—Why should you not base it on mulberry cultivation.

Mr. Ramachendra Rao.—Mulberry cultivation by itself is not an industry; it is only a part of the cocoon-producing industry.

Mr. Anklesaria.—You will admit that with the small capital which the rearer invests on his manures the price of cocoons would mostly be guided in the last resort by the standard of life which the rearer has.

Mr. Ramachendra Rao.—On manures?

Mr. Anklesaria.—Apart from cash outgoings.

Mr. Ramachendra Rao.—The rest should be considered as remuneration for his family labour.

Mr. Anklesaria.—And that would depend on the standard of life which the rearer lives, and this standard of life differs in different agricultural areas?

Mr. Ramachendra Rao.—Yes, but at the same time there is such a thing as the minimum standard of life which has to be established.

Mr. Anklesaria.—What do you call minimum standard of life with regard to sericultural areas?

Mr. Ramachendra Rao.—That is difficult to define.

Mr. Anklesaria.—Have all of you gentlemen come to some concrete conclusion as regards the effect of your proposals on the handloom weaver?

Mr. Ramachendra Rao.—We have.

Mr. Anklesaria.—What is that conclusion?

Mr. Ramachendra Rao.—We are agreed that if protection is granted the price to the handloom weaver will be raised to a certain extent. That is why we say *pari passu* with the levy of duties on raw silk: you should levy duties on imports of apparel also.

Mr. Anklesaria.—You are agreed that the price of the raw product to the weaver should be increased?

Mr. Ramachendra Rao.—It involves a sacrifice.

Mr. Anklesaria.—Can you evolve any scheme which would reduce the price of the raw product to the weaver?

Mr. Ramachendra Rao.—We can improve the technique of the industry, we can improve his capacity and reduce his charges, we might introduce improvements and by those means bring down the cost of production of cloth apart from the cost of the material that goes into the cloth.

Mr. Anklesaria.—Suppose you give some monetary incentive to the rearer and the reeler to enable him to improve their methods? Have you considered the possibility of such a scheme?

Mr. Ramachendra Rao.—I don't think bounties as such will be of help.

Mr. Mehta.—With regard to bounties I do not know how bounties are to be given over a vast area where tens of thousands of people are doing sericulture on a small scale. We cannot pick and choose as to whom we will give and what will be the amount of the bounty. If it is only one company or a factory then one can think of the idea but in the case of the sericultural industry it is impracticable in my humble opinion.

Mr. Anklesaria.—I take it, gentlemen, that no inference will be drawn from the questions put to you as regards the views of the Board.

Mr. Ramachendra Rao.—We quite realise that.

Mr. Acharya.—I would like to point out that if the price of silk goes up the price of handloom products will go up and if the sericultural industry is wiped out the weaver will have to pay even twice the amount for his raw silk.

Mr. Anklesaria.—There is no question of the sericultural industry being wiped out.

Mr. Acharya.—If inadequate protection is granted it is not going to live long.

Mr. Anklesaria.—I don't say that the Board has decided that protection should not be given, I wanted to know whether it should be granted in the form of pecuniary assistance or in the form of tariffs.

Rai Bahadur.—In the Punjab we have a system by which we give a certain amount of reward to people who give good quality of cocoons.

Mr. Anklesaria.—Have you put that experience at the disposal of your colleagues here?

Mr. Ramachendra Rao.—It becomes a question of bonus, it is not a question of bounty.

Mr. Anklesaria.—Have you considered the possibility of exporting your cocoons where the production of silk does not pay? I can understand that Mysore cannot export cocoons because it has got its filature and so is Kashmir. There is greater demand for cocoons in Kashmir and Mysore than the supply. But take for instance Bengal.

Mr. Ramachendra Rao.—Bengal can also have filatures.

Mr. Mitter.—As soon as adequate protection is forthcoming we shall be losing no time in establishing filatures.

Mr. Anklesaria.—My question was, have you considered the possibility of exporting cocoons during the time when you have no filatures in Bengal and other areas backward in sericulture?

Mr. Mitter.—As soon as the would-be investors are assured that there will be a margin of profit they will at once come into the field and start filatures.

Mr. Pillai.—On the question of bounties, we tried an experiment in the Ranchi District about seven years ago when the price of cocoons was Rs. 3 per score. We paid Rs. 4 but that did not work. We spent about Rs. 600 to Rs. 700.

Mr. Anklesaria.—Can you kindly let us have a note about your experience?

Mr. Pillai.—Yes.

Rai Bahadur.—Two years ago we did not have adequate supply of cocoons all the year round. I sent enquiries to Bengal, Kashmir and Mysore. Bengal refused to send any but I got some from Mysore on which I was out of pocket so I did not try the experiment again.

Mr. Anklesaria.—If you look to the statistics of the last ten years, we were told that the imports of Japanese silk have been stationary while the prices have actually halved. Taking that statement to be correct will you kindly explain how is it that our Indian silk has continued to have a market in India?

Mr. Ramachandra Rao.—At a sacrifice price.

Mr. Mehta.—I can give you one reason so far as Assam is concerned. The Assamese people always prefer their own silk for which they have a particular liking.

Mr. Anklesaria.—The explanation is that foreign silks have their own uses and Indian silks have their own uses. They are put to some use.

Mr. Ramachandra Rao.—And our silk is being marketed at a sacrifice.

Mr. Anklesaria.—Mr. Wazir, in your cost of production have you given credit for the unsold stocks of silk for the year? Every year there is a balance of unsold silk: have you taken it into account in working out the balance sheet?

Mr. Wazir.—We took the opening and closing stock into consideration. So far as the exportation of cocoons is concerned we have had some experience in that respect. We used to have a certain amount of surplus cocoons which we exported. Only the best quality was sent out. We found that up to a certain point it did pay us to export cocoons but since the depression started it has become impossible to export cocoons for when raw silk could not find a stable market in Europe cocoons too could not. Then again, with regard to the export of cocoons freight is a very important factor. The bulk of the cocoons cost us—I am speaking from memory—Rs. 27 to Rs. 28 per maund on freight alone from Jammu to Marseilles.

Mr. Anklesaria.—What is the cost of production of 1 lb. of cocoon in Kashmir?

Mr. Wazir.—We have worked that out. The statement is before you. It varies from 4 annas 9 pies to 6 annas 3 pies.

Mr. Anklesaria.—You get Rs. 1-3 for your silkwaste?

Mr. Wazir.—For the best quality.

Mr. Anklesaria.—And if you export cocoons at say 8 annas would it not find a market.

Mr. Wazir.—Exportation of cocoons would not be a profitable job as compared to the sale of raw silk in India.

Mr. Mehta.—With regard to the question of export of cocoons, as you know, our agriculturists have plenty of spare time during the year in which they do nothing. If they rear a few pounds of cocoons and they do not use handreeling how are they going to have an extra income? The utilisation

of this labour which would otherwise have been wasted is a very important factor.

Mr. Arkayee.—And also the utilisation of home labour which will otherwise be wasted and would be entirely idle.

Mr. Anklesaria.—You have not given us, gentlemen, your agreed views and opinion as regards what is to be done to improve the seed production or mulberry cultivation and the other stages of the industry. If you could pool together your ideas and let us know what is the best thing to be done in all these directions and at what stages of the industry, it will be useful.

Mr. Ramachandru Rao.—On these points we have already furnished our considered views that they differ from area to area and that it is not possible to give a concrete opinion.

Mr. Anklesaria.—I am asking you this question for a particular reason. Mr. Ghosh is carrying on experiments to find out whether poitrine spore differs in different climates or displays any difference as regards its nature in different areas.

Mr. Ramachandru Rao.—As regards research work I agree that the work done in a particular place can be made available to all other parts of India. We have taken up research work and the result is available to the Government of India. In the same way if Bengal takes up research work to-morrow it will be available to us.

President.—That is with regard to the Central grant?

Mr. Ramachandru Rao.—The Sericultural Committee can act as a clearing house so that there can be free exchange of information.

Mr. Anklesaria.—May I know how you have fixed upon Rs. 3 lakhs as the grant which you should get from the Central Government?

Mr. Ramachandru Rao.—We find that Rs. 1 lakh is not sufficient and at least Rs. 3 lakhs will be required.

Mr. Mitter.—If the details are worked out I doubt very much whether Rs. 3 lakhs will be sufficient.

Mr. Roughton.—As a matter of fact very few schemes put up by local Governments or States have been rejected on the ground of shortage of money.

Rai Bahadur.—We have put up schemes only where this grant is available.

Mr. Ramachandru Rao.—I have furnished to the Board a long list of research work which can be undertaken by the industry profitably.

Mr. Anklesaria.—You have given us a long list of the grants which the Japanese, Central and Provincial Governments are giving for the development of the sericultural industry.

Mr. Ramachandru Rao.—Yes.

Mr. Anklesaria.—I was very much surprised that you have made such a modest demand as Rs. 3 lakhs.

Mr. Ramachandru Rao.—Because we know we cannot get more.

Mr. Mitter.—The only point we want to stress before the Board is that we want adequate protection and that if adequate protection is not given the industry is bound to die.

Mr. Mehta.—But along with that adequate protection the grants should be increased substantially so that we may continue the improvements we are making.

Mr. Green.—What most Governments feel is that the present subvention should be continued. It will be in its last year next year and we do not know whether it will be continued or not. It is very necessary that it should be continued in view of present financial conditions.

Mr. Mitter.—As soon as the would-be investors are assured that there will be a margin of profit they will at once come into the field and start flatware.

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President.—On behalf of the Board I must thank you, gentlemen, for the courtesy shown to us throughout the discussion. I hope you will convey to your respective Governments our thanks for having sent you here to help the Board in understanding the various problems from an All-India point of view.

Mr. Mitter.—May I say on behalf of the gentlemen present here that we are very grateful to you, Mr. Anklesaria and Mr. Roughton, for the uniform courtesy and sympathy you have extended to us.