

REPORT

OF THE

MILLOWNERS' ASSOCIATION

AHMEDABAD.

FOR THE YEAR
1929-30.

Price Rs. 3-0-0.

Published by Mr. G. I. Patel, B. A., Secretary, The Ahmedabad Millowners' Association,
Dinbag, Mirzapur Road--AHMEDABAD

and

Printed by Somalal Mangaldas Shah, at The Gujarat Press, Ltd.,
Panch Kupa--AHMEDABAD

*With Compliments from
The Ahmedabad Millowners' Association*

FOREWORD.

In presenting this Report to the members of the Ahmedabad Millowners' Association, I regret very much to record two sad events, during this year, which have deprived the Association of very valuable assistance of Mahatma Gandhi and Sheth Mangaldas Girdhardas Parekh, who were the joint-arbitrators of the Labour Union and the Millowners' Association. Mahatma Gandhi was imprisoned in the Yaravada Central Prison at Poona by the Government on 5th May 1930, and Sheth Mangaldas G. Parekh expired suddenly at Bombay on 6th December 1930.

Resolutions adopted by the Association in connection with these events are printed overleaf.

AHMEDABAD, }
December 7th, 1930.

Goverdhan I. Patel,
Secretary,
MILLOWNERS' ASSOCIATION,

*Resolution adopted by the Association on Monday the 5th May 1930,
regarding the arrest and incarceration by Government of Mahatma Gandhi,
one of the joint-arbitrators on the permanent Board of Arbitration.*

" This Association strongly disapproves and emphatically protests against the action of Government in incarcerating Mahatma Gandhiji, who is universally revered and respected, who is the exponent of the just aspirations of the Indian Nation, whose personality has effectively preserved peace in the local Textile industry for over a decade and who is the recognised apostle of non-violence and peace in the country; and it further believes that his removal at this juncture is likely to aid the forces of violence and disorder. "

*Resolutions passed by the Association on 7th December 1930, in regard
to the sad and sudden demise of Sheth Mangaldas Girdhardas Parekh,
one of the joint-arbitrators on the permanent Board of Arbitration and
ex-President of the Association.*

" This General Meeting of the members of the Ahmedabad Millowners' Association puts on record its sense of profound sorrow at the irreparable loss caused by the sad and sudden demise of Sheth Mangaldas Girdhardas Parekh who has rendered unique services to the Cotton Textile Industry of Ahmedabad, in general and to the Association in particular, as its President, for over a period of five years and as an Arbitrator along with Mahatma Gandhi continuously for over a decade in the settlement of labour disputes, which on several occasions were extremely critical and vitally affecting the fate of the industry as a whole. It further records its great appreciation of his indefatigable energies and keen foresight in handling grave questions during times of crisis; which have contributed to the progress and advancement of the textile industry of Ahmedabad. "

" This meeting requests the Chairman to convey their sense of grief and offer their heartfelt condolence to the members of the family of Sheth Mangaldas Girdhardas in their sad bereavement. "

TABLE OF CONTENTS.

| No. | SUBJECT. | PAGES. |
|-----|---|---------|
| 1 | Names of Chairmen, Personnel of the Association on Government and Public Bodies... .. | |
| 2 | List of Members | 1-2 |
| 3 | Presidential address at the Annual General Meeting of the Association | 3-8 |
| 4 | Royal Commission on Labour in India—Terms of Reference etc. | 9-21 |
| 5 | Written statement of the Association to the above ... | 22-39 |
| 6 | Oral evidence before the Royal Commission on Labour | 40-76 |
| 7 | Letter to Secretary, Royal Commission on Labour, forwarding a statement of spindles, looms etc., ... | 77 |
| 8 | Letter to the Collector of Bombay—Views of the Association on Paragraphs 60-63 and 65-66 of the Report of the Indian Tariff Board | 78-80 |
| 9 | Statement of Creches, Schools, Dispensaries, Spindles, Looms, Cotton consumed, Hands daily employed in Mills | 81-86 |
| 10 | Letter from Royal Commission on Labour for Association's views on Ammendment to the Workmen's Compensation Act,—effect produced on the industry by it, Trade Disputes Act, Trade Unions etc. Acts... .. | 87 |
| 11 | Association's reply to the above | 88 |
| 12 | Association's views on the Workmen's Compensation (Amendment) Bill | 89 |
| 13 | Bombay Provincial Banking Enquiry Committee's Questionnaire | 90-97 |
| 14 | Written statement of the Association to the above Questionnaire | 98-102 |
| 15 | Oral evidence tendered before the above Committee ... | 103-121 |
| 16 | Government's Resolution re Workmen's Compensation Act 1923, Amendment to | 122-131 |
| 17 | Recommendation of the Seventh International Labour Conference on minimum scale of Compensation ... | 131-132 |
| 18 | Association's views regarding the above Government Resolution | 132-135 |
| 19 | Bill further to Amend the Indian Income-Tax Act 1922, as reported by the Select Committee | 135-147 |
| 20 | Views of the Association on the above subject... .. | 184-149 |
| 21 | Letter to Govt. of India regarding Legislative Assembly representation | 149 |
| 22 | Direct and Indirect means of ascertaining the quality of goods by foreign buyers | 150-155 |
| 23 | Proposed amendment of the Law of Evidence in regard to certain commercial documents | 155-156 |

| | | |
|----|---|---------|
| 24 | Views of the Association on the above subject... | 157 |
| 25 | Negotiable Instruments (Second Amendment) Bill | 158-159 |
| 26 | Reply of the Association to the above | 160 |
| 27 | Memo re President of the Association to be ex-officio member of Ahmedabad City Permanent Relief Fund Committee | 160 |
| 28 | Letter from the Department of Commerce regarding Paragraph 12 of the Report of the Indian Tariff Board on Cotton Textile Industry Enquiry | 161 |
| 29 | Reply of the Association to the above and acknowledgment from the Government of India | 161-162 |
| 30 | Financial statement of Mills for the year 1928 | 163 |
| 31 | Letter re Representation of Commercial interests on the Railway Rates Advisory Committee | 164 |
| 32 | Reply of the Association to the above | 164 |
| 33 | Letter re Forced Labour and Association's reply thereto | 165 |
| 34 | Letter re Exemptions for Engine and Boiler Staffs | 166 |
| 35 | Correspondence on the subject of substituting a system of specific duties for the existing system of ad valorem assessment of cotton-piecegoods | 167-172 |
| 36 | Telegram re Conference of millowners at Delhi | 172 |
| 37 | Names of Association's representatives who would attend the Conference and proceedings of the Conference | 173 |
| 38 | Statement showing the progress of the Cotton Textile Industry in Ahmedabad during the years 1907, 1914, 1921 & 1928 | 174 |
| 39 | Correspondence about Mills situated in the Kankaria Town Planing Scheme | 175-177 |
| 40 | Representation re Nadiad Municipality's notice about certain amendments in the Schedule for Terminal Tax. | 177 |
| 41 | Resolution of the Standing Committee of the Ahmedabad Municipality re Taxation Rules | 179-180 |
| 42 | Resolution of the General Board of the Municipality re the above | 181 |
| 43 | Association's representations to Government and other correspondence regarding the above resolution of the General Board of the Municipality | 181-190 |
| 44 | Proceedings of Round Table Conference—Draft Terms of— | 191-193 |
| 45 | Compromise—Articles of Agreement etc. re dispute between Millowners and Ahmedabad Municipality about Water Rates | 194-196 |
| 46 | Address to His Excellency the Governor of Bombay | 197-199 |
| 47 | His Excellency's reply to the above | 200-203 |
| 48 | Reference to the Sir-Panch about the operative part of his Award and correspondence in connection therewith. | 203-210 |

The Ahmedabad Millowners' Association.

(Established in 1881)

Chairmen of the Millowners' Association AHMEDABAD.

| <i>President's Name.</i> | <i>Year.</i> |
|---|-------------------|
| Sheth Mansukhbhai Bhagubhai | 1908 to 1912 |
| Sheth Jamnabhai Bhagubhai | 1913 to 1914 |
| The Hon'ble Sardar Sir Chinubhai Madhavlal Bart C. I. E. | 1915 to 1916 |
| Sheth Mangaldas Girdhardas | 1916 to 1917 |
| Sheth Ambalal Sarabhai | 1918 to 1919 |
| Sheth Mangaldas Girdhardas | 1920 to 1923 |
| Sheth Chamanlal Girdhardas | 1924 (Continuing) |

Personnel of the Association 1930-31

President:

Sheth Chamanlal G. Parekh.

Vice-President:

Sheth Kasturbhai Lalbhai.

Honorary Secretaries:

Sheth Nanddas Haridas,

Sheth Popatlal H. Nagri.

Members of the Managing Committee:

1. Sir Chinubhai Madhavlal, Bart.
2. Sheth Sakarlal Balabhai.
3. Sheth Narsibhai Lallubhai.
4. Sheth Naranlal Jivanlal.
5. Sheth Himatlal Kaldas.
6. Sheth Thakorlal C. Munshaw.

Secretary:

Mr. Gordhandas I. Patel, B. A.

Representatives of the Association on Government and public bodies.

Technical Research Sub-Committee of the Indian Central Cotton Committee

Sheth Chamanlal G. Parekh,

Sir Chinubhai Madhavlal, Bart.

The Indian Central Cotton Committee:

Sheth Kasturbhai Lalbhai.

The Bombay Smoke Nuisances Committee:

Sheth Sakarlal Balabhai.

The Advisory Committee of the B. B. & C. I. Ry. Co.:

Sheth Chamanlal G. Parekh.

Opium Committee (to check high consumption.)

Sheth Sakarlal Balabhai.

Bombay University Senate

Sheth Shantilal M. Shah, B. A.

The Ahmedabad Millowners' Association, 1930.

LIST OF MEMBERS.

| | | | Spindles | Looms |
|----------|------|---|----------|-------|
| M. C. | 1 | The Ahmedabad 'Astodia' Mfg. Co. Ltd. ... | 16384 | 264 |
| M. C. | 2 | The Ahmedabad Cotton Mfg. Co. Ltd. ... | 28800 | 688 |
| M. C. | 3 | The Ahmedabad Cotton & Waste Mfg. Co. Ltd. ... | 20296 | 216 |
| M. C. S. | 4 | The Ahmedabad Ginning & Mfg. Co. Ltd. ... | 65516 | 1706 |
| M. C. | 5 | The Ahmedabad Industrial Mills Co. Ltd. ... | 19180 | 559 |
| M. | 6 | The Ahmedabad Jupiter Spg Wg. & Mfg. Co. Ltd. . | 7000 | 388 |
| M. C. | 7 | The Ahmedabad Kaiser-I-Hind Mills Co. Ltd. ... | 23300 | 496 |
| M. C. S. | † 8 | The Ahmedabad Laxmi Cotton Mills Co. Ltd. ... | 34100 | ... |
| M. C. | 9 | The Ahmedabad New Cotton Mills Co. Ltd. ... | 28516 | 716 |
| M. C. | 10 | The Ahmedabad New Standard Mills Co. Ltd. ... | 17712 | 432 |
| M. C. S. | 11 | The Ahmedabad New Textile Mills Co. Ltd. ... | 32000 | 938 |
| M. C. | 12 | The Ahmedabad Sarangpur Mills Co. Ltd. ... | 24800 | 480 |
| M. | * 13 | The Ahmedabad Shri Ram Krishna Mills Co. Ltd | ... | 398 |
| M. C. S. | 14 | The Ahmedabad Spg & Wg. Co. Ltd. ... | 32372 | 842 |
| ... | 15 | The Aruna Mills Co. Ltd. ... | 16336 | 480 |
| C. S. | 16 | The Aryodaya Ginning & Mfg. Co. Ltd. ... | 36128 | 751 |
| M. C. | 17 | The Aryodaya Spg. & Wg. Co. Ltd. ... | 45120 | 1255 |
| C. M. S. | 18 | The Asoka Mills Ltd. ... | 31824 | 936 |
| M. C. | 19 | The Bhalakia Mills Co. Ltd. ... | 13752 | 436 |
| M. C. S. | 20 | The Bharatkhand Cotton Mills Co. Ltd. ... | 22396 | 573 |
| M. C. S. | 21 | The Bharatkhand Textile Mfg. Co. Ltd. ... | 34240 | 878 |
| M. C. | 22 | The City of Ahmedabad Spg. & Mfg. Co. Ltd. ... | 24000 | 406 |
| M. C. | 23 | The Commercial Ahmedabad Mills Co. Ltd. ... | 26756 | 572 |
| M. C. | 24 | The Fine Knitting Co. Ltd. ... | 9000 | 78 |
| M. C. | 25 | The Gordhan Spg. & Mfg. Co. Ltd. ... | 17000 | 355 |
| M. C. | 26 | The Gujarat Cotton Mills Co. Ltd. ... | 29540 | 616 |
| M. C. | 27 | The Gujarat Ginning & Mfg. Co. Ltd. ... | 71640 | 1840 |
| ... | 28 | The Gujarat Spg. & Wg. Co. Ltd. ... | 27228 | 676 |
| M. C. | 29 | The Harivallabhdas Mulchand Mills Co. Ltd. ... | 17648 | 421 |
| M. C. | † 30 | The Hathising Mfg Co. Ltd. ... | 20448 | ... |
| M. | * 31 | The Himabhai Mfg. Co. Ltd. ... | ... | 376 |
| M. C. | 32 | The Jehangir Vakil Mills Co. Ltd. ... | 28020 | 700 |
| ... | * 33 | The Laxmi Wg. Mills Co. Ltd. ... | ... | 200 |
| C. | 34 | The Maneckchock & Ahmedabad Mfg. Co. Ltd. ... | 34512 | 830 |
| M. C. | 35 | The Maneklal Harilal Spg. & Mfg. Co. Ltd. ... | 33256 | 684 |

* Weaving Mills only.

† Spinning Mills only.

M=Medical Aid.

C=Creche.

S=School.

LIST OF MEMBERS—(Continued)

| | | | Spindles | Looms |
|----------|------|--|----------|-------|
| M C | 36 | The Motilal Hirabhai Spg. Wg. & Mfg Co. Ltd. | 30600 | 700 |
| C. | † 37 | The Nagri Mills Co. Ltd. | 15488 | ... |
| M. C. | 38 | The National Mills Co. Ltd. | 19712 | 448 |
| ... | 39 | The New Commercial Mills Co. Ltd | 14000 | 396 |
| M C. | 40 | The New Manekchok Spg & Wg. Mills Co. Ltd. | 27196 | 658 |
| M. C. S. | 41 | The New Swadeshi Mills of Ahmedabad Ltd. ... | 25824 | 682 |
| C | † 42 | The Patel Mills Co. Ltd. | 12188 | ... |
| M. | 43 | The Purshotam Spg. & Mfg. Co. Ltd. | 25600 | 480 |
| M C | 44 | The Raipur Mfg. Co. Ltd. | 36000 | 860 |
| C | 45 | The Rajnagar Spg. Wg. & Mfg Co. Ltd. | 47960 | 1172 |
| M. | * 46 | The New Rajpur Mills Co. Ltd. | ... | 226 |
| M. C | 47 | The Rustom Jehangir Vakil Mills Co. Ltd. | 16444 | 358 |
| M. C. | 48 | The Sarangpur Cotton Mfg Co. Ltd. | 44080 | 1052 |
| M. C. | 49 | The Saraspur Mfg. Co. Ltd. | 28780 | 638 |
| M. C. | 50 | The Shorrock Spg. & Mfg. Co. Ltd. | 27740 | 663 |
| C. | 51 | The Shrinagar Wg. & Mfg. Co. Ltd. | 13048 | 456 |
| M. C. | 52 | The Silver Cotton Mills Co. Ltd. | 19036 | 506 |
| M. C. | 53 | The Vikram Mills Co. Ltd. | 16000 | 440 |
| M. | * 54 | The Vivekanand Mills Co. Ltd. | ... | 221 |
| ... | 55 | The Chandrodaya Mills Ltd. (Viramgam) | 25692 | 627 |
| ... | 56 | The Jayanti Mills (Viramgam) | 15672 | 557 |
| ... | † 57 | The Kadi Laxmi Cotton Mills Co. Ltd. (Kadi) | 13600 | ... |
| ... | 58 | The New Shorrock Spg. & Mfg Co. Ltd. (Nadiad) ... | 36378 | 898 |
| ... | 59 | The Surat Cotton Spg. & Wg. Mills Ltd. (Surat) ... | 14212 | 408 |
| | 60 | The Gujarat Oil Mills Co. Ltd. | | |
| | 61 | The Ahmedabad Victoria Ironworks Co. Ltd. | | |
| | 62 | The Imperial Ironworks. | | |
| | 63 | The Bansi Roller Flour Mills. | | |
| | 64 | The Gujarat Islam Match Mfg Co. Ltd. | | |
| | 65 | The Gujarat Chemical Works. | | |
| | 66 | The Ahmedabad Electricity Co. Ltd. | | |

* Weaving Mills only.

† Spinning Mills only.

M=Medical Aid.

C=Creche.

S=School.

**Speech delivered by Sheth Chamanlal G. Parekh,
President of the Ahmedabad Millowners'
Association at the Annual General Meeting
on Saturday the 26th July 1930.**

Gentlemen,

After strenuous labour of a year full of anxieties and worries we meet to day in an atmosphere surcharged with grave and complicated issues vitally affecting the political, industrial and constitutional stability of the Indian Nation.

I take this first opportunity to offer my sincere thanks to the officebearers and members of our Committee who had to meet very often to deliberate over a variety of urgent and important questions and work with indefatigable energy and keen foresight. The work of the Association has increased to such an extent that the Committee had at times to meet more than twice a week. The amount of work done could be gauged from the fact that 65 meetings of the Managing Committee over and above the meetings of other sub-committees took place in the course of the year under review.

In my speech at the last year's Annual General Meeting I had placed before you a survey of the comparative position of local mills for the years 1925, 1926 and 1927. In 1928 the net profits of 59 mills were calculated to be 50 lacs. Out of these 10½ lacs should be deducted on account of Commission given up and losses incurred by some mills. The percentage of net profits against block account is roughly 3.17. The position would hardly be better for the year 1929, in spite of the hard efforts made by mills in effecting economies in various directions and in introducing machinery of the latest device, where possible.

We are passing through most anxious times. The whole of India is in a state of upheaval. Mahatma Gandhi, our Arbitrator and National leader, the apostle of peace and non-violence is interned and practically all other leaders and his lieutenants are in jail by now. The Government has adopted repressive measures all round by promulgating several Ordinances, and Lathi charges under the screen of Law and Order are the order of the day. Public opinion has strongly condemned this policy, and not only our Association but all National and Industrial Associations, Legislatures and political parties in the country have recorded their strong protest with Government in unequivocal terms. The net result of all this is that excitement and intensity of feeling run at feverish point, ruining business all round. Normal conditions in all walks of life have ceased to exist and

Unprecedented political situation

if the present situation continues for a few months more, there would be utter economical chaos in the country and the most powerful Government in the World will not be able to stand against its onslaughts. There is no Government in the World which can rule against the will of the people, for any long time, however powerful that Government may be, as there is no pleasure for those who rule or those who are being ruled and that Government is sure to fall.

The attitude recently disclosed by Government in India and Great Britain towards the solution of the constitutional problem which has become the sole ideal of the Indian Nation is far from satisfactory and fraught with deplorable consequences to both the countries. It is therefore very necessary to settle the constitutional problem without which both the people and Government will not live in peace. Government could not continue to rule over a vast country like India by harshly sentencing and imprisoning hundreds of non-violent national leaders, thousands of patriotic youths and even ladies of respectable families for holding different political opinions and resisting Government in a purely technical way.

All the political parties in the country have unanimously declared that the direct and honourable course of settlement lies in the definite establishment of Dominion Status without delay. Wise statesmanship demands a bold policy of conciliation based on a compromise settled with Mahatma Gandhi if the present struggle which will lead to very grave consequences is to be ended before it is too late. What is given with good will now will be appreciated ten times over and over; what is snatched after a fierce fight will leave the taste of bitterness for decades to come.

Indian Nation is not an ungrateful nation; if you do little for them with good grace it would be repaid manifold in many ways. When forces of further depression, all-round discontent, growing unemployment; impairing of the country's credit and disorganisation of trade and industry are looming large on the horizon neither Government nor the people will be saved from the unprecedented and grave crisis which will result as an aftermath of the present tense situation. Gentlemen, I trust wiser counsels will prevail in good time before it is too late to mend matters.

Imports of Cotton, yarns and manufactures for the 12 months from 1st April 1929 to 31st March 1930 are valued at Some Statistics. 59.48 crores when the corresponding figures for the years 1927-28 and 1928-29 were 65.15 and 63.24 crores. Total imports of piecegoods were 1882 million yards in 1929-30, 1937 in 1928-29 and 1973 million yards in 1927-28. Production in India which was 2259 in 1926-27, 2357 in 1927-28 and 1893 in 1928-29 has gone to 2418 million yards in 1929-30. Total importations of cotton piecegoods into India for 12 months ending 31st December 1928 and 1929

were 1940 and 1958 million yards. The total for 4 months ending 30th April 1930 is 734 million yards. The imports of yarn and twists were 44 million pounds of which 20 millions were from the United Kingdom, 11 millions from China and 11 from Japan. Italian and Japanese yarn showed considerable increase as against last year. The total exports of Indian merchandise were 310,80 lacs as against 330,13 lacs last year and imports Rs. 240,76 lacs against 253,31 lacs.

Tariff Protection Government of India passed the Tariff Bill to grant a sort of protection to the Indian piecegoods industry in March last. The question was discussed between our Committee and the Committee of the Bombay Millowners' Association and a conference was held at Delhi in December last after the report on the Import Tariff Cotton Piecegoods and on external competition in the cotton piecegoods trade prepared by Mr. G. S. Hardy was published. The whole position was placed before the Commerce Member by the representatives of all India Mills. Subsequently a Bill was moved by Government in the Legislative Assembly which was strongly criticised by national leaders on the ground of Imperial Preference by the backdoor. Ultimately the Bill was passed. Cotton piecegoods plain grey, i. e. not bleached or dyed in the piece if imported in pieces which either are without woven heading or contain in length of more than 9 yards which is not divided by transverse woven headings; if of British manufacture were to pay ad valorem 15 per cent. or $3\frac{1}{2}$ annas per pound, whichever was higher and if not British manufacture ad valorem 20 per cent. or $3\frac{1}{2}$ annas per pound, whichever was higher. For other sorts 15 per cent. ad valorem were to be charged for those of British manufacture and 20 per cent. for those not of British manufacture. This was to have effect only upto Mach 1933.

Gentlemen, in spite of this protection, under the present circumstances, the industry is in the grip of a very serious depression owing to the effects of tense political atmosphere and stocks are held by mills to an extent which cannot but create serious anxiety. The fate of the textile industry is, as it were, hanging in a balance and it is very difficult to forecast the result of the year when the country is enveloped in darkness and gloom.

The mill-industry is faced with a grave economic peril. The economic and industrial life of the nation is under a great strain. If Bombay is practically so paralysed as to create a crisis of serious magnitude by the closing down of some of its mills or by the curtailing of production by partial working it may naturally be assumed that Ahmedabad and other centres would also be under the economic pressure under which the whole of India would suffer subsequently. We are thus on the eve of a delicate situation which may culminate into a great hardship if political atmosphere remains strained and conciliation of national demand is not effectively met with.

Your Committee had to be very busy throughout the year with labour demands. The Labour Union put forward a demand for increase in wages to the level obtaining in 1923. The question was submitted to the Arbitration Board, consisting of Mahatma Gandhi and Sheth Mangaldas. Several statements and tables of statistics were submitted to the Arbitrators who by an award dated 14th August 1929, rejected the demand of labour for the restoration of the cut of 1923, on the ground that Labour Union had failed to prove that the condition of mills was so good after 1923 as to warrant the restoration of the cut. The Labour Union still persisted in their attitude of asking for some increase in wages on the grounds of cost of living etc. Both the Arbitrators having differed on this question it was submitted to Diwan Bahadur Krishnalal M. Zaveri as an Umpire. He gave an Award that "On a consideration of all circumstances, in the case of the spinners an increment of 8 per cent. and of the weavers an increment of 5 per cent. be given as from 1st of January 1930, i. e., out of the cut of 15½ per cent. 8 per cent. (about half) should be restored to spinners and 5 per cent. (about one third) to weavers." Gentlemen, this Award was accepted by us but the General Meeting of the Association adopted an unanimous resolution on 6th December, 1929, and recorded its opinion that the Award was to be given effect to though the effects thereof were such as would hit the industry hard. Several questions about the holding of labour meetings in mill-premises, collection of Union's subscription, unauthorised strikes etc. were tackled during the year. A Conciliation Committee consisting of myself and Mr. S. G. Banker has been appointed with a view to settle labour questions amicably. Questions which remain unsettled by this Committee are to be submitted to the Arbitration Board along with certain questions of principle.

Sheth Ranchhodlal Amratlal, a prominent member of our Association and a staunch follower of Mahatma Gandhi was arrested and sentenced recently in connection with political activities. The Association has put on record its great appreciation of the courage and self-sacrifice in the cause of the country. We all offer our hearty congratulations to him for his sacrifice.

Gentlemen, some 40 mills had filed suits against the Municipality for the latter having assessed mill-property on the basis of rules inconsistent with the provisions of the new Act. By the kind and sympathetic mediation of Mr. J. H. Garrett, the Commissioner N. D., the matter was discussed in a conference held at his bungalow in November last, with a view to settle it amicably. Representatives of both the bodies discussed the matter in all its bearings and ultimately through the good offices of Mr. Garrett a mutual compromise was arrived at. Under the terms of this compromise the amounts of taxes recovered from the mills by the Municipality for the years 1926-27, 1927-28 and 1928-29, on account of compulsory water rate including the excess charges were to remain as deposits with the

Municipality for appropriation on the 1st of April every year towards the amount of the tax that may be legally recoverable by the Municipality from the Mills for the said years according to the revised taxation rules submitted to Government for sanction. The Municipality was to pay interest at 4½ per cent. on the excess of deposits over the amount of tax so payable. The bills for 1929-30 were not to be issued and the giving of retrospective effect to the rules was agreed to without an admission on the part of the Mills of the Municipality's right to do so in future. On these terms the suits which were filed against the Municipality were to be withdrawn and each party was to bear its own cost. Gentlemen, Mr. Garrett deserves our best thanks for his kind efforts in the settlement of the dispute.

I am indebted to the Association for nominating me on the Technological Research Sub-Committee, of the Indian Central Cotton Committee I had discussed the question of Railway freights for nearly a full year with Railway authorities at Bombay. Certain iniquities in freight from Port Okha to Ahmedabad and from Bombay to Ahmedabad were carefully considered and the Railway Company has from the 1st of this month reduced station to station rates (from Bombay to Ahmedabad) on certain commodities which are chiefly consumed in textile mills. The representatives of the Association tendered oral evidence before the Royal Commission on Labour in November last. The members of the Commission are at present engaged in the drafting of their report in England and I hope it will prove interesting to Labour and Capital. The Bombay Provincial Banking Enquiry Committee also recorded evidence of our representatives. An address was presented to His Excellency the Governor of Bombay in December. Our thanks are due to Sir Chinubhai Madhowlal Baronet for giving us the central Hall of his Shahibag Bungalow for our use on that occasion. Mr. Arno S. Pearse, General Secretary, International Federation of Master Cotton Spinners' & Manufacturers' Association of Manchester gave us a visit in February and delivered a very instructive lecture before our members. A public meeting of all the commercial associations and Mahajans of Ahmedabad held under the presidentship of Sheth Mangaldas Girdhardas Parekh adopted various resolutions strongly protesting against the incarceration of Mahatma Gandhi and demanding his immediate release against ruthless repression and heavy sentences passed on Satyagrahis in the name of law and order, against inhuman atrocities committed by those connected with the Police and Excise on volunteers and ladies at different places, against Martial Law in Sholapur and against Press and other ordinances. A resolution was also passed declaring the futility of the Round Table Conference without the approval and cooperation of Mahatma Gandhi. Other resolutions regarding the formation of a Chamber of Commerce in Ahmedabad, adverse effect of the Exchange on indigenous commerce and industry, the encouraging of Swadeshi industries and about the use of Swadeshi cloth were also adopted.

In conclusion, gentlemen, I heartily thank you for your kind and continued cooperation. You are all aware that an all-
Conclusion round increase in the activities of our Association and an increase in the burden placed on our staff which has worked under heavy strain necessitated a revision in the old scale of subscription in the current year. At present the Scheme of the Swadeshi Sabha in which practically all the members of our Association have joined has been approved by the Congress and different committees are busy doing spade work with a view to put it on practical and progressive lines. I hope the Scheme will have the desired results in the interest of consumers, dealers and manufacturers. I again warmly thank you all and request you to proceed with the business of the meeting.

ROYAL COMMISSION ON LABOUR IN INDIA.

Sir,

The Chairman of the Royal Commission on Labour in India desires me to send you the enclosed paper setting out the terms of reference to the Commission and a Schedule of the subjects falling within them which appear likely to engage the Commissioners' attention in the course of their enquiry.

I am to invite your organisation to submit, for the information of the Commission, any written statement which is likely to contribute to the objects of the inquiry.

The attached Schedule of subjects is not intended to be exhaustive, and the Commission will welcome evidence on any matter falling within the scope of their inquiry, whether included in the Schedule or not. They also consider it unlikely that you will feel called upon to deal with all the headings of the Schedule, and I am to suggest that you should select those in the subject-matter of which your experience mainly lies. They would be glad if in dealing with subjects mentioned in the Schedule you would number the various parts of your reply to correspond with the headings numbered in Arabic numerals in the Schedule (Nos. 1-146).

The Commission attach great importance to detailed evidence based on personal experience of particular industries, localities or establishments, and they trust that no possible witness will be deterred from proffering such evidence by its comparatively narrow field. Where information of a definitely statistical nature can be given this will naturally be of the greatest value to the Commission.

In the case of witnesses giving evidence on behalf of industrial institutions it will be of assistance if they will state in their evidence the nature of the firm's business, its output, period for which it has been operating, and particulars of number and grading of its employees, male, female and juvenile.

The Commission will find it of assistance if any memorandum of evidence you may be willing to put forward may be sent as soon as possible, and in any case not later than the 25th September 1929, to the

Joint Secretary to the Royal Commission on Labour in India,
Camp. India

The Commission will of necessity have to limit the volume of oral evidence taken by them, but they would be obliged if you could state whether you wish to give evidence in person before them and, if so, at what place it would be most convenient for you to do so. They expect to visit all the leading industrial centres and probably all the provincial capitals in the course of the cold weather of 1929-30.

I am, Sir,
Your obedient servant,
Joint Secretary to the
Royal Commission on Labour in India.

To.

THE SECRETARY,
MILL-OWNERS' ASSOCIATION.
AHMEDABAD.

Enclosure No. 11**THE ROYAL COMMISSION ON LABOUR IN INDIA.****TERMS OF REFERENCE.**

“To inquire into and report on the existing conditions of labour in industrial undertakings and plantations in British India, on the health, efficiency and standard of living of the workers, and on the relations between employers and employed, and to make recommendations.”

NOTE:—“Industrial undertaking” for the purpose of the Commission is interpreted as in Article I of the Washington Hours Convention, which is, as follows.—

“For the purpose of this Convention, the term ‘industrial undertaking’ includes particularly.—

(a) Mines, quarries, and other works for the extraction of minerals from the earth.

(b) Industries in which articles are manufactured, altered, cleaned, repaired, ornamented, finished, adapted for sale, broken up or demolished, or in which materials are transformed, including ship-building and the generation, transformation and transmission of electricity or motive power of any kind.

(c) Construction, reconstruction, maintenance, repair, alteration, or demolition of any building, railway, tramway, harbour, dock, pier, canal, inland waterway, road, tunnel, bridge, viaduct, sewer, drain, well, telegraphic or telephonic installation, electrical undertaking, gaswork, waterwork or other work of construction, as well as the preparation for or laying the foundations of any such work or structure.

(d) Transport of passengers or goods by road, rail, sea, or inland waterway, including the handling of goods at docks, quays, wharves or warehouses, but excluding transport by hand.”

* * * * *

The competent authority in each country shall define the line of division which separates industry from commerce and agriculture.

Enclosure No. 2.
ROYAL COMMISSION ON LABOUR IN INDIA.
LIST OF SUBJECTS.

I. Recruitment.

- (1) *Origin of Labour*
 - (i) Extent of migration.
 - (ii) Causes of particular streams of migration,
 - (iii) Changes in recent years.
- (2) *Contact with villages.*
 - (i) Extent and frequency of return.
 - (ii) Extent of permanent labour force.
- (3) *Methods of recruitment.*
 - (i) Existing methods.
 - (ii) Possible improvement.
 - (iii) Public employment agencies.
 - (a) Desirability of establishing
 - (b) Possibility of practical schemes
- (4) *Extent and effects of disturbance of family life*
- (5) *Recruitment of seamen.*
 - (i) Existing practice.
 - (ii) Effect of changes introduced in Calcutta
 - (iii) Suggestions for improvement
- (6) *Recruitment for Assam*
 - (i) Need of retention of control.
 - (ii) Administration of present system.
 - (iii) Composition and working of Assam Labour Board
 - (iv) Defects of existing Act and system.
 - (v) Possible substitutes.
- (7) *Unemployment.*
 - (i) Extent and character
 - (ii) Extent to which caused by—
 - (a) Retrenchment or dismissals.
 - (b) Voluntary retirement.
 - (c) Other causes.
 - (iii) Possible methods of alleviating and remedying distress.
 - (iv) Unemployment Insurance.
 - (v) Application of International Conventions relating to un-employment.
- (8) *Labour "turnover".**
 - (i) Average duration of employment.
 - (ii) Extent of casual employment.

* This word should be read as indicating generally the changes in composition of the labour staff of an undertaking.

- (iii) Absenteeism.
 - (a) Extent, character and causes.
 - (b) Seasonal or otherwise
 - (c) Time and wages lost.

(9) *Apprentices Act, 1850.*

Value of.

II. Staff Organisation.

- (10) *Details of organisation, administrative and departmental*
- (11) *Selection of managing staff.*
- (12) *Recruitment and training of supervising staff, superior and subordinate.*
 - (i) Methods of force.
 - (ii) Facilities for training and promotion of workmen
- (13) *Relations between staff and rank and file*
 - (i) Relations generally.
 - (ii) Value and defects of system of employing jobbers.
 - (iii) Works Committees their constitution, extent and achievements
 - (iv) Works Councils and Industrial Councils
- (14) *Timekeeping, piecework, contract and attendance registers.*
 - (i) How and by whom kept and checked
 - (ii) How and by whom wages actually paid to workers
- (15) *Contractors as intermediaries.*
 - (i) Extent and character of work given on contract.
 - (ii) Extent of sub-contracting.
 - (iii) Control exercised over working conditions.
 - (iv) Effects.

III. Housing.

- (16) *Extent to which housing is provided.*
 - (i) By employers.
 - (ii) By Government or other public agency.
 - (iii) By private landlords.
 - (iv) By workers themselves.
- (17) *Facilities for acquisition of land for workers' houses.*
- (18) *Nature of accommodation provided in each class*
 - (i) In relation to workers' demands
 - (ii) In relation to best type from health point of view
 - (iii) Provision made for lighting, conservancy and water supply.
- (19) *Utilization by workers of accommodation available*
- (20) *Rent rates in various classes.*
- (21) *Special problems arising in connection with various classes of housing.*
 - e. g. Subletting;
 - Occupation of employers' houses by tenants in other employ;
 - Eviction.

(22) *Moral effect on worker of industrial housing conditions. Improvements tried and suggested*

IV. Health.

(23) *General health conditions of workers*

(i) Figures of mortality.

(ii) Birth rate and infant mortality.

Methods of registration

(iii) Working conditions—

(a) at work places,

(b) at home.

(iv) Dietary.

(v) Physique.

(vi) Effects of disturbance of sex ratio in industrial cities

(vii) Relation between housing and mortality.

(24) *Extent of medical facilities provided,*

(i) By employers

(ii) By Government.

(iii) By other agencies.

(iv) Provision for women doctors, trained midwives or dais.

(25) *Extent to which medical facilities are utilised*

(i) Generally.

(ii) By women.

(26) *Sanitary arrangements, (a) at work places, (b) at home.*

(i) Latrines.

(ii) Drinking water.

(iii) Bathing and washing.

(27) *Extent and nature of official supervision*

(i) Work of Boards of Health in special areas

(ii) Inspection of plantations.

(iii) In mill and other industrial areas.

(28) *Suitability of existing Factories and Mines' Act and Rules.*

(i) Control of temperature in factories.

(ii) Control of humidification in cotton mills.

(a) Nature of action taken by Local Governments.

(b) Results.

(29) *Disease.*

(i) Prevalence of industrial diseases.

(ii) Prevalence of cholera, malaria, hookworm and other tropical diseases.

(30) *Sickness insurance*

(i) Suitability of International Labour Convention

(ii) Possibility of introducing other systems.

(iii) How to meet difficulties arising from non-acceptability of Western medicine, paucity of medical men, migration of labour, finance.

- (31) *Maternity benefits.*
- (i) Extent and working of existing schemes (including allowances given before and after childbirth).
 - (ii) History of central and provincial Bills.
 - (iii) Possibility of legislation.

V. Welfare (other than Health and Housing, but including Education)

- (32) *Extent of welfare work*
- (i) By employers.
 - (ii) By other agencies.
- (33) *Employment of Welfare Officers and workers.*
- (34) *Nature of other Welfare activities, (a) by employers (b) by other agencies*
- (i) Provision for refreshments, shelters and crèches.
 - (ii) Provision for physical culture, recreation and amusements.
 - (iii) Other activities.
- (35) *Results achieved.*
- (36) *Provision of educational facilities by employers*
- (i) For adult workers.
 - (ii) For half-time workers.
 - (iii) For workers' children.
 - (iv) Extent to which used.
- (37) *Desirability and possibility of provision for old age, and premature retirement.*
- (38) *Co-operation.*
- (39) *Possibility and desirability of a Statutory Miners' Welfare Fund.*

VI. Education.

- (40) *Facilities for general education in industrial areas:*
- (i) Of children not in employment.
 - (ii) Of children employed in factories.
 - (iii) Of adults.
- (41) *Facilities for industrial and vocational training.*
- (42) *Effect of education on standard of living and industrial efficiency of workers.*

VII Safety.

- (43) *Existing regulations in factories, mines, railways and docks*
- (44) *Incidence of accidents in factories, mines, railways and docks.*
- (45) *Causes*
- (46) *Accident prevention (including "Safety First" propaganda).*
- (47) *Accidents in non-regulated establishments.*
- (48) *First-aid and medical relief.*
- (49) *Stringency of inspection and enforcement of regulations.*
- (i) In industry generally.
 - (ii) In seasonal industries.

(50) *Effect upon safety of hours, health, light and working conditions generally.*

VIII. Workmen's Compensation.

(51) *Workmen's Compensation Act*

- (i) Extent of use.
- (ii) Comparison with extent of possible claims.
- (iii) Effects on industry
- (iv) Availability and use of insurance facilities and value from workers' point of view.
- (v) Desirability of compulsory insurance by employers.

(52) *Desirability of extending Act to other occupations.*

Possibility of providing against insolvency of employers who might be so covered.

(53) *Suitability of provisions relating to—*

- (i) Scales of compensation.
- (ii) Conditions governing grant of compensation.
- (iii) Industrial diseases.
- (iv) Machinery of administration.
- (v) Other matters.

(54) *Desirability of legislation on lines of Employers' Liability Act, 1880.*

IX. Hours

A. Factories.

(55) *Hours worked per week and per day*

- (i) Normal, i. e. as determined by custom or agreement.
- (ii) Actual, i. e. including overtime.
- (iii) Spreadover, i. e. relation between hours worked and hours during which worker is on call.

(56) *Days worked per week.*

(57) *Effect of 60 hours restriction—*

- (i) On workers.
- (ii) On industry.

(58) *Effect of daily limit*

(59) *Possibility of reduction in maxima*

(60) *Intervals*

- (i) Existing practice.
 - (a) In relation to fatigue
 - (b) In relation to workers' meal times.
- (ii) Suitability of the law.
- (iii) Suitability of hours during which factory is working.
- (iv) Number of holidays given.

(61) *Day of rest.*

- (i) Existing practice.
- (ii) Suitability of the law.

(62) *Exempting provisions and the use made of them*

B. Mines.

(63) *Hours worked per day and per week*

- (i) Normal, i. e. as determined by custom or agreement,
- (ii) Actual, i. e. including overtime.
- (iii) Spreadover, i. e. relation between hours worked and hours during which worker is on call

(64) *Days worked per week*

(65) *Effect of restriction of hours.*

- (i) On workers
- (ii) On industry

(66) *Possibility of reducing maxima*

(67) *Suitability of the law relating to shifts.*

(68) *Possibility of introducing an effective daily limitation.*

(69) *Intervals*

- (i) In relation to fatigue.
- (ii) In relation to workers' meal times.
- (iii) Number of holidays given.

(70) *Day of rest*

(71) *Adequacy of existing provisions*

(72) *Exempting provisions and use made of them.*

C Railways.

(73) *Hours worked per week and per day*

- (i) Normal, i. e. as determined by custom or agreement.
- (ii) Actual, i. e. including overtime.
- (iii) Spreadover, i. e., relation between hours worked and hours during which worker is on call.

(74) *Days worked per week.*

(75) *Extent of application of International Labour Conventions relating to—*

- (i) Hours
- (ii) Rest days.

(76) *Intervals.*

- (i) In relation to fatigue.
- (ii) In relation to workers' meal times.
- (iii) Number of holidays given

(77) *Possibility of regulation*

D. Other Establishments.

- (a) Plantations.
- (b) Docks.
- (c) Other industrial establishments.

(78) *Hours worked per week and per day.*

- (i) Normal, i. e. as determined by custom or agreement.
- (ii) Actual, i. e. including overtime.

(iii) Spreadover, i. a. relation between hours worked and hours during which worker is on call.

(79) *Days worked per week.*

(80) *Desirability of regulation*

X Special Questions relating to Women, Young Adults and Children

A Factories.

(81) *Effect of 1922 Act on employment.*

(82) *Admission of infants to factories.*

(83) *Suitability of regulations for women's work*

(84) *Suitability of regulations affecting children*

(i) Hours and intervals.

(ii) Minimum and maximum ages

(85) *Double employment of children (i. e. in more than one establishment in same day).*

(86) *Work and training of young adults.*

Facilities for apprenticeship.

(87) *Extent of "blind alley" employment (i. e. extent to which children are dismissed on reaching full age).*

(88) *Comparative merits of double and single shift systems as affecting health of women, young adults and children.*

(89) *Work of women and children in factories not subject to Act.*

(i) Use by Local Governments of section 2 (3), (b).

(ii) Advisability of extended application

B Mines.

(90) *Effect of Act of 1923.*

(i) Suitability of certification provisions.

(91) *Exclusion of women*

(i) Suitability of regulations.

(ii) Probable effect on industry

(iii) Economic effect on workers

(iv) Speed of withdrawal.

C. Other Establishments.

(92) *Need for regulation.*

XI. Special Questions relating to Seamen and Workers in Inland Navigation.

(93) *Hours of work*

(94) *Rations and accommodation, articles of agreement, &c.*

(95) *Indian Merchant Shipping Act.*

(i) Existing provisions.

(ii) Need of revision.

XII. Wages.

- (96) *Prevailing rates of wages (time and piece) and average earnings.*
- (1) In industry.
 - (ii) In surrounding agricultural areas.
 - (iii) Difference between money wages and money value of all earnings.
- (97) *Movements in recent years.*
- (1) Increases and decreases.
 - (ii) Reasons for variation.
 - (iii) Relation to prices and cost of living (pre-war and post-war)
 - (vi) Relation to profits.
- (98) *Amounts sent to villages.*
- (99) *Payment in kind and allied problems.*
- (100) *Extent and effect of payment through contractors, sub-contractors or headmen.*
- (101) *Method of fixing wages.*
- (1) By negotiated agreements.
 - (ii) Other means.
- (102) *Basis of payment for overtime and Sunday work.*
- (103) *Extent of standardisation.*
- (104) *Effect of wage-changes on labour supply.*
- (105) *Minimum wages.*
- Advisability and possibility of statutory establishment.
- (106) *Deductions.*
- (i) Extent of fining
 - (ii) Other deductions.
 - (iii) Utilisation of fines.
 - (iv) Desirability of legislation.
- (107) *Periods of wage-payment (day, week or month)*
- (1) Periods for which wages paid.
 - (ii) Periods elapsing before payment.
 - (iii) Desirability of legislation—
 - (a) to regulate periods,
 - (b) to prevent delay in payment
 - (iv) Treatment of unclaimed wages
- (108) *Indebtedness.*
- (i) In village
 - (ii) In industrial area.
- (109) *Bonus and profit sharing schemes*
- (i) Nature and effect of schemes which are or have been in operation.
 - (ii) Basis of schemes, whether production or profits.

(110) *Annual or other leave.*

- (i) Extent to which taken by workers.
- (ii) Extent to which countenanced and/or assisted by employers.
- (iii) Extent of consequential loss to worker of back-lying wages.

(111) *Desirability of Fair Wages Clause in public Contracts.*

XIII. Industrial Efficiency of Workers.

(112) *Comparative changes in efficiency of Indian workers in recent years*

(113) *Comparative efficiency of Indian and foreign workers*

(114) *Extent to which comparisons are affected by—*

- (i) Migration of workers.
- (ii) Use of machinery.
- (iii) Comparative efficiency of plant.
- (iv) Comparative efficiency of management.
- (v) Physique.
- (vi) Health.
- (vii) Education.
- (viii) Standards of living
- (ix) Climate.

(115) *Effect on production of—*

- (i) Changes in working hours
- (ii) Changes in other working conditions.
- (iii) Expenditure on health and sanitation.
- (iv) Housing.
- (v) Alterations in methods of remuneration.
- (vi) Movements in wage levels.
- (vii) Legislative enactments
- (viii) Dietary
- (ix) Alcohol and drugs.
- (x) Industrial fatigue.

(116) *Possible methods of securing increased efficiency.*

XIV. Trade Combinations

(117) *Extent of organisation of—*

- (i) Employers.
- (ii) Employed.

(118) *Effect of organisations on—*

- (i) Industry.
- (ii) Conditions of workers generally.

(119) *Nature of Trade Union Activities*

- (i) Mutual aid benefit schemes unemployment sickness old age strike pay.
- (ii) Other activities

(120) *Individual Trade Unions.*

- (i) History.

- (ii) Attitude of workers and extent of their control
- (iii) Attitude of employers and relations with them.

(121) *Trade Unions Act, 1926*

- (i) Extent to which utilised.
- (ii) Effects.
- (iii) Possible amendments

(122) *Miscellaneous questions regarding Trade Unions.*

- (i) Methods of negotiation between employers and employed.
- (ii) Results of attempts at co operation between employers and employed to increase efficiency of production.
- (iii) Position of employees in State industrial concerns in relation to general Trade Union movement.

XV. Industrial Disputes.

(123) *Extent of strikes and lock-outs*

- (i) Causes.
- (ii) Duration and character.
- (iii) Nature and methods of settlement
- (iv) Loss to industry and workers

(124) *Conciliation and arbitration machinery.*

- (i) Results of previous investigations.
- (ii) Part played by official or non-official conciliators in settling disputes
- (iii) Use (if any) made of Employers' and workmen's Disputes-Act, 1860.
- (iv) Joint standing machinery for regulation of relations between employers and workpeople.
- (v) Opportunity afforded to workpeople of making representations.
- (vi) Applicability to Indian conditions of Industrial Court, Trade-Boards, Joint Industrial Councils.

(125) *Trades Disputes Act—*

(126) *Attitude of Government—*

- (i) Towards trade combinations.
- (ii) In connection with industrial disputes.

XVI Law of Master and Servant.

(127) *Effect of repeal of Workmen's Breach of Contract Act*

(128) *Types of contract commonly in use*

(129) *Extent to which (i) Civil, (ii) Criminal law is available and used for enforcement.*

(130) *Madras Planters Labour Act, 1903.*

(131) *Coorg Labour Act*

(132) *Employers' and Workmen's Disputes Act Is it used?*

XVII. Administration.

(133) *Central and Provincial Legislatures*

Action and attitude on labour questions

- (134) *International Labour Organisation.*
 (i) Ratification of Conventions and action taken.
 (ii) Its effect on legislation, &c.
- (135) *Relations between Central and Local Governments.*
- (136) *Administrative authorities in various Governments.*
 Work of special labour offices or officers.
- (137) *Effect of differences in law or administration in Indian States and British India.*
- (138) *Acquaintance of workpeople with factory legislation*
- (139) *Factory inspection*
 (i) Adequacy of staff.
 (ii) Uniformity of administration in different Provinces.
 (iii) Rigour and efficiency of administration.
 (iv) Prosecutions and their result
- (140) *Mines inspection.*
 (i) Adequacy of staff
 (ii) Rigour and efficiency of administration.
 (iii) Prosecutions and their result.
- (141) *Railways (State and Company).*
 Administration of questions affecting personnel.
- (142) *Plantations, docks and other industrial establishments*
 Extent and nature of inspection.

XVIII. Intelligence.

- (143) *Existing statistics.*
 (i) Extent and use.
 (ii) Method of collection.
 (iii) Degree of accuracy.
- (144) *Possibility of improvement in statistics.*
- (145) *Nature of special investigations conducted.*
 (i) Cost of living enquiries.
 (ii) Results achieved.
- (146) *Future developments necessary.*

**REPLY OF THE AHMEDABAD MILLOWNERS' ASSOCIATION
TO THE QUESTIONNAIRE OF THE ROYAL COMMISSION
ON LABOUR IN INDIA.**

(30th September 1929)

I Recruitment.

- 1 (i) Eighty per cent. of Ahmedabad mill labour has migrated from within the radius of 50 miles round about Ahmedabad, including villages and districts.
- (ii) Higher earnings obtainable in industrial concerns than in agricultural pursuits as also growing unemployment in villages and the districts are the principle causes of the streams of migration.
- 2 (i) 10 to 20 per cent. of such of the workmen who have connections with their villages go out for about a week during festive seasons
- (ii) 80 per cent is roughly the extent of permanent labour force
- 3 (i) The assistants in the departments engage workmen whenever there are vacancies.
- (ii) (a) No need for establishing public employment agencies is found in Ahmedabad.
- (b) Under the present circumstances no possibilities of practical scheme exist.
4. As work-people mostly come with their families to work in the mills and there are groups of families as workers, the disturbance of family life does not take place to any appreciable extent.
7. Unemployment.
 - (i) There is no unemployment practically in local textile industry. Seasonal failure of crops and want of employment in the districts and villages tend to create unemployment, and draw labour in industrial areas.
 - (ii) (a) In local industry retrenchment or dismissals do not create special unemployment
 - (b) Cases of voluntary retirement are rarely found
 - (c) Temporary unemployment may be due to the causes of supply and demand at certain periods.
 - (iii & iv) There is no necessity of unemployment insurance or of special methods of alleviating and remedying unemployment, so far as the local textile industry is concerned.
 - (v) Under the existing condition of Indian labour no application of International Conventions relating to unemployment is desirable
8. Labour "Turnover".

In textile mills the composition of labour is uniform and no changes are required to be made in such composition.

- (i & ii) Instances of casual employment in mills are rare.
- (iii) (a) Usually absenteeism is found in an appreciable extent after pay days and holidays. This is due to illiteracy, indolent habits and want of training among working classes.
- (b) During seasons of the sewing and reaping of the crops absenteeism increases. The percentage of absenteeism is about 3 on an average.
- (c) Time and wages lost could be roughly estimated from the above basis of two to three per cent of absenteeism.
9. Act No. XIX of 1850 concerning the binding of apprentices is not found operative locally. The form of agreement under Schedule A of the said Act could hardly be acceptable when labour has not been educated and trained up in such matters. There are orphans and poor children brought up by public charity in certain local institutions like the Anatha-Ashrama but they are not found to be taking advantage of leading trades, crafts and employments on the lines indicated in the said Act.

II Staff Organisation.

10. The organisation and administration of local mills are conducted by the Managing Agent representing the Firm of Agents. He appoints secretaries, spinning masters, weaving masters and assistants. The Manager or the Spinning or Weaving heads select and appoint Head-Jobbers, Line-Jobbers and other departmental persons.
11. Managing Staff is selected by the Managing Agent. Recommendation of the authorities under whom they have previously worked regarding the merits of the applicants is considered. Selection by merits after obtaining applications through advertisements is also in vogue.
- 12 (i & ii) Recruitment and training of subordinate and superior supervising staff is usually made by the ascertaining of merits and experience of the candidate. Apprentices are taken up by several mills in various departments for training. No special system of promotion prevails but promotions are given after taking into consideration the quality of work, experience gained and the satisfaction given by the candidate to his superiors.
13. (i) Relations between the staff and rank and file in mills are cordial and harmonious.
- (ii) The system of employing jobbers has its value in ascertaining the qualification and experience of the workmen recruited. The jobbers are direct supervisors of workmen and thus they are a necessary factor in the maintenance of efficiency. The

defects of this system are sometimes found in the lower moral tone of some jobbers who treat some workmen unfairly. In Ahmedabad, complaints of such character are brought to the notice of the mills by the Labour Union through the Millowners' Association whenever such instances occur

(iii & iv) Under the existing arrangement duly established by constitution and convention between the Millowners' Association and local Labour Union there is no scope for any Works Committees, Works Councils or Industrial Councils. The system obtainable under the existing constitution is far better than such Councils and has proved very efficient and satisfactory to Capital and Labour.

14. (i) Time-keeping work is done by trained clerks who are called time-keepers. Piece-work paysheets and attendance registers are kept and scrutinised by special clerks engaged for that work. All paysheets and registers are checked by Accountants and verified by the Secretary or Manager whoever is in charge of the office.

(ii) Wages are paid to workers by pay-clerks in the presence of time-keepers, assistants and head-jobbers.

15. In mills certain class of work only is entrusted to contractors. Dhobi-bleaching is given on contract to specially trained dhobis. Drawing, beam-carrying, cotton mixing, folding, stamping and such other works are done by contract (in group). The headman usually engages special workmen under him for that particular kind of work. Greater efficiency and regularity are experienced in entrusting such special class of work to trained contractors. There is no sub-contracting so far as mills are concerned. Under the Factory Act due control is exercised over working conditions in regard to such contracts. The effects of giving contracts for certain special work are good, as less direct supervision and greater efficiency result therefrom.

III Housing,

Regarding housing the following quotation from the Factory Report of the Presidency of Bombay 1927, P. 20 supplies the necessary information. "The Certifying Surgeon, Ahmedabad, has collected information to show that over 3500 rooms have been built in the past by millowners. The continued depression in industry has doubtless hindered activities in the provision of housing. In Ahmedabad, however, two agents are erecting 450 suitable rooms."

"The Agent of the Asoka and Raipur Mills in Ahmedabad built 130 rooms to improved designs. It is a moot point whether the housing of Factory Employees by the Factory-owners is altogether

in the interests of labour yet decent housing is one of the chief needs of the working classes and upto the present the housing of employees by Factory-owners has on the whole been beneficial to the working classes. In several instances however operatives will not utilise the housing provided for them and housing provided by an occupier is utilised by operatives of other factories." (P. 19, Annual Factory Report of the Presidency of Bombay, 1928).

Ahmedabad mills provide over hundred chawls with 3500 rooms for their operatives and schemes for working class housing are already under the serious consideration of the Municipality. There are chawls of private landlords in which workmen stay owing to the convenience derived by them in going to the mills, situated in that locality. Few workers have their own houses

17. There is hardly any facility for acquisition of land for workers' houses at present; however the Municipality is carefully investigating the problem with a view to afford such facilities.
18. Chawls erected during the last six years are of the best type from the points of lighting, conservancy and water-supply. However, the problem of water-shortage in Ahmedabad causes inconvenience to the workers and public during certain seasons.
19. Workers do utilise accommodations made available to them and in some cases operatives would not utilise housing provided for them by mills, owing to their traditional habit of living in their communal group of locality.
20. Rents charged from workmen vary from Rs. 2 to Rs. 6 per month according to the class of accommodation selected by them.
21. In very few cases sub-letting is observed. In some cases employers' houses are occupied by tenants in others employ as mentioned in the Report of the Inspector of Factories.
22. Improvements which are made in erecting chawls for workmen since the last three years produced good moral effect on workers. Reservations of certain areas for industrial housing have been made in Town-Planning Schemes. Primarily the education of working classes and secondarily their housing provisions should be the chief duty of Government and the Municipality. The following extract from the Report of the International Federation of Textile Workers published under the leadership of the Rt. Hon'ble Tom Shaw M. P. after the Delegation's last visit to Indian cotton mills is noteworthy.

"I have already referred to the fact that in many cases the employers themselves are doing more to educate the people and to deal with the evil conditions than the authorities whose work it ought to be." I now desire to enlarge on what I say about the housing of the people. Whenever the great employers of

labour either companies or individuals have built houses in connection with their firms, there appears to have been a laudable attempt to give greater cleanliness, more air space and better conditions than are found outside. I am quite satisfied that the worker who is working for the large firms of which I have spoken is generally better housed, better treated and lives under more hygienic circumstances."

IV. Health

23. (i & ii) No separate figures of birth-rates, mortality and infant mortality of workers in Ahmedabad are available. The Municipality does maintain the method of registration in general.

(iii) Working conditions at work places are described in the Report of the Factories for 1927 as under —

"By the end of this year 33 mills will have either more efficient plant than formerly or experimental plants under test. The writer was considerably impressed with the change in a number of mills effected by the adoption of different ventilating and cooling systems. The usual practice of slacking for several hours of the day has been almost stopped. Operatives pay much closer attention to work, earn more, and are certainly more contented.....several mills in Ahmedabad and Bombay have reorganised machinery and have cut out number of machines. This results in easier work and in a slight reduction of atmospheric temperature."

"The extent to which Ahmedabad has made progress in the last few years will be realised when it is stated that 37 of the old spinning and weaving mills have spent Rs. 9,97,000 on ventilating improvements. The Government inquiry into humidification, the invention of the Kata Thermometer and its use by the Inspectors together with the pioneering efforts of several mill-agents to whom great credit is due have helped to make such improvements possible. At the present rate of progress the working conditions in the Ahmedabad mills will, after a lapse of a few years, probably be in advance of those in other parts of India and the severe disabilities of the climate will, to a great extent have been successfully overcome." (Factory Report 1928. P. 8)

(v) Dietary conditions of workmen are described in the Report on an Enquiry into Working Class Family Budget in Ahmedabad published by the Labour Office, Bombay, in 1928. The staple food is changed according to the seasons in Hindoo working class family. Wheat are used during summer while bajri is generally used in monsoon. Bajri

being cheaper than wheat certain class of work-people use it for diet. In this connection the details mentioned in the tables printed at Pp 36 to 42 of the said Report give necessary information.

- v. Physical conditions are fairly good. Under the Factory Act operatives enjoy recess for one hour from 12 to 1 p. m. and the mills are closed at 6 p. m. leaving sufficient time for rest and entertainment for workmen. The Labour Union has also undertaken movements like that of the Sevalal (similar to the Scouting Movement) for mill-operatives.
 - vi. The number of women workers is being gradually reduced in Ahmedabad cotton mills since the last two years. There is less disturbance in the social life of industrial workers in Ahmedabad than in other centres.
 - vii. Congested housing and ill-ventilated areas tend to increase mortality. The mill-chawls and certain other chawls which have been built in improved style would no doubt reduce mortality.
24. i. About 45 mills in Ahmedabad provide dispensaries or arrangements of medical aid for their workmen. More than 30 mills maintain dispensaries for this purpose. Some mills in Ahmedabad maintain well-equipped hospitals and engage well-trained and efficient doctors, nurses and other staff. Medical aid is also given to the dependents of workmen. Thousands of patients are treated in such dispensaries every year. The Factory Report for the year 1927 has taken note of the following—"The mill-dispensaries were particularly valuable in dealing with the malaria cases that followed the floods in Ahmedabad. Thus in one mill-dispensary 210 malaria cases were treated in the 4 months preceding the floods while 771 cases were dealt with in the succeeding 4 months.
- ii. Government maintains a well-equipped Civil Hospital in the city and the Municipality also maintains dispensaries for medical relief to the rate-payers in general.
- (iii) There are private hospitals and dispensaries also in Ahmedabad. Institutions like the Victoria Jubilee Hospital for women and Obstetric Wards are rendering service to the public in Ahmedabad. A leading millowner has recently opened a Maternity Home in Dariapur and there is a similar Maternity Hospital in Dedka's Street, Maneckchock. These Institutions are run on charitable lines.
- (iv) Women doctors, trained midwives or 'dais' and nurses are provided in such Institutions and Government Hospitals. The Labour Union also maintains a Labour Hospital.

25. (i) In general medical facilities are well utilised by the public and the labour class in this city. The municipality has also received donations of large sums for a Maternity Hospital to be built near the Ellis Bridge and it is hoped that this medical institution will provide more upto date and ideal accommodation to the women of the city in near future.
- (ii) Women take increasingly better advantage of the facilities provided by Government, Municipal, private and charitable institutions. This fact could well be gleaned from the Reports of different institutions which are published from time to time
26. (i & ii) Sanitary arrangements at work places are supervised by the Factory Inspector and the Certifying Surgeon from time to time. Provisions for latrines is made under the Rules laid down in the Factory Act. Drinking water is supplied from municipal taps and storage tanks
- (iii) The Municipality has recently sanctioned expenditure for the erection of bathing sheds in certain wards in which workpeople reside.
27. Public Health Department, Municipal Health Department, Certifying Surgeon and Factory Inspector supervise officially general health conditions of the city and industrial area.
28. Control of 'temperature' and provision of ventilation and humidification in Ahmedabad cotton mills are regulated by the Rules duly made in that behalf by Government, since the last two years. The following remarks from the letter addressed by the Collector of Bombay to the Secretary to Government Department, Bombay, dated 18th June 1928 and printed in the Factory Report for the year 1927 speak for themselves —
- "A very satisfactory feature of the year is the advance that has been made in the provision of comfortable working conditions in textile factories, particularly in Ahmedabad where several mills have instituted special humidifying, cooling and ventilating plants in their weaving sheds and spinning departments.
- Local Government has already framed rules for this purpose and the results obtained have been stated to be successful in the Factory Reports published by Government.
- 29 No special industrial diseases are prevalent in Ahmedabad. During times of epidemics greater efforts and active services are rendered by mills, Government, hospitals and other institutions.
30. Sickness insurance and introducing of similar systems are neither suitable nor necessary under the existing conditions. Difficulties arising from non-acceptability of western medicines, paucity of medical men, migration of labour and finance are not found in Ahmedabad.

31. Quite recently legislation in regard to Maternity Benefit has been put into operation in this presidency.

V. Welfare.

32. About 36 mills in Ahmedabad provide creches or facilities of craddles. Regarding schools for labour classes, local millowners gave a grant of Rs. 15000 every year for a period of five years to the local Labour Union out of a welfare fund raised by them for the good of Ahmedabad labour. In the Factory Report of 1927 it is mentioned that "8 mills in Ahmedabad maintain schools and a few mills in other localities Infant schools are attached to some of the creches in Bombay and Ahmedabad

"The Labour Union in Ahmedabad has continued its educational activities. Eleven day schools and fifteen night schools were maintained and education was imparted to over 1200 students about equally divided between day and night schools." An infant class and Spinners Students' (Ashrama) Home as also a girls' school are run by the Labour Union."

33. Doctors, nurses, ayahs and compounders are employed in the welfare work
34. Provision of dining sheds and creches is made in most of the mills. The Labour Union and Sanitary Association as also Temperance Society assist in the welfare work. There are in Ahmedabad general provisions for physical culture through 'Akhadas' and a 'Sevadal' of Majur Office along with Public Gardens for recreation and amusements like those of magic lantern shows, cinemas, theatres etc.
35. As a result of various activities in the welfare work, labour population has profited and has obtained better facilities.
36. Some mills provide schools for the education of their workmen and some give grants to certain labour schools for assisting such education. Donations were also given by millowners for this purpose for five years.
37. Provision for old age and premature retirement of workmen in cases where they serve in a mill for a certain number of years would be desirable and possible but so long as labour is not first given education and raised to the level of understanding and obtaining the advantages accruing from better sanitation and modes of life purged of vices, of drinks, opium eating, gambling etc. etc., there appears little possibility of the successful application of such schemes of old-age pensions and provisions for premature retirement.

38. No schemes of cooperation exist at present in Ahmedabad.

VI Education.

40. Facilities for general education in industrial areas are extremely

meagre and it can safely be said that these are practically nil. The following remarks embodied in the Report of the Rt. Hon'ble Tom Shaw M. P. are noteworthy —

“It is precisely the great employers of labour in the textile trade who appear to be doing more for the education of the masses than either national or local governments. Over and over again in the huge concerns that we saw in different parts of India we noticed in the mill-grounds or compounds, schools that have been maintained by the employers for the purpose of giving instructions first to the young persons —boys and girls— who were employed in the mills and secondly in many cases the younger children of the work-people employed. The same thing applies to the provisions of sickness benefit and medical treatment. Over and over again we found that there seemed to be absolutely no provisions or even meagre provision indeed made by the authorities but judged by Indian standard a remarkably good provision made by the employers.”

The following quotation from the Factory Report for 1927 throws special light so far as Ahmedabad is concerned —

“The physique of school children in Ahmedabad appears to be superior to that in Bombay and as a matter of general interest it is satisfactory to record that the physique of school children of the depressed classes in Ahmedabad is practically identical to that of the higher castes ” (P. 11)

41. The R. C. Technical Institute in Ahmedabad affords facilities for industrial and vocational training. A similar institution is also run by the Baroda State at Baroda called the Kala Bhuvan. Students trained in these institutions obtain employment in industrial concerns of Gujarat and also other centres of the province.
42. Effect of education on standard of living and industrial efficiency of workers is good. However, the State should seriously tackle this problem of educating the working class and the masses of the ratepayers. Comprehensive schemes of compulsory primary education submitted by local bodies to the provincial government remain unsanctioned for over four years and it is a misfortune to observe very slow progress of Government in such matters which are primarily concerned with the wellbeing of society and the structure of mass upliftment. A negligible proportion of the working class population knows reading and writing much less does it know methods of intelligent working, decent living, abstinence from drinks and such other vices. Government and municipal bodies have neglected this important duty for all these years and introduction of compulsory primary education should without further delay be made.

VII. Safety.

- 43, 44 & 45. The provisions of the Indian Factories Act and the incidence of accidents in Factories provide sufficient safety to industrial workers. On P. 14 of the Factory Report for the year 1928 a tabular statement of accidents with details for the last 10 years is given.
46. Safety posters for the textile industry have been recently distributed to the mills and Inspectors of Factories have found that the lessons involved in the use of such posters tend to produce precautionary effects.
48. First Aid and medical relief are given by mill dispensaries or the Civil Hospital and private institutions.
49. There is no stringency of inspection and enforcement of regulations.
50. The effect upon safety of hours, health, light and working condition generally is good and progressive.

VIII. Workmen's Compensation.

51. i Workmen's compensation Act is in operation from 1924. Practically all industrial concerns insure their workmen and by now the Commissioner for Workmen's Compensation holds regular sittings at intervals and decides the cases. Details are obtainable from the Reports published from time to time in the Labour Gazette and other papers (Vide Labour Gazette August 1929 p. 1157).
- iii. The effect of this legislation on the industry is to increase financial burden on it. An average mill with 25000 spindles and 600 looms has to pay about Rs 800 every year for this purpose by way of insurance charges.
- iv & v Insurance facilities are available and are utilised to a greater extent from year to year. From the workers' point of view these are also advantageous. The recent amendments to be made in the Act would practically tend to make the insurance by employers compulsory.
- 52 & 53. The Act is to be amended to remove the difficulties which are being experienced in the light of its working during the last five years.

IX. Hours.

- 55 & 56. The hours of employment in factories are 10 for a day and no persons are employed for more than 60 hours in any one week under Section 27 of the Indian Factories Act. Under Section 28 no persons are to be employed in a factory for more than 11 hours in any one day.
57. The restriction of 60 hours has produced a good effect on the operatives but it has increased cost of production on the industry.

58. 10 hours a day is the uniform daily limit and its effect on workmen is good as they get good time for rest, amusement and recreation.
59. No further reduction in the hours of working should be made. Workmen get sufficient time after 6 P. M. when the mills are closed for recreation and rest. The period of rest in the afternoon is one hour at a stroke, and this also tends to give them sufficient rest during the interval. Further reduction in working hours would enhance the cost of production to such a degree as would harm the industry and render its position to compete with other manufacturers very weak.
60. Section 21 of the Indian Factories Act regulates the periods of rest in factories. At intervals not exceeding 6 hours periods of rest of not less than one hour are granted. At the request of the employees concerned periods of not less than half an hour each so arranged that for each period of 6 hours work there shall be periods of rest of not less than one hour's duration in all (and that no person shall work for more than five hours continuously) could also be granted. The law has proved suitable under existing circumstances.
61. iv. Over 55 holidays are granted to workmen every year.
61. Under Section 22 of the Indian Factories Act holidays are granted usually on Sundays. In certain cases holidays are granted for a whole day on one of the three days immediately preceding or succeeding the Sunday. It has been provided in this section that the Factory will not be worked for more than 10 consecutive days without a holiday for a whole day.

X. Special questions relating to women, young adults and children.

81. The effect of 1922 Act on employment has been wholesome on the workers.
82. Owing to the provision of creches in several mills admission of infants in the departments of factories is not found in vogue.
83. Employment of women is regulated by the Indian Factory Act. Night work by women is prohibited.
84. Regulations affecting children are also embodied in the Indian Factories Act. Children under 12 years of age and without authoritative certificate for employment in a factory are prohibited from working in factories, under Section 23 of the Act. Children are not employed for more than 6 hours in any one day. Night work by children is also prohibited under the Act.
85. There is no double employment of children.
86. Apprentices are taken up by several mills though not by all. As young adults are trained to work they receive higher employment according to their capacity and knowledge.

87. Children are not usually dismissed on reaching full age but according to their training and quickness of work they are given adult wages.
88. Instances of double shift system are rare and at certain times or during certain seasons some mill or mills take to double shift system. If the same workmen do not work in two shifts in contravention of the Factory Act the health of young adults is not affected. Women and children are prohibited from working at night. This question has been referred to in detail in para 70 of Tariff Board's Report.
89. Work of women and children in factories is controlled under the Factory Act.

XII. Wages.

96. Prevailing rates of wages in Ahmedabad mills are printed at P. 110 of the Report of the Indian Tariff Board. Average earnings of spinners and weavers in Ahmedabad are mentioned in the table printed at P. 125 of the Report of the Bombay Strike Enquiry Committee 1928-29, Vol. I. On P. 111 of the Report of the Indian Tariff Board the figures of the average monthly earnings per head in 1914, 1921 and 1923 for Bombay, Ahmedabad and other centres in the Bombay Presidency are given under table LXVI. Average monthly earning of a weaver in Ahmedabad exceeds Rs. 44/- while that of the spinner exceeds Rs. 26/-. Greater details are printed on P. 125 of the Report of the Bombay Strike Enquiry Committee. Ahmedabad mills pay the highest scale of wages in the Northern Division as compared with the scale of wages of other class of workmen including agricultural labour in surrounding areas. The question of money wages and money value of all earnings has been fully discussed in the Report on "An Enquiry into the Wages and Hours of Labour in the Cotton Mill Industry," published in 1923 and 1925 (Vide Pp. 20, 21 and 24, 25 respectively.)
97. Increases and decreases in money wages and money value in recent years are contained in the Report published in the Labour Gazette every month. Wages were increased when cost of living was high. On P. 7 of the Labour Gazette for June 1923, a tabular statement of average percentage increase in cost of living from 1918 to 1923 appears. From 83 in 1920 (which was the highest) it was reduced to 73 in 1921 to 64 in 1922 and to 53 in 1923. It is about 47 at present. Detailed information is available from Labour Gazettes which are published every month. When profits were abnormal wages were increased to about 122 per cent. over the basis of 1914 and annual bonuses were granted to the mill-operatives.
101. Wages have been fixed in latter years by negotiations with the Labour Union or by Awards of Arbitrators duly appointed by the Millowners' Association, and Labour Union.

102. Payment for overtime and Sunday work is governed by section 31 of the Indian Factories Act, and the Rules of exemption made by local Government in that behalf.
- 103 & 104. Wages in the spinning section are practically on a fixed and standardised basis while in the weaving section these are based on piecework system. In Ahmedabad cotton mill wages being higher than other class of workers, no effect on labour supply due to wage changes is visible.
105. The principle of minimum wages is not found in operation in any class of organised industry in this country. The Fawcett Committee in their Report on the Bombay Strike Enquiry Committee have recently thrown light on this question. A reference to paragraphs 157, 158, 159, 160, 161, 162 and 163 may be relevantly made in this connection. On P. 78 of the Report the Committee opine that "We consider that we should determine what would be a fair and reasonable wages on practical consideration suited to the circumstances of the case and that we should not entertain a new demand of a much larger kind based on debatable ideas as to a proper standard of living etc." The Committee further state that "In Ahmedabad at any rate the earnings of cotton mill-workers are greater than those of all other workers (P. 77). On the same page it has been mentioned that the cost of living in Bombay is higher than in Ahmedabad. In the circumstances when industries in India have not become fully self-supporting and when they have to meet keen and cutting foreign competition it would neither be advisable nor possible to have any statutory establishment of minimum wages. Labour is not yet trained to the level of having even primary education and is moreover unorganised and illiterate."
106. The Government of India have obtained through local Government's information on the extent of the practice by which employers in industrial concerns inflict fines upon their workmen in 1926. The system of fines on industrial workers does not constitute an evil of such proportions as would require any special consideration as the infliction of fines is very small. The results of the Labour Office Enquiry also support this view. In this connection reference to Labour Gazette for August 1927 may be made. In view of the enquiry made by the Labour Office in 1927 there exists no scope for any legislation.
107. In Ahmedabad mills wages are paid to weavers and spinners on a fortnightly basis and to other workers on a monthly basis. Usually a period of about 8 to 10 days elapses before payment. No legislation is desirable in view of the easy and regular system which is obtained in local mills.

Unclaimed wages are paid to workmen even if they come to receive it after certain months. Thereafter if any balance remains it is utilised either for the good of labour or for charity or for making up deficits or in calculating profits as may be suitable to the mill concerned.

109. Bonuses were granted to mill-operatives in 1919, 1920, 1921, 1922 when profits were high and abnormal. Profit-sharing schemes in the present circumstances of labour and Capital (Industry) are neither possible nor desirable.
110. Workers go on leave on certain occasions e. g. during certain days of monsoon or seasonal holidays. Wages are not paid for the days of absence. To certain workmen who receive their wages, on a monthly basis leave is granted by the heads of the department. In this class boilermen, sizers, back-sizers, jobbers, fitters, workmen of the engineering department etc. are included.

XIII Industrial efficiency of workers.

112. Indian workers gradually show greater efficiency owing to training experience and handling of different types of machinery. Want of sufficient education to enable them to read easy pamphlets and treatises about the work which they have to do prevents them from obtaining greater efficiency.
113. Efficiency of Indian workers is much lower as compared with that of foreign workers. The following extract from the Labour Gazette of July 1926 would give a comparative idea about efficiency —

“Taking first the spinning department of the textile industry.” Prince Kropotkin gives some instructive figures for the number of operatives engaged to work 1000 spindles in the different countries. Bombay 25 operatives per 1000 spindles. Russia 17, Italy 13, Alsace and France 9.5 and 9.2 respectively, Bavaria 6.8 and Switzerland 6.2. The position of England is still more instructive. Whereas in 1831 England employed only 7 operatives to work 1000 spindles, in 1887 she had reduced that number to only 3, reducing it still further by another fraction of an operative by the close of the last century. As regards Germany, it is instructive to note that whereas in 1861 she engaged as many as 20 operatives to work 1000 spindles, exactly a decade later in 1871 she had reduced that number to 8 to 9 and in 1895 also had further reduced it to 5.8 operatives only. If we turn to the U. S. A. we find that the progress made by that country is simply phenomenal. About the close of the last century, whereas an operative in Bombay worked on an average only 40 spindles his contemporary in

Italy 80 spindles, in Alsace 100, in Switzerland and Bavaria 150 each or approximately 4 times as many as an operative in Bombay. The German operative worked during the same period 170 spindles approximately whereas an operative in England could manage on an average (in 1887) 333 spindles, or over 8 times as many as an operative in Bombay (in 1895)“ Similarly a weaver in Bombay has been managing to this day only two ordinary power looms. As against this, it is appalling to note that a weaver in the U. K. manages on an average four ordinary looms, and 8 to 12 or more automatic looms and a weaver in America manages from 15 to 20 automatic looms.” (Pp. 1061, 1062).

- 114 & 116 All the 9 factors enumerated in this question affect the extent to which comparisons are affected. Want of education, climatic conditions, indolent habits, and want of awakening of sanitary conscience affect in particular, efficiency of Indian textile workers.
115. The 10 factors embodied in this question affect the production directly and indirectly. Abstinence from alcohol and drugs, better tone of health and sanitation, beneficial legislative measures, and improvements in working conditions would no doubt affect production favourably. In all such matters Government should shoulder the responsibility when various kinds of taxes are recovered from the masses, classes, industries and individuals. Limitations in regard to welfare work compatible with the position of the industry prevent progress beyond certain lines and the State should directly shoulder responsibilities regarding wellbeing and amelioration of labour class and the masses.

XIV. Trade combinations.

117. The Ahmedabad Millowners' Association is an organisation of employers wherein mills and factories are enrolled as members. 67 mills and factories including some of Nadiad, Surat, Cambay are members of this Association. Practically the Association represents cotton interests.

The Labour Union is an organisation of workers in the spinning section of local mills and some other minor departments.

118. The Ahmedabad Millowners' Association was established prior to 1891 while the local Labour Union was founded in the year 1918 and properly organised from the year 1920. Labour troubles in organised form began in 1917 and after the great strike of 1918 the Association and the Union have established a constitution with convention to refer labour disputes which are not amicably settled between the Union and the Association to a Board of Arbitration consisting of Mr. M. K. Gandhi and Sheth Mangaldas G. Parekh. In case of a difference of opinion between the Arbitrators the matter is referred to an Umpire. This has

improved the condition of workers in general and has preserved factors of co-operation between Labour and capital in Ahmedabad in proper harmony.

119. The Local Labour Union has taken up some benefit schemes for operatives. Their membership comes to about 18000 and there are separate Unions—Mahajans called Throstle, Card, Blow, Frame, Engineering, Jobbers and Muccadams Mahajan etc. Medical aid, hospitals, schools, infant class, assistance in case of accidents, arrangements of cheap loans in some cases, saving bank arrangement some cheap grain shops and hotels, etc. are the chief activities of the Union Industrial education like sewing, carpentry, hand-sewing, hand-weaving is given to children in the 'Vidyarthi Ashrama' (Students' Home).

Arbitrators do not award strike pay as the convention of resumption of work unconditionally prior to the consideration by the Arbitration Board of an unauthorised strike is practically established by this time.

121. Trade Union Act of 1926, though taken advantage of by the Unions in Bombay and other centres is not being taken advantage of by the local Labour Union due to certain reasons.

XV. Industrial Disputes.

123. In December 1917 a strike of warpers took place when warpers from Bombay and other places were engaged by mills through the Millowners' Association. Ultimately a settlement was arrived at. The strike was settled after a fortnight. By the end of 1918, owing to plague in Ahmedabad weavers were paid daily attendance bonus. This reached to the extent of about 70 per cent. After the plague was over the amount of Bonus was to be reduced and practically all mills of Ahmedabad decided to reduce the percentage to 20 per cent. Mr. M. K. Gandhi on behalf of Labour asked for 35 per cent. As a result of disagreement when the mills put up notices for 20 per cent. a strike was declared and this was followed by a lock-out at a subsequent stage. All the mills were closed and the strike began on 22nd February 1918 and ended on 20th March 1918. At a later stage Mr. Gandhi declared a vow to fast till the matter was settled. Ultimately the dispute was referred by way of arbitration to Mr. Anandshanker Dhruve (Prof. of Sanskrit) Gujarat College. In 1920 there was a strike in the spinning section for about a fortnight and it was settled by mutual consultation between the authorities of the Millowners' Association and Labour Union. The condition of textile industry became very grave from the end of 1922 and in 1923 a reduction in wages was proposed by the Association. The Labour Union insisted on a deed of arbitration to be executed by the Association. As the Association

thought it to be humiliating as also the Union insisted on certain terms and conditions in the deed which were not relevant to the dispute a strike took place and it lasted for about 10 weeks. It was settled by the Union agreeing to obtain decision through negotiations carried on by their representative Prof. Dhruva with Sheth Mangaldas the President of the Association. A cut of 15½ per cent. in wages was declared by these representatives of both the bodies. Since then no organised strikes and lock-outs have taken place in the textile industry of this city.

124. From 1917 gradual development in labour troubles and organised efforts between labour and capital brought into existence in 1920 a mutually agreed constitution which has been functioning (backed by certain conventions) till to-day. On certain occasions Collectors and Commissioners (officials) as also leading citizens have taken part in bringing about negotiations and settlements of disputes.
- 125 & 126. The Trade Disputes Act has recently come into operation and the attitude of Government towards trade combination and industrial disputes is to be watched still.

XVII. Administration.

- 133 to 135. Labour questions are increasingly handled by Government and during the last six years several enactments have been made. Workmen's Compensation Act, Trade Disputes Act, Trade Unions Act, Maternity Benefit Act and Humidification and Ventilation Rules are already in operation and reduction of working hours from 12 to 10 as also prohibition of women and children in night work are due to International Labour Organisation and ratification of certain Conventions. Relations between Central and Local Governments are harmonious and the Bombay Government maintain a Labour Office which publishes a monthly called Labour Gazette and appoints Labour Investigators in industrial centres.
136. The Director of Labour, Labour Investigators, Inspectors of Factories, Chief Inspector of Factories, Certifying Surgeons, Lady Investigators, are some of the administrative authorities of the Bombay Government.
137. Difference in working hours and working conditions in Indian States and British India affects industries in British India unfavourably. Factory law and other enactments pertaining to Labour should be uniform in Indian States and British India so that no unfair advantage may be secured by one over the other.
138. Work-people are obtaining greater acquaintance with Factory Legislation particularly due to the organisations of Labour Unions and Trade Unions.
139. Factory inspection is carried on in Ahmedabad with adequate staff, sufficient rigour and good efficiency. Prosecutions are made

and the results tend to greater caution. Details of these are available from the Reports of the Inspectors of Factories

XVIII Intelligence.

143. Statistics are collected, compiled and published by Government in Labour Gazettes and in separate Reports like wages and Hours of Labour, Working Class Family Budget, Workmen's Compensation Reports etc from time to time. The Annual Report of the Factory Inspector also contains necessary information.
144. The Bombay Government have greatly improved the system of compiling statistics and further improvements are made in the light of experience gained from time to time.
145. Inquiries into the cost of living and the results achieved therefrom are embodied in the Labour Gazette and other publications enumerated in our reply to question 143.
146. International exchange of views and Labour Conferences tend to throw more light on questions relating to industry and labour and further developments are likely to take place.

AHMEDABAD,
September 30, 1929.

G. I. Patel,
Secretary,
Millowners' Association.

**ORAL EVIDENCE TENDERED BEFORE THE ROYAL
COMMISSION ON LABOUR**

Friday, 15th November 1929, AHMEDABAD.

On behalf of the Ahmedabad Millowners' Association,

Mr. Chamanlal G. Parekh (*President*),

Mr. Sakarlal Balabhai (*Vice-President*),

Mr. Kasturbhai Lalbhai,

Mr. Shantilal Mangaldas and

Mr. Gordhandas I. Patel

called and examined.

THE CHAIRMAN: How far does your Association represent the whole of the millowners of Ahmedabad?

A. (MR. PAREKH) There are 67 members on our printed list; that is about 85 to 90 per cent. of the industry of Ahmedabad.

Q. I understand your Association represents not only the owners of cotton mills but others?

A. Yes. The 85 to 90 per cent. which I have mentioned refers only to the cotton mills.

Q. Within your Association do those who are the owners of cotton mills form a separate committee or department?

A. No.

Q. When you are dealing with matters solely concerning mills do the other members take part in your deliberations or only those who represent the cotton industry?

A. It all depends on the nature of the question. In general other industries do not take part in deliberations as to matters concerning only the cotton mills; the other members do not take much interest in the questions regarding the cotton mills.

Q. Then I may take it that your Association does constitute an executive organisation of the employers in the cotton industry which is the main industry of Ahmedabad.

A. Yes.

Q. And it is in that capacity that you have made the present agreement with the Labour Union for Arbitration on matters affecting labour in your industry?

A. Yes.

Q. I notice from the papers submitted to us that, as the result of arbitration which took place in the month of November last year, you came to an agreement that the Union subscriptions should be collected in the mills by deductions from wages and paid over to the trade Unions?

A. Yes. All the mills collect the subscriptions. It is not actually deducted from the pay. It is a separate collection. The subscriptions are collected and the money is sent by the mills direct to the Labour Union.

- Q That arrangement was said to be for trial, for at least 6 months ?
- A Yes.
- Q Now 12 months have elapsed and is that system still going on ?
- A Yes.
- Q As employers are you satisfied with that system ?
- A So far there are no complaints and we are satisfied
- Q With regard to the cotton mills does your Association meet at regular stated intervals, monthly or quarterly ?
- A We have a Managing Committee appointed by the General Board which meets every week to discuss the questions which come before the Committee
- Q And does that Managing Committee deal with all the matters that are arising from time to time in the cotton industry with the Labour Union ?
- A Yes.
- Q Does that Managing Committee it-self meet the officials of the Labour Union.
- A Not every week, but if there is any dispute we call the Labour Union leaders and discuss with them any points on which there is a difference of opinion.
- Q Then you do frequently meet the officials of the Labour Union ?
- A Yes.
- Q Do you in that way clear up a number of small questions which are not important enough to go to arbitration ?
- A Yes, we settle between ourselves any minor disputes or minor complaints of the Labour Union as far as possible.
- Q I notice that in your memorandum you say that no joint machinery in your opinion is necessary following the phrases of our questionnaire with regard to joint councils or committees ?
- A This is not a joint committee. When there is any complaint coming from the Labour Union we discuss it among the members of the Managing Committee and we come to a decision. Then we send for the leader of the Union and we try to settle it between us. But we do not deliberate with them before we come to any decision.
- Q If I may say so, you are not very far away from the system of a standing joint committee which would periodically review the circumstances of your industry ?
- A We do not meet at present periodically.
- Q You only meet, I understand, when some question has arisen ?
- A Yes.
- Q It would not seem to be a very great departure from your present practice to meet at stated periods and consider together the improvement of the industry, apart from complaints. However, I must not

press you that point. In your memorandum you tell us something about the organisation of your industry, about the Managing Agent representing a firm of Agents, and so on. Is there a uniform system in your mills with regard to the share of the Agent, I mean are the Agents here all paid on the turn-over or are they paid on the profits ?

- A. It is on production or sales; none are paid on profits.
- Q. Have you as an Association any considered policy with regard to the housing of your workers, or is it left entirely to each individual mill ?
- A. At present it is left to the individual mills.
- Q. We noticed, as might be expected, a great variation between the best and the less good. You no doubt are aware of that difference; but I take it from what you have said that there is no concerted policy in your Association for the improvement of the housing conditions?
- A. No.
- Q. Is it your view that further housing should be done by the millowners or by the Municipality ?
- A. By the Municipality or jointly with the millowners.
- Q. Are you prepared to meet the Municipality with regard to a joint scheme for improvement of the housing ?
- A. It all depends on the circumstances; what are the terms proposed by the Municipality and the condition of the industry.
- Q. Again we have noticed with pleasure what some of your members have done with regard to providing creches for the children where you employ married women, but again apparently the policy differs very greatly mill by mill. May I take it that there again as an Association you have no declared policy ?
- A. We have declared a policy that there should be creches, but we leave everything to the individual mills. We do agree there should be creches in each mill for the children as far as conditions permit, but of course, we cannot enforce it.
- Q. I observe, not from your memorandum; but from one we have had submitted to us by the Government of Bombay, that there is proposal under consideration between yourselves and the Labour Union for the establishment of a joint employment agency. Has that proposal made any progress since these reports are written ?
- A. I am told by our Secretary that there was a proposal from the Labour Union about this joint labour exchange, but the Managing Committee has not come to any conclusion and has not had the time to consider it.
- Q. On page 11 of the report of the Bombay Government it is stated that it is understood that the Labour Union at Ahmedabad has under contemplation the establishment of a Labour Exchange under the joint management of the Labour Union and the Millowners Association.

The details of the scheme have not yet been worked out, but it is reported that the scheme when finally evolved is likely to meet with the approval of the Millowners' Association.

A. (MR. PATEL) There was a proposal from the Labour Union to the effect that an Exchange ought to be set up in Ahmedabad. It was discussed with me personally by the authorities of the Labour Union and they promised that they would prepare a definite scheme. I asked them to prepare that scheme and submit it to us in writing. Since that time we have been awaiting a definite scheme from the Managing Committee of the Union.

SIR VICTOR SASSOON There has been a certain amount of criticism of the policy of the Managing Agent taking their remuneration on production and not on profits. Would your Association object very strongly if their form of remuneration were altered to one on profits instead of on production?

A. (MR. PAREKH) Yes, we would object.

Q. You consider your present policy is more favourable to the millowners than a system of remuneration on profits?

A. Yes, the position of the Managing Agents here is quite different from that in Bombay and other centres. The Managing Agents collect the capital in the beginning, giving a portion of the commission to each shareholder or partner according to the capital he subscribes. The Managing Agent or the chief partner of the Firm is not getting the whole of the commission.

Q. Therefore it would not be possible to make any alteration, owing to what has happened in the past?

A. Yes, it is suited to the local conditions.

Q. How do the wages in the mill industry compare with those industries outside the mill industry in Ahmedabad and with wages in the rural districts surrounding Ahmedabad?

A. The men in the villages are not better off than in any other industries in Ahmedabad.

Q. Is the man employed in the textile industry better off than in any other industries in Ahmedabad?

A. Yes.

Q. And you say men employed in the mills are better off than the men in the villages, even allowing for the payments in kind which are given in villages?

A. Yes.

Q. If your hours of work were shortened would you expect your output to suffer?

A. It would suffer a lot.

Q. Did your output suffer much when the hours were reduced from 12 to 10?

- A. Yes, the spinning section suffered a lot, it suffered exactly in proportion to the reduction in hours.
- Q. Did the weaving section suffer ?
- A. Not to the same extent.
- Q. If there were a further shortening of hours, would you expect both sections to suffer ?
- A. Certainly.
- Q. Why should you expect that to be so ?
- A. Because by reducing hours we have come to the proper efficiency in the weaving section.
- Q. In other words, your efficiency was so much lower before that they could catch up by increased efficiency ?
- A. Exactly.
- Q. But you think that now, having become more efficient, there is no scope for improving that efficiency ?
- A. Yes.
- Q. And am I right in thinking that the installation of modern machinery which is semi-automatic would not allow much room for increased personal efficiency; that your machinery is better and produce more, the increased production depends more on the machinery than on the man ?
- A. It depends on both the man and the machinery.
- Q. You do not agree that if you improve your machinery the labour has not so much to do with increased production ?
- A. No.
- Q. Are you quite sure that your labour has reached the highest form of efficiency, for instance, would you say that a man looking after one side spinning 10s counts is doing more or less work than a man on one side spinning 60s ?
- A. The man doing 10s will be doing more work.
- Q. Therefore the man working on 60s could improve his efficiency if he is not doing as much work as a man on 10s ?
- A. But the production will not be increased.
- (MR. SAKARLAL) The man who works on 10s has to mind a smaller number of spindles than the man who works on 60s so that their total work comes to the same thing.
- Q. Do not you think on 60s you could look after twice the number of spindles that you could look after on 10s ?
- A. No, not twice the number.
- THE CHAIRMAN: I think it depends on the mixing.
- SIR VICTOR SASSOON What is the cost of land in Ahmedabad in the city?
- A. It all depends on the locality.

- Q Where your mills are in the city ?
- A. In the old age they were in the heart of the city but now-a-days new mills are built very far from the city.
- Q What is the value of the land in city where the old mills are ?
- A It varies from Rs. 5 to Rs. 10 a square yard. Where the new mills are being built it costs about Re. 1/- or Rs. 2/-. But here in Ahmedabad most of the mills have got the land on lease
- Q. I suppose it would not be possible for the mills inside Ahmedabad to arrange for any housing for their employees because the cost of the land would be too high ?
- A. Yes.
- Q. What is the point of view of the Trade Union to this question of houses being provided by the employers ?
- A. They are keen on having houses supplied by the millowners.
- Q. You are quite sure the Trade Union would encourage the mills to supply houses ?
- A. Yes.
- Q. They would prefer that rather than that the houses should be provided by the Municipality or other sources ?
- A. They, of course, submitted the scheme to the Municipality for the housing of labour.
- Q. I am asking the question because some Unions have objected to the employers supplying houses for their own employees ?
- A. They are not so particular, so far as I understand, so long as they get houses.
- Q. In some places where we have been it has been suggested that the payment of wages should be weekly. Would you as an employer have any great objection to that ?
- A. Oh yes, as an employer I should have great objection.
- Q. Why ?
- A. Because we should have more absenteeism. It generally happens that on the day after the payment of wages there are some absentees. We should also have more changes in our hands.
- Q. Would your labour prefer to be paid weekly or fortnightly as at present ?
- A They have never demanded it up to now, so that we do not know their views.
- Q. I have been told that a certain mill did try paying weekly but the labour objected. Do you know about that ?
- A. No.
- Q. Would you say that a large majority of the millhands are in debt ?
- A. Some section may be in debt, about half. We have no data on that matter.

Q. If they were paid weekly do you think it would enable some of those who are in debt to get out of debt ?

A. They would be in more debt because they would spend what they got every week

Q. They would not pay their debt off ?

A. No.

Q. Is it the custom here for the millhands to buy their supplies for cash or on credit ?

A. Some on cash and some on credit.

Q. Is the cash price much lower than the credit price ?

A. It might be but not necessarily. Probably they would have to pay a little more if they buy on credit.

MR. CLIFF Do the employers pay fortnightly here ?

A. Yes

SIR VICTOR SASSOON Might it not be found that if a man was paid weekly he could then buy his food for cash and get it cheaper.

A. They have the habit of buying on credit and they could probably buy on credit even if they had the money.

Q. So that they would not be any better off if they were paid weekly.

A. No.

Q. Have any of the millowners cooperative loan societies ?

A. No, but advances are made by the mills against wages. The employers cannot get advances everyday, but before any big holiday advances are given against wages.

MR. JOSHI Is interest charged ?

A. No.

SIR VICTOR SASSOON Has any attempt been made to establish cheap grain shops for your millhands.

A. Some mills have done so.

Q. Are they popular ?

A. They are not so popular.

Q. Why not ?

A. Because they do not sell on credit unless the employee has a certificate from the time-keeper and so on, they have to go through formalities and so the work-people prefer to stick to their old customs.

Q. Do you think it may be that even if an employee is not in debt, he would prefer not to leave his 'bania' because the day might come when he might not be working and might want to borrow from the Bania.

A. Yes

Q. Do you think that might keep him away from the mill shop ?

A. Yes.

- Q You have said that your Association is working very closely with the Trade Union.
- A. Yes.
- Q. Do you think it might be of advantage if you set up a permanent body partly composed of members of your Managing Committee and partly of members of the Union, to go into minor questions and see if they could settle them without going to main body ?
- A. It is done in that way, but it is not a regular joint conference as suggested by the Chairman. Generally any complaint comes to the Secretary. If the Secretary cannot settle it with the Labour Union, he puts it before the Managing Committee. We are satisfied with the present arrangement, so that there is no need to go into the matter at present.
- Q. Has the Secretary authority to settle any complaint where he thinks the Labour Union is right ?
- A. The first complaint is made in the Mill. Each mill has one or two members of the Union working in the mill. Any complaint by the labour is first made to those men. The Union member goes to the head of the department, the head jobber. The head jobber then goes to the head officer. If nothing is done the workpeople complain to the Labour Union, and the Labour Union writes to the Association. The Secretary enquires how the matter stands, and, if he thinks fit he tells the mill to remove this cause of complaint; if the mill does so, the matter does not come to our Managing Committee at all.
- Q. If the Secretary thinks the complaint is justified, he tells the mills they are wrong ?
- A. Yes.
- Q. And the Manager of the Mill takes his advice ?
- A. Yes, if they think the Secretary is wrong, they will say they are not prepared to do it, and then it is bound to come to the Managing Committee.
- Q. Your bleaching is done by contractors ?
- A. Yes, there are certain sections done by contractors.
- Q. Is there any measure of control over your contractors ? I mean do you know or bother as to what wages they pay their men ?
- A. No, we do not.
- Q. Your only control over them is to see that they deliver you good bleached cloth ?
- A. Yes.
- Q. You cannot control the way they do it ?
- A. No.
- Q. Or the hour of labour ?
- A. They have to work according to the Factory Act because they are working in the mill itself.
- Q. But I understand some of your contracting is done outside the mill ?

- A. Then we do not interfere.
- Q. And as no power is used, the Factory Act does not apply. They can work much longer hours; that does not concern you ?
- A. It does not concern us.
- Q. When cloth is damaged by a weaver, do you fine him or do you make him take the cloth at cost ?
- A. It depends upon the extent of the damage done. If it is badly damaged we give the cloth back to him. ;
- Q. Does he object to that ?
- A. No, he does not complain
- Q. Is it true that in the majority of cases he either does not lose or loses very little by getting the cloth back and disposing of it ?
- A. Yes.
- Q. He would much prefer to have the cloth back than be dismissed ?
- A. Yes.
- Q. Would he prefer to be fined ?
- A. It depends on the amount of the fine.
- Q. Do you find it possible to prevent the jobbers you employ taking bribes from the workmen ?
- A. We do our best to stop bribery. We rely on the heads of the departments who look to the assistant, the assistant relies upon the jobbers.
- Q. Then you do ultimately rely upon the jobbers ?
- A. We have to.
- Q. Is there a surplus or shortage of labour ?
- A. Neither.
- Q. In the morning are there a number of workpeople outside your gates waiting for employment ?
- A. Yes
- Q. Would there be any objection to the assistant calling them in and engaging them directly ?
- A. If we are short of men he may do that.
- Q. I suppose you only employ the jobbers when there is nobody suitable waiting at the gate ?
- A. Yes.
- Q. Does the jobber or the assistant select the men ?
- A. The Jobber, because he is responsible for the job.
- Q. Do you find that the Unions are in favour of jobbers or against jobbers ?
- A. They admit jobbers to their Union.
- Q. So that the Labour Union are in favour of jobbers ?
- A. Yes

Q. Do the Labour Union ever complain about jobbers taking bribes from the men ?

A. Yes.

Q. But why should they if the men are in their own Union ?

A. There is a clear understanding that if a man is found taking bribes or anything of that sort they will bring it to the notice of the assistant. They ask the mill to dismiss him

Q. Are you in favour of having an employment officer ?

A. No.

Q. You prefer to leave it to the jobber ?

A. Yes,

Q. Are you in favour of the establishment of employment agency by the Municipality or by Government ?

A. No, not at present, we do not need it.

Q. You do not think it is necessary ?

A. No.

Q. Because you find that labour comes to you as you want it ?

A. Yes

Q. Would you suggest that every Company should insure itself under the Workmen's Compensation Act ?

A. It is not necessary because generally all mills do insure under the Workmen's Compensation Act.

Q. But you would not suggest that there should be any compulsion ?

A. It should not be made compulsory.

Q. You would be against compulsion ?

A. Yes.

Q. Why would you be against compulsion ?

A. Because it is a question of taking a risk; it is purely self-insurance ?

Q. But suppose an employer has not enough money to pay, the workmen might suffer ?

A. Yes. For instance, every employer of big labour, having one thousand workers under him may not be in a position to pay premium for such a large number of workmen.

MR. JOSHI So your view is that compulsion is necessary in the case of employers who have a smaller number of labour ?

A. It may be done in the case of smaller companies, but compulsion is not necessary as far as we are concerned.

SIR VICTOR SASSOON So far as big companies are concerned I take it there might be an object in that the insurance companies might raise their rates if they knew it was compulsory ?

A. Exactly.

Q. Do you consider that the standardisation of wages is a good thing or not ?

- A. We have had no occasion to consider that point.
- Q. We do not think there might be an advantage in having the wages standardised for all the industries?
- A. In Ahmedabad we have practically got standardisation of wages.
- Q. Do you mean to say that the rate of wages is the same in every mill in Ahmedabad?
- A. In the spinning department they all have a uniform rate; only in the frame department piece wages are given. As regards daily wages they are practically uniform in all the mills, if at all there might be a difference of half a rupee or quarter of a rupee this side or that.
- Q. As far as daily wages are concerned you would not have any objection to standardisation because you say you have already got uniformity?
- A. As we ourselves have made standardisation there is no necessity to standardise them again. Some mill have been situated in a better position and may get labour at 8 as. or a rupee less than the other mills and I do not see why that mill should be peralised by standardising the wages especially when it can get labour at one rupee less owing perhaps to the fact that more facilities are offered by that mill to the labourers.
- Q. You would leave the difference as they are?
- A. I do not think the difference is much. It all depends on whether the machinery is new or old. If both new and old machinery is working in the same mill there is a difference in rating.
- Q. You say there is a bigger difference in piece work than there is in time work because of the difference in machinery?
- A. Exactly.
- Q. Would you say that the Municipal service given by the Municipality here is satisfactory?
- A. As regards what?
- Q. Generally speaking does the Municipality do its work satisfactorily for the rates that you pay?
- A. It does its work most unsatisfactorily.
- Q. I understand you are in favour of the mills making provisions for creches?
- A. Yes.
- Q. Would you be in favour of that being made compulsory by law?
- A. No.
- Q. For any reason?
- A. If there is any compulsion we have to abide by a number of rules and regulations.
- Q. Would you say that if it were made compulsory certain millowners may substitute boys for women?

- A. I cannot say that
- Q. Then why do you object to its being made compulsory ?
- A. As I said, we have to abide by a number of rules and regulations which might create unnecessary hardship. The Inspector's orders will have to be carried out every time, which means not only botheration to us but more expense to the industry.
- Q. Would you agree that there should be a supply of drinking water in all the mills ?
- A. We have it here.
- Q. A sufficient supply ?
- A. Yes. The Municipality, of course, do not supply so much, but several mills have got their own wells which supply water in case of need.
- Q. I understand the trade union complains that some mills do not give a proper supply ?
- A. It may be in the suburb
- Q. Do you think that they should be given a proper supply ?
- A. The Municipality should give.
- Q. But the mills ?
- A. The mills are already giving.
- Q. Would your mills always be prepared to put on extra taps if the labour ask for them ?
- A. Yes. We generally have some 'bhistis' to store up water in the mill compound.
- Q. You think the labour union is wrong in complaining that certain mills are not giving sufficient supply of water ?
- A. That is not a regular complaint, when we receive any complaint we immediately try to remedy it.
- SIR ALEXANDER MURRAY I see that the Factory Inspector's report for 1928 says that Ahmedabad is not climatically so suitable for spinning as other parts of India such as Bombay yet I see you are building several new mills. Why is it that the people in Ahmedabad are able to build new mills while the people in Bombay have not been able to build new mills for several years ?
- A. How does this point concern the Labour Commission, may I know please ?
- Q. I want to know why in spite of climatic conditions the industry has developed so well in Ahmedabad and why you are now building several new mills here whereas in Bombay we find that no new mills have been built for several years ?
- THE CHAIRMAN Do not you think, Sir Alexander Murray, that modesty will prevent them from speaking ?
- THE WITNESS (MR SAKARLAL BALABHAI) That is a question for the Tariff Board.

DIWAN CHAMANLAL It is a very important question.

THE WITNESS (MR. SAKARLAL BALABHAI) There are various reasons for that and if we begin to explain them it will take a very long time. Because several new mills are being built in Ahmedabad that does not mean that the condition of trade here is better than elsewhere. There are various reasons for that.

SIR ALEXANDER MURRAY Give me three reasons?

A. One reason is that there is no other trade in Ahmedabad in which people can invest their capital.

Q. Is there any other trade in Bombay?

A. There are many export and import trades.

Q. That is one reason, what is your second reason? Would you say that the Managing Agents here manage better than in Bombay?

A. We do not want to say that.

THE CHAIRMAN I think you cannot press that too much; it is purely personal.

SIR ALEXANDER MURRAY: You said that you have only industry in Ahmedabad and to find an outlet for your money you have got to put it in cotton mills. May I know how you made that money?

A. From the cotton mills and several other minor trades.

Q. You say there is no other trade?

A. We have minor trades.

Q. Chiefly you made money from the cotton mills?

A. Yes.

Q. And now you put more into cotton mills?

A. Yes.

Q. Is it the case that as a result of building these new mills the industry has expanded more rapidly than have the amenities of the municipality; that is to say, the amenities which the municipality supplies, namely, water, drainage, conservancy etc., have not kept pace with the expansion of the mills?

A. Yes.

Q. What special steps are you taking to see that the new mills are properly equipped with housing, water, drainage, conservancy etc.?

A. We have our own wells

Q. You make your own wells for supply of water?

A. Yes.

Q. Do you also make your own drainage to carry away the surplus water?

A. There is no drainage

Q. So the surplus water lies about?

A. (MR. CHIMANLAL PAREKH) That is at times carried by bullock carts; if the compound is big, we sprinkle the water by means of pumps.

- Q. What have you done in the way of sanitary and latrine accommodation?
- A. (MR. SAKARLAL BALABHAI) We keep our own staff.
- Q. There again you can't do it, there is no drainage ?
- A. No.
- Q. Have any of you septic drainages ?
- A. There might be only one.
- Q. Why do you not have them ? It has been found in Bengal and I think in other parts of India too, the septic drainages are very neat and good and helps you in getting rid of the trouble of employing sweepers ?
- A. (MR. CHAMANLAL PAREKH) I understand it requires more water
- Q. Yes, it requires water ?
- A. We are short of water and that is one of the reasons why we cannot have it.
- Q. Then I see that the Factory Inspector says that sanitation and cleanliness in factories here are at a higher scale than they are outside the factories. I suppose you agree with that ? You mean in the town ?
- Q. Yes.
- A. Exactly so.
- Q. But he also says that he gets only a reasonable amount of cooperation from the factory managers. What does he mean by that ? When the Factory Inspector asks you to do anything do you not do that ?
- A. As far as possible we always try to meet his wishes.
- Q. On page 7, of the Factory Inspector's Report it is stated "A fair standard is maintained in Ahmedabad under very difficult conditions, and this is only secured by constant attention on the part of the inspectorate and a *reasonable* amount of co-operation from the Factory Managers." Why does he say a "reasonable" amount of co-operation instead of "wholehearted" co-operation ?
- A. He can answer that very well rather than we.
- Q. You would like me to ask that of the Factory Inspector at Bombay ?
- A. Yes.
- Q. From your statement I see that 80 per cent. of your labour is permanent labour, that is to say that has come from the districts and now working in your mills ?
- A. Exactly.
- Q. Do not you feel that there is a special responsibility on you as employers of labour to see that these workers who are drawn from the countryside and now permanently settled in the town are properly looked after from the point of view of housing, water-supply, drainage, conservancy, etc.
- A. We try our best to give all sorts of comforts, as far as possible, and every year we are extending the chawls.

- Q You said that as there is practically uniformity in the matter of wages you experience no trouble, and from the reply you gave to Sir Victor Sassoon, I understand you have a Committee which meets often to discuss what ought to be done as a body. Why do you not discuss as a body questions connected with housing so that you can have uniformity in this respect also?
- A That is not possible, each and every member cannot become uniform in building houses because one may be financially sound and the other may not be so.
- Q If it is possible for you to be uniform regarding wages, is it not possible for you to be uniform as regards building houses?
- A It is not possible.
- Q Why?
- A As I said, one may be financially strong and the other may not be, all the mills are not making uniform profits. I think the question is more or less for the municipality to tackle.
- Q That is quite true. I see that in your memorandum you make a reference to the town planning schemes. You say in paragraph 22 "Reservations of certain areas for industrial housing have been made in town planning schemes." Will you tell us what these town planning schemes are?
- A (MR. GORDHANDAS PATEL) Three schemes were sanctioned by the Municipality here. One was the Ellis Bridge Town Planning Scheme, the second was the Jamalpur Town Planning Scheme and the third was the Kankaria Town Planning Scheme. In the Kankaria Scheme Mr. Mirams the Consulting Surveyor to Government reserved certain plots for housing of labour. That scheme, unfortunately has not yet come into operation, through some difficulty, and therefore the other two schemes also are awaiting further progress. We do not know anything further in the matter except that one scheme has been sanctioned.
- Q You have not made representation to the Municipality as a body or to the Government of Bombay as a body for acquisition of land for building workmen's houses?
- A No, we are much afraid of Government. In our opinion, the experience derived from the system adopted in Bombay in building chawls, is not good.
- Q You might want to build chawls. My own experience is that far away from the mills you can build much more better houses than you could near the mills. Have you made any application to the local Government or to the municipality for the acquisition of land for your workmen's houses?
- A No.
- Q Do not you think that should be done?

- A. The schemes are not yet complete.
- Q. Do not you think that it is your duty to apply ?
- A. We think that it is the duty of Government and the Municipality first and subsequently it is ours.
- Q. Do you take an active interest in the Municipality ?
- A. Yes. We had our representative a few years back but ultimately we were deprived of that privilege and we are unrepresented in the Municipality to-day.
- Q. You mean that you had a nominated representative before ?
- A. After the elected seat ceased there was a convention established, by which Government used to ask us to elect one member who would be nominated on the Board, by Government. That convention was established in one instance only though there was an indirect assurance that it would be continued further. We are unable to say why they discontinued it subsequently ? Since the last three years we are unrepresented.
- Q. You have about 60,000 workers with whom you have influence Do not you think that the workers who are returned can influence the municipality ?
- A. At present the workers have some nominees in the Municipality.
- Q. You cannot make use of them to get better facilities for you ?
- A. They are amenable to the influence of the labour union, and they have already placed a scheme before the municipality which is being considered at present
- Q. I take it that you are required to pay terminal taxes Do you pay them chiefly on cotton coming to your mills ?
- A. We pay taxes practically on every article that is consumed including coal, cotton, stores etc
- Q. But chiefly you pay on cotton ?
- A. Yes.
- Q. You pay a special water rate also, do you not ?
- A. Yes.
- Q. And you pay sanitary cess ?
- A. Yes.
- Q. You do not take any steps even as a body of millowners to see that you get a fair return for the terminal taxes, water rate and the sanitary cess you pay ?
- A. We have been clamouring for years but nothing has been done by the Municipality. We pay about one-third of the total municipal revenues; about Rs. 8 lacs in Rs. 28 lacs.
- MR. CLIFF May I know what the objects of your Association are ?
- A. (CHAMANLAL PAREKH) Here is a copy of the rules and the objects of our Association.

- Q Could you tell me whether the welfare of the work-people is one of the objects of your Association ?
- A. It is,
- Q. Could you tell me whether in pursuance of that object your Association has promoted any scheme for the welfare of the workpeople ?
- A. We had a welfare fund some time back and it is still with us—but owing to certain reasons we are unable to use it; we have a welfare fund to the extent of Rs. 3 lacs. We were giving a grant of Rs. 15,000 a year to the Labour Union for educational purposes.
- Q. That, I understand, has now been stopped ?
- A. Yes, because there was a difference of opinion. We told the Union to form a scheme and to have our members on the joint committee to conduct the schools. Because we pay our quota, we told them that we must have some voice in the management of the schools. The Union refused to accede to our suggestion and for that very reason we have stopped giving the grant.
- Q. What is the balance in the fund to-day ?
- A. It may be $3\frac{1}{2}$ or $3\frac{3}{4}$ lacs.
- Q. How did you raise that fund ?
- A. (MR. KASTURBHAI LALBHAI) By a certain quota.
- Q. By each millowner ?
- A. Yes, according to the size of the mill
- Q. Are you now receiving any contribution to that fund ?
- A. No, it was raised only at a particular time
- Q. On one occasion a special fund was promoted ?
- A. That is so.
- Q. Might I ask you whether you have promoted any other scheme of welfare ?
- A. (MR. CHAMANLAL PAREKH) No special scheme was promoted
- Q. Will you please look at the memorandum which you have submitted to the Commission and tell me whether in that memorandum there is any suggested change whereby the conditions of the workpeople could be improved of which your Association approves ?
- A. I am afraid I did not follow the question
- Q. I had an opportunity of reading this memorandum, as I hope you had, but I had great difficulty in finding any phrase in the memorandum putting forward any suggestions at all from your Association whereby the condition of the workpeople could be improved. I would like your assistance and if you could tell me whether in this memorandum any suggestion is made towards that end I would be glad ?
- A. (MR. SAKARLAL BALABHAI) Of what type ?
- Q. The questions which have been put in respect of many subjects asked whether there is any possibility of improvement. I want you to take

this memorandum if you will and to tell me where you suggest there is the slightest possibility of improving the conditions of the workpeople engaged in the mills at Ahmedabad ?

- A. (MR. GORDHANDAS PATEL) We have already stated in the memorandum that a constitution exists between the Labour Union and the Association. That constitution definitely provides that any thought or suggestion about the improvement of labour or any complaint about the labour conditions in any of the mills should be immediately brought to the notice of the Association by the Union. As the point referred to by you is thus covered by the constitution which exists between the Union and the Association, we did not think it necessary to discuss that in our memorandum.
- Q. Shall we go back for a moment ? One of the objects of the Association is the promotion of the welfare of the workpeople. The reply is that there exists a constitution between this Association and the Union. I assume from that that it was not found necessary to state in this memorandum any improvement which could be suggested. Is that correct ?
- A. Yes. The fact is that under the constitution even minor complaints are made, which are immediately attended to and redressed. We therefore did not think it necessary to make any separate suggestions.
- Q. Shall we follow a little further ? One of the objects of the Association is the promotion of welfare of the workpeople. Seeing that there is no improvement suggested in this memorandum, will you tell me what is the last suggestion you made to the Union for the improvement of the workpeople.
- A. The question of housing, improvement in education, improvement in creches, the number of creches to be increased in mills—these were discussed within the last six months between the Union and the Association.
- Q. With what result ?
- A. The result is gradual. The mills have been more careful now in providing creches. Certain accidents which took place in certain creches were immediately brought to the notice of the mills and proper arrangements were made to avoid similar accidents in future.
- Q. That is with regard to creches. What have you done in other respects, say, with regard to education ?
- A. The Union conducts schools. With regard to drinking water complaints were made which were immediately brought to the notice of the Municipality and redressed.
- Q. Complaints from whom ?
- A. Complaints from the Labour Union.
- Q. I am confining myself to the employers' association and I am endeavouring to find out in what respect the employers' Association is carrying out one of its objects

- A. (MR. SAKARLAL BALABHAI) The mills are increasing the number of creches, the schools are increasing and so on.
- Q. MR. CLIFF —
- With regard to prompt payment of wages did the Provincial Government ask you for your observations?
- A. (MR. G. PATEL) We have already stated that the Provincial Government asked for the opinion of the employers' association with regard to that point.
- Q. Could you tell me what they were?
- A. As explained by our President, we gave it as our opinion that the present system was satisfactory and required no change.
- SIR VICTOR SASSOON I think there is a mistake.
- MR. CLIFF Sir Victor Sassoon was asking you about payment of wages weekly. I am now dealing with the subject of prompt payment of wages, that is, payment of wages, as early as possible after the day on which it falls due.
- A. (MR. SHANTILAL MANGALDAS) We say that certain payments should be made only after certain number of days elapse after they fall due.
- Q. How many days do you want?
- A. 8 to 10 days.
- Q. Both in respect of time work and piece work?
- A. Yes
- Q. Why do you want 8 to 10 days after the day on which it falls due?
- A. We have to make calculations of the wages due to piece workers
- Q. What period is necessary with regard to time worker?
- A. The same period, because pay-sheets are not made separately for piece workers and time-workers. From blow-room to spinning room certain workers are piece-workers and certain other are time workers. We have to pay them all at the same time.
- Q. Why do you want 8 days in the case of time-workers where there is not calculation to be made?
- A. We have no such intricate calculations to make in the case of time-workers. But our object in delaying payment for 8 or 10 days is to retain a certain amount of caution money in our hands. If we paid them in full settlement immediately after their wages fell due they would have a tendency to change mills frequently. We would then have no permanent labour. If on the other hand we had a certain number of days' wages as caution money there would be a check on their tendency.
- Q. You want time to calculate the wages in the case of piece-workers and you want caution money in the case of both. Are there any other reasons?
- A. No more.

- Q. Of the two which is the more important ?
- A. It is more important for us to have some caution money to ensure a certain amount of continuity in our workpeople.
- Q. In your view that is the chief reason ?
- A. Yes.
- Q. What was your reply to the Bombay Government with regard to fines ?
- A. (MR. SHANTILAL MANGALDAS) We have stated in our memorandum that fining exists to a negligible extent, that affairs are not so bad as they are described to be and therefore no action was called for.
- Q. What is the maximum amount of fine for damaged work ?
- A. That depends on the nature of the damage. It may be one anna, or half anna or even quarter anna.
- Q. Has your Association got any record of fines ?
- A. No.
- Q. So you sent your observations to the Bombay Government in the absence of any record of fines ?
- A. Yes. But we discussed the matter in the Managing Committee which represents 20 to 25 mills
- Q. Did the Bombay Government ask you with regard to the amendment of the Workmen's Compensation Act ?
- A. Yes, we have sent our observation already.
- Q. Will you tell me what they were ?
- A. I shall hand over a copy of our memorandum.
- Q. Has your Association made any observation which is to the benefit of the workers ? What are the alterations which you have recommended to be made in the Act ?
- A. (MR. PATEL) We have suggested that the Commissioner for workmen's Compensation should be given some discretion with regard to the number of days that should elapse before a workmen gets compensation in some cases there are several claimants to the family asking for compensation and the Commissioner should in such cases be given the discretion to withhold payment of cash for some time. We have also suggested that certain other classes of labour which are not included at present, might be included in the Act
- Q. In the annual report of the Union for 1928, it is stated that "cases of beating became so frequent at one time that the union contemplated very drastic steps. Then it quotes a resolution of the Managing Committee of the Millowners' Association Is that a resolution which the Managing Committee of your Association passed ?
- A. Yes.
- Q. Has beating diminished since then ?
- A. Yes, certainly.

- MR. PATEL We have had no complaints. There is an award about beating and if there is any breach, a complaint is made and the matter is settled immediately.
- Q. But your Managing Committee apparently viewed this as an evil when it went to the length of passing this resolution.
- A. Yes.
- Q. One of the objects of your Committee is the welfare of the workpeople. You say that beating has considerably diminished. But does it exist actually to-day or not ?
- A. (MR. SAKARLAL BALABHAI) It does not exist.
- Q. But the Secretary or your Association says that you have had no complaints.
- A. Yes, there are no complaints.
- Q. Do any of the members of your Association keep a record of the sickness of the workpeople ?
- A. No.
- Q. But do any of the millowners pay sick wages ?
- A. Some of the mills may be paying sick wages according to the nature of the illness.
- Q. Can you arrange for your Association to give us a record which will show the mills together with the number of workpeople employed, which provide and to what extent in respect of housing, medical facilities, creches and schools.
- A. Our printed list contains that information.
- Q. But this document does not give the number of workpeople ?
- A. No.
- Q. Could you give me the information in relation to the workpeople employed in each mill separately.
- A. Yes. We are giving that information to the Government Inspector every month.
- Q. What is the total amount spent on welfare per head of your people per annum ?
- A. We have no data.
- Q. In this memorandum in answering a good many questions as to what you do, this phrase ? "Some do so and so" occurs. The whole implication of the memorandum is that the standard which some people had is the defence of the Association. Could you tell me what it costs the employers per head, in welfare work covering the whole of the workpeople in all the mills.
- A. (MR. SAKARLAL BALABHAI) I do not think we can do that because the heads of our department are looking after creches and so on and it is impossible to put a money value on the services they render and say how much is spent in welfare work among the workers.

Q. I want to remind you that welfare of the workpeople is one of the objects of your Association ?

A. Yes.

Q. Would it be possible for you to try and assist the Commission so that we might see what you spend per head of the working people ?

A. I shall try and do that.

Q. Is it the policy of your Association in view of the near advent of the Maternity Act to reduce the number of women employed ?

A. No.

Q. Has your Association decided on any policy ?

A. No.

Q. So that if a mill officer told me this morning that it was a policy at that mill to reduce the number of women because of the Maternity Benefit, what would you say about that ?

A. The Association is not aware of that. That is not the policy of the Association.

Q. Is that a right policy ?

A. No, that is not.

DIWAN CHAMANLAL Could you tell me what efforts you have made to put into effect the recommendations of the Tariff Board with regard to the cotton textile industry ?

A. It would be convenient if you could specify the point on which you would like to have an answer.

Q. Have you carried out any improvements in organisation of your industry on the lines recommended by the Tariff Board ?

A. (MR. KASTURBHAI LALPHAI) In what respects ?

Q. Could you oblige us by giving a statement as to the action you have taken in pursuance of the recommendations of the Tariff Board ?

A. We will try and do that.

Q. The report of the Tariff Board says that the mill-industry in Ahmedabad is in a much better position than that in Bombay. Is that a fact ?

A. It is when compared to Bombay. The balance-sheets are a proof of that.

Q. Are your wages lower than the wages paid in Bombay ?

A. No. They may be higher but not less than Bombay.

Q. The Tariff Board have given statistics which show that Ahmedabad wages are definitely lower than Bombay wages ?

A. (MR. G. PATEL) That may be so according to the cost of living figures. But there is really no difference.

Q. Take the manufacturing charge per loom. The Tariff Board says that it is Rs. 453·7 for Bombay and 450·29 for Ahmedabad. I shall

now come to wages and show that the wages paid to spinners and weavers here are lower than those paid in Bombay. You find the high costs of labour referred to in page 109 of the Tariff Board Report. In August 1923, the monthly earnings of men in Bombay were Rs. 35-10-7; in Ahmedabad it was only Rs. 33-0-9. For women they were Rs. 17-5-5 in Bombay and Rs. 18-2-7 in Ahmedabad. Thus standard muster roll for 1926 (April 1st) gives the following figures for Bombay and Ahmedabad. Blow-room tenters get Rs. 29 in Bombay and Rs. 23-10-0 in Ahmedabad; Card-room tenters get Rs. 27-4-0 in Bombay and Rs. 24-7-6 in Ahmedabad. Frame tenters get Rs. 37-12-0 in Bombay and Rs. 29-6-0 in Ahmedabad. Ring frame side boys get Rs. 29-12-0 and Rs. 26-7-6 respectively. Winders get Rs. 21-4-0 and Rs. 23-1-0 respectively. They get a little more in Ahmedabad. Weavers get Rs. 47-12-0 and Rs. 47-15-9, a slight difference. Folders get Rs. 29/- and Rs. 25-11-3 respectively. In the case of folders you have Rs. 25 in your favour. From what I have shown could you not say that generally speaking the workers are paid better in Bombay than in Ahmedabad?

A. No, if you took into consideration the cost of living. Moreover, in the case of women your figures themselves show that we pay more than Bombay.

Q. I am taking these actual figures given by the Tariff Board. Do you challenge them.

A. No, we do not.

Q. Again the production is the same in Ahmedabad and Bombay according to the Tariff Board. They say at P. 121 that production is quite as much in Ahmedabad as in Bombay.

THE CHAIRMAN I do not quite see what you are leading upto

DIWAN CHAMANLAL In reply to a question from Sir Victor Sassoon it was stated that the mill industry in Ahmedabad was the best paid industry. I am trying to show that in spite of the fact that they are getting as large a production from their workers in Ahmedabad as they get in Bombay, they pay less wages in Ahmedabad than what is paid in Bombay.

A. (MR. SAKARLAL BALABHAI) Sir Victor Sassoon asked whether the millhands were better paid than the villagers. There was no comparison between the industry in Bombay and Ahmedabad or in any other place.

MR. CLIFF They referred to other industries in Ahmedabad

DIWAN CHAMANLAL Do you challenge the finding of the Tariff Board that the production in Ahmedabad is quite the same as production in Bombay.

A. We are not in position to challenge or accept those findings unless we know on what materials they were based. They might have compared Bombay and Ahmedabad figures but we have not the Bombay figures. Under the circumstances we cannot say yes or no to that.

- Q.* Could you tell me whether your industry is better paid than the Railway industry in Ahmedabad
- A.* No we have no figures to compare.
- Q.* How then did you say that your industry was better paid than any other industry?
- A.* But we do not take Railways as an industry. Do you?
- MR. JOSHI* Railway workshops?
- THE CHAIRMAN* The answer given by them referred to other industry which exists in Ahmedabad. I did not take it myself that it referred to a nation-wide industry such as Railways.
- MR. CLIFF* Why then the witness also said that there was no other industry in Ahmedabad.
- THE CHAIRMAN* I think this is a kind of question on which we shall have to make up our minds.
- DIWAN CHAMANLAL* I was trying to elicit some information if they could give statistical proof of it.
- Q.* You stated that 80 per cent. of your labour force was permanent. Would any permanent welfare scheme be feasible from the point of view of their permanency.
- A.* If Government and the Municipality come forward with a scheme and bear a portion of the cost, we will be glad to bear our share of it. At the same time, Government must not forget its duty to protect the industry right through.
- Q.* You are quite willing to pay your quota if Government and Municipality come forward with schemes for the permanent benefit of the permanent labour force. But would it be feasible?
- A.* Of course, if the funds of the industry permit.
- Q.* I am eliminating all those factors. You see a great deal of absenteeism going back to the villages and so on. You have 80 per cent. of your labour force permanent and your entire labour force is recruited within about 50 miles of Ahmedabad. Is any permanent scheme for the benefit of the workers feasible provided funds are forth coming?
- A.* Could you suggest any definite schemes?
- Q.* Take sickness insurance. If worked out properly would you find any difficulty in supporting that?
- A.* That does not come in the way of the permanent labour force. As for that I may tell you we are improving our housing accommodation.
- Q.* Take unemployment. You say that you do not want public employment agencies. The Labour Union says in its report that their difficulty arises from the defects inherent in the prevailing system of employment, and that the only remedy is to replace it by an automatic Labour Exchange.
- A.* We have discussed that matter. That is under consideration. But the Union has not put forward any definite scheme.

- Q. But for the moment you have decided that you do not want a labour exchange.
- A. We may modify that in the light of further schemes to be put forward by the Labour Union.
- Q. With regard to unemployment insurance you also say that it is unnecessary. But you admit that there are dismissals and discharges and that large numbers of people are coming from the villages in search of work. Now there must be a certain amount of turnover unemployment. Do you agree to that ?
- A. That is very negligible.
- Q. Have you seen the Bombay Strike Enquiry Committee's Report ?
- A. In this Report they have thrown certain suggestions in anticipation of what the Labour Commission might or might not recommend, which are to be made applicable to the whole of the Bombay Presidency.
- SIR VICTOR SASSON. That is not correct. The Committee was making these suggestions only in cases where the industry was adopting rationalisation.
- Q. If a scheme like that were brought forward would you have any radical objections to that on principle ?
- A. We cannot express an opinion unless a definite scheme is put forward.
- Q. Is it not the right and duty of the State as well as the component parts of it, including the employers to see to it that a man who is unemployed does not starve ?
- A. Yes, I agree it is for the State to do that.
- Q. So that if the State realises its responsibility and promulgates a scheme for relieving unemployment, will you as MR. CLIFF reminded you, remembering that one of the objects of your Association is to promote the welfare of the workers, agree to work that scheme ?
- A. But will that State scheme apply to textile labour only or to all the labouring classes in India ?
- Q. Suppose it is confined to textile labour only ?
- A. In that case we will oppose it.
- Q. Irrespective of the fact that it is the duty of the State and the employers alike to see that an unemployed person does not starve ?
- A. Yes. But if it is applied to the whole of the labouring classes including the agricultural classes and the middle classes we will certainly support it.
- Q. With regard to humidification, is your Kata-Thermometer System a success ?
- A. To some extent it has been a success.
- Q. Is the carrier system a success ?
- A. Yes. To a certain extent It is still under trial. It is being watched whether it is a paying proposition.

Q. In how many mills is the Kata system in existence ?

A. It is in existence in all the mills. Under the Factories Act we have to maintain that.

Q. But is that working in all the mills ?

A. Yes, we have to send readings to Government every month.

Q. Why do you say that it has been a partial success ?

THE CHAIRMAN The Kata-Thermometer is not a system of humidification. It is only an instrument for registering temperatures

DIWAN CHAMANLAL I wanted to ascertain whether the system of registration is a success or not.

A. The Kata-Thermometer is an instrument with wet and dry bulbs registering the humidity of the air. That is not a system of humidification.

Q. In how many mills have you got the carrier system ?

A. About ten or fifteen mills are equipped with these arrangements. They are all working partially successful.

MR. LALJI Can you tell us what the return is on the whole of the capital invested in the textile industry ? What is the return you get ?

A. (MR. PATEL) It was $3 \frac{4}{5}$ in 1924, $4 \frac{9}{10}$ in 1925, $4 \frac{1}{4}$ in 1926 and $4 \frac{1}{15}$ in 1927. With regard to the percentage on block account, the figures are as above.

Q. What would be a fair return on capital invested in trade generally ?

A. (MR. SAKARLAL BALABHAI) Between 8 and 9 per cent.

Q. Would it be fair to say that one-fourth of the population of Ahmedabad depends upon the textile industry for its living ?

A. Yes.

Q. Does this population pay municipal taxes directly or indirectly ?

A. It does.

Q. Is it not the duty of the Municipality to provide for education, housing, and other things ?

A. Yes.

Q. Does the municipality do so ?

A. No.

Q. Does the budget of the Municipality show a surplus ?

A. Yes.

Q. What does the Government do for the welfare of workers in the textile industry ?

A. Nothing.

Q. What is the reason for the absence of a large number of men from work after pay-days ?

A. Sometimes it is liquor, and some times they while away their time outside.

Q. If you were to make weekly payments do you think there would be more absenteeism from those causes ?

A. Yes

Q. You will admit that the houses of the labouring classes generally are very poor ?

A. (MR. PAREKH) The old ones are, but the new houses are being built on a different style.

Q. How many new houses are being built ?

A. The number is increasing every year.

Q. Does the Municipality build them ?

A. No.

Q. Or the Government ?

A. No.

Q. Do you think if the mill-labourer was more literate there would be less need to provide medical aid ?

A. Yes.

Q. Have you asked Government to start free and compulsory primary education for the children of the labouring classes ?

A. (MR. PATEL) I did so on behalf of the Association in the Council.

(MR. CLIFF) Did the Council passed a resolution ?

A. Yes. The scheme has been hanging fire for the last four years.

MR. LALJI Do you know that the Bombay Government have not sufficient funds to help the scheme ?

A. That is what they say.

Q. What do you believe ?

A. We believe there is a good deal of scope for retrenchment in other directions

MR. ASAVLE Have you any scheme in mind whereby unemployment may be reduced ?

A. (MR. PAREKH) There is so little unemployment here that we have not had any reason to consider any scheme.

Q. Do the piece-workers keep account of their work ?

A. (MR. SAKARLAL BALABHAI) There is a board at every loom on which the amount of work the workers do is recorded. The workers know the rates, and they can check the figures,

Q. Are more tenements at present required for the millhands or not ?

A. (MR. PAREKH) Yes.

Q. Is it not a fact that when there is strike in the mill industry the employers have always demanded that the houses occupied by workmen shall be vacated immediately.

A. No, it is not so here.

- Q. You have stated that the improvements which have been made in the erection of chawls for workmen since the last three years has produced a good moral effect on the workers. Was there previously a bad moral effect?
- A. (MR. SAKARLAL BALABHAI) It does not mean that. It should be "a better moral effect."
- Q. You have stated that the physic of the workers is fairly good but are not the mill-workers always suffering from tuberculosis, phthisis and bronchitis?
- A. (MR. SHANTILAL MANGALDAS) Not always. There may be some cases as there are among other labouring classes.
- Q. Do not you think more medical aid should be provided for the mill-labourers?
- A. We are providing it and there are also the hospitals.
- Q. If a worker falls ill on Sunday or holiday where can he get medical aid?
- A. He can go to the Civil Hospital.
- Q. Is it open on Sundays and holidays?
- A. Yes.
- LADY NILKANTH You say you make provision for drinking water, how is that provided?
- A. By storage tanks.
- Q. You have chatties in every mill?
- A. Yes.
- Q. You said that the Municipality does not provide any amenities to the mill-people? May I know if there are municipal schools in mill areas or not?
- A. There are none suitable for the workpeople.
- Q. Is it your opinion that the mills get lesser amenities from the Municipality than the other population of the city?
- A. We think so.
- Q. Do you think that if you were to provide welfare scheme for the benefit of the labourers you would have to spend so much that your profits will suffer?
- A. What kind of welfare schemes do you refer to? Certainly if each mill were to build a separate hospital it will cost a lot.
- Q. Let me put you this way. I exclude housing for the present. If your Association were to enforce on all the mills to have a special standard of welfare work, that is, creches, medical help and provision for elementary education, do you think that it would involve great expenditure?
- A. (MR. SAKARLAL BALABHAI) It all depends upon the nature of expenses we are called upon to make.
- Q. Do you think that all the mills stand in the same position with regard to this matter, or that some can afford and some cannot?

- A. All the mills, in our opinion, stand in the same situation.
- Q. Do you think the Ahmedabad Municipality should undertake to house all your labourers? As many of you have been municipal councillors yourselves you know how far the Municipality can help. Do you think the whole burden should be taken up by the Municipality?
- A. Municipality and Government.
- MISS CAMA If serious accidents to workers occur in your mills where do you send them for medical treatment.
- A. To the Civil Hospital.
- Q. Is that a private hospital or a Government one?
- A. It is Government.
- Q. Do the millowners pay towards the maintainance of the Hospitals?
- A. We pay to one department, for training nurses, some mills pay certain contributions?
- Q. How many creches are there in all the mills?
- A. (MR. G. I. PATEL) About 39.
- Q. Will you call them good creches?
- Q. Of course, they are.
- MISS POWER What do you feel about the accuracy of the statement of the Textile Labour Association in Ahmedabad, on page 10 of their memorandum "With the legal prohibition of the presence of children in work-rooms, the provision of some sort of a creche becomes an unavoidable necessity. Satisfactory arrangements in this respects exist in 21 mills. In the other mills the attitude of the management is marked by culpable indifference. Enclosed in dirty rags or bits of hessian cloths children of a very tender age are left in the mill-compound under improvised and often precarious shelter with nobody to look after them Establishments employing women should be compelled by legislation to make suitable arrangements for the children accompanying the women." Do you regard this as an exaggeration?
- A. Yes.
- Q. You were speaking before about the co-operation between the Mill-owners' Association and the Textile Labour Association and the fact that complaints came from the Union to your Association What machinery have you got in your Association for dealing with those complaints speedily?
- A. We at once inform the mill which is concerned with the complaint.
- Q. You may inform the mill that a complaint is made, but what arrangements are made for the speedy redress of the complaint?
- A. If the mill does not redress it we again remind it but if it is a serious complaint we get it redressed by arbitration.
- Q. If you look at page 9 of the union report you will find them stating that important grievances of which the redress would involve.....

the part of the mills are left to hang for years. They go on to say that they suggested to the Millowners' Association the appointment of a joint committee and a sub-arbitration board, but that you have failed to carry out these suggestions which is to be regretted. What was your reason for failure to comply with the suggestions of the Labour Union ?

- A (MR. SHANTILAL MANGALDAS) We do not think that is necessary, because even now as it is we always come to a conclusion. If there is any dispute we notify the Secretary of the Labour Union, and we solve the problem between ourselves. But if it is very grave it goes to the permanent Board of Arbitrators. A sub-committee of arbitrators cannot serve the purpose because the millowners as well as the labour will not have the same confidence as they have in the permanent arbitrators.
- Q. But they say in an earlier paragraph that 50 complaints are coming down from the year 1922 and 78 from the year 1923 ?
- A. Complaints are always bound to come. (Mr. Gordhandas Patel) These complaints, I think, refer to the provision of dining sheds. There is complaint that each mill should provide a dining shed but on account of the difficulty of space and the permission to be received from the municipality certain mills are not in a position to build dining sheds.
- Q. If you adopt the number of complaints outstanding since 1922, I imagine that there must be far more than would be *covered by big structural suggestions* of the kind you have made just now which, I admit, do involve delay. Some of these complaints must be in respect of the things which should be put right more quickly.
- A. Some complaints were about the arrangements for drinking water, and they were set right.
- Q. Are we to take it that the suggestion of the Trade Union to have this joint committee has been definitely turned down by your Association.
- A. Yes, because we think there is no necessity to have such a joint committee. The present arrangement is very elastic. As soon as a complaint is made the authorities of the Association and the Union go to the Mill concerned and try to redress it, if it is not redressed, then it comes to the Committee and finally goes to the Arbitration Board.
- Q. Would your Association be in favour of welfare orders laying down minimum welfare regulations which should have the force of law such as are operated in Great Britain.
- A. Not at present.
- Q. Why not ?
- A. Unless we consider all the details and the cost involved in carrying out the scheme it will not be proper for us to give an off-hand opinion; we have to consider how far it will affect the cost of production also.

- Q. I am talking about the principle, not about any definite regulations which would be made under those orders.
- A. We are not prepared to commit ourselves even as far as the principle is concerned.
- MR. JOSHI: You state you are willing to co-operate with the Municipality as regards housing. May I ask whether you would be willing to pay more and reasonable taxes as your contribution towards the solution of the housing problem if the Municipality agrees to do something in the matter?
- A. (MR. SAKARLAL BALABHAI) If there is further protection given to the industry.
- Q. Am I to understand that if Government puts more money into your pocket you will spend a share of it in this direction?
- A. No. The industry is now depressed, and as long as funds do not permit we cannot do anything.
- Q. You say that the percentage of absenteeism is about 3 per cent. on the average. Therefore you can have no complaints about absenteeism. Yet I see in another part of your memorandum you say that absenteeism is due to illiteracy and indolent habits. Why do you call your people indolent if there is only 3 per cent. of absenteeism among them. What is the general efficiency in Ahmedabad in the weaving department?
- A. From 70 to 80 per cent.
- Q. May I take it that your workmen work for ten hours intensively during the day?
- A. They do seven hours work.
- Q. If a man works 7 hours intensively near a machine can he be called indolent?
- A. No. "Indolent" means absence without reason.
- Q. Do you know what is the general percentage of absenteeism amongst better class people, say, Government servants?
- A. No.
- Q. I will tell you. Government provides generally 10 per cent. for leave reserve. How can you call a man indolent when his absenteeism is only 8 per cent. while the Government provides 10 per cent. leave reserve for his servants. Suppose you were asked to work 7 hours a day continuously without a minute's rest?
- A. It is not without a minutes rest. The men are at the machine for 10 hours but they come out 10 or 15 minutes during every hour.
- Q. I am taking your efficiency figure of 70 to 80 per cent, which means that your workpeople, give you continuous work for 7 hours?
- A. Not continuous.
- Q. Have you any objection to the Government rectifying the convention regarding the provision of statistics of unemployment?
- A. (MR. PATEL) We have no objection to that?

- Q. You state that unemployment in the textile industry is negligible. I suppose you mean from the point of view of the whole industry, but what about the individual worker? You do not mean to say that, for instance, 10 days' unemployment is of no consequence to an individual worker.
- A. (MR. SAKARLAL BALABHAI) We do not admit that he is unemployed for 10 days
- Q. Does it happen in Ahmedabad that certain departments of certain mills are closed for some days?
- A. Very rarely.
- Q. Does every department of every mill continue working for the whole year?
- A. Yes.
- Q. Do you put up notices as regards piece rates in your mills?
- A. Yes.
- Q. Would you have any objection to putting a section in the Factories Act making that compulsory?
- A. (MR. PAREKH) No.
- Q. Would you have any objection to making the provision of cooling plants compulsory by legislation?
- A. Yes.
- Q. Why?
- A. Because some of the old mills are not suitable for such an installation.
- Q. Would you object to its being compulsory for new mills?
- A. (MR. SAKARLAL BALABHAI) It is under trial still. It is not decided yet whether it is a paying proposition so we cannot commit ourselves.
- Q. You say sickness insurance and introducing of similar systems are neither suitable nor necessary under the existing conditions. Difficulties arising from non-acceptability of Western medicines, paucity of medical men, migration of labour and finance are not found in Ahmedabad." As you do not seem to have any difficulties as regards sickness insurance, why are you against it?
- A. Because it is not workable.
- Q. On the other hand there is no difficulty about finance or about people taking Western medicines. You also admit that there is no paucity of medical men or about the labour being migratory. These are the difficulties which are usually put forward against the introduction of sickness insurance, but you state that these difficulties do not exist here. Therefore what difficulties are there against sickness insurance?
- A. Epidemics.
- Q. Despite epidemics life assurance companies in India are prospering, are they not?

- A.* We do not say that life assurance companies are prosperous.
- Q.* You will admit that there are people who insure their lives in India in spite of epidemics ?
- A.* Yes.
- Q.* Do you admit that during sickness, work people do not receive any pay, and therefore incur debts during that period.
- A.* It has not been brought to our notice.
- Q.* Is it not your business to inquire about the welfare work of your men ?
- A.* Our business covers welfare work of all types.
- Q.* As employers you never worry as to what happens to your work-people during sickness ?
- A.* We provide medical aid and dispensaries. Beyond that we cannot do anything.
- Q.* With regard to provision for old age, you say this would be desirable but you do not want to make such provision simply because your people are vicious, they drink, they eat opium and they gamble. May I ask if there are any members of your Association to subscribe to pinjrapole towards the maintenance of lame and old cattle ? If you do, do you think there is anything wrong in making provision for old people even though they may be opium eaters or drinkers or gamblers ?
- A.* (MR. SAKARLAL BALABHAI) It is the duty of all men to look after the old and lame.
- Q.* I want to know when you subscribe towards the maintenance of lame and old cattle you should object to making any provision for old human being, though they may be, as described them to be undoubtedly gamblers, drinkers and opium-eaters
- THE CHAIRMAN The witnesses are before us in their capacity as mill-owners they are not here for examination in their capacity as citizens.
- MR. JOSHI You state that the workmen's Compensation Law throws some financial burden upon the industry and you mention rupees 800 per mill of 25000 spindles and 500 looms. How does that compare with the total expenditure ?
- A.* (MR. PAREKH) It is very negligible.
- Q.* So that the cost of the Workmen's Compensation Law need not be considered ?
- A.* Not by itself; but the cost of these various things together comes to a big sum.
- MR. CLOW How many mills are in all working on night-shift ?

- A. Four or five.
- Q. Is the tendency to increase the number of night-shifts ?
- A. It has decreased by 50 per cent during the last six months
- Q. Why is that ?
- A. Because it does not pay to run a night-shift
- Q. If it does not pay why are new mills being erected ?
- A. Because we think that by building new mills with new machines and upto-date improvements they will pay better than the old mills. We have no other trade in Ahmedabad and we are investing our capital in these new mills in order to try and overcome our present difficulties.
- Q. In your memorandum you complain of the competition of Indian States. What States are you thinking of ?
- A. The surrounding States, especially Baroda and Indore.
- Q. If there are advantages to be derived from placing mills in Indian States why does not the new capital find an outlet there instead of in Ahmedabad ?
- A. We are more centralised here, and the mill-agents are able to look after both the old mills and the new mills which are being erected.
- Q. As regards the Managing Agency System, do I understand that the Managing Agent raises the capital from private persons and receives part of the commission as a kind of dividend ?
- A. Suppose I am a partner in the managing firm, I subscribe to the extent of a lakh of rupees. I go to my friends and ask them to subscribe a proportion and out of the lakh of rupees I hand over to them their share. I take whatever balance remains. In other words, I underwrite.
- Q. And you get a part of the annual commission ?
- A. Yes.
- Q. You get your own commission but you do not share it.
- A. No.
- Q. Is every mill here managed by Managing Agency ?
- A. Yes. There is no exception.
- Q. Why is it not possible to manage mills more directly by a Board of Directors and a managing director without the intervention of managing agents ?
- A. (MR. KASTURBHAI LALBHAI) Because it is very difficult to obtain the capital. The capital is brought in by the Managing Agent, and unless it is forthcoming no mill can be established or run.

- Q. Do you consider the present age of children as fixed by the Factories Act, suitable. Do not you think 15 is rather young as a full time worker ?
- A. No.
- Q. As regards absenteeism, I understand that you only show absenteeism if a man is absent without having supplied a substitute.
- A. Yes.
- Q. If he supplies a substitute, you do not mark him as absent ?
- A. That is so.
- Q. Suppose you mark him as absent whenever he was not there himself, what would be the percentage of absenteeism then ?
- A. About two per cent. more.
- Q. We noticed during our inspection of the mills that there seemed to be very few old men working. At about what age does a man cease work ?
- A. They may go to their villages in their old age.
- Q. Is there a great proportion of the labour permanent here ?
- A. When they go away they go back to their villages.
- Q. Are all the weaving sheds working on the two loom system here— one man to two looms ?
- A. Yes.
- Q. You have not tried making that more ?
- A. No.
- Q. (SIR IBRAHIM RAHIMTOOLA) In regard to the chawls which some of the millowners have built here has any statement being worked out as to what return the millowners get from the capital invested ?
- A. (MR. KASTURBHAI LALBHAI) Yes, it is 3 per cent.
- Q. What is the rate at which you borrow money for the purpose of building these chawls ?
- A. 6 per cent.
- Q. So that there is a clear loss of 3 per cent. on the housing accommodation given to the workers.
- A. That is so.
- Q. You say that the number of women workers has been greatly reduced in the Ahmedabad Cotton Mills during the last two years. What is the reason that has led to this reduction in the employment of women workers ?
- A. (MR. PATEL) There has been a tendency on the part of Labour Union to say that the women workers ought not to work in the mills.

Q. The millowners themselves have not discouraged the employment of women ?

A. No.

Q. They would employ women as before, if the women were willing to come ?

A. Yes.

Q. That leads me to my next question ? Are the earnings of the men members of the family enough to maintain the whole family including the women ? Do you maintain that a family can live in comfort on the earnings of the men, taking a family as being one male, one female and two children ?

A. The women may be going to other work in the city.

Q. That means that there are other sources of employment in Ahmedabad for women ?

A. That is so.

Q. That is the reason why there is no unemployment in the city ?

A. Exactly.

MR. ASAVLE What are those other sources of employment ?

A. Hawking of vegetables, plying of lorry, road repairs and several other things.

SIR IBRAHIM RAHIMTOOLA You say that the restriction of 60 hours has produced a good effect on the operatives but that it has increased the cost of production in the industry. Later on you say "No further reduction in the hours of working should be made. Workmen get sufficient time after 6 p. m. when the mills are closed, for recreation and rest. The period of rest in the afternoon is one hour at a stroke and this also tends to give them sufficient rest during the interval". You then go on to say "Further reduction in working hours would enhance the cost of production to such a degree as would harm the industry and render its position to compete with other manufacturers very weak." What has been the effect on production of the reduction of the working hours from 12 to 10 ? Can you give us any statement which would show that a given number of workmen were producing so much in 12 hours, and that they are now producing so much in 10 hours ? Because we shall have to consider to what extent the production has been effected by the reduction in hours ?

A. (MR. PAREKH) We will make out a statement.

Q. I notice you say "and render its position to compete with other manufacturers very weak" To what other manufacturers are you referring ?

A. Manufacturers outside India - Japan mostly.

Q. Then your position is that any measures of this kind will so adversely affect the industry that it will suffer heavily in consequence of foreign competition ?

A. Exactly.

Q. You say "Labour questions are increasingly handled by Government, and during the last six years several enactments have been made..... the Workmen's Compensation Act, Trade Disputes Act, Maternity Benefit Act, Humidification & Ventilation Rules", and so on. Can you tell us what has been the cumulative effects of these measures, and also what the future effects will be if further such measures are adopted ?

A. We will try to submit a statement to you on this.

THE CHAIRMAN I may take it from your memorandum that you have generally found that the changes made in recent years have been for the benefit of your workers, and that you have not been exactly ruined by them ?

A. No, not ruined but we have been affected to a certain extent.

Q. They have not proved to be the great burden which some people seemed to anticipate they would be.

(The witnesses withdrew)

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 3rd January 1930.

To
The Secretary,
ROYAL COMMISSION ON LABOUR,
INDIA ON TOUR,

Dear Sir,

In regard to the supply of certain information arising out of the oral evidence tendered by the representatives of my Association before the Royal Commission on Labour in Ahmedabad, I beg to forward herewith a statement containing information about spindles, looms, cotton consumed in local mills, work-people employed in Ahmedabad mills in 1928 and to state as under —

1. Local mills do not keep separate accounts for welfare work etc., and it is not possible for me to ascertain the expenses incurred per head in the circumstances. A list of mills providing medical aid, creches, schools, etc, was supplied to the Commission at the time of giving oral evidence. I shall be glad to supply any general information that may be required by the Commission in this connection.

2. With respect to the action taken by the millowners on the recommendations made by the Tariff Board, a copy of our letter, dated 2-12-1927, addressed to the Collector of Bombay in this connection is enclosed herewith. I trust this will give the necessary information on the subject. During the course of the last three years further efforts have been made by Ahmedabad mills to replace their old machinery by new one. Sixteen mills have put up humidification and ventilation installations.

3. Regarding the loss of production due to the reduction in the working hours from 12 to 10 I am informed by mills that the production in spinning has been decreased proportionately while that in the weaving has gone down by one hour's (proportional) production. On an average roughly the production has suffered by about 12 to 15 per cent. in spinning and by about 8 per cent. in the weaving.

Yours faithfully,
G. I. Patel,
Secretary,

(Encls 2 Statement re mills.
1 Copy of letter to Collector,
Dated 2-12-27.)

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 2nd December 1927.

To
THE COLLECTOR OF BOMBAY,
Department of Industries,
Bombay.

Dear Sir,

With reference to your letter No. I. A. 41/2837, dated 4th October 1927, the Committee of my Association has to make the following observations.

Regarding the level of wages referred to in paragraph 59 of the Report of the Indian Tariff Board it may be stated that a cut of 15½ per cent. from the total wages paid to workmen in the mills at Ahmedabad was effected in the year 1923 and any further step in that direction would obviously adversely affect the efficiency in mills owing to the probable voluntary migration of skilled labour to other industries offering better prospects. Mill life in that case would be less attractive to labour as compared with the chance of earning wages in other sphere of life. It would be difficult to obtain higher efficiency in Ahmedabad mills, particularly on account of its special climatic conditions, however, mills have been lately adopting improvements in the method of humidification with a view to increase the efficiency of their workmen. The desired efficiency could only be obtained by gradually educating the labour class and by affording them better sanitary dwelling houses.

In regard to paragraph 60 it may be mentioned that in Ahmedabad mills the percentage of absenteeism among the operatives is not very large except after pay days, holidays and in times of seasonal sickness. Special attendance bonus is being paid in Ahmedabad mills with a view to keep low the percentage of absenteeism and it may be noted that this has effectively checked any increase in absenteeism. Most of the mills in Ahmedabad have in recent years made arrangements for free medical treatment in the mills as well as outside the mills and this has also produced the desired effect of preventing increase in absenteeism; further efforts in this direction are also in progress.

With reference to paragraph 61 it would be obviously difficult to introduce the system of piece-work in the Spinning Department in such a radical manner. Unless labour and capital harmoniously co-operate to effect such a change it would be difficult to solve the problem. This is a long and tedious process, especially in view of labour being so illiterate as not to be able to grasp the motive underlying the proposed action.

The efficiency of a weaver is hardly sufficient to work two looms satisfactorily and any attempt to increase the number of looms to one weaver would be at the cost of efficiency and is expected to result in an increased and damaged cloth. Efforts have already been made with partial success in reducing the number of operatives on frames used for the spinning of higher counts.

Recently special attention is paid by Ahmedabad mills in the use of cotton of superior quality which has resulted in the improvement of the quality of cloth and the reduction of waste in the Spinning Department as also in the percentage of damaged cloth. It is hoped that this will facilitate smooth working.

A change in the period of rest with a view to enable the workmen to take their morning meals as suggested in paragraph 62 is not likely to be found convenient. The starting of the mills at 6-30 a. m. instead of 7 a. m. would be practically impossible in the winter season. The working hours with sufficient daylight to allow the operatives to work in the mills are in the winter season 7 a. m. to 6 p. m. In the circumstances when for some months in a year the suitable working hours are found to be 7 a. m. to 6 p. m. it would be difficult to make any alterations in these.

The recommendations embodied in paragraph 63, regarding recruitment of labour are usually followed in Ahmedabad mills.

The system of giving spoilt cloth to the weavers amounts to no grievance on the part of labour in view of the fact that the amount thus recovered from the weavers is materially insignificant as compared with the number of operatives and their wage bills. It may further be stated that the rates charged for the damaged cloth to weavers are wholesale rates which being lower than the retail prices the weaver does not lose appreciably in disposing it of. Moreover, spoilt cloth is given over to a weaver, in the case of his gross negligence only, as for slight damages a very small fine is imposed on him as a disciplinary measure. Under these circumstances my Committee maintains that the practice prevailing at present is a necessity to keep up the efficiency of weaving department.

As regards the standardisation of wages mentioned in paragraph 65 the Committee has to observe that a practical system of standardised wages is obtainable in Ahmedabad mills in the blow-room, card, frame, ring-frame, reelers, winders, warpers, sizers, drawers, oilers, boilermen, firemen, folders, calendermen etc. These are all uniform except the weavers, where due to different qualities of cloth and varieties of counts it is not feasible to obtain the desired uniformity. Standardisation of wages in other departments is not a possibility as the rate of wages generally depends on the conditions of a mill. This question is also to be considered from various points of views such as the age, and working of machinery, the lay-out of building etc. etc.

As regards recommendations in paragraph 66, Ahmedabad millowners are fully alive to the effect on labour efficiency due to proper housing conditions. This question has been engaging their attention for the last 7 years during which period considerable progress has been made towards the building of good chawls for workmen by the employers. From the figures collected in the year 1926 it is evident that more than 30 mills possess about 4000 tenements for housing their workmen. It would not be out of place to mention here that it is in fact the primary duty of the Municipality

and the State to provide good sanitary housing accommodation to the workmen in general

Regarding welfare work a good number of Ahmedabad mills have increasingly provided creches and medical aid to their workmen. A considerable amount has also been spent during the last three years for the upkeep and maintenance of labour schools conducted by the local Labour Union.

The Committee fully endorses the suggestions embodied in paragraph 68 regarding the necessity for providing more upto-date and scientific technical education which would enhance the efficiency of mill-operatives. The establishment of Trade Schools on an enlarged scale in Bombay, Ahmedabad and other important textile centres through the assistance of the Department of Industries in consultation with the Millowners' Associations without further delay would be very helpful in improving the efficiency of mill labour particularly during periods of great depression and unfavourable circumstances.

Special pamphlets and books drawn up in easy vernacular with copious illustrations should be issued by the Department of Industries for use in such schools. Such pamphlets would also be helpful to adult workmen who are working in mills. Information in regard to this subject should be obtained from the Trade Schools and similar other institutions in Manchester, Oldham, London, as well in America.

Automatic looms have been tried and they have not proved successful. From our information it is found that as far as machinery is concerned the Ahmedabad millowners are always alive to the advantages to be obtained from the most upto-date types of machinery.

On general grounds it is not desirable to have the night shift working. It would be difficult, if not impossible, to obtain the necessary complement of labour.

In regard to the labour in general it is a matter of regret that illiteracy of labour still continues to the same extent and despite the Compulsory Primary Education Act of 1923 no action has yet been taken by Government to introduce the same till now. The Committee hopes that no time will now be lost in giving effect to this important measure of compulsory education.

Yours faithfully,

G. I. Patel.

Joint Honorary Secretary.



STATEMENT.

| No. | Name of Mills. | M=Medical Aid. C=Creche. S=School. | Spindles. | Looms. | Approximate quantity of cotton consum- ed in candies in 1928. | Average No. of hands daily employed in 1928. |
|-----|---|---|-----------|--------|---|---|
| 1 | The Ahmedabad Astodia Mfg. Co. Ltd. | M. C. | 16384 | 264 | 1840 | 520 |
| 2 | The Ahmedabad Cotton Mfg. Co. Ltd. | M. C. | 28800 | 688 | 3863 | 1207 |
| 3 | The Ahmedabad Cotton & Waste Mfg. Co. Ltd. | M. C. | 20296 | 216 | 2125 | 526 |
| *4 | The Ahmedabad Fine Spg. & Wg. Co. Ltd. | ... | ... | 228 | ... | 150 |
| 5 | The Ahmedabad Ginning & Mfg. Co. Ltd. | M. C. S. | 65516 | 1706 | 7377 | 2979 |
| 6 | The Ahmedabad Industrial Mills Co. Ltd. | M. C. | 19180 | 559 | 2329 | 806 |
| 7 | The Ahmedabad Jupiter Spg. Wg. & Mfg. Co. Ltd. | M. | 7000 | 388 | ... | 353 |
| 8 | The Ahmedabad Kaiser-I-Hind Mills Co. Ltd. | M. C. | 23300 | 436 | 1979 | 780 |
| †9 | The Ahmedabad Laxmi Cotton Mills Co. Ltd. | M. C. S. | 34100 | ... | 3880 | 1080 |
| 10 | The Ahmedabad New Cotton Mills Co. Ltd. | M. C. | 28516 | 716 | 4047 | 1286 |
| 11 | The Ahmedabad New Standard Mills Co. Ltd. | M. C. | 17712 | 432 | 1772 | 645 |
| 12 | The Ahmedabad New Textile Mills Co. Ltd. | M. C. S. | 35908 | 938 | 4315 | 1523 |
| 13 | The Ahmedabad Sarangpur Mills Co. Ltd. | M. C. | 24800 | 480 | 3018 | 750 |

| No. | Name of mills. | M=Medical Aid, C=Creche, S=School. | Spindles. | Looms. | Approximate quantity of cotton consum- ed in candies in 1928. | Average No. of hands daily employed in 1928. |
|-----|---|---|-----------|--------|---|---|
| *14 | The Ahmedabad Shri Ram Krishna Mills Co. Ltd. ... | M. | ... | 398 | ... | 320 |
| 15 | The Ahmedabad Spg. & Wg. Co. Ltd. ... | M. C. S. | 32372 | 842 | 3919 | 1508 |
| 16 | The Aruna Mills Co. Ltd. ... | ... | 16336 | 480 | ... | ... |
| 17 | The Aryodaya Ginning & Mfg. Co. Ltd. ... | C. S. | 36128 | 751 | 3117 | 1225 |
| 18 | The Aryodaya Spg. & Wg. Co. Ltd. ... | M. C. | 45120 | 1255 | 5949 | 1918 |
| 19 | The Asoka Mills Ltd. ... | C. | 31824 | 936 | 4526 | 1461 |
| 20 | The Bharatkhand Cotton Mills Co. Ltd. ... | M. C. S. | 22396 | 573 | 2785 | 851 |
| 21 | The Bharatkhand Textile Mfg. Co. Ltd. ... | M. C. S. | 34240 | 878 | 2519 | 950 |
| 22 | The City of Ahmedabad Spg. & Mfg. Co. Ltd. ... | M. C. | 24000 | 406 | 2572 | 879 |
| 23 | The Commercial & Ahmedabad Mills Co. Ltd. ... | M. C. | 28532 | 572 | 3696 | 953 |
| 24 | The Fine Knitting Co. Ltd. ... | M. C. | 9000 | ... | ... | ... |
| 25 | The Gordhan Spg. & Mfg. Co. Ltd. ... | M. C. | 17000 | 355 | 2372 | 650 |
| 26 | The Gujarat Cotton Mills Co. Ltd. ... | M. C. | 29540 | 616 | 3067 | 1050 |

| | | | | | | |
|-----|--|----------|-------|------|------|------|
| 27 | The Gujarat Ginning & Mfg. Co. Ltd. | M. C. | 71640 | 1840 | 7870 | 2911 |
| 28 | The Gujarat Spg. & Wg. Co. Ltd. | ... | 26800 | 676 | 3468 | 1143 |
| 29 | The Harivallabhdas Mulchand Mills Co. Ltd. | M. C. | 17648 | 421 | 1911 | 669 |
| †30 | The Hathising Mfg. Co. Ltd. | M. C. | 20448 | ... | 276 | 341 |
| *31 | The Himabhai Mfg. Co. Ltd. | M. | ... | 376 | ... | 324 |
| 32 | The Jehangir Vakil Mills Co. Ltd. | M. C. | 28020 | 702 | 3438 | 1100 |
| *33 | The Laxmi Wg. Mills Co. Ltd. | ... | ... | 200 | ... | ... |
| £4 | The Maneckchock & Ahmedabad Mfg. Co. Ltd. | ... | 34512 | 830 | 3705 | 1299 |
| 35 | The Maneklal Harilal Spg. & Mfg. Co. Ltd. | M. C. | 31892 | 684 | 409 | 1200 |
| 36 | The Motilal Hirabhai Spg. Wg. & Mfg. Co. Ltd. | M. C. | 30600 | 742 | 3470 | 1192 |
| 37 | The Nagri Mills Co. Ltd. | C. | 15488 | ... | 2520 | 447 |
| 38 | The National Mills Co. Ltd. | M. C. | 19712 | 448 | 2326 | 705 |
| 39 | The New Commercial Mills Co. | ... | 14000 | 396 | ... | ... |
| 40 | The New Manekchok Spg. & Wg. Mills Co. Ltd. | M. C. | 26176 | 640 | 3157 | 1109 |
| 41 | The New Swadeshi Mills of Ahmedabad Ltd. | M. C. S. | 25824 | 682 | 3329 | 1075 |
| 42 | The Patel Mills Co. Ltd. | ... | 12188 | ... | 626 | 280 |

| No. | Name of Mills. | M=Medical Aid. C=Creche. S=School. | Spindles. | Looms. | Approximate quantity of cotton consum- ed in candies in 1928. | Average No. of hands daily employed in 1928. |
|-----|---|---|-----------|--------|---|---|
| 43 | The Purshotam Spg. & Mfg. Co. Ltd. | M. | 25600 | 480 | 1975 | 966 |
| 44 | The Raipur Mfg. Co. Ltd. | M. C. | 36000 | 860 | 5261 | 1379 |
| 45 | The Rajnagar Spg. Wg. & Mfg. Co. Ltd. | C. | 47364 | 1172 | 5264 | 1953 |
| *46 | The New Rajpur Mills Co. Ltd.... .. | M. | ... | 226 | ... | 117 |
| 47 | The Rustom Jehangir Vakil Mills Co. Ltd. | M. C. | 16444 | 358 | 1524 | 558 |
| 48 | The Sarangpur Cotton Mfg. Co. Ltd. | M. C. | 27080 | 576 | 3767 | 1050 |
| 49 | " " " " No. 2 | ... | 17000 | 476 | ... | ... |
| 50 | The Saraspur Mfg. Co. Ltd. | M. C. | 28000 | 638 | 3725 | 1060 |
| 51 | The Shorrock Spg. & Mfg. Co. Ltd. | M. C. | 27740 | 663 | 2746 | 1099 |
| 52 | The Shrinagar Wg. & Mfg. Co. Ltd. | ... | 13048 | 455 | 1626 | 598 |
| 53 | The Silver Cotton Mills Co. Ltd.... .. | ... | 19036 | 506 | 2730 | 763 |
| *54 | The Vivekanand Mills Co. Ltd. | ... | ... | 221 | ... | 209 |
| †55 | The Kadi Laxmi Cotton Mills Co. Ltd. (Kadi)... .. | ... | 13600 | ... | ... | ... |

| | | | | | | |
|----|---|-----|-------|------|------|------|
| 56 | The Nawab of Cambay Mills Co. Ltd. (Cambay) ... | ... | 17136 | 271 | | |
| 57 | The New Shorrock Spg. & Mfg. Co. Ltd. (Nadiad) ... | ... | 36078 | 898 | | |
| 58 | The Saraswati Ginning & Mfg. Co. Ltd. (Broach) ... | ... | 19384 | 444 | | |
| 59 | The Surat Cotton Spg. & Wg. Mills Ltd. (Surat) ... | ... | 14212 | 408 | | |
| 60 | The Gujarat Oil Mills Co. Ltd. | | | | | |
| 61 | The Ahmedabad Dyeing Factory... .. | | | | | |
| 62 | The Ahmedabad Victoria Ironworks Co. Ltd. ... | | | | | |
| 63 | The Imperial Ironworks. | | | | | |
| 64 | The Bansi Roller Flour Mills. | | | | | |
| 65 | The Gujarat Islam Match Mfg. Co. Ltd. ... | | | | | |
| 66 | The Gujarat Chemical Works. | | | | | |
| 67 | Messrs. Nowrojee N. Vakil & Co. (Brick & Tile Works)... | | | | | |
| 68 | The Ahmedabad Electricity Co. Ltd. | | | | | |
| 69 | The Ahmedabad Mfg. & Calico Printing Co. Ltd. ... | | 74192 | 1626 | 6564 | 3113 |
| 70 | The Ahmedabad Jubilee Spg. & Mfg. Mills Co. Ltd. ... | | 31640 | 1844 | 5344 | 1897 |
| 71 | The Bechardas Spg. & Wg. Mills Co. Ltd. | | 18156 | 460 | 1883 | 735 |

| No. | Name of mills. | M=Medical Aid. C=Creche. S=School. | Spindles. | Looms. | Approximate quantity of cotton consumed in candies in 1928. | Average No. of hands daily employed in 1928. |
|-----|--|--|-----------|--------|---|--|
| 72 | The Asarva Mills Co. Ltd.... | | 23052 | 458 | 2221 | 783 |
| 73 | The India Spg. Mills Co. Ltd. ... | | 14000 | 400 | 1597 | 611 |
| 74 | The Ahmedabad Advance Mills Co. Ltd. ... | | 30612 | 602 | 4018 | 1141 |
| 75 | The Ambica Mills Co. Ltd. ... | | 11303 | 256 | ... | New mill. |
| 76 | The Bharat Laxmi Cotton Mills Co. Ltd. ... | | 17000 | ... | ... | " |
| 77 | The Bhalakia Mills Co. Ltd. ... | | 13700 | 336 | ... | " |
| 78 | The Vikram Mills Co. Ltd. ... | | 16000 | 450 | ... | " |
| 79 | The Marsden Spg. Mills Co. Ltd.... | | 17000 | 452 | 2065 | 937 |
| 80 | The Monogram Mills Co. Ltd. ... | | 21000 | 528 | ... | New mill. |
| | Total ... | | 1467915 | 37808 | 163462 | 57017 |

* Weaving Mills only. † Spinning Mills only.

ROYAL COMMISSION ON LABOUR.

No. L. C. 9(2)-II.

Camp, India, the 13th January, 1930.

From

J. H. GREEN Esq. M. B. E.
Assistant Secretary to the
Royal Commission on Labour

To

The Secretary,
THE AHMEDABAD MILLOWNERS' ASSOCIATION,
Din Bag, Mirzapur Road,
AHMEDABAD

Sir,

I have the honour to acknowledge, with thanks, the receipt of the information furnished in your letter No. 30/30, dated the 3rd January 1930.

2. I am to add that in addition to this information the representatives of your Association also kindly undertook to supply the following information in the course of their oral evidence tendered on the 15th November 1929 before the Royal Commission on Labour.—

1. A statement of the views of the Ahmedabad Millowners' Association as conveyed to the Bombay Government on the proposed amendment to the Workmen's Compensation Act, and
2. A statement of the views of the Association as to the effect produced on the textile industry by such enactments as the Workmen's Compensation Act, Trade Disputes Act, Trade Unions Act, Maternity Benefit Act and the Humidification and Ventilation Rules, and the effect which the adoption of similar legislation in future will have on the industry.

The Commission would be much obliged to receive this additional information, and trusts that your Association will be kind enough to supply it as soon as it can conveniently do so

I have etc.

J. H. Green,
Assistant Secretary



THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD, 31st January 1930

To
The Joint Secretary,
THE ROYAL COMMISSION ON LABOUR,
Camp, INDIA.

Sir,

With reference to your letter No. L. C. 9(2)-II of the 13th instant. I have the honour to enclose herewith a copy of the views of my Association, as conveyed to the Bombay Government on the proposed amendment to the Workmen's Compensation Act and further to state as under —

My Committee is of opinion that the Workmen's Compensation Act and the Maternity Benefit Act though add to the cost of production are no doubt beneficial to the workpeople and industry as a whole. However, such legislation which entails additional cost to the industry should not be enforced until some machinery has been devised with a view to bring the Indian States also in a line with British India. Otherwise such Acts would handicap the industries established in British India as compared to those of Indian States.

In regard to the Trade Disputes Act my Committee has not had any occasion to see its working and in the circumstances is not in a position to state any definite views on that subject.

The Trade Unions Act is decidedly for the good of the workers and the industry, provided the Unions are started, organised and conducted on sound Trade Union lines. There have been found some cases where advantage has been taken of the Act in the establishing of the so-called Unions whose deliberate purpose is to destroy the industry by running them on principles of communism.

It is the considered opinion of my Committee that the Trade Union Act should have provisions under which no such Unions could be recognised under the Act and Government should have the authority in such instances to take necessary action without delay if the industry and the workmen are to be safeguarded from being misled.

The proposition of humidification and ventilation rules are in fact beneficial but much will depend on the manner in which these are enforced. The installation of a suitable plan very often involves the expenditure of a considerable amount to a mill which it may not be in a position to incur. In such cases great leniency and allowances have to be made having regard to the financial position of that industrial concern.

Regarding legislation of such a nature my Committee firmly holds that Government should see that the indigenous industry established in British India is adequately protected as compared with similar industries in Indian States.

I have the honour etc.,
G. I. Patel,
Secretary.

No 1690/28

THE AHMEDABAD MILLOWNERS' ASSOCIATION.
AHMEDABAD, 14th December 1928.

To

THE DIRECTOR,
LABOUR OFFICE,
BOMBAY

Dear Sir,

With reference to letter No. 264 D, dated 29th October 1928, received from the Secretary to the Government of Bombay, General Department, on the subject of Workmen's Compensation (Amendment) Bill, I have the honour to state the views of my Committee as under —

As the Amendments suggested in the Bill, introduce no such changes, as would involve any controversial points my Committee generally agrees with the same.

Regarding the amendment of Section 2 (ii) any ambiguity about the sub-contractors being taken as Railway servants should be removed. It is necessary to bring the contractor's employees within the scope of the act on Railways. However, the Clause should be so worded as would preclude the possibility of obtaining compensation unfairly for such employees whose salary would be more than Rs. 300/- per month

The omission of Clause (c) of section 3, is imperatively necessary in order to remove the existing discrimination with reference to workmen employed in the construction, repair or demolition of building or bridge.

In sub-section (i) of section 28, Clause (b) of the proviso should not be omitted, but retained.

I have the honour, etc.

G. I. Patel.

Secretary.

**BOMBAY PROVINCIAL BANKING ENQUIRY 'COMMITTEE,
QUESTIONNAIRE.**

(The following memorandum is published in order to assist witnesses in the preparation of their evidence. It is not to be regarded as exhaustive, nor is it desired that each witness should necessarily attempt to deal with all the questions raised)

1—Agricultural credit and credit facilities for small industries.

1. Describe the present system by which the agriculturist in your district or province obtains finance—

- (a) for expenses during cultivation.
- (b) for capital and permanent improvements, and
- (c) for other special needs, *e. g.*, failure of monsoon, for land revenue, etc.

What are the rates of interest charged in your district or province in respect of advances, the period for which loans are taken, the nature of the security given and accepted (*e. g.*, standing crops, etc.), and other conditions attaching to the grant of such loans?

Describe the part played in agricultural finance by Government, the Imperial Bank of India, the Joint Stock Banks, Co-operative Banks, the Indigenous Banks and Bankers, professional moneylenders, merchants and dealers, and other organisations giving credit (*e. g.*, companies trading in fertilisers, etc.)

Can you give an estimate of the total amount of capital required for the various purposes stated above for your district or province?

Is any information available as to the extent of finance provided annually in kind?

State defects, if any, in the present system and the reasons for the existence of such defects. Do you suggest any remedies?

Is there co-ordination among the various credit agencies including Government, and is there scope for improvement in that direction?

2. Describe the present method of marketing principal crops in your district or province.

What in your opinion are the possibilities of forming pools and of co-operative effort generally in marketing produce?

Describe the credit facilities required for the financing of products during marketing and the facilities actually existing.

In regard to such facilities is there any special difference as between internal trade and foreign trade?

What is the part played by the different classes of banks and bankers and merchants and dealers during the process of marketing?

What are the existing facilities available to the public, including banks and bankers, for internal remittance?

State any defects in the existing system and any suggestions for improvement.

Describe the part played by negotiable instruments in the internal trade of the province.

Have you any suggestions to make for the more extensive use of bills (*e. g.*, by reduction of duty on bills) ?

What are the different classes of hundis current in your part of the country ? What are the peculiarities of each ? Please give sample wording.

Have you any suggestions for the amendment of the Negotiable Instruments Act by which the public and the bankers handling hundis might be better protected or benefited ?

Are hundis emanating from your locality discounted in your local centre or are they sent to a provincial centre and discounted there, or are they held by middlemen, merchants or commission agents ?

What different kinds of instruments of ownership of goods and produce (*e. g.*, railway receipts) and documents are employed for raising money during the process of marketing ?

Are any difficulties experienced in the use of these instruments and have you any suggestions to make with a view to removing those difficulties ?

What in your opinion are the possibilities of operating licensed warehouses in India either on the lines of the system which exists in the United States of America or otherwise ?

Do you think there is any need for Government assistance in the matter ?

3. In your district what is the value per acre for different classes of land ?

What are the factors affecting such value ? In your reply, please distinguish between—

- (a) value of land in Government auction for non-payment of revenue,
- (b) value of land in the event of sale by court decree;
- (c) value of land in purchase by private negotiation.

4. Is there any legal impediment to mortgage of land and agricultural holdings in your province ? Are there any land mortgage banks or agricultural banks in your province or any other banks for the provision of long term credit ?

State what you know of their method of work and of raising capital.

If no such institution exists in the province, suggest the lines on which such institutions could be established and worked to the advantage of the landholders and tenants of your province.

Do you suggest any measures for—

- (a) improvement in the record of rights and title of ownership, so as to simplify reference, and to avoid possibilities of disputes and counterclaims by parties other than those who are the clients of the Bank,

- (b) simplification of the process of foreclosure and sale by the Mortgage Banks in the event of non-payment
- (c) reduction of costs of reference to the record of rights and of registration of records and of the process at law so as to reduce the burden on the good constituents of the Bank in respect of charges incurred on account of defaulters ?

Should the working capital of the proposed Mortgage Bank be derived largely from—

- (a) deposits,
- (b) funds from central institutions, or
- (c) debenture bonds ?

Should debenture bonds carry any Government guarantee either for principal or interest or for both ?

If so, what measures would you suggest to secure Government against unnecessary loss ?

On what terms should Agricultural Mortgage Banks raise monies under each of the above-mentioned heads, with or without Government guarantee and on what terms should they lend out money so as to cover their expenses ?

Please state any other suggestions for the adequate provision of long term credit against sound security

5 In order to devise measures for the increase of credit facilities to the agricultural classes it is necessary to reach an estimate as accurate as possible of the existing indebtedness of these classes.

Do you know of any such estimate for a village or a district in your province, or for the whole province ?

In what manner can such an estimate be obtained with reasonable accuracy ?

In such an estimate please distinguish between —

- (a) the amount of debt with land as security which is in the form of a registered mortgage,
- (b) the amount of debt which is concealed in the form of a judicial sale to circumvent the provisions of Acts such as the Dekkhan Agriculturists' Relief Act,
- (c) the amount of debt which is incurred against any other assets, such as the village house, ornaments, ploughs and other agricultural implements, crops and produce, or debt which is given on the general security of all the assets without a specific pledge,
- (d) the amount of debt on personal credit secured by demand promissory notes or otherwise.

Please state wherever possible the purposes for which the debt was incurred, such as

- (a) the repayment of earlier debts,

- (b) marriage and other social occasions,
- (c) famine and other kinds of distress,
- (d) payment of land revenue,
- (e) growth of the debt by compound interest, interest not having been paid,
- (f) seeds and manure,
- (g) improved agricultural implements,
- (h) sinking of wells and agricultural improvements,
- (i) purchase of land or bringing into cultivation fallow lands,
- (j) construction or acquisition of houses.

Please indicate also to whom this debt is largely due and whether the creditors are Government, Banks, Co-operative Societies, or indigenous bankers and professional money-leaders.

State what you know of the rates of interest charged, the methods used for calculating it and for enforcing the payment of the debt.

Do you think a large number of people, who are efficient farmers, are being turned into tenants for a period, or tenants-at-will, through the process of the enforcement of the old debts and landed property passing on into the hands of the creditors? Distinguish between conditions in irrigated tracts, the famine zone and areas not generally liable to famine

If this process is going on, does it take away from the actual cultivator the incentive to produce more and in an efficient and better manner?

6. Give some idea of the number of small subsidiary industries allied or supplemental to agriculture existing in your province, such as rice milling, dairy farming, gud making, garden produce, cotton ginneries, sugar refineries, hand spinning, etc.

Can you suggest methods by which any such industries could be encouraged and by which the producer might be enabled to get a better return for his produce?

Can you suggest any enterprises which may give employment to the farmer during seasons when he cannot make full use of his time on his farm and thus enable him to supplement his income and to raise his standard of living?

What would be the best method of securing working capital and proper marketing facilities for such enterprises?

What financial machinery do you suggest for this purpose?

6A. Are there any small industries not necessarily allied or subsidiary to agriculture, *e. g.*, weaving, existing in your district or province? If so, have you any suggestions to make regarding them, on the lines mentioned in question 6 above?

7. State what you know of the relations that exist between the Co-operative Banks and the other banks in the country, namely, the Imperial Bank of India, the Joint Stock Banks and the Indigenous Banks.

Describe any existing difficulties in the matter of finance in the case of Co-operative societies both in regard to short and long term capital.

Can you give an estimate of the amount of extra capital required for financing Co-operative movement in your district or province ?

Is there any competition in your district or province between the Co-operative Banks and Joint Stock Banks ?

If so to what extent and in what direction ?

Have you any views regarding the possibility and desirability of granting financial concessions in order to stimulate the growth of the Co-operative movement (*e.g.*, by extension of special exemption from income-tax to genuine Co-operative Societies, inclusion of debentures issued by Provincial Co-operative Banks in the list of trustee securities etc.) ?

To what extent has the co-operative movement succeeded in meeting the financial needs of the agriculturist, the small trader and industrialist in your district or province ? How far, in your opinion, is the movement capable of meeting the financial needs of these classes ?

8. How far, in your opinion, is the provision of credit facilities affected by existing legislation and legal procedure ? Have you any suggestions to make regarding improvements in this respect ? In particular, what do you think of the effect of the working of the Dekkhan Agriculturists' Relief Act on the facilities for obtaining credit ? Do you think this Act requires modification, and if so, in what directions ?

9. Can you state why the Usurious Loans Act is not being availed of in this province ? What measures would you suggest for greater use being made thereof ?

Would you suggest the enactment of legislation such as the English Money Lenders' Act or the proposed Money Lenders' Bill for the Punjab ?

II.—Indigenous Banking.

(*Note.*—By indigenous banking is meant all banks and bankers other than the Imperial Bank of India, the Exchange Banks, Joint Stock Banks and Co-operative Banks. It includes any individual or private firm receiving deposits, dealing in hundis or lending money.)

1. State what you know of the functions of the indigenous bank or banker in your district or province enumerating all kinds of business the bank or banker transacts.

2. How and to what extent does an indigenous bank or banker in your district or province assist in financing agriculture, trade and industry ?

3. State what you know of the organisation of the indigenous banking system in your district or province with regard to

(*a*) the amount of capital invested,

(*b*) the volume of their business,

(*c*) their expenses, and

(*d*) the relations between one indigenous bank and another and between indigenous banks and other banks in the country *viz.*, the Imperial Bank of India, the Joint Stock Banks and the Co-operative Banks,

(e) the adequacy of the facilities afforded by the Imperial Bank to indigenous bankers.

4. State what you know of the various forms of hundis and other credit instruments used by the indigenous banks and bankers and the extent of their use. Give sample copies of any of the hundis, promissory notes, deposit receipts, etc., used in your locality.

5. State what you know of the indigenous bankers' methods of granting loans and allowing cash credits and the terms and nature of these loans and cash credits.

What are the means by which the indigenous banks and bankers provide themselves with funds to meet their demands ?

What are the rates of interest allowed on various kinds of deposits received by them ?

6. Is it the general practice with indigenous bankers to insist on advances being drawn in the shape of commodities purchased through them or repaid in goods sold through their agency ?

What are the rates of interest either in money or in kind which the agricultural community has to pay at present to the indigenous banker ?

In what manner do you suggest these rates could be brought down by better organisation ?

Would the reduction of such rates confer great benefit on the agricultural community and increase its resources thereby leading either to an improvement in the standard of living or enabling them to spend more on agricultural improvements, better agricultural implements, etc. ?

After making allowance for the legal expenses, management charges, losses through default and losses through foreclosure, can you give an idea of the net return to the indigenous banks and bankers on their capital ?

7. Is there a prejudice in your locality against the indigenous bankers ?

Are these bankers sufficiently protected in law ?

Is there any legal or other facility which can be extended to them ?

Are the dealings of this class of bankers with their clientele conducted on sound lines ?

If not, indicate the existing defects, making suggestions for remedying them.

8. Would you suggest any means of making this class of bankers more serviceable to the community ?

Could you suggest any means by which the indigenous banking system in India could be improved and consolidated ?

Do you recommend any special facilities to be given to this class for this purpose ?

What is the general system of accounts keeping and to what extent are accounts open to inspection or verification by customers ?

What do you think would be the attitude of the indigenous banking community towards the introduction of any measures for regulating their operations and for giving publicity to the same ?

9. Please state whether the indigenous banks and bankers are able to meet all demands for accommodation or whether they are obliged to refuse any either on account of the unacceptable nature of the security offered or owing to insufficiency of their working capital ?

10. How in your opinion should the indigenous banking system be linked with the central money market and provincial capitals ?

Would you suggest the establishment of a branch of a Joint Stock Bank, or a branch of a Central Reserve Bank, or a local bank with local directorate, or an urban co-operative bank, in each district with which the indigenous banking system may be connected ?

In what manner could such a bank inspire the confidence of the indigenous bankers and be able to utilise the local knowledge and experience of the latter ?

How is the competition of such a bank with the indigenous bankers to be avoided ?

11. Do you think there is a large amount of money in the districts in the hands of indigenous bankers which does not find employment throughout the year ?

Do you think that owing to this cause any large amount of money is flowing to the provincial capital either for long or for short periods ?

Do you think any kind of improvement in the organisation of lending or borrowing can be made by which these funds, instead of flowing to the provincial capitals would find remunerative employment in the districts and thereby benefit the districts ?

III.—Investment habit and attraction of capital.

1. What are the existing banking resources in the province ?

Can you state the amount of additional capital, if any, required ?

What are the means or institutions in existence for encouraging savings and investment habit ?

What has been the influence of co-operative societies and banks, insurance companies and provident societies in this respect ?

Are the public provided with full facilities for the investment of their savings ?

Can the existing facilities be improved in any way or extended in the smaller interior places ?

Can you suggest ways in which persons unwilling to earn interest on deposits can be induced to render their savings available for the economic development of the country ?

Can you give any useful information in regard to the habits of the people of India to invest in silver and gold and land ?

2. Are Postal Cash Certificates popular in your district or province and can any steps be taken to increase their popularity ?

Do present interest rates of Cash certificates require revision and do existing terms of issue in any way need change ?

Do Savings Banks afford all possible facilities to the Public ?

What classes of population resort to such forms of investment ?

Can anything be done to attract other classes ?

Have you anything to say regarding the alleged competition of Government with Banking institutions and bankers in regard to deposits by their attractive rates on Postal Cash Certificates and Treasury Bills ?

3 State the existing facilities for purchase and sale of Government securities afforded by Government, the Imperial Bank of India and other Banks. Are you in favour of granting any special facilities to the small agriculturists and the small investors of the country to take up some form of Government security ? If so, state what special facilities you recommend ?

State the existing facilities for purchase and sale of securities other than Government securities, afforded by the various financial agencies.

Can you indicate clearly the habits of various groups of people in your district or province with reference to monies which come into their hands by sale of produce or through any other cause ? Where do they keep this money and for what purposes and in what manner do they use it ?

Do the farmers lend to fellow agriculturists and on what terms ? How do they invest surplus money in a prosperous year ? Give any information you can regarding the amount, growth and distribution of capital among the indigenous population.

4. State what you know about the growth of cheque-habit.

What has been the effect of the abolition of stamp duty on cheques ?

What classes of population use cheques ? Have you any suggestions to make for further promoting the cheque-habit (e. g., payment of Government servants and Bank employees by cheques) ?

Have you any suggestions to make regarding the use of vernacular scripts in banking ?

5. Do you support the view that the banking and investment habit in India is of very slow growth ?

If so, to what causes do you attribute it ?

Have you any suggestions to make regarding the various possible means of educating the people of the country to invest their savings in productive undertakings (e. g., propaganda by Government in regard to Government loans for capital expenditure, etc ?

As far as you know, what has been the result of the opening of new branches in recent years by the Imperial Bank of India ?

Have you any knowledge of investment Trusts ? Do you advise the formation of such bodies in this province or your district ?



WRITTEN STATEMENT OF THE AHMEDABAD MILLOWNERS
ASSOCIATION TO THE QUESTIONNAIRE OF THE BOMBAY
PROVINCIAL BANKING ENQUIRY COMMITTEE.

(30th September 1929.)

I AGRICULTURAL CREDIT AND CREDIT FACILITIES FOR SMALL INDUSTRIES

1. It is difficult to describe the present system by which the agriculturists of the district obtain finance, from time to time, in the absence of accurate statistics compiled after detailed investigations and published by Government. The question of agricultural finance and indebtedness has been recently handled by co-operative societies, co-operative banks and village shroffs. [Agriculturists usually obtain financial help from village shroffs and co-operative institutions for expenses during cultivation or for capital and permanent improvements. Even during periods of failure of monsoon these sources are tapped by them for temporary relief.

During times of flood and devastations Government render assistance out of famine funds. Growth of co-operative banks and societies seems to have improved agricultural credit during recent years. Co-ordination between Government and co-operative agencies is gradually increasing but the illiteracy prevailing among the agriculturists prevents them from coming directly in touch with such agencies and Government bodies. Until the agriculturists are capable of understanding their rights and responsibilities and are able to deal with problems vitally affecting their interests there is little scope for improvement in that direction.

2. Principal crops are marketed either by the purchasers of the locality or the district, or by big merchants and agents of exporting firms. Formation of pools or co-operative agencies in marketing agricultural products are very helpful, particularly owing to the rate of interest which would be comparatively low under such arrangements. Money at cheap rate through 'Sowcars' 'Shroffs', Banks, and Government Agency during marketing season would prove a better credit facility for the agriculturists. Bank rate should be kept at its lowest level during periods when money are required during the process of marketing so that the producer and the purchaser might have better facilities and easy finance. Introduction of licensed warehouses on certain Railway lines would also render assistance in this matter. Special efforts are needed to bring the original producers in direct touch with the purchasing agencies or merchants, without the intervention of middlemen or small brokers or money-lenders Sight-hundis and 'hundis' payable after a period of certain number of months are usually current in the district. Such 'hundis' are held by merchants, shroffs, or commission-agents.

4. It is understood that the question of land mortgage banks or agricultural banks is under serious consideration of the Government of Bombay and it is being examined by different divisional boards of agriculture in the Presidency. The Madras Government have recently approved a scheme for a central land mortgage bank on a guarantee of 50 lacs by way of interest for five years in the initial stage.
5. An estimate of the existing indebtedness of the agricultural masses is available from the Report of the Special Enquiry into the Second Revision Settlement of the Bardoli and Chorasī Talukas recently published by Government. General details with special instances are recorded on pages 63, 64, 65 and 66 of that Report.

The process of the enforcement of the old debts and the passing on of the landed property into the hands of the creditors materially reduces the efficiency of the farmers and takes away from them the incentive to produce more in an efficient and better manner

6. Cotton ginning factories and subsidiary industries like gud (molasses-making), preparing of ghee, hand-spinning and hand-weaving are found supplemental to agriculture in this district. There is a great dearth of subsidiary industry in villages and Government should tackle this problem at an early date so that cottage industries will keep the agriculturists busy during such periods of the year when they have practically no work. Ignorance and uneconomic habits of the village masses are the chief causes which prevent the growth of cottage industries. Extreme illiteracy should be first removed by adequate provision of arrangements for giving education. In order to assist the agriculturists development of industries should be so made as would absorb the surplus population of the villages, lessen the pressure on land and increase the earning capacity of idle population. Growth of industries, and absorption of surplus population side by side would raise the standard of living and increase the wage-earning capacity of agricultural labour.
7. Relations between indigenous banks, joint-stock banks and Imperial Bank of India could no doubt be said satisfactory; however, the basis of co-operation and co-ordination is not such as would prove beneficial to the requirements of the agriculturists and shroffs, and similar other financing concerns.

II INDIGENOUS BANKING,

- 1, 2 & 3. Banks and firms of 'shroffs' receive deposits, grant loans, arrange remittance of money to outside centres and negotiate 'hundis' and drafts received by merchants, mills and private individuals in Ahmedabad. The trade and industry of Ahmedabad

being chiefly concerned with the purchase of cotton and the sale of cotton piece-goods in Ahmedabad and other centres of India are assisted in financing operations by local firms of 'shroffs' and banks. The capital invested and the volume of business done are considerable, Ahmedabad being a great centre of cotton purchase and a distributing centre of cotton piece-goods manufactured in about 70 local cotton mills.

4. Sight-hundis, 'hundis' maturing after a period of certain months, current account loans, cash-credit, promissory notes, over-drafts, are the instruments of credit in local banks and of local bankers and shroffs.
5. Terms and conditions of loans and cash-credits depend upon the party, security offered and the prestige and status of a firm. Funds to meet market demand are provided by local banks and through 'hundis' received from other centres for purchases made in Ahmedabad. The rates of interest vary from $4\frac{1}{2}$ to 7 per cent. according to the season and the security offered by the party.
6. The general practice with indigenous shroffs is to borrow money from one another and if need be from banks, for their daily transactions. On the basis of current account or short term deposit such transactions are mutually effected. An indigenous system of clearing is obtainable in local shroffs and settle mutual accounts every evening.
7. There are no prejudices against indigenous shroffs or bankers in Ahmedabad and the system obtained at present has sufficient protection in law. The dealings of this class of bankers with their clientele are conducted on sound lines.
8. The fountain-head of obtaining money is the Imperial Bank. If greater co-operation on easy methods between shroffs and the Bank could be established they would prove much more serviceable to the community. Shroffs are more inclined to obtain additional finance from their fellow-shroffs than from the Imperial Bank. The Bank which receives deposits and heavy amounts from Government at cheap rate of interest and even free from interest should give the shroffs the same facilities which are derived by them from dealing among themselves. The Bank authorities on the spot should try to come personally in touch with local shroffs and should have freedom to a certain extent to advance money to selected parties on the lines on which similar advances are made by one shroff to the other. By a gradual development of this type of co-operation and co-ordination between indigenous bankers (shroffs) and the Imperial Bank the indigenous banking system in the country could be greatly improved and rendered more serviceable to the community.

10. Facilities of easy access and full co-operation between indigenous bankers, shroffs, co-operative banks and societies, and banks established as joint-stock companies with less rigidity and greater ease would prove helpful in linking the indigenous banking system with the central money-market and provincial capitals. Establishment of a branch of each institution assisted by a local directorate or a committee of advisors in each important centre of the district would be a direct step in securing such co-operation.
11. During certain seasons when the marketing of crops is over and particularly in monsoon some extra amounts of money remain in the district in the hands of indigenous bankers without immediate employment. At such times considerable amounts flow to the provincial capital and trade centres like Ahmedabad, Baroda, Surat etc.

III. INVESTMENT HABIT AND ATTRACTION OF CAPITAL.

1. Banks and shroffs are the chief resources for investment and attraction of capital in this province. Co-operative societies, banks, and indigenous bankers provide facilities of investment as well as of financing trade, industry and local transactions. Insurance companies, on the contrary take away large amounts to provincial capitals or to foreign countries without the facilities of the circulation of that amount in that locality.
2. In seven hundred thousand villages of India the masses are practically illiterate, ignorant and unable to grasp the significance of civilised methods and current progress. Millions of people thus keep aloof from banking institutions and similar other facilities. Owing to their extreme poverty they keep their scanty savings in the form of silver and gold ornaments on their own person and utilise them when they come in need or are pressed under hard circumstances. This cannot be called hoarding as it is not the surplus or superfluous wealth of such people. However, large amounts remain idle in such circumstances and no interest is obtained out of the same. Social customs, traditions and religious beliefs also come in the way of lessening the habit of keeping some amounts in the form of ornaments. In several cases due to such customs and beliefs people have to go for ornaments even by incurring debts. In case a gold standard and a gold currency be effectively adopted in the country, greater confidence in the public mind would tend to reduce the amount of monies remaining idle. The very feeling of continued confidence of the people to the effect that gold will be made available to them whenever required due to the adoption of a gold standard and a gold currency, will convince them and induce them to keep their savings in interest bearing securities or institutions.
3. Postal Cash Certificates are no doubt an inducement to small investor to invest their money with Government under a good

rate of interest, but the same affect indigenous bankers, shroffs and banks unfavourably. Large amounts which would have easily come to such institutions are taken away by Government at a higher rate of interest. This creates unfair competition between Government and other bankers and as a consequence thereof trades and industries are unable to receive that assistance from indigenous bankers which they would be enabled to receive when such bankers have with them investments at cheap rate of interest. In view of the system of saving banks prevailing in several banks Postal Cash Certificates, which offer attractive rates are not deemed desirable.

4. Since the abolition of stamp duty on cheques the growth of cheque habit has become more evident. Cheques are now increasingly used by all classes of population in the city and wherever facilities of encashing them are obtainable they are used in village centres. Government servants and bank employees are usually trained in the system of cheques but some measures should be adopted to make it popular in villages. The use of vernacular scripts in banking would be of assistance to village population.
5. Since time immemorial the system of investment and indigenous (shroff) banking is obtainable in India. The financing of the whole country was based on this system and it inspired great confidence in the public. The slow growth as complained of during recent times is largely due to the currency policy, illiteracy, want of industrial development under modern methods, absence of banking facilities and paucity of the resources of the agricultural masses. In olden times though small amounts were kept in investment the hoarding of commodities in villages which were practically self-supporting afforded the agriculturist greater facilities of his daily maintainance and devotion towards his productive undertaking viz - farming.

G. I. Patel,

Secretary,

The Ahmedabad Millowners' Association.

AHMEDABAD,
29-11-1929.

ORAL EVIDENCE.

Mr. Sakarlal Balabhai, M. L. C., Vice-President, Mr. Shantilal Mangaldas, Honorary Secretary, and Mr. Gordhandas I. Patel, Secretary, Ahmedabad Millowners' Association, AHMEDABAD.

THE CHAIRMAN. Mr. Sakarlal, you are the Vice-President of the Ahmedabad Millowners' Association ?

A. Yes.

Q. Mr. Shantilal, you are the Honorary Secretary ?

A. Yes.

Q. And Mr. Patel, you are the Secretary of the Association ?

A. Yes.

Q. We are concerned with internal trade only. We want to know how it is financed here. Where do you send your cloth ?

MR. SAKARLAL. Most of it is sold to local merchants. They in their turn export it to their customers. Some times we send it to their customers. Sometimes we send it to upcountry and other places where our commission agents sell it. We keep our clerk to supervise the sales.

Q. Have you here the system of guarantee brokership as they have in Sholapur ?

A. Our sales are guaranteed.

Q. When do you sell your cloth to merchants here ? Do you get cash or do you give them credit ?

A. We have to give credit for 12 days. We have a convention established here between the local cloth merchants and ourselves (the Association) and we have to allow 12 days' credit. On the 13th day they have to pay the money and if they do not pay, it 9 per cent. interest is charged.

Q. Is it the custom for the mills to wait for 12 days or do they issue hundis ?

A. They have to wait for 12 days.

Q. Do you know whether the merchants in their turn sell the goods upcountry to outside merchants for cash or for credit ?

A. They sell for credit.

Q. It is usual for them to issue hundis in this case ?

A. Yes, and the upcountry merchants send hundis.

Q. How many days' credit do these merchants give ?

A. It depends upon the party. It ranges from 14 days to 2 or 3 months.

Q. Is there no fix time-limit ?

A. No.

- Q. Do they charge interest ?
- A. Yes.
- Q. If at a particular time a mill has a large quantity of cloth on hand, are there facilities for getting finance against the security of the said cloth ?
- A. There is no particular system here.
- Q. Do you think that such a system is desirable or necessary ?
- A. Of course, it will help industry. It is necessary.
- Q. Does not the Imperial Bank arrange for such finance ?
- A. No.
- Q. And as regards your raw-produce, do you buy it partly locally ?
- A. Yes from upcountry and from Surat, Kathiawar, Deccan, Punjab etc.
- Q. What is your system ? Do you send your own men to buy it ?
- A. We buy through commission agents and at times we purchase through local men also.
- Q. Do you pay them as soon as you purchase the cotton ?
- A. Yes.
- Q. Is not credit allowed ?
- A. It depends upon the merchant and the mill. If the merchant has facilities he might give credit for some days but not generally.
- Q. We were told in one or two districts in Gujarat that an agriculturist is not paid for some time by the local purchaser ?
- A. We pay to the local man at once.
- Q. So far as the purchase of cotton by the mills is concerned, there is no need for any finance, is not that so ?
- A. Not in case of their credit from merchants. Of course, if the credit is there it will facilitate easy working and better buying but such is not the usual practice here.
- Q. Can you tell us to what extent the Imperial Bank is helpful to the Mills ?
- A. It is helpful in no way.
- Q. Does it not finance the mills at all ?
- A. No.
- Q. Neither against the produce nor by giving credit ?
- A. No (MR. SHANTILAL) If the party is quite sound, the Imperial Bank would come forward to finance it but such a first class party will not have an opportunity of getting a loan from the Imperial Bank; and if a weak party is in need of a loan, the Imperial Bank will not finance it. This is the difficulty.
- Q. So in some cases finance is required from the Imperial Bank and it is not available ?
- A. Quite so.

- Q. Does not the Imperial Bank advance against securities ?
- A. MR. PATEL Its methods are too rigid and they are not likely to be taken advantage of as long as there are facilities for obtaining finance from other sources.
- Q. Do you get those facilities from other sources ?
- A. We get better facilities with less rigidity.
- Q. But does not the Imperial Bank advance against goods ?
- A. There are certain systems and rules which prevent borrowers from going to the Imperial Bank.
- Q. What are those rules ?
- A. Renewals at three months and additional securities. I do not know exactly what the full details are ?
- MR. SHANTILAL Generally the Imperial Bank does not advance money on the cloth of Ahmedabad Mills.
- Q. Do they advance on the cloth of mills in Bombay ?
- A. They do advance on English and foreign cloth.
- Q. As regards the rate of interest, do you get better terms outside than from the Imperial Bank ?
- A. Yes, usually the terms are better, there are less formalities and the period is suitable to us.
- Q. So far as the present practice of the Imperial Bank is concerned, it is not of any advantage compared with all facilities you get from outside ?
- A. No.
- Q. Is there any way by which the Imperial Bank can be made useful to the Mills here ?
- A. (MR. SAKARLAL) It can give loans to the mills on credit.
- Q. With sureties ?
- A. It can give loans even without sureties in certain cases.
- Q. Under the present Act it cannot give loans without sureties but then the law will have to be changed ?
- A. Let it give loan with sureties but if it begins to advance with less rigidity there should be better facilities for mills.
- Q. You say that the rate of interest is lower outside but it cannot give you at a lower rate of interest and at the same time afford you better facilities ?
- A. No.
- Q. Do mills here receive deposits ?
- A. Yes.
- Q. Can you tell us what are the rates of interest paid on deposits ?
- A. They are $4\frac{1}{2}$ % to 6 %.
- Q. Does the rate of interest remain the same throughout the year ?

- A. (MR. SHANTILAL) It changes according to season.
 (MR. PATEL) Not for fixed deposits.
- Q. Do mills get accommodation from indigenous crops ?
- A. (MR. SAKARLAL) The mills get accommodation from indigenous shroffs to a large extent.
- Q. How many such shroffs are there here ?
- A. There are many big shroffs here.
- Q. And from these shroffs you can get advances easily whenever you require them ?
- A. Yes.
- Q. You have labourers here. Is it a fact that they are very much in debt ?
- A. Not all.
- Q. Where do they borrow from ?
- A. From money-lenders.
- Q. At what rates do they borrow from money-lenders ?
- A. They borrow at an usurious rate from pathans.
- Q. Are there many pathans here ?
- A. Yes
- Q. Apart from the pathans, do not the ordinary money-lenders advance them money ?
- A. They do advance them money.
- Q. At what rate do they advance them ?
- A. It is between 12 and 18 per cent. The pathans charge one anna or two annas per rupee per month. Recently their number is being reduced.
- Q. That is to say, they are going away ?
- A. We see usually a lesser number at mill-gates now than before.
- Q. Is this an indication that the financial condition of labourers has improved ?
- MR. PATEL They might be getting better facilities from local resources or there might be too much harshness on the part of Pathans so that they are afraid of taking money from them. There is Labour Union here and it has begun to advance money under a scheme to labourers.
- Q. Do any of the mills finance agriculture ?
- A. (MR. SAKARLAL) Not directly but indirectly, the mills finance agriculture, that is to say, by buying up their cotton.
- Q. Do they not finance for cultivation purposes even indirectly ?
- A. No.
- Q. Is the bulk of the capital supplied by Sowcars to agriculturists ?
- A. Yes.
- Q. And to a certain extent, it is supplied by Co-operative Societies ?
- A. Yes.

- Q. Do your mills come in contact with co-operative cotton sale societies?
- A. (MR. PATEL) Very rarely.
- (MR. SHANTILAL) Our commission agents are working in different places, and they come in contact with them
- Q. How do you find that system from your point of view ?
- A. (MR. SHANTILAL) That is better. We can rely on the quality which we purchase from them than from others
- Q. Do agriculturists usually sell their cotton in their villages or do they bring it to some market place ?
- A. (MR. SAKARLAL) There are two ways. Some traders go to villages and buy the cotton and some agriculturists bring their crop to the market.
- Q. Does an agriculturist get the same price in the market as he gets in his village, or does he get more ?
- A. It depends upon fluctuations.
- Q. If there are facilities available for them to get some advance against cotton do you think that more agriculturist would bring their crop to the market ?
- A. Yes.
- Q. Are there any warehousing facilities in the Ahmedabad District ?
- A. No.
- Q. Is there keen competition amongst the buyers ?
- A. Yes
- Q. Do agriculturists usually sell their crops to gin-owners ?
- A. (MR. SHANTILAL) No, not to gin-owners. This system 'does not prevail here
- Q. Do other merchants buy the cotton and get it ginned ?
- A. Yes.
- Q. Are you aware of the licensed warehouse system in America ?
- A. No.
- Q. The system is this that there is a certain number of warehouses which are licensed by Government. The licensee has to keep a man to classify his cotton, and the warehouses are under the inspection of Government Inspectors. When an agriculturist does not want to sell his cotton, it may be kapas or ginned cotton, he keeps it in the licensed warehouse and a receipt is given to him showing the quantity and quality of his cotton, so that any financing agency is assured that the receipt expresses the value of the cotton and it can safely advance money against it. The agriculturist, therefore, can hold up his cotton for any length of time. Do you think that such a system is necessary or desirable here.
- A. (MR. SAKARLAL). It is necessary as far as theory is concerned. It is necessary in the interests of agriculturists and industries also, but how far it will work, has to be seen.

- Q. Instead of having such licensed warehouses, supposing there are ordinary warehouses in Ahmedabad or in some markets and facilities are afforded to the producer to get an advance of 50 or 60 per cent. of the value of his produce, can he not hold up his crop, if necessary. Can he not?
- A. (MR. PATEL) By whom are the facilities to be given?
- Q. Either by co-operative banks or by shroffs? This is done in other districts.
- A. (MR. SAKARLAL) Will the warehouse do the work of selling?
- Q. If the warehouse is maintained by a commission agent, can he not sell the crop?
- A. There is the question of commission. If an agriculturist has to undergo a greater expense by this method he would not go for it. If he thinks that by selling immediately his produce he does not lose much in comparison with his crop if warehoused, naturally he would not go in for a warehouse. If an agriculturist sells kapas in his own village he has not to pay any commission. He sells it directly to the trader.
- Q. Do you think that agriculturists will go in for such a system?
- A. If they realise the benefits of it, I think they will go in for it. I have heard about Berar.
- Q. Do you think that under the present circumstances of marketing, an agriculturist is getting a fair rate compared with the market price or are there any losses on the way? For instance in Broach we were told that sometimes *vandhas* are raised and an agriculturist is made to accept an appreciably lower rate than what was fixed before?
- A. I do not think that there are such *vandhas* here.
- Q. What is the practice here? Is the price of cotton paid at once when it is brought to the market and sold to the trader?
- A. Yes.
- The trader will take it to the gin and then he will unload the cart and examine the cotton whether there is any mixed quality.
- Q. Does the trader usually find some difficulty with the cotton purchased?
- A. No.
- Q. Does he generally pay the charge fixed before?
- A. Yes.
- Q. You say on page 1 "Introduction of licensed warehouses on certain railway lines would also render assistance in this matter." Why do you want warehouses particularly on railway lines?
- A. (MR. PATEL) It will be more convenient to send ginned cotton from the station.
- Q. Are *mudati hundis* common here?
- A. They are very rarely used here.
- Q. Were they common some years ago?

- A They were not so very common in this district
- Q. Do you think that it is so because people have no confidence or is it because there is a stamp duty on it ?
- A. People obtain money and pay immediately instead of waiting for months. They can get financial assistance from any source. They would not like to take this risk
- Q. Do you think the fact that *mudati hundi* has to be stamped has anything to do with its unpopularity ?
- A. Yes.
- Q. Would a reduction on the stamp duty increase the number ?
- A. Yes.
- Q. Can you give us any estimate as to be amount of finance which the mill industry here gets from shroffs ?
- A. We can give you the figures of sale of cloth which will give you an indirect estimate of finance
- Q. Can you supply the figures to us later on ?
- A. (MR. PATEL) It is impossible to supply you these figures because some cloth is sold locally, some is sold outside, some cotton is purchased here and some from outside and therefore to find the actual amount in circulation between the shroffs and the mills is very difficult.
- Q. Can you give us the figures approximately ?
- A. It would amount to 4 or 5 lakhs every day.
- Q. From this amount, how would you reduce the amount you get from shroffs ?
- A. Entries are made between the firms of shroffs and other merchants. From these entries it can be roughly calculated. The cloth merchants here have accounts with shroffs otherwise they will not be able to pay on the 12th day. Each and every cloth merchant keeps an account with a shroff. Therefore the shroffs indirectly finance the mills.
- Q. In paragraph 6 you speak about cottage industries. Have you any practical suggestions to make as to what kind of cottage industry should be introduced here ?
- (MR. PATEL) Except hand-weaving and hand-spinning mentioned in the statement, we cannot suggest anything more.
- Q. Is there much hand-weaving done in this district ?
- A. Yes.
- Q. What kind of cloth do they weave ?
- A. *Khaddar*.
- Q. Do your mills turn out *Khaddar* ?
- A. (MR. SHANTILAL) In particular seasons some mills turn out *khaddar*.
- Q. Is there much competition between mill-made *Khaddar* and hand-made *khaddar* ?
- A. No.

- Q. Has the mill-made khaddar industry affected the production of hand-made khaddar ?
- A. No, not to an appreciable extent.
- Q. Who are these people that take to khadder weaving ?
- A. The lower class people in villages take to it.
- Q. Are they able to sell the khaddar at once or do they have to wait ?
- A. Sometimes they have to wait and they sell it at a lower price.
- Q. Are there many such people carrying on this business ?
- A. This cannot be said now. There are some people from the lower class who take to this business.
- Q. Do these people who turn out hand-made khaddar require a certain amount of financial assistance ?
- A. Yes. Sometimes they get yarn from merchants and give the cloth to them, and a certain price for the cloth is paid by the purchaser.
- Q. Why do you think that any co-ordination between indigenous banks, joint-stock banks and the Imperial Bank will not be beneficial ?
- A. I say that it is not existing at present.
- Q. Have you any dealings with the talukas here ?
- A. We have no direct dealings.
- Q. In the talukas so far as trade is concerned, would it be correct to say that most of the financing is done by the *shroffs* ?
- A. Yes.
- Q. Does each shroff work individually ?
- A. Yes.
- Q. Have shroffs their firms ?
- A. Some shroffs have partnership firms in different centres or they have their own firms.
- Q. Do they also do this agency business in addition to financing ?
- A. Yes.
- Q. Do you know of any cases in which a shroff has come to grief on account of his doing other business while doing shroff business ?
- A. There might be cases.
- Q. You say on page 3 "An indigenous system of clearing is obtainable amongst local shroffs who settle mutual accounts every morning". Is it like the Clearing House in Bombay ?
- A. No. In the shroff bazaar all the persons who have transaction with mills, assemble, and also the agents of firms. They mutually settle accounts and havalas are given to each other as regards the balance.
- Q. In paragraph 8, you say "If greater co-operation and easy methods between shroffs and the Bank could be established they would prove much serviceable to the community". What kind of co-ordination do you suggest ?

- A. The Imperial Bank should come into closer touch with the local people just as it is found possible in the case of shroffs and the local people. Now one shroff assists another shroff without observing all the formalities. Similarly if the Imperial Bank comes into touch with the local people, their authorities will be in a position to know the position of other parties.
- Q. Are not the leading shroffs here in touch with the Imperial Bank now?
- A. Not by way of loans. They might have their accounts.
- Q. Are they discounting and re-discounting hundis from them?
- A. Yes.
- Q. Are the mills in contact with joint stock banks here?
- A. Yes.
- Q. Do they get much assistance from them?
- A. (MR. SAKARLAL) No. We have only current account with them.
- Q. Do not some people keep their accounts with them and transfer their funds?
- A. Transfer of funds and financing are mainly done by shroffs. The joint stock banks only tap money from here.
- (MR. PATEL) They send about 90 per cent. of funds obtained locally to Bombay.
- Q. So from the industrial point of view, their existence is far from being useful?
- A. (MR. SHANTILAL) Yes. The capital is taken away from here.
- (MR. SAKARLAL) It is more a hindrance in the way of local shroffs. Uptil now the rate of interest amongst the shroffs was $4\frac{1}{2}$ %. Owing to banks receiving deposits at a higher rate they have to increase their rate of interest to six per cent.
- Q. Is this not due to the general rise in the rate of interest?
- A. No. (MR. SHANTILAL) Some people assert that because the money was going to the banks they had to raise the rate of interest.
- (MR. SAKARLAL) So far as Imperial Bank is concerned, it does not give even 5 per cent.
- Q. But as a business concern, a bank would try and invest its funds in a place where it gets more profit by investing in Bombay than here?
- (MR. SHANTILAL) No. They want a first class security.
- (MR. PATEL) But it affects the industries directly in certain centres where the rates are low.
- Q. What do you think about the postal cash certificates? Is the investment in such certificates increasing or has it decreased?
- (MR. PATEL) It is increasing every year.
- Q. When there were no postal cash certificates, where were these amounts invested?
- (MR. PATEL) They went to the mills and to the shroffs etc.

- Q. Were these amounts spent in helping the progress of the industry ?
- A. Yes
- Q. Are large amounts deposited in postal cash certificates ?
- A. Yes. And the rate of interest being higher so much capital is being locked up.
- Q. Do you think that if postal certificates had not absorbed the money, it would have been useful for your industries ?
- A. Yes.
- Q. Do agriculturists invest in postal certificates ?
- A. They invest in them very rarely because there are no branches of Post Office with Saving Bank Account in several places. In cases where there are such branches of Post Office do they invest in postal Cash Certificates.
- A. But the formalities and other conditions are not suitable to them.
- Q. Can you suggest any way as to how best their savings can be utilised, if any ?
- A. (MR. SHANTILAL) They lend amongst themselves.
(MR. PATEL) If they have some surplus they will go on spending it in merry-making and in celebrating marriages etc.
- Q. Do you think that if there was a gold currency people would actually invest their money and put their money in banks ?
- A. Yes.
- Q. Or would they rather hoard gold ?
- A. No. On the contrary more confidence would be created by the establishment of a gold currency and that greater confidence would bring out certain locked-up moneys which are not producing interest in the country for the purpose of investment. The effects of the exchange and the want of confidence of people to obtain gold at any time they desire to obtain it, are at the root of the whole evil. At that time people were not so much educated and had not developed that consciousness in vogue, but the facilities are not at their hands.
- Q. Do you think that people are more inclined to save and invest in banks now than they were inclined to do so before ?
- A. Yes
- PROFESSOR KALE In view of what you suggest with regard to the work that is done by shroffs, it appears as if little can be done by the Imperial Bank or by Joint Stock Banks to help trade and industries ?
- A (Mr. SAKARLAL) Yes.
- Q. Are you of opinion that very little can be done by the Imperial Bank to help the trade or industry unless it brings down its rate of interest ?
- A. Yes. And also it must come into touch with the local public.
- Q. But the lending rate of interest of the Imperial Bank depends upon the general money market in the country. Do you think that its rate is high and at times very high ?

A. (MR. PATEL) Not so at present. It is not so high as compared with the ordinary rate. In seasons it is very high.

Q. Do you think that something ought to be done to keep it at a low level so that it may be in a position to advance money at a lower rate of interest?

A. Yes, if this is possible, it can help the industry.

Q. Otherwise the Imperial Bank would be of no assistance to industries and to the State and it will not perform its actual national function. Is this your view?

A. Yes.

Q. Do the mills here buy cotton for the whole of the year at once?

(MR. SAKARLAL) No.

(MR. SHANTILAL) During the season we purchased a lot of cotton but not for the whole year. We keep three months' stock always. Otherwise during the season we purchase a large stock.

THE CHAIRMAN Where does the cotton remain?

MR. SHANTILAL In addition to the stocks in mills it remains in the godowns of merchants. There are some traders also who are not actually cultivators and who have their godowns. These traders stock their cotton in their own godowns.

Q. Do they get an advance from the Imperial Bank?

(MR. SAKARLAL) No. They get advance from shroffs.

(MR. SHANTILAL) The Imperial Bank totally ignores them.

Q. Does not the Imperial Bank advance in Bombay?

A. But here it is very strict.

PROFESSOR KALE

Q. So the work of storing cotton is done by those merchants and they are financed by shroffs?

A. Yes.

Q. You seem to suggest that much of the money which goes today in the shape of postal cash certificates, would have gone to shroffs if there were no postal cash certificates?

A. Yes.

Q. Is it not a fact that most of the persons who invest their money in postal cash certificates are government servants who ordinarily would not have invested their money with shroffs?

(MR. PATEL) What was the position before the Cash Certificates came into existence? Wherever it was invested say with shroffs or mills or private banks then, this money has been subsequently withdrawn from them and taken to this Government source.

Q. Is this your impression about what happens in Ahmedabad?

A. Yes and also generally in the district.

Q. Suppose the rate of interest on Postal Certificates were reduced, do you still think that money is withdrawn from this source to government source ?

A. Yes, but if the interest on them is lowered the effect would be less.

Q. You want that the rate of interest should be $4\frac{1}{2}$ % ?

A. Yes.

THE CHAIRMAN You say that merchants keep cotton for months together and get advances against cotton. Now this capital is locked up for months together. Would it not be possible to have a system of trade bills against this cotton which would be negotiable in the market ?

(MR. SAKARLAL) In this case also they have to take money.

Q. But it will be in circulation ?

A. These bills will be honoured provided cotton is kept in a licensed warehouse, otherwise not.

Q. Would not these bills to a certain extent relieve the money market ?

A. Yes; they would relieve to a certain extent the money market.

MR. V. L. MEHTA For the attraction of larger investors in a place like Ahmedabad do you think that any further facilities for investment in Government securities are required ?

(MR. PATEL) Except a sound currency policy and easy industrial finance there is no other facility that is required.

Q. You say on Page 5 "the use of vernacular scripts in banking would be assistance to village population". Are vernacular scripts generally used and accepted by the local branches of the Joint-Stock Banks ?

A. Not all vernaculars are accepted. Hundis are accepted.

Q. Are not endorsements in vernacular accepted here ?

A. We have no such practice here to a very large extent.

Q. You suggest that you derive very little assistance from the Joint-Stock Banks ?

A. Yes. Except by having one's own money, very little assistance is derived by one from them.

Q. But surely are not the rules of Joint-Stock Banks less rigid than the rules of the Imperial Bank ?

A. Still the result has not been very favourable.

Q. With regard to *shroffs* with whom most of the millowners have dealings, are all the *shroffs*, local *shroffs* or have they any dealings in Bombay ?

A. They are all local *shroffs*.

(MR. SAKARLAL) Local *shroffs* have accounts in Bombay.

Q. You said that there is a practice for the Imperial Bank or for other banks to make advances to mills in Bombay against their goods ?

(MR. SAKARLAL) Yes.

Q. You also said that greater facilities were given for imported piecegoods ?

A. Yes.

Q. Is not this due to the fact that they are warehoused in the Port Trust's warehouses and that is why they advance money ?

(MR. SAKARLAL) Even against local goods they advance money in Bombay.

Q. May it be due to the fact that there are better warehousing facilities in Bombay than here ?

A. No. So far as the mills are concerned in both places the facilities are the same.

Q. May it be not due to the fact that they are more in touch with the Imperial Bank than yourselves ?

(MR. PATEL) Or perhaps the bank's point of view here may be different.

Q. Have you occasion yourselves to remit money to Bombay and get money from Bombay or do you do it only through a bank ?

A. We have to remit money to Bombay independently.

Q. Do you get all facilities from local banks ?

A. We do get facilities through shroffs.

Q. Do you think that in the interest of the industry more facilities are required for remittance purposes ?

A. Yes. The working hours of the banks should be changed. The charge for the transmission of funds is very heavy.

Q. Is the Millowners' Association or any other Association associated with the Labour Bank started by the Labour Union here ?

A. No, we have no connection with it.

Q. Is it the practice here for the Millowners to make advances to wage-earners and make deductions out of their salaries ?

(MR. SAKARLAL) Yes.

Q. Is it the general practice here ?

A. Yes, on certain holidays and on certain occasions we give them advances, and reductions are made from their salaries. Only 8 days money of theirs remain with the mill.

Q. Is it the practice for your employees to pledge small articles and get money against them ?

(MR. SHANTILAL) Yes, sometimes they do pledge gold articles with bania money-lenders and get money. They do borrow from Pathans also

Q. If some pawn shops are open by your Association or by the Labour Union or by some other body will they be of advantage to your employees ?

A. Yes.

(MR. KAMAT) Are there any occasions when your respectable shroffs come into touch with bank managers here as a body or individually ?

(MR. SAKARLAL) Not much

(MR. SHANTILAL). The Bank Managers do not know the *shroffs* individually.

Q. How do they come to know the standing of an individual or of a firm ?

(MR. SAKARLAL) Only through their brokers. But except this there is no touch throughout the year between the shroffs and Bank Managers.

Q. Would you be in favour of registering approved *shroffs* of a respectable standing.

(MR. PATEL) This would create a kind of dissension between the different classes of *shroffs* ?

(MR. SAKARLAL) Are they required to publish their balance-sheets if they are registered ?

Q. But if they are not compelled to publish their accounts would they agree to be registered ?

A. Yes. Besides, they have their own association and the names of *shroffs* are on the lists.

Q. This is for their own Association but for general information or for the information of banks or Government if they are registered would they be in a position to bring about the touch with the Imperial Bank which you say is not there at present ?

(MR. SANTILAL) To a certain extent it might bring them into touch with the Imperial Bank.

Q. Would mere registration of such approved shroffs induce the Imperial Bank to lend out money to such people but under less rigid rules ?

(MR. SAKARLAL). Yes.

Q. If this is so, registration might help you in two or three problems. Firstly there will be closer touch which you want, secondly it might bring back the money which goes to the Imperial Bank now; and once the money flows into the pockets of approved *shroffs*, naturally they would lend it on easier terms to petty traders and therefore the shroffs would form a connecting link. Our problem is how to link them up. Now there is no other link between Imperial Bank and the traders in the country. In order to bring about this link would registration be the means ?

A. Once a link is formed money flows from the Imperial Bank into the hands of shroffs and they in their turn can give on easier terms to traders. Here the bankers are not only bankers but they are traders and commission agents.

Q. If registration of bankers, as you say, is feasible and if it is going to bring in the touch with the managers of the Imperial Bank or other Joint Stock Banks and if other banks are prepared to advance

money on easier terms with less formalities I think then you would be in favour of registration ?

A. Yes.

Q. In the 70 mills which you have here what may be the number of millhands in all ?

A. (MR. PATEL) About 70,000/-.

Q. Of these 70,000 millhands in Ahmedabad, how many are agriculturist labourers, that is to say, who are still in touch with their lands and come here for a certain number of months and serve and go back ?

A. Practically nil because after their migration in Ahmedabad, they have settled here and some workmen who might have an interest in their villages might be going occasionally. This number is very insignificant.

Q. So, some of these workmen go back for a holiday to their villages, but not for the purpose of doing agriculture ?

A. No.

Q. Do they come to you when they come at all with a load of debt ?

A. We never come into touch with a particular labourer but we think that they come with a very small quantity of debt if at all.

Q. On the question of cotton grading, would it not be an advantage to you as millowners if there is a system of grading cotton before it is mixed haphazardly. At present there is no grading officer or a specialist who has the knowledge of grading. You have no specialist in grading when you buy your cotton, with the result that your piece-goods are from mixed cotton ?

A. (MR. PATEL) Government have already fixed up zones in Surat district under the Act, there should be no adulteration by the passing of cotton from one tract into another.

Q. But even in the same tract there might be different grades ?

A. But at the time of purchasing cotton we try to examine it and if there is any mixture the price is lowered. The price is always dependent upon the quality.

Q. But would not grading and warehousing help your industry ?

A. They would help our industry.

Q. Do you sell your piece-goods outside your presidency ?

A. Yes. We send it upcountry, to United Provinces, Calcutta, Punjab and to other places.

Q. What about your remittance facilities from these other presidences other than Bombay ?

A. We get *hundis* or through banks.

Q. Do they depend upon *shroffs* or do they have recourse to banks ?

A. They depend upon both the *shroffs* and the bank. Sometimes we draw a *hundi* and give it to local banks and sometimes we receive *hundis* from them.

- Q. Are there any difficulties for remittance in this inter-presidency matter ?
- A. No.
- Q. Do you send your goods outside India ?
- A. No.
(MR. SHANTILAL) We send to merchants in Bombay and perhaps they might be sending it to places outside India.
- Q. So far as millowners are concerned they do not find any difficulty about export or banking facilities in the matter of export ?
- A. No.
- Q. Do you directly export your goods ?
- A. (MR. SAKARLAL) No.
(MR. DESAI) You have already told the Chairman that the Imperial Bank plays a negligible part in financing their industry though it receives crores of public money. I want to know your views in whose interest or for whose benefit the Imperial Bank exists ?
- A. (MR. PATEL) It exists for the interests of its shareholders and for the interest of Government and their ownelves.
(MR. SAKARLAL) It finances in the interest of Government and foreign traders.
- Q. You think that it is not performing the function of a central institution ?
- A. Certainly not.
- Q. Do you suggest any scheme of a Central Bank which would function as a central institution of the country ?
- A. (MR. PATEL) It is very difficult to suggest any definite scheme but we can suggest the idea or describe the deficiency we are experiencing at present -viz that the bank does not assist to the extent to which it ought to assist the public.
- Q. One suggestion has been put before us by you, regarding the registration of *shroffs*. I want to know your views whether registration is the only things required or do you also give your views as to the present mentality of the governing body of the Imperial Bank and whether it should be changed ?
- A. (MR. SAKARLAL) The mentality of the governing body of the Imperial Bank should be changed first.
- Q. And should the registration come next ?
- A. Yes.
- Q. What is the present mentality of the governing body of the Imperial Bank ?
- A. (MR. PATEL) The very word "Imperial" show the atmosphere with which it is surrounded.
- Q. But as a merchant or as a great industrial magnate, can you tell us what is their mentality ?
- A. To keep much aloof from the public cause and utilise the finance that is available to them for such purposes as may be suitable to them and certain interests.

- Q. To them means whom ?
- A. To exporters. The Imperial Bank of India and Exchange Banks are more directly connected with foreign exporters.
- Q. And practically you say that the Imperial Bank exists not for the trade of the country but for the interests of the International Traders and foreigners, is it so ?
- A. Certainly so.
- Q. And at the same time do you not think that it is an unfair competition when it uses large public balances ?
- A. Certainly so.
- Q. Do you think that its rate of interest is the chief thing which prevents the functioning of the Imperial Bank in your industry ?
- A. The chief thing is the Imperial atmosphere and secondly it is the rate of interest.
- Q. Why is the rate of interest so high compared with the internal rate of interest ?
- A. We think that the rate of interest at present largely depends on the remittances of money from this country to other countries and this is mainly the cause of the rise and fall of interest in India.
- Q. But does it depend on the existing conditions of the trade ?
- A. This is a lesser cause.
- Q. Will then do the Exchange Banks also form the chief cause for this state of affairs ?
- A. It is at the root of the whole evil.
- Q. Assume it for a moment that if the management of the Imperial Bank is handed over to Indians, do you not think that it would improve the business relations with the industry and the general public ?
- A. The ideal would be changed. The angle of vision would be definitely so altered in the interests of the internal trade of the country that they would come in more touch with the local public and industries.
- Q. So the industry would thrive. Is it not so ?
- A. Yes. And subsequently the bank also.
- Q. What are your views regarding the administration charges of the branch of the Imperial Bank here ?
- A. They are too heavy.
- Q. And if the management would be Indianised would the charges be reduced.
- A. These would be reduced to a considerable extent.
- Q. A question has been put to you by the chairman regarding trade bills. I put it to you that on the continent a trade bill is only meant to inform a bank that "A" is exporting so many bales of piece-goods to Bombay and that he is drawing a bill against those goods. Do you

not think that if this kind of trade bills are revived in India they will be helpful to your industry.

A. Yes.

MR. DESAI:

Q. In foreign countries the system is this that the manufacturer has only to inform the Banker that he is manufacturing such and such goods and he would export it to such and such a party and against those goods he wants to draw certain amount of trade bill. If such a kind of trade bill would be introduced in this country do you not think that it would be useful to your industry?

A. Yes.

Q. But will you say when would it be introduced and under what conditions would it be introduced?

A. It depends upon the nature of the recommendations of your Committee.

Q. THE CHAIRMAN What is the difficulty at present?

A. At present the Banks would not come forward to work on such lines?

Q. MR. DESAI And at the same time they are not in close touch with their constituents, are they?

A. They are not in close touch with their constituents particularly because they are foreigners.

Q. From the reply you have given, the chief part is played by indigenous bankers in financing your industry, is it so.

A. Yes.

MR. SHANTILAL Practically the whole part has been played by indigenous bankers except the current account.

Q. Current account is no credit facility?

A. No. Credit facilities is all with shroffs, whereas the Imperial Bank does not pay interest on current account and even if it pays in any cases it is only say a negligible percentage.

Q. Do you therefore say that the indigenous bankers play the chief part in financing your industry?

(MR. SHANTILAL) Yes, specially it is so in Ahmedabad.

Q. And if the supply of funds with *shroffs* would be increased, do you not think that it would help your industry.

A. MR. PATEL The money could be percolated through all the veins of the industry.

THE CHAIRMAN In reply to a question put by Mr. Desai you said that the kind of trade bills he mentioned are not in use because the management of the Imperial Bank is foreign but could not this business be done also by Indian Joint Stock Banks?

(MR. PATEL) Yes, it could be done.

Q. Why are they not doing it?

A. Once when a system is not started by a bigger Bank a smaller Bank might be afraid of taking to it. We do not now exactly the reason.

(MR. SHANTILAL) The Imperial Bank being a national bank it should start first, and give the lead.

Q. But if such a business is profitable there is no reason why an Indian Joint Stock Bank should not take to it ?

A. It will not be very profitable, there will be some risk in the initial stages.

Q. Do you not think that it is the main reason and not the reason given by you that the management is foreign.

A. Management has its effect but ways could be found out to overcome the risks.

(MR. V. L. MEHTA). You say that it is the practice for the mills here to accept deposits and the *shroffs* also accept deposits. Is there no competition between the two ?

A. No. The rates are practically the same.

(THE CHAIRMAN) Has the amount of deposits with mills increased or decreased during these years.

A. It is increasing because the size of the mills is also increasing.

Q. So the Postal Cash Certificates do not come in their way ?

A. No.

(MR. SAKARLAL) Had there not been Postal Cash Certificates still more money would be coming.

(MR. SHANTILAL) These are big deposits.

Q. Are your mills' deposits generally big deposits ?

(MR. SHANTILAL). Yes, we do not accept a sum less than Rs. 1000/- as a minimum.

(The witnesses withdrew).

No. 264/D,
General Department
Bombay Castle,
10th January 1929.

To
The Secretary,
THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD.

**Subject:—Workmen's Compensation Act, 1923.
Amendments to—**

Sir,

I am directed by the Governor in Council to forward herewith a copy of Government Resolution No. 264, dated the 18th December 1928, and to request that you will be so good as to furnish the Director, Labour Office, with the views of your Association by the prescribed date.

I have the honour etc.

(Sd.)

for Under Secretary to the Government of Bombay,
General Department.

**Workmen's Compensation Act, 1923.
Amendments to—**

Government of Bombay,
General Department.
Resolution No. 264.
Bombay Castle,
18th December 1928.

Letter from the Government of India, Department of Industries and Labour, No. L/1125, dated the 30th November 1928 :—

“I am directed to refer to letter No. F. 111-I-28-A., dated the 4th October 1928, from the Legislative Department forwarding a copy of a Bill further to amend the Workmen's Compensation Act, 1923, for certain purposes which was introduced during the last session of the Legislative Assembly and circulated for the purpose of eliciting opinions thereon. This Bill is confined to the Amendment of those sections which are admittedly defective and to the introduction of changes which are likely to raise no important controversial points and which will be generally recognised as improvements. But now that some experience of the working of the Act is available, it is desirable to re-examine the principles underlying the present Act and its more important features. The Act was admittedly an experimental measure and many of its features owe their origin more to a desire to minimise the difficulties attendant on the introduction of an entirely new measure of this kind than to any belief in their permanent value.

2. "The scope of the Act In any revision of the Act the two most important questions which require consideration are the definition of the workmen to whom the Act applies and the scales of compensation payable. The present Act aimed at the inclusion only of persons employed in branches of industry which were both organised and hazardous, and in extending the Act to fresh classes the Government of India have endeavoured to follow this principle. The great majority of the workmen who satisfy these conditions already come under the operation of the Act and if these conditions are to be maintained, no large extension of the scope of the Act is possible. It is difficult, however, to justify the exclusion of other classes of workmen on grounds of logic alone. The mere fact that an occupation cannot be described as hazardous is hardly sufficient justification for denying compensation to those who suffer from the rare accidents which occur and the fact that an industry is not organized in no way minimises the hardship which accidents involve on workmen or their dependents.

3. "No great difficulty would be created by the inclusion within the Act of workmen engaged in branches of industry which are not particularly hazardous and which are organized, e. g., to workmen employed on plantations. But the extension of the Act to workers in unorganized industries raises more serious problems, for the employer in an unorganized industry is not as a rule in a position to pay the compensation which would be due in the event of a serious accident. Nor would he be likely in most cases to take advantage of such facilities for insurance as are available. It would seem, therefore, that unless some scheme of compulsory insurance can be introduced, it would be unwise to contemplate any large extension of the scope of the Act. The Government of India are provisionally of the view that the endeavour to introduce any scheme of compulsory insurance, at any rate in unorganized industries, would be attended by serious administrative difficulties. In particular, the expense of administering such a scheme outside the more important urban areas would probably be prohibitive. But they would be glad if the local Government would consider, in the light of the above observations, the desirability of bringing further classes of workers within the scope of the Act. In particular, they would welcome any specific suggestions for additions to Schedule II of the Act.

4. "The scales of compensation —The main principles of the existing scales of compensation are —

- (1) The payment of a lump sum equivalent to $2\frac{1}{2}$ years' wages of the deceased workman in cases of death of adult workmen.
- (2) The payment of lump sums equivalent to $3\frac{1}{2}$ years' wages (or in the case of minors, 7 years' wages) in the case of complete permanent disablement with proportionately smaller sums for partial permanent disablement.
- (3) The payment of allowances at half the wage rate for workmen temporarily disabled, with provisions for commutation. The most

striking feature of the Indian Act in this respect is the preference shown for lump sums as against recurring payments and there is no doubt that in a country where industrial labour is drawn to a large extent from distant areas the payment of lump sums involves much less administrative difficulty than the payment of pensions. On the other hand, money received in the form of lump sums, particularly by ignorant workmen and their dependents, is apt to be expended in an improvident manner; and the payment of pensions, if it could be smoothly effected, would result as a rule in the receipt of substantially greater benefit for an equivalent amount of expenditure. The Government of India would be glad to know to what extent (if any) it is desirable, in the opinion of the local Government, that recurring payments should be substituted for lump sum payments in granting compensation.

5. "As regarding the level of the scales, I am to invite attention to the Recommendation on the minimum scale on compensation laid down by the Seventh International Labour Conference; a copy of this Recommendation is enclosed.* It will be observed that the main principle underlying this Recommendation is that the scales of compensation should be so framed as to provide the equivalent of two-thirds of the amount which the workmen would have earned had he not been killed or incapacitated. The adoption of these principles in the Indian Act would involve an enhancement of one-third in the rate of payment for temporary incapacity and would probably involve substantial enhancements of the amounts payable on account of death or permanent incapacity; and the Government of India desire to receive opinions regarding the desirability of altering the scales. They are provisionally inclined to the view that in respect of the more poorly paid workmen in particular an enhancement would be justified and that, whether the scales of workmen generally are modified or not, the minimum scales of compensation which result from the application of Schedule IV of the Act might suitably be raised.

6. "The waiting period.—A further question which arises in connection with the scales of compensation concerns the date from which compensation is payable under the act as it stands at present no compensation is payable in respect of the first ten days of disablement and it has been suggested that this waiting period is too long and results in hardship. While the period is admittedly longer than that prescribed by the great majority of Acts in other countries, the Government of India feel some doubt as to the wisdom of making a general reduction. It should be borne in mind that every reduction involves a very large increase in the number of cases that can be brought under the Act. Experience in other countries in respect of accident frequency indicates that a reduction of present period by only three days would involve an increase of about 25 per cent. in the number of possible cases. And even if the period were reduced to as low as four days, the amount of compensation for temporary disablement due to a workman who was disabled for a period of less than ten days would seldom exceed Rs. 2 or 3, and it would not

* Printed as an accompaniment to this resolution.

ordinarily be worth his while to contest such a claim where an employer refused to pay.

7. "But the waiting period, in addition to excluding a large number of possible new claims for very short periods, operates to diminish the amount of compensation payable to workmen disabled for longer periods. And it is possible to minimize this effect without opening the door to a large number of trivial claims by providing that, where the disablement has lasted more than ten days, the workmen should be entitled to receive compensation from an earlier date,—e. g. from the fourth day of disablement. This method, which is known as 'dating back' has been adopted in a number of Acts in other countries and was at one time in force in England. The disadvantage attendant on it is that it provides in a number of cases a strong temptation to malingering. For the workman who returns to work, for example, on the tenth day is entitled to no compensation, whereas if his disablement lasts for one more day, he receives compensation for a week. In spite of this disadvantage, the possibility of introducing 'dating back' provisions deserves consideration.

8 "The definition of 'dependents'. The provisions of the Act relating to dependants were designed mainly in order to avoid administrative difficulties and it was recognised at the time that they might be somewhat arbitrary in their operation. The present law is briefly as follows. The amount of compensation to be distributed is independent of the number of their dependants and of the degree of their dependence on the deceased workman, provided that there is a single relative falling within the group specified in section 2 (1) (d) of the Act, the whole of the compensation has to be distributed and, so far as the employer is concerned, the question of whether any of the relatives was actually dependant or not is immaterial. The Commissioner has complete discretion regarding the distribution of the amount and in exercising this discretion, he is naturally guided by the extent to which the various claimants were dependent on the deceased. But as the Act at present stands, he may be compelled on occasion to grant the whole of the compensation to relatives who are in no way dependent, and he may find himself unable to give compensation to another relatives who were dependent but who do not come within the definition of 'dependant' given in the Act. The Government of India have received suggestions that the list of dependants should be enlarged, but they are provisionally of opinion that this would be an unwise step so long as the present principles are maintained. For while there are other relatives, who are in some cases actually dependant on the deceased, e. g. widowed sisters and widowed daughters, every addition to the list of a relative who is not in the great majority of cases an actual dependant increases the risk of compensation going to those who have no just claim to it. And it would seem that if any amendment of these provisions is required, the amendment should be of a more radical character. Thus for example, it would be possible to enlarge considerably the list of relatives entitled to claim and to insist, at the same time, on some proof of dependence. It would also be possible to provide that the amount of compensa-

tion payable should vary with the number of the dependants and with the extent to which they were actually dependent on the deceased. Provisions of this nature would be more logical than those contained in the Act; but they would obviously be more difficult to administer than the existing law and the Government of India would be glad to know to what extent, in the opinion of the local Government, it is advisable to move in the directions suggested.

9. "Liability of contractors.—Sub-section (2) of section 12 of the Act provides that where a principal is liable to pay compensation under this section, he is entitled to be indemnified by the contractor. The whole section, which follows the British Act, contains no special provisions relating to sub-contracts, which are not uncommon in Indian industry, and some amendments appear to be desirable. A recent decision of the Calcutta High Court has made it apparent that no indemnification can be obtained under the Act from the sub-contractor in respect of compensation awarded against the principal for injuries sustained by the sub-contractor's workman. In such cases the principal can recover from the contractor, but neither of them can secure indemnification from the sub-contractor in the absence of an express contract providing for such indemnification. But it is open to the workman to secure compensation from the sub-contractor by whom he is directly employed. Thus the section, as it stands, has the undesirable effect of enabling a workman to decide in a particular case on which of the parties the ultimate liability should lie, and an amendment is accordingly required.

10. "The most obvious amendment would be one permitting the liability to be passed on in every case to the person directly employing the workman, and such an amendment would be in accord with the general principle of the existing section. But it is at least questionable if this principle is entirely suited to Indian conditions. In many cases the contractors who are responsible for the employment of labour have little control over the working conditions, and the main responsibility for such matters as the safety of the workmen rests not with the contractor, but with the principal. In a number of instances, and especially in the working of mines, the law definitely holds a particular party responsible for the safety of workmen and it is questionable if he should be at liberty to pass on the liability for compensation merely because he has not engaged the workmen directly. A possible alternative, therefore, would be so to amend the section as to provide that in any case where the contractor or sub-contractor is ordered to pay compensation he shall be entitled to be indemnified by the principal. Such a provision would be subject to the exception contained in the present section 12(4) of the Act which makes the section inapplicable in cases where the accident occurred elsewhere than on the premises of the principal. There would, of course, be nothing to prevent a principal from entering into a specific contract with contractor or a sub-contractor providing for his indemnification, independently of the Act, against claims for compensation.

11. "Returns.—While the majority of employers now send the prescribed returns punctually there is a substantial minority who fail to comply with the provisions of section 16 of the Act. And a suggestion has been made that a penal clause should be introduced in the Act making it possible to impose a small fine on employers who fail to submit returns within the time prescribed. At present employers intentionally omit to furnish returns can be prosecuted under section 176 of the Indian Penal Code, but it has been urged that the difficulty of proving the element of intention renders this section insufficient for the purpose. The Government of India consider that the fact that a reminder or several reminders had been issued without result would in most cases suffice to establish intentional default and they are doubtful if a special penal clause is necessary; but they would be glad to have opinions on the question.

12 "Section 16 requires the submission by employers of correct returns specifying the number of injuries in respect of which compensation has been paid by the employer during the previous year together with such particulars as to compensation as the Governor General in Council may direct. As the section stands, employers cannot be legally compelled to submit returns in respect of injuries for which no compensation has been paid and it has been suggested that the scope of the section might be enlarged, so as to secure these returns and enable Government to judge of the extent to which injured persons succeed in getting compensation. This might be advantageous, but it would not be an easy matter to define the accidents in respect of which returns were required. It should be remembered in this connection that claims for compensation can arise in respect of injuries sustained elsewhere than on the employers' premises. And to call for returns in respect of injuries 'arising out of and in the course of employment' would be to compel the employer to choose between restricting the returns to the cases in which he has paid compensation (and this is what is required at present) and admitting that he was liable to pay compensation in a number of other cases.

13 "Provisions relating to procedure in fatal accidents.—Finally, the Government of India desire to suggest some improvements in the procedure relating to fatal accidents, with particular reference to section 22 (1) of the Act. As the law stands at present, under sub-section (1) of section 22 a dependant who finds that no compensation has been deposited on behalf of a deceased workman must first approach the employer. This appears to be illogical as, in the case of fatal accidents, it is not possible for the parties to reach an agreement that will be final. The duty of deciding what compensation, if any, should be given to each dependant rests solely with the Commissioner and an agreement between any dependant and an employer is effective only in so far as it is an agreement on the employer's side to deposit compensation. The dependant can make no corresponding agreement to accept the compensation. As all cases of fatal accidents must come before the Commissioner and failure to deposit compensation is equivalent to a denial of the claim, the Government of India are inclined to the view that section 22 should be amended

in such a manner as to enable a dependant who claims compensation to approach the Commissioner for the settlement of his claim without first applying to the employer. This change would not affect the right of the employers to a notice of the accident.

14. "Section 22 of the Act effectively prevents the Commissioner from initiating proceedings on his own motion. It has been suggested that in a country like India where the class of people, from which workmen are drawn, is almost entirely illiterate, the Commissioner should be given powers to initiate proceeding to secure the payment of compensation in cases where owing to ignorance, no claim has been made. The proposal, as stated in this form, is open to serious objections, the main one being that it would tend to remove the Commissioner from the position of a referee to that of a partisan and to weaken the confidence of employers in his impartiality. The Government of India, however, consider that the migratory character and the general illiteracy of the workers in India and the absence of well organised trade unions furnish grounds for taking special measures for securing to the dependants of a deceased workman the compensation which is due to them under the Act. For example, a provision might be made under which the employer would be bound to give notice to the Commissioner within a prescribed period of all accidents to his workmen which have terminated fatally. Failure to give such notice would render the employer liable to a fine. The notice would include certain specific details and would also include a statement whether the employer proposed to deposit compensation with the Commissioner or not, and if not, his reasons for not doing so. Where the employer did not propose to deposit compensation, the Commissioner might be authorized to convey to the dependants of the deceased employee an intimation that it was open to the latter to take such further action in the matter as they might desire to take under the Act. Alternatively, other officers, e. g., Inspectors of Factories and Mines might be authorized to prefer complaints (and to secure that the proper notice was served on the employer) in cases where they believed that a workman had been killed in circumstances giving rise to a claim for compensation, and where no compensation had been deposited. The Government of India would be glad if these suggestions could be considered; they will be ready to consider any other suggestions designed to meet the difficulty.

15. "In a number of cases Commissioners for Workmen's Compensation have been unable to award compensation payable under the Act owing to the fact that the dependants of a deceased workman could not be traced, and a suggestion has been made that employers should be obliged to register the names and addresses of the nearest relatives of each of their workmen as soon as the workman is taken into employment. The Government of India are inclined to view such a proposal favourably, but they consider that the procedure suggested could only be introduced effectively for certain limited classes of workmen, e. g., those employed in factories, mines and railways. In the case of a factory for example, the employer has to keep a register of all the persons employed, and the names and addresses of the nearest relatives could be entered at the time when the

entry of a workman's name is first made. These registers could be examined periodically by Factory Inspectors. On the other hand, the enforcement of a rule in the building trades, for example, would be scarcely possible. Another possible objection to this proposal is that in some area workmen might be unwilling to give their wives' names and the wife, when living, is the most important dependant.

16. "Cases arise in which the amount of compensation deposited on account of a fatal accident is inadequate and the Commissioner is at present precluded from taking steps on his own initiative to secure that the full amount of compensation is paid. He must await an application from a dependant before taking any action in this respect. As the deposit of compensation is tantamount to an admission of liability, it would seem to be desirable that the Commissioner should be empowered to call upon the employer depositing compensation in any particular case to show cause why he should not deposit the additional amount sufficient to bring the compensation in any particular case to show cause why he not deposit the additional amount sufficient to bring the compensation upto the prescribed sum.

17. "Section 8(1) of the Act does not prescribe any particular period during which the payment must be made by the Commissioner, but it is doubtful whether he can, without statutory authority, withhold a payment for the periods which are sometimes necessary for the decision of an appeal by a High Court. It has, therefore, been suggested that section 8(1) of the Act should be amended so as to empower the Commissioner to withhold payment in cases where an appeal has been filed against his decision. The High Court might similarly be empowered to order in any particular case that the distribution of compensation should be suspended pending their decision.

18. In conclusion, I am to set out briefly the main questions on which the Government of India desire to receive opinions. These are as follows —

- (1) To what fresh classes of employees, if any, should the Act be extended ?
- (2) Should any provisions be introduced for securing workmen against possible loss by reason of the inability for their employer to pay any compensation that may be due ?
- (3) To what extent, if any, should recurring payments be substituted for the lump sums at present payable under the Act ?
- (4) Should the scales of compensation be enhanced either for the more poorly paid workmen or generally ?
- (5) Should the waiting period be reduced either generally or in the case of those workmen who are disabled for more than ten days, and if so to what extent ?
- (6) Should the list of relatives entitled to claim compensation be enlarged ?

- (7) Should proof of dependence be required in order to enable a relative to claim compensation ?
- (8) Should the compensation payable vary with the number of dependants and with the extent of their dependence on the deceased workman ?
- (9) Should section 12 of the Act be amended—
 - (a) so as to place the ultimate liability for compensation on the person directly employing the workmen in every case, or
 - (b) so as to place the ultimate liability for compensation on the principal, or
 - (c) in any other manner ?
- (10) Should any penalty be provided in the Act for failure to comply with the provisions of section 16 ?
- (11) Should employers be required to submit returns of accidents in respect of which compensation has not been paid, and if so, to what accidents should this provision apply ?
- (12) Should a dependant claiming compensation be relieved of the necessity of approaching the employer for the settlement of his claim ?
- (13) What steps, if any, should be taken to ensure that dependants who may have valid claims for compensation do not lose compensation through ignorance of their rights ?
- (14) Should employers be required to maintain a register of relatives of their workmen ?
- (15) Should Commissioners be empowered to call on employers depositing inadequate compensation for fatal accidents to make a further deposit ?
- (16) Should provision be made for the suspension of distribution by the Commissioner pending the disposal of an appeal against his decision ?

Other amendment of the Act may suggest themselves to local Governments or those consulted by them, and the Government of India will also be glad to receive any suggestions relating to points which are not discussed in this letter. I am to request that, after consultation with representative organisations of employers and employees and others who may be interested in the operation of the Act, a reply may be sent to this letter not later than 1st July 1929.

Resolution—Copies of the letter from the Government of India and accompaniment should be forwarded to the Honourable the Chief Justice and Judges of His Majesty's High Court of Judicature, Bombay, the Commissioner in Sind, the Commissioners of Divisions, the Commissioner, workmen's Compensation, Bombay, the Collector of Bombay, the Director of Industries, the Director, Labour Intelligence, the Shipping Master, Bombay, the Chairmen, Bombay and Karachi Port Trusts, the Municipal Commissioner for the City of Bombay, the Chief Officer, Bombay,

Improvement Trust, and to the Bodies and Associations mentioned below and they should be requested to favour Government with their replies by the 30th April 1929 at the latest. The Director, Labour Intelligence, and Registrar of Trade Unions, is authorized to consult such other bodies as he may consider necessary. The replies should be addressed to the Director, Labour Intelligence, who should submit them to Government with a summary of the views contained in them and a draft letter to the Government of India as soon as possible

By the order of the Governor in Council,
A. H. Dracup,
 Under Secretary to Government.

G. R. No. 264, G. D. dated the 18th December 1928

*Accompaniment to Government Resolution, General Department,
 No. 264, dated the 18th December 1928.*

**Recommendation of the Seventh International Labour Conference
 on minimum scale of Compensation**

The General Conference recommends that each member of the International Labour Organisation should take the following principles and rules into consideration.

I. Where incapacity for work results from the injury, the national laws or regulations should provide for the payment of compensation at rates not lower than those hereinafter indicated —

- (1) In the case of permanent total incapacity, a periodical payment equivalent to two-thirds of the workman's annual earnings.
- (2) In case of permanent partial incapacity, a proportion of the periodical payment due in the event of permanent total incapacity calculated in reference to the reduction of earning power caused by the injury.
- (3) In case of temporary total incapacity, a daily or weekly payment equivalent to two-thirds of the workman's basic earnings as calculated for purposes of compensation.
- (4) In case of temporary partial incapacity, a proportion of the daily or weekly payment payable in the case of temporary total incapacity calculated in reference to the reduction of earning power caused by the injury.

Where compensation is paid in a lump sum, the sum should not be less than the capitalised value of the periodical payment which would be payable under the foregoing paragraphs.

II. Where the injury is such that the workman requires the constant help of another person, additional compensation should be paid to the workman, which should not be less than half the amount payable in the case of permanent total incapacity

III. Where death results from the injury, those entitled to be regarded as dependants for purposes of compensation should include at least the following:-

- (1) Deceased's husband or wife;
- (2) Deceased's children under 18 years of age, or above that age if, by reason of physical or mental infirmity, they are incapable of earning;
- (3) Deceased's ascendants (parents or grand-parents) provided that they are without means of subsistence and were dependant on the deceased, or the deceased was under an obligation to contribute towards their maintenance;
- (4) Deceased's grand-children and brothers and sisters, if below eighteen years of age, or above that age if, by reason of physical or mental infirmity, they are incapable of earning, and if they are orphans, or if their parents, though still living, are incapable of providing for them.

Where compensation is paid by means of periodical payments, the maximum total of the yearly sum payable to all the dependants should not be less than two-thirds of the deceased's annual earnings.

Where compensation is paid in a lump sum, the maximum sum payable to all the dependants should not be less than the capitalised value of periodical payments equivalent to two-thirds of the deceased's annual earnings.

IV. The vocational re-education of injured workmen should be provided by such means as the national laws or regulations deem most suitable.

Governments should encourage institutions which undertake such re-education.

To
The Director,
LABOUR OFFICE,
BOMBAY.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 27th April 1929.

Dear Sir,

With reference to letter No. 264D of 10th January 1929, received from the Secretary to the Government of Bombay, General Department, on the subject of the Amendment to Workmen's Compensation Act 1923, my Committee have to express the following opinion —

1. Workmen employed on plantations should be included within the scope of the Act owing to such a branch of industry (which is not particularly hazardous) being on an organised basis. The extension of the Act to workers in unorganised industries is obviously impossible in view of the impractical nature of its application in a country like India and

the complexities that would arise in the administration of such a province. Any scheme of compulsory insurance is also beset with the same difficulty and the expenses and organisation for efficient administration of such a scheme would far outweigh the small advantages that are calculated to be derived therefrom.

2. In granting compensation the Commissioner should be empowered to substitute for half the lump sum recurring payments if he thinks that ignorant workmen and their dependents are likely to spend the amount in an improvident manner. The Workmen's Compensation Act which is operative in India from the middle of 1923 does not warrant, under the present circumstances, any increase in the level of the scales of compensation on the lines laid down by the 7th International Labour Conference

3. In regard to the waiting period and the method of "dating back" there is no objection if the workmen receive compensation from the sixth day of disablement provided the disablement has lasted more than 20 days

4. The list of dependents embodied in section 2 (1)d of the Act is comprehensive and it includes even minor sons, unmarried daughters, minor children of a deceased son and when no parent of the workman is alive even a paternal grand-parent.

As all or any of these persons are entitled to claim compensation it is not advisable to enlarge the list of relatives. However, any widows of the family who are legitimately dependent of the deceased person and who are without other means of livelihood may be included in the said list.

5. In regard to section 12 the responsibility should evidently lie on the *direct employer* only, irrespective of his being a contractor, sub-contractor or Principal.

6. After the failure of several reminders the employer who intentionally omits to furnish returns can be prosecuted under Section 176 of the Indian Penal Code. Having regard to this and also to the fact that a great majority of employers now send the prescribed returns punctually it is not necessary to introduce in the Act any penal clause.

7. Section 16 needs no amendment, under the present conditions. It would be extremely difficult to define such accidents, in regard to which no compensation has been either deemed payable or paid.

8. Section 22 should be so amended as to enable a dependent to approach the Commissioner when he finds that no compensation has been deposited on behalf of the deceased workman for fatal accident.

9. The position of the Commissioner as a referee should be strictly maintained and any partisanship which would create prejudice and weaken the confidence of the employers in his impartiality should be scrupulously avoided. To safeguard the securing of the payment of compensation in cases where owing to ignorance no claim has been made a provision might be made under which the employer would have to give notice to the Commissioner within a prescribed period for such accidents to his work-

man which have terminated fatally. However, Inspectors of Factories and Mines may be allowed to prefer complaints.

10. It would be extremely difficult for the employers to register the names and addresses of the nearest relatives of each of their workmen as soon as he is taken into employment in view of such class of people being almost entirely illiterate. Several of them might be unwilling to give the names of their wives in spite of their being the most important dependent relatives.

11. In cases where the amount of compensation deposited on account of a fatal accident is found inadequate the Commissioner may be empowered to ask the employer to deposit the amount equivalent to the prescribed sum.

12. In order to invest the Commissioner with a statutory authority to withhold payment in cases where appeals have been filed against his decisions Section 8 (1) of the Act should be amended.

13. Questions on which the Government of India have invited our opinion have been dealt with in the foregoing paragraphs, however, a short summary as desired in para 18 of their letter No. L. 1125 dated 30th November 1928, is given hereunder —

- (1) Workmen employed on plantations organised on a large scale and those employed in the construction of dams, tunnels and power generating irrigation works should be covered by the Act.
- (2) The Award of the Commissioner being practically a decree of the Court no further provision is necessary for securing workmen against possible loss.
- (3) The Commissioner may in his discretion substitute for half the lump sum recurring payments.
- (4) The scale of compensation laid down in Section 4 of the Act needs no alteration under the present circumstances. However, maximum for compensation for temporary disability might be raised from Rs. 15 to Rs. 20 with a view to give relief to more poorly paid workmen.
- (5) Relief in regard to the waiting period may be afforded by granting compensation from the sixth day of disablement provided it has lasted more than 20 days.
- (6) The list of relatives entitled to claim compensation should not be enlarged.
- (7) The Commissioner should sufficiently investigate proofs of dependence and use his discretion in the matter.
- (8) The decision need not necessarily vary with the number of dependents of the deceased workmen.
- (9) Section 12 of the Act should be amended as mentioned in para 5 of this letter.
- (10) If after several reminders the employer omits intentionally to furnish

returns under Section 16 penalty by way of a small fine may be levied.

- (11) Except in the case of a fatal accident employers need not be required to submit returns of accidents in respect of which no compensation has either been deemed payable or paid
- (12) A dependant claiming compensation may be relieved of the necessity of approaching the employer in case of a fatal accident only and in the event of the employer failing to deposit compensation on behalf of the deceased workmen.
- (13) To safeguard the claims of ignorant dependants of workmen a provision asking the employers to give notice of fatal accidents to the Commissioner within a prescribed period may be introduced.
- (14) In view of several practical, technical and administrative difficulties employers should not be compelled to maintain a register of relatives and dependents of their workmen.
- (15) In cases of fatal accidents the Commissioner should be empowered to ask the employer depositing inadequate compensation for fatal accidents to make further deposit.
- (16) The Commissioner should have authority to suspend distribution of compensation pending the disposal of an appeal against his decision.

I have the honour etc.,
Sd/- G. I. Patel,
Secretary.

No. 1988-F.
Finance Department,
Bombay Castle, 15th April 1929.

From
C. B. B. CLEE, Esq, I. C. S
Deputy Secretary to the Governor of Bombay,
Finance Department.

To
The Secretary,
AHMEDABAD MILLOWNERS' ASSOCIATION,

**Subject:—Indian Income-Tax
Amendment of—**

Sir,

I am directed to forward a copy of Government Resolution No. 1988, dated 15th April 1929, with its accompaniments and to request the favour of the opinion of your Association on the Bill as early as possible and in any case before the 21st May 1929.

I have the honour etc.,
(Sd.)
for Deputy Secretary to the Government
of Bombay, Finance Department.

**Indian Income-tax Act:
Amendment of-**

Government of Bombay,
Finance Department,
Resolution No. 4988.

Bombay Castle, 15th April 1929.

Letter from the Government of India, Legislative Assembly Department, No. F. 109-III/27-A, dated 5th April 1929 —

Subjects—The Indian Income-tax (Amendment) Bill
as reported by the Select Committee.

“ With reference to the Debates of the Legislative Assembly of the 16th March 1929 I am directed to forward herewith copies of the papers noted on the margin and to request that the Governor in Council will favour this Department, with an expression of his opinion on the provisions of the Bill, and with the opinions of the Honourable the Judges of the High Court and of such selected officers and other persons as the Governor in Council may think fit to consult on the subject.

1. The Indian Income-tax (Amendment) Bill as reported by the Select Committee.

2. Extract from Legislative Assembly debates dated 16th March 1929 regarding the Bill.

2. I am also to request that the Bill as reported by the Select Committee may be published in the Bombay Government Gazette in English and in such other languages as the Governor in Council may deem proper, and that the dates of such publication may be communicated in your reply.

3. The reply to this letter should be sent in duplicate by the 21st June 1929.”

Resolution—The Indian Income-tax (Amendment) Bill as reported by the Select Committee, together with the Extract from the Legislative Assembly Debates should be forwarded for favour of opinion to the following—

The Ahmedabad Millowners' Association etc

2. The Officers, Chambers and Associations should be requested to forward their opinion to this Government as soon as possible before 21st May 1929 at the latest.

3. The Bill as reported by the Select Committee should be forwarded to the Manager, Government Central Press, Bombay, for publication in the *Bombay Government Gazette* and to the Commissioner in Sind for publication in the *Sind Official Gazette*.

4. The Bill as reported by the Select Committee should be translated in Marathi, Gujarati and Kanarese and the translations should be published in the *Bombay Government Gazette*. It should also be translated into Sindhi and the Translation published in the *Sind Official Gazette*

5. The dates of the various publications should be reported to Government

By order of the Governor in Council,

C. B. B. Clee,

Deputy Secretary to Government.

To

THE AHMEDABAD MILLOWNERS' ASSOCIATION.

Extract from the Legislative Assembly Debates, Vol. I, No. 30

The Assembly met in the Assembly Chamber of the Council House,
New Delhi, on Saturday, the 16th March 1929.

* * * * *

THE INDIAN INCOME-TAX (AMENDMENT) BILL.

THE HONOURABLE SIR GEORGE SCHUSTER (Finance Member) Sir,
I beg to move

“That the Bill further to amend the Indian Income-tax Act 1922, for certain purposes, as reported by the Select Committee, be re-circulated for the purpose of eliciting opinions thereon.”

Sir, the reasons why the Select Committee has recommended re-circulation are very clearly explained in the Report. I think I need only deal with one or two principal points. The alterations suggested by the Select Committee are numerous, but they only affect questions of detail and not its general principles. Nevertheless, the details are of such importance that the Committee thought it was desirable that the Bill should be re-circulated for opinion. The main alteration is possibly that contained in clause 4, where it has been sought to arrive at definitions of companies or firms subject to the provisions of the Act, which would cover substantially those companies or firms which are formed for the purpose of evasion of tax, and not to rely so much on mere technical distinctions, as had been done in the Bill as originally drafted. As regards companies, for example, certain conditions had been attached in the original Bill, which, on consideration the Select Committee thought would not prove effective for getting at those companies which the Act was originally designed to deal with. The Committee has adopted the definition used in the corresponding English law for deciding what is a company, which is, in effect, a company in which the public are genuinely interested, as distinguished from a company in which perhaps one or two men only are interested, and which has been formed really for the purpose of evasion of tax. I think that the definitions now adopted will prove more satisfactory in practice

The Bill has further been altered in another important respect, in that it substitutes Boards of Referees as the Court of Appeal for the High Court. The High Courts objected to the amount of work which would be involved in the original provisions, and it was the opinion of the Select Committee that Boards of Referees, as provided in the amended Bill, would meet the needs of the case more satisfactorily.

I do not think that it is necessary for me to say any more on this subject, for, as I have already said, the reasons for all the amendments are very clearly stated in the Report of the Select Committee.

The motion was adopted.

—

LEGISLATIVE ASSEMBLY DEPARTMENT.

We, the undersigned, Members of the Select Committee to which the Bill further to amend the Indian Income-tax Act, Papers Nos 1 to VII 1922, for certain purposes was referred, have considered the Bill and the papers noted in the margin, and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto

The Committee met on the 3rd and 5th March, 1928, and the 1st, and 2nd February, 1929. Our deliberations have resulted in considerable alterations of the details of the Bill although not, we think, in its general principles. These alterations we now propose to refer to clause by clause omitting reference to minor alterations of a purely drafting nature

Clause 3.—We have omitted the words "and assess it as if it were unregistered" as otiose. If the registration is cancelled the firm can only be assessed as an unregistered firm.

Clause 4.—This clause we have found to require very careful consideration, and we have expended a considerable amount of time in the discussion of it

As regards sub-section (1) of the proposed new section 23 A., we agree, in the first place, with those criticisms which point out that there may be perfectly genuine firms of which one member only is competent to bind the firm by his act, while, on the other hand, we consider that the sub-section as drafted, could easily be evaded by an unwritten agreement or understanding under which a deed of partnership giving such powers to all the partners could be rendered a practical nullity and the actual power placed in the hands of one partner only. We further agree that it is very important that, as is provided in the case of companies in the English Act, the real purpose of the sub-section should be clearly stated and its provisions confined to cases where a firm or association has been formed and is used really and principally in order that one or more of its partners may evade the incidence of income-tax. Finally, we have added an *Explanation* to make it clear that firms such as are common in India in which one man puts up the whole or the major portion of the capital and is the principal partner in possibly a dozen or more firms with working partners associated with him, are not necessarily to be deemed to have been formed for the purpose of evasion. We think that the sub-section as now redrafted is a reasonable solution of the objections which have been taken to the original proposal.

As regards sub-section (2) of the proposed new section 23A, we are convinced that the criteria contained in clauses (a), (b) and (c), of the sub-section as originally proposed would fail to achieve the desired object. These clauses would not in fact have limited the operation of the sub-section to private companies only because, as many of the objectors have failed to observe, the conditions were to be alternative and not cumulative.

On the other hand, it would have been perfectly easy for any person to form a public company having none of these attributes and yet actually under the control of a single person. As in the case of sub-section (1) we are also impressed with the importance of having the real purpose of the enactment clearly stated in the body of the sub-section. After exhaustive discussions, therefore, we have adopted a sub-section which follows fairly closely, with necessary modifications, section 21 of the English Finance Act, 1922, as amended and amplified by section 31 (3) of the English Finance Act, 1927. The most important feature of the sub-section as now drafted is perhaps the proviso that it is not to apply to a company which is a subsidiary company or in which the public is substantially interested, and for the purpose of fixing the meaning of the latter expression we have formed the view that the definitions in the English Act are as satisfactory as it is possible in all the circumstances to devise.

We have further added to the new section 23A three sub-sections. Sub-section (3) provides that any firm, association or company must be given an opportunity of being heard before orders are passed under the section. Sub-section (4) provides in the case of a firm or association that the additional tax payable by a member may, in default of payment by him, be recovered from the firm or association, and in the case where the individual members of a company have become liable to additional tax in respect of undistributed profits, that the proportionate part of tax payable on such undistributed profits shall be recoverable only from the company. Sub-section (5) provides that where undistributed profits have been included in the total income of individual members of a company they shall not, if they are subsequently distributed, be taxable again in the hands of the individual.

Clause 6 of the Bill as amended (Clause 9 of the Bill as introduced).— We consider that the definite provision which the Bill is to make for the procedure in the matter of registration of firms would be more suitably inserted in the Income-tax Act, as section 26 A rather than as section 39 A. As regards the subject-matter of the new section we have considered very carefully the provision originally made in sub-section (3) allowing an Income-tax Officer to refuse registration to any association of individuals which is in his opinion not a firm. We think, in the first place, that such a provision is unnecessary in view of the provisions of sub-section (1) of the new section 23 A which gives power to the Income-tax authorities to treat the members of a firm as individuals ignoring the constitution of the firm as such, and of his undoubted power under the Act as it now stands to refuse registration to a concern which on the face of the deed of partnership is not a firm as defined in the Act. In addition to this we observe that there is undoubtedly a large body of opinion which holds that the sub-section would place in the hands of Income-tax Officers a power which, although it might not in actual practice be abused, is liable to be misconceived and thus to hamper and discourage the formation of perfectly genuine partnership for business purposes.

At the same time we realise that it should not be possible for persons to obtain registration of an enterprise as a registered firm which is in fact nothing more than a one man concern and we think the object in view can be satisfactorily met by making provision for the verification of an application for registration and by imposing by an amendment of section 52 of the Act a penalty upon any one who makes a false verification. The result is a small amendment in sub-section (2) of the new section 26A and of section 52 of the Act; and the omission of sub-section (3) of the new section.

Clause 6 (Clause 5 of the Bill as introduced).—We have agreed to this clause with one small drafting amendment.

Clause 7.—This clause is new. Clause 11 of the Bill as introduced provided a reference to the High Court on questions of fact as well as of law in cases where the Income-tax authorities proceed against firms, associations and companies under the new section 23 A. Several of the High Courts have taken strong objection to this proposal. They point out that not only would this involve a great increase in the work of High Courts but also a new principle would be introduced into the law relating to the jurisdiction of High Courts by making it the arbiter of facts, a principle which might have serious repercussions in other branches of law. We are agreed that these objections are fatal to the original proposal and consider that the only possible alternative is to provide, as we do in this clause, for the reference of cases of this nature to Boards of Referees. The actual provisions governing the constitution and procedure of these Boards we propose to leave to rules, but as the matter is of great importance to the commercial community we desire to outline briefly the manner in which we think they should be constituted. We may here observe that the rules will, as in the case of other rules made under the Act, be made after previous publication. The outline of our proposals is as follows —

(1) The members of each Board of Referees should be chosen from an all-India panel constituted and maintained by the Central Board of Revenue. It will be the duty of the Central Board of Revenue to appoint a number of persons from each province who are willing to serve on Boards of Referees and to appoint such number from each province as is proportionate to the size and commercial importance of the province.

(2) On receipt of an application by the Commissioner of Income-tax for the reference of a case to a Board of Referees he will appoint a Board consisting of three, four or five members according to the magnitude of the case and of the issues involved. He should be directed to avoid selection of persons likely to show bias either for or against the appellant and should carefully consider the risk of an appellant being compelled to disclose the details of his business to a trade rival. Apart from this, although there will not be separate panels for each province, the Commissioners would normally choose a panel from those residing in the neighbourhood so as to avoid inconvenience and loss of time in travelling.

(3) The names selected by the Commissioner should be communicated to the appellant within one week, and the appellant should then be given a reasonable time, say 15 days, within which he may object, without giving reasons, to the inclusion of any name and at the same time may name not less than five members of the panel to whom he will not object. The Commissioner will then proceed to substitute a fresh name for any name to which objection has been taken, but he should not be bound by the list of names submitted by the appellant. If he takes a name from the appellant's list no objection to that name should be allowed. As regards any other names the appellant should be allowed one more opportunity to raise objections. Thereafter, that is to say, in the case where the appellant has twice objected to a panel as proposed to be constituted by the Commissioner, the final composition of the Board should be settled by the Central Board of Revenue

(4) The date and place of meeting of a Board should be fixed by the Commissioner of Income-tax after consulting the members.

(5) The members should elect a Chairman from among the non-official members of the Board and thereafter the procedure will be directed and controlled by him.

(6) The decision of a Board should be the decision of the majority of members present and signing the same. All members who are present should sign but any member should have the right to record a dissenting minute. In the case of an equality of votes the Chairman should have a casting vote and any decision which is signed by not less than half of the members should be deemed to be a valid decision. Provided these conditions are fulfilled, the absence of a member or his failure to sign the decision should not invalidate the proceedings.

(7) The scales of remuneration and allowances for members of Boards of Referees should be provided for in the rules.

Decisions of Boards of Referees are made final, subject to a reference (for which we provide in clause 10) to the High Court on points of law.

The only other point to which special reference is needed is the proviso to sub-section (3) of the proposed new section 33 A which enables the appellant to endeavour to obtain a decision in his favour from the Commissioner acting under his powers of revision and thus obviate the delay and possible inconvenience of a reference to a Board

Clause 8.—This clause is, as already noticed, consequential in part upon the amendment which we have made in sub-section (2) of the proposed new section 26 A, and also contains a penalty for false verification of an appeal to a Board of Referees. (*See* sub-section (2) of new section 33 A)

Clause 10.—We have already explained this clause in our remarks upon clause 7.

2. The Bill was published as follows —

| <i>In English.</i> | | | | | DATE. |
|--------------------------------|-----|-----|-----|-----|-----------------|
| GAZETTE. | | | | | |
| Gazette of India... | .. | ... | ... | ... | 10th Sep. 1927. |
| Fort Saint George Gazette | ... | .. | .. | .. | 27th Sep. 1927. |
| Bombay Government Gazette | .. | .. | ... | ... | 6th Oct. 1927. |
| Calcutta Gazette | ... | ... | .. | ... | 13th Oct. 1927. |
| United Provinces Gazette | ... | ... | ... | ... | 24th Sep. 1927. |
| Punjab Government Gazette | .. | ... | ... | ... | 23rd Sep. 1927. |
| Burma Gazette | .. | ... | .. | ... | 8th Oct. 1927. |
| Central Provinces Gazette | .. | ... | ... | ... | 24th Sep. 1927. |
| Assam Gazette | .. | ... | .. | ... | 21st Sep. 1927. |
| Bihar and Orisa Gazette | .. | ... | ... | ... | 19th Oct. 1927. |
| Coorg District Gazette... | ... | ... | ... | ... | 1st Nov. 1927. |
| Sind Official Gazette | ... | .. | ... | .. | 13th Oct. 1927. |
| North-West Frontier Gazette... | ... | .. | ... | .. | 14th Oct. 1927. |

| <i>In the Vernaculars.</i> | | | | | DATE. |
|----------------------------|-----------|------------|-----|-----|-----------------|
| PROVINCE. | LANGUAGE. | | | | |
| Madras .. | ... | Tamil | ... | ... | 25th Oct. 1927. |
| | ... | Telugu | .. | .. | 25th Oct. 1927. |
| | ... | Hindustani | ... | ... | 1st Nov. 1927. |
| | ... | Kanarese | ... | ... | 25th Oct. 1927. |
| | ... | Malayalam | ... | ... | 25th Oct. 1927. |
| Bombay ... | .. | Marathi | .. | .. | 24th Nov. 1927. |
| | ... | Gujarathi | ... | ... | 24th Nov. 1927. |
| | ... | Kanarese | ... | ... | 10th Nov. 1927. |
| Punjab ... | ... | Urdu | ... | ... | 2nd Dec. 1927. |
| Burma ... | ... | Burmese... | ... | ... | 19th Nov. 1927. |
| Coorg ... | ... | Kanarese | .. | .. | 1st Nov. 1927. |
| Sindh ... | ... | Sindhi | ... | ... | 20th Oct. 1927. |

3. As we stated in the opening part of our Report, the Bill has not been essentially altered in principle, but the radical alterations in detail which we have made in clause 4 and the substitution of Boards of Referees as appellate tribunals in place of the High Courts undoubtedly raise questions which require the fullest consideration. We, therefore, as required by sub-order (4) of Standing Order 41, record our opinion that the Bill has been so altered as to require republication.

VICTOR SASSOON.
 GEORGE SCHUSTER.
 HAJI ABDOOLA HAROON.
 PURSHOTAMDAS THAKURDAS.
 M. S. ANEY.
 H. G. COCKE.
 K. C. NEOGY,
 R. K. SHANMUKHAM CHETTY.
 K. C. ROY.
 VIDYA SAGAR PANDYA.
 MUKHTAR SINGH.

The 26th February 1929.

[AS AMENDED BY THE SELECT COMMITTEE.]

(Words printed in italics indicate the amendments suggested by the Select Committee.)

A
BILL

*Further to amend the Indian Income-tax Act, 1922,
for certain purposes.*

WHEREAS it is expedient further to amend the Indian Income-tax Act, 1922, for certain purposes hereinafter appearing; It is hereby enacted as follows - XI of 1922.

Short title and commencement

1. (1) This Act may be called the Indian Income-tax (Amendment) Act 1922 .

(2) It shall come into force on the 1st day of April, 1922 .

Amendment of section 2, Act XI of 1922

2 In section 2 of the Indian Income-tax Act, 1922 (hereinafter referred to as the said Act),- XI of 1922.

(a) after clause (6) the following clause shall be inserted, namely -

“(6A) ‘firm’, ‘partner’ and ‘partnership’ have the *same* meanings respectively as in the Indian Contract Act, 1872”; and XI of 1922.

(b) for clause (14) the following shall be substituted, namely -

“(14) ‘registered firm’ means a firm registered under the provisions of section 26A,”

Amendment of section 23, Act XI of 1922

3 In sub-section (4) of section 23 of the said Act, after the word “judgment” the words “and, in the case of a registered firm, may cancel *its* registration” shall be added

Insertion of new section 23A in Act XI of 1922

4. After section 23 of the said Act the following section shall be inserted, namely -

“23A. (1) Where *the Income-tax Officer is satisfied that any firm or other association of individuals carrying on any business, other than a Hindu undivided family or a company, is under the control of one member thereof, and that such firm or association has been formed or is being used for the purpose of evading or reducing the liability to tax of any member thereof, he may, with the previous approval of the Assistant Commissioner, pass an order that no assessment on the firm or association as such shall be made, and thereupon the share of each member in the profits and gains of the firm or association shall be included in his total income for the purpose of his assessment thereon.*

Explanation—A member of a firm or association who owns the whole or the major portion of the capital of the firm or association shall not by reason only of that fact be deemed to control the firm or association.

(2) Where *the Income-tax Officer is satisfied that a company is under the control of not more than five of its members and that its profits*

and gains are allowed to accumulate beyond the reasonable needs, existing and contingent, of its business without being distributed to the members, and that the accumulation is allowed for the purpose of preventing the imposition of tax upon any of the members in respect of their shares in the profits and gains so accumulated, he may, with the previous approval of the Assistant Commissioner, pass an order that no assessment on the company as such shall be made, and thereupon the proportionate share of each member in the profits and gains of the company, whether such profits and gains have been distributed to the members or not, shall be included in the total income of such member for the purpose of his assessment thereon.

Provided that this sub-section shall not apply to any company which is a subsidiary company or in which the public are substantially interested.

Explanation—For the purpose of this sub-section,—

- (a) a company shall be deemed to be subsidiary company if, by reason of the beneficial ownership of shares therein, the control of the company is in the hands of a company not being a company to which the provisions of this sub-section apply or of two or more companies none of which is a company to which those provisions apply;
 - (b) a company shall be deemed to be a company in which the public are substantially interested if shares of the company (not being shares entitled to a fixed rate of dividend, whether with or without a further right to participate in profits) carrying not less than twenty-five per cent. of the voting power have been allotted unconditionally to, or acquired unconditionally by, and are at the end of the previous year beneficially held by, the public (not including a company to which the provisions of this sub-section apply), and if any such shares have in the course of such previous year been the subject of dealings in any stock exchange in British India or are in fact freely transferable by the holders to other members of the public;
 - (c) a company may be deemed to be under the control of any persons where the majority of the voting power or shares is in the hands of those persons or of relatives or nominees of those persons;
 - (d) "nominee" means a person who may be required to exercise his voting power on the directions of, or holds shares directly or indirectly on behalf of, another person.
- (3) The Assistant Commissioner shall not give his approval to any order proposed to be passed by the Income-tax Officer under this section until he has given the firm, association or company concerned an opportunity of being heard.
- (4) (i) When any member of a firm or association of individuals makes default in the payment of tax on his share of profits and gains

which has been included in his total income under the provisions of sub-section (1), such tax may be recovered from the firm or association, as the case may be

(ii) Where the proportionate share of any member of a company in the undistributed profits and gains of the company has been included in his total income under the provisions of sub-section (2), the tax payable in respect thereof shall be recoverable from the company and not from such member.

(5) Where the tax has been paid in respect of any undistributed profits and gains of a company under this section, and such profits and gains are subsequently distributed in any year, the proportionate share therein of any member of the company shall be excluded in computing his total income of that year."

Insertion of new section 26 A in Act XI of 1922

5 After section 26 of the said Act the following section shall be inserted, namely —

"26A. (1) Application may be made to the Income-tax Officer on behalf of any firm, constituted under an instrument of partnership specifying the individual shares of the partners, for registration for the purposes of this Act and of any other enactment for the time being in force relating to income-tax or super-tax.

Procedure in registration of firms

(2) The application shall be made by such person or persons, and at such times, and shall contain such particulars and shall be in such form, and be verified in such manner, as may be prescribed; and it shall be dealt with by the Income-tax Officer in such manner as may be prescribed."

Amendment of section 28, Act XI of 1922

6. For section 28 of the said Act the following section shall be substituted, namely —

"28. (1) If the Income-tax Officer, the Assistant Commissioner or the Commissioner, in the course of any proceedings under this Act, is satisfied that an assessee has concealed the particulars of his income or has deliberately furnished inaccurate particulars of such income, and has thereby returned it below its real amount, he may direct that the assessee shall, in addition to the income-tax payable by him, pay by way of penalty a sum not exceeding the amount of the income-tax which would have been avoided if the income so returned by the assessee had been accepted as the correct income

Penalty for concealment of income or improper distribution of profits

(2) If the Income-tax Officer, the Assistant Commissioner or the Commissioner, in the course of any proceedings under this Act, is satisfied that the profits of a registered firm have been distributed otherwise than in accordance with the shares of the partners as shown in the instrument of partnership registered under this Act,

and that any partner has thereby returned his income below its real account, he may direct that such partner shall, in addition to the income-tax payable by him, pay by way of penalty a sum not exceeding the amount of income-tax which would have been avoided if the income returned by such partner had been accepted as his correct income, and no refund or other adjustment shall be claimable by any other partner by reason of such direction.

- (3) No order shall be made under sub-section (1) or sub-section (2), unless the assessee or partner, as the case may be, has been heard, or has been given a reasonable opportunity of being heard.
- (4) No prosecution for an offence against this Act shall be instituted in respect of the same facts on which a penalty has been imposed under this section
- (5) An Assistant Commissioner or a Commissioner, who has made an order under sub-section (1) or sub-section (2), shall forthwith send a copy of the same to the Income-tax Officer."

Insertion of new section 33 A in Act VI of 1922

7. *After section 33 of the said Act the following section shall be inserted, namely*

"33 A. (1) Any person aggrieved by an order of an Income-tax Officer under sub-section (1) or sub-section (2) of section 23 A may, within thirty days of the passing of such order, lodge on appeal in the office of the Commissioner.

- (2) The appeal shall be in the prescribed form and shall be verified in the prescribed manner.*
- (3) The Commissioner shall refer such appeal, with a statement of his own opinion thereon to a Board of Referees for decision; and the Board of Referees shall decide the appeal after hearing the appellant and any person deputed by the Commissioner*

Provided that, before making a reference to a Board of Referees, the Commissioner may, and at the request of the appellant shall, in exercise of his powers of revision under section 33, decide the matters in dispute, and thereupon the assessee may withdraw his appeal or proceed with it.

- (4) The decision of the Board of Referees shall be forwarded to the Commissioner who shall transmit it to the Income-tax Officer who passed the original order, and shall also send copies to each Income-tax Officer who has made any assessment consequent upon such order, and where a decision reverses or modifies the order of the Income-tax Officer, fresh assessments shall be made in accordance therewith, or such consequential adjustments as may be required shall be made in any assessments already made.*

- (5) *The decision of a Board of Referees shall not be subject to appeal to any Income-tax authority, and shall not be revised by the Commissioner in exercise of his powers under section 33.*
- (6) *A Board of Referees shall consist of not less than three and not more than five persons, of whom not less than one-half, including the chairman shall be non-officials having business experience, and one shall be a person having held judicial office, not inferior to that of a Subordinate Judge or a Judge of a Small Cause Court, for a period of not less than five years.*
- (7) *Subject to the provisions of sub-section (6) the Central Board of Revenue may make rules regulating the formation, composition and procedure of Boards of Referees"*

8. *In section 52 of the said Act after the word and figure " section 22" the words and figures " or sub-section (2) of section 26A" shall be inserted, and after the word and figure "section 32" the words and figures "or sub-section (2) of section 33A" shall be inserted.*

Amendment of section 52, Act XI of 1922

Amendment of section 54, Act XI of 1922

9. In sub-section (2) of section 54 of the said Act, after the first proviso the following proviso shall be inserted, namely —

"Provided, further, that nothing in this section shall apply to the production by a public servant before a Court of any document, declaration or affidavit filed, or the record of any statement or deposition made in a proceeding under section 26A, or to the giving of evidence by a public servant in respect thereof."

Amendment of section 66, Act XI of 1922.

10. *In sub-section (2) of section 66 of the said Act,—*

- (a) *after the word "month" the words " of the making of a decision by a Board of Referees under section 33A or " shall be inserted, and*
- (b) *before the word " order," in the second and third places where it occurs the words " decision or " shall be inserted.*

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 25th May 1929.

To

The Secretary to the Government of Bombay,
Finance Department,
BOMBAY.

Dear Sir,

With reference to your letter No. 1988 F. dated 15th April 1929, on the subject of the Indian Income Tax (Amendment) Bill, as reported by the Select Committee, I have the honour to enclose herewith the views of my Association

Yours faithfully,
G. I. Patel.
Secretary.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 25th May 1929.

To

The Secretary to the Government of Bombay,
Finance Department,
BOMBAY.

Sir,

With reference to your two letters of the 15th April and 24th May 1929, on the subject of the Indian Income-tax (Amendment) Bill, as reported by the Select Committee, my Committee have to express their opinion as under—

(1) The alterations suggested by the Select Committee are generally acceptable to the commercial public. However, the main alteration in Clause 4, requires to be carefully considered with a view to clarify technical distinctions underlying that Clause

The definition of a Company used in the corresponding English law for the purpose of deciding what is a Company still remains complicated as in several Companies in India more than three-fourths of the holding might be with a single individual or a party. To avoid complications it is necessary to delete Explanation (b) to the said Clause so that the inequitable restriction which is made applicable to a Company in being included in the definition of a public company may be removed.

(2) The last para of Clause 4, should be so amended as to entitle a party which has ceased to be a member of the Company to obtain due refunds

(3) In regard to Clause 7, which suggests the substitutions of the Boards of Referees as the Court of Appeal for the High Court, the Committee have to observe that the actual provisions governing the constitution and procedure of these Board as also the rules and regulations relating to the Amended Act should be placed before recognised Associations and commercial bodies of the country with a view to allow them the opportunity of expressing their views in detail before Government accord their sanction to them. Ahmedabad being the second textile centre of great commercial importance in India with more than hundred

mills and factories should have its representative as proposed by this Association on the panel constituting the Board of Referees. Payment should not be insisted upon till the decision of the Board of Referees has been obtained. The decisions of the Board along with the minutes of dissent, if any, should be officially communicated to the parties concerned.

Regarding Clause 9, it is necessary to observe that when in the Board of Referees there would be persons who would be non-officials carrying on business or similar profession the submission of certain types of documents, declarations or affidavits which would be classed as confidential would prove harmful to the interests of the parties concerned.

I have the honour etc.

G. I. Patel.

Secretary.

No. 2393/29.

AHMEDABAD MILLOWNERS' ASSOCIATION,

AHMEDABAD, 9th August 1929.

To

The Secretary to the Government of India,
Home Department,
SIMLA.

Sir,

I have the honour to invite your attention to your letter No. D. 2103 Public, dated the 21st May 1926, in regard to the representation of the Bombay and Ahmedabad Millowners' Associations in the Legislative Assembly and to request you to let me know when the question of redistribution of seats in the Legislative Assembly is likely to be undertaken, as also the procedure which will be adopted in the matter.

I have the honour etc.,

G. I. Patel,

Secretary.

No. D. 3050—Public

Government of India.

HOME DEPARTMENT.

From,

Offg. Joint Secretary to the Government of India,

To

The Secretary,
MILLOWNERS' ASSOCIATION,
Dinbag, Mirzapur Road, AHMEDABAD.

SIMLA, 27th August 1929.

Sir,

With reference to your letter No. 2393/29, dated the 9th August 1929, I am directed to say that the Government of India are not at

present in a position to indicate when the question of redistribution of seats in the Legislative Assembly is likely to be taken up or what procedure will be adopted in the matter

I have the honour etc.

(Sd.)

Offg Joint Secretary to the Government of India.

No. 8590.

Department of Commercial Intelligence and Statistics, India,
1, Council House Street,
Calcutta, 19th September 1929.

To

The Secretary,

AHMEDABAD MILLOWNERS' ASSOCIATION.

AHMEDABAD

Dear Sir,

Direct and indirect means of ascertaining the quality of goods by foreign buyers.

The League of Nations propose to prepare for as many countries as possible a collection of all measures, whatever their nature or their direct aim, which help to provide purchasers with suitable guarantees in respect of the quality of the goods acquired by them. As a preliminary measure the League have published a document (in French) embodying the information they have been able to collect so far. The enclosed translation of extracts from the preface to that document will give you an idea of the nature and aim of the publication and of the categories under which the League wish to classify the information.

2 You will observe that the object of the publication is to provide a survey not only of such measures as are specially designed to safeguard the interests of the foreign buyer but also of those which indirectly secure that result. Measures which benefit all buyers alike, though primarily intended for the protection of the local buyer, would thus be within the scope of the work.

3. The League of Nations have now asked for full particulars in respect of India.

4. I should be much obliged, therefore, if you would be so good as to furnish me with full information as to any rules and regulations framed by your Association or any facilities afforded by it which would come within any of the categories defined by the League of Nations.

Yours faithfully,

(Sd.)

for Director General.

League of Nations.

Economic Section.

Extract from comment A. 26 1928 II

Translation of parts B. & O of the preface.

B. Nature and Aim of the Publication

The ideal would be to prepare a collection of all measures whatever their nature or their direct aim, which help to provide purchasers with suitable guarantees.

Unfortunately the information which the Secretariat has as yet been able to collect falls far short of this ideal. It is drawn from both official and private sources, but is in many ways defective as no information at all has been obtained from a number of countries which are of special interest in this matter, while the information regarding others is very incomplete. These *lacunae* are due to the difficulties encountered in obtaining the necessary information, and it is hoped that the publication which the Secretariat is now issuing, although incomplete, will be of help in the task of collecting the necessary data upon which it has now been engaged for several years. This publication will make clearer the aim and the nature of the information, and the useful purposes it will serve. It will show too, that often measures taken for an entirely different purpose may prove of undoubted value for the protection of purchasers. This is the case, for example, as regards the measures taken by official and private bodies in the Netherlands to maintain abroad the reputation of Dutch agricultural produce. This, again, has been the effect of the process of standardisation actively pursued for some years past, and with growing success, in the United States.

The Secretariat therefore hopes that the Governments of the countries on which the present publication contains information will add to it and point out any corrections which they may consider necessary.

The Secretariat also hopes that with the help of the Governments concerned it will soon be able to supply information on countries for which at present it has none.

Not until this information is obtained will it be possible to contemplate the publication of a work giving a complete survey of measures providing foreign buyers with guarantees of security in respect of their purchases.

Classification of Existing Guarantees.

Some explanation should be given here as to the method which has been accepted to classify the information collected.

The various data for each country are divided into five categories, which have been adopted after mature consideration of the subject as being most suitable in view of the nature of the various measures which help to fulfil the aim pursued.

First Category. This comprises legislative measures and regulations bearing upon the manufacture or production of, or the trade in, certain goods, more especially foodstuffs, and intended to safeguard the health of persons, animals or plants, by enjoining the observances of certain rules of hygiene or precautionary measures in the manufacture or preparation of the substances in question. In most cases, however, no indication is given as to whether these regulations are observed.

In such cases a knowledge of the regulations is of undoubted value, since the origin of the goods will in itself constitute a sure guarantee. Examples are measures relating to foodstuffs, pharmaceutical products, etc.

The criterion of this category of measures consists in their *obligatory* character and the absence of indications showing their observance.

Second Category In many countries the production, manufacture, harvesting and sometimes even the sale of certain goods are subject to compulsory official supervision, inspection or classification.

As a rule, supervision is exercised either directly, by Government officials appointed for the purpose, or by private bodies empowered to do so by the Government, or sometimes even by competent private persons.

The characteristic feature of measure of this kind consists either in an external indication, e. g. an official mark, impress, seal or stamp placed on the goods themselves or their packing, or else the issue of a certificate or attestation to accompany the goods.

Many countries have laws of this kind for goods of the most varied nature e. g. Czechoslovakia (lucerne) Denmark (butter), Japan (certain silks), the British Empire..... (passengerships), Canada (fruits), Australia (meat), etc.

The criterion in this category consists both in the *compulsory* character of the inspection or supervision and in the *affixing of an external indication* or the issue of a *certificate*.

Third Category. This includes the collective marks adopted or the certificates issued by Syndicates, associations or groups of agriculturists, manufacturers or traders, the use of such marks being exclusively reserved to their own members and being intended to guarantee that the goods bearing the marks correspond to a certain more or less definite type or standard.

The object of these organisations in adopting such measures is to exclude from the protection they afford goods for the manufacture or preparation of which the methods employed contain elements likely to depreciate the quality of the goods marketed.

Examples are the marks of the Boot Manufacturers' Federation in England, the "Kronmark" in Sweden for cheese, the marks employed in Holland by certain private associations for eggs etc.

The characteristic feature here is that supervision, to which the parties voluntarily submit, is carried out by private bodies, without Government or official intervention of any kind.

Fourth Category This includes all the means existing in each country to enable purchasers of foods to submit them before delivery for optional examination, verification, supervision or testing, certificate of attestations being issued showing at the request of the parties concerned the characteristics of the goods or the particulars which the purchasers regard as essential, e. g. dimensions, composition, degree of purity, durability, impermeability, etc.

The organisations concerned comprise more particularly the testing houses or establishments for the testing of silk and yarn, unofficial or private laboratories for research, testing and analysis, which are engaged in work in the most diverse fields

In the international sphere there is Societe Generale de Surveillance S. A. with head quarters at Geneva, which, with its allied and corresponding establishments, offer its service to international trade, in return for suitable remuneration, for the purpose of supplying particulars as to the quality, quantity, packing etc, of raw materials, agricultural and industrial products etc.

The characteristic feature of the measures in this fourth Category in the optional nature of the tests, which are carried out on goods when ready for delivery and not, as in the previous categories, in course of manufacture or preparation.

Fifth Category The last category comprises legislation of a civil or penal character enabling contracts to be cancelled where spurious goods are supplied or imposing penalties on parties guilty of fraud.

Standardisation and Specification.

The above classification is the outcome of patient research and repeated experiment, and, as already mentioned, was adopted only after mature consideration. It admittedly contains imperfections, but is believed to be the best.

One—probably the chief—defect is that some of the basis criteria are ill—defined, so that it is occasionally difficult to know in which category to place measures useful for the protection of the purchaser.

This is more especially the case as regards the measures taken in various countries for the standardisation, specification, normalisation, and simplification of production. In this connection the United States are particularly worthy of consideration, and call for special mention here independently of the fuller and more detailed account which will be found in the part of the present work devoted to that country—because the movement for the standardisation, specification, normalisation and simplification of industrial and agricultural production which originated in the United States some years ago is marking great and rapid strides in that country. Moreover, experience having shown that immense advantages it offers, it is not only developing there but is gradually extending to other countries, where national committees or international groups are endeavouring to rally public opinion in its support.

If the matter is regarded merely from the standpoint of the interest of the purchaser, more particularly the foreign purchaser, the advantages he obtains from the adoption of standards of quality, manufacture, composition or dimensions are at once apparent. In sending orders he need only specify the particular standard of goods he requires; he already knows the qualities he may demand, and if a dispute arises it can be settled rapidly and with certainty by a simple process of verification.

As regards classification, however, the question is not so simple; it is sometimes difficult or even impossible to classify measures to ensure the standardisation of certain products or goods under any of the categories adopted. The standards of manufacture set up for certain foodstuffs for example should be included in category No. 1 if there is no external indication that the goods in question conform to the standard, if the standards imposed in other cases are also officially and compulsorily shown by a clear external indication they naturally come under category No. 2; again, if private groups possess a collective mark and voluntarily adopt a standard of manufacture or production to which their members must conform, the measures so be taken should come under category No. 3.

There are other cases, however, where similar measures answering the same purpose cannot strictly speaking be placed under any of these subdivisions. Thus, to take the last case, if the association of producers or manufacturers has no collective mark, the measures in question cannot be classified in category No. 3 or in any of the others; yet they should certainly be mentioned in the general collection of measures on account of their usefulness to the purchaser.

Such provisions may, however, be regarded as virtually coming under category No. 3, because although there is no collective mark the name of the group or association producing the goods is maintained as a rule, and offers as assurance that the goods are in conformity with the standards adopted.

Moreover, the invoice would to a certain extent take the place of a certificate of the kind provided for in category No. 4, and the purchaser would no doubt be able without difficulty to obtain from the vendor, if he cared to do so, a guarantee that the goods delivered were in conformity with the standard of the association to which the vendor belonged. For this reason the particulars given in category No. 3 are supplemented by a list of the principal associations of this kind in the case of the United States of America, where the practice is particularly common.

Mention should also be made of the standards and specifications officially adopted by Governments, this is a frequent practice in the United States, where the Government, after recognising, adopting and publishing standards and specifications for certain goods, also states that no goods of the kind in question supplied to it will be accepted unless in conformity with the standards adopted. In this case the purchaser in placing an order, need only specify that the goods delivered shall be in conformity with the standards and will be tested on the basis of these criterion. This kind of guarantee is thus more akin to those coming under category No. 4.

THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD, 21st November 1929.

To

The Director-General of Commercial Intelligence and Statistics,
CALCUTTA.

Dear Sir,

With reference to your letter No. 8590 of the 19th September 1929, regarding the direct and indirect means of ascertaining the quality of goods by foreign buyers, I am to state that my Association have not framed any rules and regulations on this subject

As this Association is mainly concerned with the textile industry, my Committee think it desirable that on all goods manufactured in India and exported to foreign countries, there should be a mark or a stamp of "Made in India". In view of their being innumerable varieties of manufactures of different counts and qualities it would be difficult to devise any measures or regulations under the present circumstances.

Yours faithfully,
G. I. Patel.
Secretary.

No. 1168/2 B.
Home Department,
BOMBAY CASTLE, 16th September 1929.

From,

Secretary to the Government of Bombay,
Home Department.

To

The Secretary.
MILLOWNERS' ASSOCIATION, AHMEDABAD.

Subject:—Law of Evidence.

Commercial documents accepted as prima facie correct in mercantile circles; amendment of the . . . so as to dispense with the proof of

Sir,

With reference to the correspondence ending with your letter No. 1247, dated the 23rd September 1927, regarding the proposed amendment of the law of Evidence in regard to certain commercial documents, I am directed to forward herewith a copy of a letter from the Government of India in the Home Department No. F. 136/27 Judicial, dated the 26th August 1929, and to request that you will be so good as to favour Government with the views of the Millowners' Association, Ahmedabad, as to the documents which should be included in the Schedule of the Act which the Government of India propose to enact.

I have the honour etc.
(Sd.) **C. F. S. Collins,**
Secretary to the Government of Bombay,
Home Department.

No. F. 136/27. Judicial.
Government of India.
Home Department.

From,

Offg. Joint Secretary to the Government of India.

To

The Secretary to the Government of Bombay,
Home Department.

SIMLA, the 16th August 1929.

Subject — Proposal to undertake legislation so as to provide that commercial documents which are accepted as *Prima facie* correct in commercial circles may be admitted in evidence without formal proof.

Sir,

I am directed to refer to the correspondence ending with your letter No. 1168/2 B, dated the 2nd December 1927, on the above subject.

2. The Government of India have decided to undertake legislation so that commercial documents which are accepted as *prima facie* correct in commercial circles may be admitted in evidence without formal proof. They have further decided that the proposed legislation should take the form of a separate Act on the lines of the Bankers' Book Evidence Act 1891. They are of opinion that it should not be confined to any particular class of suits or any particular class of courts, that the term "commercial documents" should not be defined, but that a list of such documents should be set out in a Schedule to the Act power being reserved to the Government of India to add to the list from time to time.

3. Before steps are taken for the introduction of the proposed legislation, the Government of India would be glad to be furnished with the views of the local Government, after consulting the Hon'ble the Chief Justice and Judges of the High Court, Bombay, Judicial Commissioner, Sind, and such commercial bodies as they may think necessary as to the documents which should be included in the Schedule.

I have the honour etc.

(Sd)

Offg. Joint Secretary to the Government of India.

THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD, 6th November 1929.

To

The Secretary to the Government of Bombay,
Home Department,
BOMBAY.

Sir,

With reference to your letter No. 1168/2-B. dated the 16th September 1929, inviting my Association's views on the subject of proposed amendment of the Law of Evidence in regard to certain commercial documents, I am to state that the following papers be exempted from proof under the contemplated amendment of the Indian Evidence Act:—

1. Periodicals of not less than five years standing giving information as to market rates, exports, imports etc, regularly published by or under the authority of persons or associations recognized by Government for the purpose.
2. Policies of insurance and receipts for premiums granted by insurance companies.
3. Receipts granted by Bankers as well as intimations by bankers about instruments having been honoured or dishonoured.
4. Certified extracts from accounts of bankers and public companies and of shareholders registers maintained by public companies.
5. Printed copies of memorandum and articles of association of public companies sold by them under the provisions of the Indian Companies Act.

I have the honour etc,

G. I. Patel.

Secretary.

No. A. D. M.

AHMEDABAD, 15th November 1929.

Copy with copies of accompaniments forwarded with compliments to the undermentioned non-official persons and bodies and officers for favour of their opinions by the 21st November 1929 at the latest.

Sd

For Collector of Ahmedabad.

To

THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD.

The Negotiable Instruments (Second Amendment) Bill.

Government of Bombay.

FINANCE DEPARTMENT.

Resolution No. 269.

BOMBAY Castle, 30th October 1929.

Letter from the Government of India, Legislative Assembly Department, No. F. 127-II/29 A, dated 18th October 1929 to the Secretary to Government, Legal Department.

Government Memorandum, Legal Department, No. B. Nego. Instru. 1/29 dated 23rd October 1929 -Transferring the papers.

RESOLUTION —The Bill together with the statement of objects and Reasons should be forwarded for opinion to the following.

The Commissioners of Divisions,

and should be requested kindly to forward copies of their replies to Government in triplicate by the 1st December 1929 at the latest.

2. The Bill together with the statement of objects and reasons should also be forwarded to the Manager, Government Central Press, Bombay, for publication in the *Bombay Government Gazette* and to the Commissioner in Sind for publication in the *Sind Official Gazette*.

3. The Bill and the Statement should be translated into Marathi, Gujarati, and Kanarese and the translations should be published in the Bombay Government Gazette.

By order of the Governor in Council,
Sd. H. F. Ball.

Offg. Deputy Secretary to Government.

(As introduced in the Legislative Assembly.)

A
BILL.

Further to amend the negotiable Instruments Act, 1881, for a certain purpose.

Whereas it is expedient further to amend the negotiable Instruments Act, 1881, for the purpose hereinafter appearing; It is hereby enacted as follows — XXVI of 1929.

Short Title 1. This Act may be called negotiable Instruments
(Second Amendment) Act 1929.

Insetion of new section 85A in Act XXVI of 1881 2. After section 85 of the Negotiable Instruments Act 1881, the following section shall be inserted, XXVI of 1929.
namely —

“85A. Where any draft, drawn by one branch of a bank (which term includes a head office) upon another branch of the same bank for a sum of money payable to order on demand, purpots to be endorsed by or on behalf of the payee, the bank is discharged by payment in due course.”
Drafts drawn by one branch of a bank on another payable to order

Statements of Objects and Reasons.

The object of this Bill is to amend the Nagotiable instruments Act, 1881, so as to make it clear that the Act affords protection to bankers in India against forged or unauthorised endorsements on demand drafts drawn by one branch of a bank upon another branch of the same bank. A doubt has been expressed in authoritative quarters as to whether the Indian law, as it stands at present, extends the same protection to banks in India as the English Law does to banks in England, and, consequently, legislation is considered to be expedient in order that the position may be established beyond all doubt.

Simla;
The 23rd August 1929.

} Sd. George Schuster.

THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD, 30th November 1929

To
The Collector of Ahmedabad,
AHMEDABAD.

Dear Sir,

With reference to your memo No. A. D. M., dated 15th November 1929, I have the pleasure to state that the Committee of this Association is inclined to welcome the amendment sought to be made in the Negotiable Instruments Acts.

In practice the drafts of the description mentioned in the new section viz, 85 (a) are regarded as cheques as to their negotiability. It is unfair that merely on the ground that the said drafts happen to be drawn by one office of a bank on another office of the same bank they are denied the protection allowed to cheques which are drawn by customers on specified bankers. This distinction in law is invidious and inequitable and ought to be removed.

Yours faithfully,
(Sd.) G. I. Patel.
Secretary.

No. M. S. C./20.

AHMEDABAD, 8th November 1929.

Memorandum.

The Collector and president, Ahmedabad City Permanent Relief Fund Committee presents compliments to the President, Millowners' Association and has the honour to inform him that the Committee at their last meeting held on 9-8-29 has passed a resolution that the President of the Millowners' Association should be ex-officio member of the Committee.

(Sd.)

For Collector & President,
Ahmedabad City Permanent Relief Fund Committee

To
THE PRESIDENT, MILLOWNERS' ASSOCIATION,
AHMEDABAD.

AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD, 9th November 1929.

To,
The Collector & President Ahmedabad City
Permanent Relief Fund Committee, AHMEDABAD.

Sir,

I have the honour to acknowledge with thanks your No. M. S. G. 20 of the 8th instant conveying the information regarding the passing of a resolution by your Committee to the effect that the President Millowners' Association was to be the ex-officio member of the Committee.

I have the honour etc.
(Sd.) G. I. Patel.
Secretary.

Department of Commerce.
NEW DELHI, The 15th November 1929.

To
The Secretary,
AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD.

Dear Sir,

Will you kindly refer to the 12th Paragraph of the Report of the Indian Tariff Board on the Cotton Textile Industry enquiry? That paragraph examines the extent of the depression in the cotton mill industry and includes two tables. Tables X and XI, which illustrate by means of statistics the financial condition of the Ahmedabad industry during the past few years down to the year 1925.

2. I am desirous to ask if you will kindly arrange that all entries in both tables shall be brought upto date and the figures furnished to this Department with as little delay as possible. It will probably expedite matters if the same agency which prepared the existing tables, should be asked to bring them upto date.

Yours faithfully,
(Sd.)
Joint Secretary.

AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD, 20th November 1929.

To
The Joint Secretary,
Department of Commerce
NEW DELHI.

Dear Sir,

In reply to your letter of the 15th instant, I enclose herewith a financial statement prepared by my Association on the lines on which similar statements were submitted to the Tariff Board.

The extent of depression in the cotton mill industry will be evident from the enclosed figures which show that the net profits of the mills which were —

147 lacs in 1922 were reduced to
49 lacs in 1924 and to
55 lacs in 1925 and though the cotton excise duty was
abolished and looms and spindles were increased by
about 5 and 10 per cent. respectively the profits were
56 lacs in 1926 and
52 lacs in 1927.

The year 1923 was the year of the strike of about ten weeks. A cut of 15½ per cent. was effected in June 1923 and the profits of the years from 1924 are calculated after the wages were cut by 15½ per cent. that is by 2 annas 6 pies in a rupee paid to the workmen.

I shall be glad to supply any further information on the question.

Yours faithfully,
(Sd.) G. I. Patel.
Secretary.

162

No. 1946-C.
Government of India.
Department of Commerce.
NEW DELHI, the 27th November 1929.

From,
Offg. Assistant Secretary to the Government of India.

To
The Secretary,
AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD.

Sir,

I am directed to acknowledge, with thanks, the receipt of your letter No. 314-I/29 dated the 20th November 1929, forwarding a statement showing the financial position of the Ahmedabad mills.

I have the honour etc.

(Sd)

Offg Assistant Secretary to the Government of India.

THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD, 6th December 1929.

To
The Joint Secretary,
Department of Commerce,
NEW DELHI

Dear Sir,

In continuation of our letter of 20th November 1929, I have the honour to forward herewith financial statements of mills for the year 1928, prepared by the same auditor who prepared the figures for the previous years.

Yours faithfully,
G. I. Patel,
Secretary.

Statement for 1928.

| No of Mills | Paid-up Capital | Reserves including brought forward | Block account original value | Block account after depreciation. | Annual depreciation. |
|-------------|-----------------|------------------------------------|------------------------------|-----------------------------------|----------------------|
| 59 | 4,02,92,194 | 8,40,30,393 | 13,67,82,001 | 8,95,21,473 | 38,52,773 |

| No of Mills | Net profit | Dividend | Reserves | Carried forward | Losses. |
|-------------|------------|-----------|----------|-----------------|----------|
| 59 | 50,09,883 | 43,81,998 | 9,00,669 | 100,350 | 5,17,975 |

| No of Mills | Reserves debited to declare dividend. | Commission given up |
|-------------|---------------------------------------|---------------------|
| 59 | 4,69,321 | 4,26,298 |

| | | | |
|-----------------------------|--------------|--------------------------|---------|
| 1 Capital | 4,02,92,194 | Percentage of net profit | 11 3/8% |
| 2 Capital plus reserves | 12,43,22,587 | do. | do. |
| Block account | 13,67,82,001 | do. | do. |
| 4 Dividend paid on capital. | 4,02,92,194 | do. | do. |

Government of India.
RAILWAY DEPARTMENT.
(Railway Board.)

No. 1679. T.

NEW DELHI, 4th November 1929.

To

The Secretary,

- THE AHMEDABAD MILLOWNERS' ASSOCIATION,

Dinbag, Mirzapur Road,

AHMEDABAD.

**Representation of Commercial interests on the Railway Rates
Advisory Committee.**

Dear Sir,

With reference to the correspondence ending with your letter No. 1462/28 dated the 7th November 1928 I am directed to say that a revised list showing the names and addresses of gentlemen nominated to constitute the commercial panel for service on the Railway Rates Advisory Committee will be published shortly in the Gazette of India, and to request that the Railway Board may be advised by the 20th instant of any alteration to be made in the list of members nominated by your Association for this purpose.

I am to add that as the list is published annually information - regarding changes to be made therein may please be communicated to the Board by the 15th of October every year. In the event of no intimation being received, it will be assumed that no change is proposed.

Yours faithfully,

(Sd.)

Deputy Director, Railway Board.

 AHMEDABAD MILLOWNERS' ASSOCIATION.

AHMEDABAD, 9th November 1929

To

The Director,

RAILWAY BOARD.

NEW DELHI.

Dear Sir,

With reference to your No. 1679 T of the 4th instant, I have to inform you that my Committee desire no alteration to be made in the list of members nominated previously for this purpose for representing commercial interests on the Railway Rates Advisory Committee.

Yours faithfully,

G. I. Patel,
Secretary.

No. 2473.

Labour Office, Secretariat,
BOMBAY, 2nd October 1929.

From,

The Director of Information and Labour Intelligence,
(Labour Office) Secretariat,
BOMBAY.

To

The Secretary,
AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD,

Subject:—Forced Labour.

Sir,

In accordance with the instructions of Government, I have honour to forward herewith 12 copies each of a letter No. L. 1548, dated Simla the 20th September 1929, from the Deputy Secretary to the Government of India under Department of Industries and Labour to the Secretary to the Government of Bombay in the General Department, and of the questionnaire issued by the International Labour Office on the above subject and to request you to be good enough to send me the views of your Association, if any, on the various questions incorporated in the questionnaire by the 15th instant, at the latest. I regret that it will not be possible for me to take into consideration any views not submitted by that date because the whole case has to be submitted by the Local Government to the Government of India by the 25th October at the latest.

2. I would suggest that in submitting your views it would considerably facilitate my work in summarising the views given by various persons and bodies under each question if your replies were given seriatim in the order in which the questions appear.

I have the honour etc.

(Sd.)

for i/c. Labour office.

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 15th October 1929.

To

The Director of Information & Labour Intelligence,
(Labour Office) Secretariat,
BOMBAY.

Sir,

With reference to your letter No. 2473 of the 2nd instant, I am to inform you that the Committee of my Association is in favour of complete abolition of Forced Labour in all its forms, at as early a date as possible.

I have the honour etc.,

G. I. Patel,

Secretary.

No. 3572 of 1929.
BOMBAY, 25th October 1929.

From
CHIEF INSPECTOR OF FACTORIES,
Bombay Presidency.

To
The Secretary,
MILLOWNERS' ASSOCIATION,
AHMEDABAD.

Sir,

Subject:—Exemptions for Engine and Boiler Staffs.

I have the honour to refer to the correspondence ending with your No. 568/29, dated the 16th March 1929, regarding the above.

2. The Government of India are desirous of obtaining conditions for the Engine Drivers that will secure for them definite holidays.

3. In the United Provinces, Bengal, Madras and Burma for example, conditions have been imposed that secure a fortnightly holiday.

4. I shall be pleased, therefore, if your Committee will reconsider the matter with a view to obtaining similar terms to those prevailing in other provinces or as an alternative, two holidays in each period of 4 weeks.

5. I shall be grateful if your Committee will favour me with an early reply.

I have the honour etc.,
(Sd.)
Chief Inspector of Factories,
Bombay Presidency.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 9th November 1929.

To
THE CHIEF INSPECTOR OF FACTORIES,
Bombay Presidency,
BOMBAY.

Sir,

With reference to your letter No. 3572 of the 25th ultimo I have the honour to inform you that as the presence of the Engine Driver is imperatively necessary on everyday even if the mill is working or not it would be difficult to grant the holidays as suggested by you. My Committee, however, suggest that instead of a fortnightly holiday, half a holiday every week for Engine Driver would serve the purpose.

I have the honour etc.
G. I. Patel.
Secretary.

No. 3834 of 1929.
Factory Inspection Office,
Old Custom House, Fort,
BOMBAY, 14th November 1929.

To
The Secretary,
MILLOWNERS' ASSOCIATION,
AHMEDABAD.

Dear Sir,

I have to acknowledge with thanks receipt of your letter No. 3065/29 of the 9th instant in connection with the Engine Staffs.

Yours faithfully,
(Sd.) T. W. Johnstone,
Chief Inspector of Factories,
Bombay Presidency.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 23rd July 1929.

To
THE COTTON TARIFF OFFICER,
Custom House,
CALCUTTA.

Sir,

With reference to the Communique issued by the Government of India regarding the examining of the possibility of substituting a system of specific duties for the existing system of ad valorem assessment of cotton piece-goods, I have to request you to forward necessary details to my Association as we are vitally interested in the proposed inquiry. Ahmedabad being the second cotton textile centre in the whole of India next to Bombay having about 70 Mills I trust necessary inquiries will be directed to my Association as also due facilities in the discussion of all *questions* arising out of this enquiry will be afforded to us.

Yours faithfully,
G. I. Patel,
Secretary.

Copy of the Wire from Mr. G. S. Hardy.

MILLOWNERS'
AHMEDABAD.

Your letter 23rd July. I shall be in Bombay from 30th July to 2nd August and shall be glad to meet your representative there if convenient to you. Address care Customs Bombay.

27th July 1929.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 7th August 1929.

To

THE COTTON TARIFF OFFICER,
Custom House,
CALCUTTA.

Dear Sir,

Referring to our interview at Bombay on the 30th ultimo may I now request you to send me general details in regard to the proposed inquiry to be made by you about the possibility of substituting the system of specific duties instead of the existing system of ad valorem assessment of cotton piece-goods.

I hope after the discussion of this question with us and the Bombay Millowners' Association you might have by this time settled the outlines relating to the method of investigation to be adopted by you.

Thanking you.

Yours faithfully,
G. I. Patel.
Secretary.

No. 34 C. T. I.
CALCUTTA, 10th August 1929.

From

G. S. HARDY, ESQ. I. C. S.
Cotton Tariff Officer,
CALCUTTA Custom House.

To

The Secretary,
THE AHMEDABAD MILLOWNERS' ASSOCIATION,
Din Bag, Mirzapur Road,
AHMEDABAD.

Sir,

I must apologise for not addressing you earlier officially; I thought it better to await an arrangement with the Bombay Millowners' Association, as to the information they would supply to me.

2. I shall be grateful if you can compile for me a statement for as many years as possible showing the amount of yarn of the various counts absorbed in the Ahmedabad weaving mills showing separately yarn spun in the same mill and passed into the weaving sheds and yarn purchased and passed into the weaving sheds, during each year. If possible I should be grateful if you can classify the yarn as below —

1s — 10s
 10s — 20s
 20s — 24s
 25s — 30s
 30s — 36s
 37s — 40s
 40s — 44s
 45s — 50s
 50s — 60s
 60s — 100s
 Over 100s

I have the honour etc.
Sd. G. S. Hardy.
 Cotton Tariff Officer.

No. 2435/29.

MILLOWNERS' ASSOCIATION,
 AHMEDABAD, 15th August 1929.

To

G. S. HARDY, ESQ., I C. S.
 Cotton Tariff Officer,
 CALCUTTA.

Dear Sir,

I am to thank you for your letter of the 10th instant. My Committee suggest the following classification of yarns spun or purchased and passed into the weaving sheds for the purpose of manufacture during each year —

1s — 10s
 10s — 18s
 19s — 32s
 33s — 45s
 46s — 60s
 60s and over.

The Committee further think that figures should be obtained for the last five years only. During our last discussion it was deemed necessary to collect the information about the number of looms in each mill along with these figures so that the information about consumption of yarns may be accurate.

Yours faithfully,
G. I. Patel.
 Secretary.

No. 47 C. T. I.
CALCUTTA, 19th August 1929.

From,
G. S. HARDY Esq., I. C. S.
Cotton Tariff Officer,
Custom House,
CALCUTTA.

To
The Secretary,
AHMEDABAD MILLOWNERS' ASSOCIATION,
Dinbag, Mirzapur Road,
AHMEDABAD.

Sir,
I have the honour to refer to your letter No. 2435/29, dated the 15th August 1929.

2. If you can furnish me with information in the form you suggest I shall be very grateful.

I have the honour etc.
Sd. G. S. Hardy.
Cotton Tariff Officer.

No. 74. C. T. I.
CALCUTTA, 14th September 1929.

From
G. S. HARDY Esq. I. C. S.
Cotton Tariff Officer,
Custom House,
CALCUTTA.

To
The Secretary,
THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD.

Sir,
I have the honour to enquire whether you can give me any estimate of the quantity of bleached cloth produced annually in Ahmedabad. Certain figures quoted in the Noyce Report suggest that a large proportion of the production of grey cloth is bleached. But the figures only related to a very small part of the total output and the conclusion does not seem to be in accord with other evidence. In this, the principal market for Ahmedabad dhotis, only a very small proportion of those sold whites, nor is the quantity of white Indian made shirtings sold here at all comparable with the quantity of greys. I shall be grateful for any light you can throw on this question.

I have the honour etc,
Sd. G. S. Hardy.
Cotton Tariff Officer,

No. 79 C. T. I.

CALCUTTA, 18th September 1929.

From

G. S. Hardy, Esq. I. C. S.
Cotton Tariff Officer,
Custom House,
CALCUTTA.

To

The Secretary,
AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD.

Sir,

I have the honour to enquire whether you can give me any information regarding "Printers" of which I see some four million yards are produced annually in Ahmedabad, and of which there is also a large output in mills in the Indian States, though not apparently in the Bombay Mills. The Tariff Board in paragraph 82 of their report gave their opinion that the production of printed goods in India is negligible. I shall be very grateful therefore if you can tell me what printers are ordinarily used for, where they are, principally sold, and the dimensions, reed and pick and counts of yarn employed in manufacture.

I have the honour etc.
(Sd.) G. S. Hardy.
Cotton Tariff Officer.

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 21st September 1929.

To

THE COTTON TARIFF OFFICER,
CALCUTTA.

Dear Sir,

I have obtained statements from 38 mills in regard to the different counts of yarns consumed in weaving sheds as mentioned in my circular of 23rd August 1929, copy of which was also forwarded to you. I expect some more statements in the course of the next week and hope to send you copies thereof by the end of the month.

With reference to your letter No. 74 C. T. I. of the 14th instant, as also No. 79 C. T. I. of the 18th instant I am to state that Mr. Noyce

and members of his Committee personally visited certain mills and inspected bleached goods that were manufactured there. Ahmedabad mills are progressively manufacturing bleached sorts since 1924 and I am making arrangements to collect information from certain mills and to forward it to you in due course.

In regard to the information about printers I may say that all "takas" (pieces) which are usually classed as printers are not bleached or used in printing cloth. Certain sorts are consumed grey in the Punjab and Cawnpore and other districts, while certain sorts are used in dyeing indigo, black, red and yellow 'takas' which are consumed in large quantities in Burma, Assam, Calcutta and such other places.

Certain sorts of Printers are used for machine bleaching or for bleaching in rivers and are thereafter used in printing garments of females of poor classes as well as sheets. I will also try to obtain information in greater detail as regards the dimensions, reeds and picks, counts of yarn used in the manufacture of those sorts along with information as to where they are particularly sold.

Bleached sorts manufactured in Ahmedabad like shirtings, long-cloth, saris, dhoties, are not consumed in Calcutta market in good quantities as Calcutta consumes mostly grey sorts manufactured from coarse or finer counts. In other markets these sorts are sold in good proportion and particularly in Madras, Bellary and the adjoining districts there is a fairly good market for bleached sorts. I have stated the above views after taking into consideration my personal experience in that line.

Yours faithfully,
G. I. Patel,
 Secretary.

Telegram from Mr. H. P. Mody.

MILLOWNERS' AHMEDABAD.

Government of India desire Conference of all Millowners at Delhi December Ninth and Tenth to discuss Hardy Report and have requested Association to arrange for representatives of other centres to attend stop will you send two or three representatives to Conference. I propose to hold preliminary meeting to formulate definite proposals for protection at Maidens Hotel on Sunday eight at 5 p. m. Wire reply.

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 1st December 1929.

To
H. P. MODY ESQ.,
Chairman, Bombay Millowners' Association,
BOMBAY.

Dear Sir,

With reference to your telegram of yesterday regarding the desire of the Government of India to hold a conference at Delhi, with the millowners of different centres of India, on the 9th and 10th instant, to discuss Mr. Hardy's Report, I am directed to inform you that the following four gentlemen will represent our Association, at this Conference.

Sheth Chamanlal G. Parekh, Sheth Sakarlal Balabhai, Sheth Kasturbhai Lalbhai, and Mr. Gordhandas I. Patel.

They will also attend the preliminary meeting to formulate the proposals for protection, which you propose to hold on the 8th instant at 5. p m. at Maiden's Hotel

Yours faithfully,
Homi E. Mehta,
Assistant Secretary.

Delhi Conference.

A conference with the representatives of the Cotton Textile Industry in India was held at New Delhi in the Committee Room B North Block, at 11 A. M., on Monday the 9th December 1929, when the following gentlemen were present —

| | | |
|------------------------------------|---|---|
| The Hon'ble Sir George Rainy, | } | Representing the Bombay Millowners' Association. |
| The Hon'ble Sir Arthur Macwatters, | | |
| Mr. H. P. Mody, M. L. A. | | |
| Sir Munmohandas Ramji, Kt. M. | | |
| Mr. A. Geddis, | | |
| Mr. S. D. Saklatvala, | | |
| Mr. F. Stones, O. B. E. | } | Representing the Ahmedabad Millowners' Association. |
| Mr. T. Maloney (Secretary) | | |
| Sheth Chamanlal G. Parekh, | | |
| Sheth Sakarlal Balabhai, | | |
| Sheth Kasturbhai Lalbhai, | } | Representing the Baroda Millowners' Association. |
| Mr. Goverdhandas I. Patel, | | |
| Sheth Todarmal Chamanlal, | } | Representing Madras Millowners' Association. |
| Mr. G. W. Chambers, | | |
| Mr. D. P. Khaitan, | | |
| Lala Shri Ram, | } | Representing Bengal Millowners. Representing Delhi Millowners. |
| Mr. J. Tinker, | | |
| Mr. Ramsay Scott, | | |
| Mr. J. Tinker, | } | Representing Cawnpore Millowners. |
| Mr. Ramsay Scott, | | |

The Hon'ble J. A. Woodhead, Mr. G. S. Hardy, Mr. A. H. Lloyd and Mr. J. C. B. Drake also attended the meeting.

The proceedings were opened by Sir George Rainy, the Commerce Member, after which the question of Import Tariff on Cotton piece-goods and on External Competition in the Cotton piece-goods trade was discussed by the conference in detail.

THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD, 23rd December 1929.

To

The Secretary,
Commerce Department,
Government of India.

NEW DELHI.

Dear Sir,

I beg to submit hereunder a statement showing the progress of the Cotton Textile Industry in Ahmedabad, for the year 1907, 1914, 1921, 1928.

These years have been selected with a view to give figures for the different periods beginning from 1907 upto 1928

| Years. | Spindles. | Looms. |
|--------|-----------|--------|
| 1907 | 6,86,245 | 9,930 |
| 1914 | 9,75,616 | 20,063 |
| 1921 | 10,89,884 | 23,254 |
| 1928 | 14,33,269 | 32,172 |

It will be noticed from the above that the number of spindles during the period from 1907 to 1914 went up by 42 p. c. and the number of looms went up by 102 p. c.

There has been little expansion during the period from 1914 to 1921 due to war conditions.

The increase in the number of spindles during the period from 1921 to 1928 has been 31½ p. c. and in looms 38 p. c. This goes to show that the expansion during the years 1921 to 1928 has not been even a normal one as compared with that which took place during the period from 1907 to 1914. This will thus dispel any misconception about the prosperity or abnormal expansion of textile industry at Ahmedabad.

I would further like to draw your attention to the fact that during the period from 1914 to 1928 the number of looms has increased from 20063 to 32172, that is by about 60 p. c. The expansion in Japanese cotton industry is over three-fold. That is, the number of looms which was 25443 in 1914 has gone upto 78352 in 1928. Again if credit were to be given for the double shift working in Japan the expansion in the Japanese cotton industry is abnormal.

2686 looms and 98036 spindles have been installed in the six new mills that have been put up in Ahmedabad in the year 1929. Even if these be added to the total number of spindles and looms that were working in the year 1928 the expansion will hardly reach the normal figure.

Yours faithfully,
G. I. Patel.
Secretary.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 28th June 1929.

To

The Arbitrator,

TOWN PLANNING SCHEME (Kankaria).

AHMEDABAD

Sir,

With reference to your Notice published in the weekly papers of Ahmedabad on the 9th instant, the Committee of my Association have the honour to submit for your consideration the following facts with a request to exempt the group of mills and factories situated in the Kankaria area from restrictions regarding extensions on technical and other grounds.

1. The city of Ahmedabad is surrounded by groups of mills and factories on all sides. Cotton mills which are situated in different areas of Kalupur, Saraspur, Jamalpur, Delhi Gate, Gontipur, Kankaria etc, should be accorded uniform facilities for extensions, alterations and equipments which are imperatively necessary for effective economy and efficient working conducive to the reduction in the working cost without any discrimination whatsoever.

2. Any restrictions on extensions and alterations etc imposed on a particular group of 9 or 10 mills situated on the Kankaria side would unfairly penalise certain mills as compared with other concerns in the same city. Machineries of modern type, scientific processes and technical methods necessitate certain additions and alterations in existing premises and working processes in local mills. The Committee cannot but too strongly emphasise the necessity for removing technical and other restrictions which are imposed under the Kankaria Town Planning Scheme on extensions in mills and factories situated in that area. The Committee trust that in fairness to the industry and its economical working mills on the Kankaria side will not be restricted from erecting buildings exceeding 1/3rd or more of the total area under the existing circumstances.

3. All mills and factories which have been constructed prior to the final sanctioning of the Town Planning Scheme should be placed on equal level in the matter of extensions and alterations. The Committee is strongly of opinion that any discrimination between 'one group of factories from other groups would certainly put the restricted group under a serious disadvantage due to no fault on their part when premises were constructed before the Scheme was sanctioned.

4. Representatives of my Association would be glad to place detailed facts before your honour in case suitable date is fixed for this purpose.

I have the honour etc.

G. I. Patel.

Secretary.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 25th November 1929.

To

T. H. STAMPER, ESQ., F. S. I.
Arbitrator, Town Planning Scheme,
AHMEDABAD, 2. (Kankaria).

Sir,

I have the honour to invite your attention to our representation, dated 28th June 1929, in response to your advertisement, dated 1st June 1929, which appeared in local newspapers and to state that I have not yet been able to receive any reply from you to the same.

My Committee have again considered this matter recently and have directed me to request you to exempt the group of mills and factories situated in the area of the said Scheme from restrictions in regard to extensions on technical and other grounds.

Some mills in that area have completed plans of extensions desired by them with a view to maintain the efficiency of their working under the present conditions of keen internal and external competition in the textile industry. The Committee think that undue delay in the matter of putting necessary extensions in certain departments of mills would be fraught with serious danger.

The City of Ahmedabad Mills have been awaiting since long permission to put up certain extensions including those of creche rooms about which the Labour Union has complained. Their case deserves to be met with adequate justice. When the members of the Royal Commission on Labour have recently visited several local mills and have recorded information about the condition of mills and their working class quite recently; it is necessary that grievances from the Labour Union should be redressed without delay.

As any discrimination in the matter of making extensions between different groups of local mills would seriously affect the efficiency and working conditions of a mill put under restriction I have to request you to kindly consider this matter in the light of these special circumstances and issue the necessary orders in the matter.

I have the honour etc.,

G. I. Patel.

Secretary.

No. AD. 27.

POONA, 17th February 1930.

From

TOWN PLANNING AND VALUATION DEPARTMENT,

Ag. Consulting Surveyor of the Government of Bombay.

To

The Secretary,

MILLOWNERS' ASSOCIATION,

AHMEDABAD.

Dear Sir,

**Representation about Mills situated in Kankaria Town
Planning Scheme.**

In reply to your letter No 3208, dated 25th November, I have the honour to say that I am in communication with the Ahmedabad Municipality on the matter and hope that a satisfactory arrangement will be arrived at soon.

Yours faithfully,

T. H. G. Stamper.

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 23rd July 1929.

To

THE PRESIDENT,

NADIAD MUNICIPALITY,

NADIAD.

Sir,

The New Shorrock Mills Co. Ltd. situated at Nadiad is the member of this Association. Our attention has been drawn to the notice issued by the Nadiad Municipality in regard to certain amendments in the Schedule of articles to be charged for Terminal Tax by them.

2. It is intened to levy an export duty on cloth exported from the Municipal limit of Nadiad. It is common knowledge that cotton mills are suffering seriously owing to depression since 1923 and Government have abolished the Cotton Exise Duty in 1926 as also increased duty on imported yarns after the deputation of all-India Millowners waited upon His Excellency the Viceroy at Simla on July 12th, 1927. In spite of these measures for giving relief to the industry the position of the industry did not improve to the extent as was expected by Government and Millowners. Further representations were made to the authorities concerned during the current year and after certain exchange of views that took place between the Finance Member, the Commerce Member and leaders of the industry, the Government of India has issued a Communique just

yesterday appointing Mr. Hardy, the Collector of Customs, Calcutta to examine the possibility of substituting a system of specific duties for the existing system of ad valorem assessment of cotton piecegoods. This Communique has been issued in consequence of the promise made by H. E. the Viceroy when a deputation of the millowners waited upon him at Poona recently.

3. The recent Inquiry is expected to increase import duty on a specific standard on cloth imported into India in order to give a lift to the Indian industry which has been so far assisted by Government by the abolition of the cotton Exise Duty and the imposition of yarn duty. When this all-India question of so paramount importance has been under the careful consideration of the Government and the people of India this Association is deeply grieved to learn that the Nadiad Municipality is on the eve of adopting a measure which one is tempted to call anti-national or 'retrograde' from the all-India national point-of-view.

4 The very principle of the levying of an export duty on cloth by a local body under the present circumstances will set a harmful precedent in the industrial history of the country at this juncture. The Nadiad Municipality whose members are not only patriotic but full of forceful views on national lines could hardly be expected to conceive of a measure which would set the hands of the clock of industrial prosperity of the country, back when an onward force is an imperative necessity under the pressure of increasing foreign competition.

5. The Agent of the New Shorrock Mills has progressed gradually for over a quarter of a century in the establishing of mills and factories at Ahmedabad, Nadiad, Surat, Bombay and Calcutta. With great caution, keen organising ability and astute method of finance, the Agent of the mills has successfully served the industry and the best interests of different centres where mills were managed by him. Nadiad should feel proud of the successes achieved by this pioneer industrialist of Ahmedabad and Gujarat To penalise the industry at Nadiad so carefully and efficiently built up by him with strenuous efforts of a period of over 18 years would prove unfair, discouraging and harmful to all concerned. The New Shorrock Mills gives employment to about 2000 work people in Nadiad and contributes as a unit considerable amount towards municipal revenue every year by way of annual payments on the imports of machinery, coal, mill-stores, dyes, cotton, silks, yarns, oils, sizing materials and miscellaneous articles required in the working of the mills and in the manufacture of cloth. When raw materials are already taxed by the Municipality it would be a sheer injustice to levy a duty on the manufactured product viz, cloth. Such double taxation at both ends is unfair on principle and highly detrimental economically.

6. The Nadiad Municipality thus receives by way of tax a decent sum of about Rs. 10,000/- every year from the said member of our Association as also gives employment to a considerably large number of work people in your city. To burden such a concern with an additional

levy of an export duty on cloth which stated in para 5 above is a form of double taxation would prove ruinous to the industry This new levy would be an extra tax of about 15,000/- every year.

7. Your serious attention is invited in this matter as it will create an obnoxious precedent for the whole country for which some day "nationalist" India will have to repent.

8. This Association under the present circumstances of the industry appeals to the patriotic sense of the members of the Nadiad Municipality to consider this question equitably and dispassionately and feels confident that in the light of these facts the intention of levying export duty on cloth which practically affects the said Mills will be given up and the enactment of any such measure will not be undertaken

9 Such a measure would doubtless harm the whole industry of the country by setting an undesirable example in India when its industries are strenuously fighting for their very existence against heavy odds of foreign imports and international competition.

I have the honour etc.

G. I. Patel.
Secretary.

Municipal Matters.

Resolution No. 1405.

(Re Taxation Rules adopted by the Ahmedabad Municipality.)

This Committee has carefully considered the objections of the various Associations, bodies and individuals. The Committee agrees with the replies suggested by the Chief Officer to the objections, and adopts them as the replies of the Municipality. In submitting the objections for the consideration of the Municipality, the Committee recommends that the following modifications suggested by the Chief Officer be approved, and forwarded to Government along with the objections, notice and the rules:—

(1) The following clause (e) should be added after Rule 329 B (3) (d) —

‘(e) the free residence of persons in charge of the institutions and other servants, or for kitchens, stables, store-rooms and other incidental purposes pertaining to the objects mentioned in (a) to (d) above.’

The explanation should be deleted.

(2) In rules 382, the item of "saw-dust" should be inserted as No 13 thus —

“13 Saw-Dust Rs. 0-0-4 per Bengal Maund. Item No. 13 should be numbered 14 and so on till the present item No. 20 becomes No. 21.

- (3) Clause (12) of Rule 386 should be as under —
 "12 Empty bags or gunny cloth of salt and ice."
- (4) In proviso (b) to rule 387 the word 'seven' should be substituted for 'three'.

Finally this Committee urges the Municipality to resolve that Government be moved to sanction Rules 243, 328, 338 and 354 with effect from 8-6-1926, in view of the special circumstances of the case. If, however, Government are, on account of any legal difficulty unable to give retrospective effect to the said rules, they should be requested to exclude, by a notification under clause (1) of Section 4 of the Bombay City Municipalities Act, the Ahmedabad Municipal Borough from Schedule I to the Act with effect from 8th June 1926 up to the date on which Government accord their sanction to these draft rules.

Dated 19th September 1929.

Sd/- **R. J. Lakhia,**
 'Chairman,
 Standing Committee.

Copy of the Resolution passed by the General Board at its Special General Meeting held on 16-10-29 at 5-30 p. m.

Bus. No. 3

G. B. Res. No. 748 of 1929-30.

Resolved that the Standing Committee's Resolution No. 1405 dated 19-9-29, be adopted and in addition the General Board suggests the following modification.

"That in rule 382, entry No. 12, instead of annas twelve annas six as at present levied be substituted."

The Municipality agrees with the replies suggested by the Chief Officer. The objections to the said replies, the modifications proposed in accordance with the objections together with the notice by which the rules were published, and the rules be submitted to Government for final sanction.

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 31st October 1929

To

THE COLLECTOR OF AHMEDABAD,
AHMEDABAD.

Sir,

I have the honour to submit herewith our Memorandum of objections to the proposals under Section 58 (j) of the City Municipality Act for taxation adopted by the Ahmedabad Municipality, in their General Meeting held on 16th October 1929, and submitted to Government for necessary sanction, with a request to you to kindly forward it to Government at an early date

It is understood that the Municipality has by this time submitted the above proposals to Government, and in the circumstances, I trust you will kindly treat this matter as very urgent, and send on the accompanying representation to Government so that it may reach them along with the municipal proposals

I have the honour etc
G. I. Patel,
Secretary.

AHMEDABAD, 31st October 1929.

From

G. I. PATEL, ESQ, B. A.,
Secretary, Ahmedabad Millowners Association,
AHMEDABAD.

To

The Secretary to the Government of Bombay,
Local Self-Government,
BOMBAY.

Sir,

On behalf of my Association, I have the honour to submit the following in connection with the proposals under Section 58 (J) of the City Municipalities Act for taxation which the Ahmedabad Municipality have by their Resolution adopted in that behalf in the General Meeting held on the 16th October 1929.

1. Before the City Municipalities Act XVIII of 1925 came into force the Ahmedabad Municipality had made certain rules for the purpose of valuation for water tax. That valuation was not based on capital valuation but was based upon an empirical and uniform basis of valuation according to the area of built and open lands irrespective of the cost or age of the building or the market value of the property.

2. It being necessary for the Municipality to draft new rules of taxation under the new Act as the rules under the old Act were inconsistent with the present Act, the Municipality resolved to enact new taxation rules under Section 58 (J) of the said Act to take the place of the old rules Nos. 243, 244, 320, 323, 325, 326, 327, 328, 338 & 354 and Terminal Tax Rules and By-Laws framed under Section 46 of the old Act.

3. The Municipality published a notice under Section 75 B of the said Act and objections were invited. My Association thereupon submitted, within the prescribed time, its objections a copy whereof is enclosed herewith as Appendix "A".

4. The Municipality have by their resolution No. 748 adopted in the General Meeting of 16th October, 1929, resolved to adopt the proposed rules without any modifications so far as the objections of my Association go. My Association is not informed whether and how far objections raised by them were considered by the Municipality. I understand there were objections by some other Associations also. It is not known whether they were also considered before passing the above resolution.

5. The Municipality will, now in due course submit the objections of my Association with their opinion thereon to the Government under Section 75 (c) and request sanction of Government to the proposed rules under Section 76 of the said Act.

6. The opinion with the reasons thereon of the Municipality is not communicated to my Association in spite of repeated requests and from the fact that they have adopted the proposed rules practically without any modification, it appears that the objections urged by my Association have not received due consideration, if any, was at all given. In the circumstances, it has become necessary to place before Government a full statement of the case of my Association while the opinion of the Municipality is before them.

7. The rates of valuation by measurement for the purposes of assessing water-tax on mill-buildings and compounds were originally fixed by the Municipality at Re. 1/- per square yard of built area and 2 as. per square yard of open land. This system of valuation was introduced by the Committee of Management by a resolution adopted on 22nd July 1912 and sanctioned by G. R. 7004, dated 30-9-1913. It will be seen, therefore, that when the Committee of Management adopted the valuation in 1912 for the purpose of mills they considered the rate of Re. 1/- and 2 as. per square yard for built and open area respectively as reasonable, looking to the valuation obtaining at that time. It is true that this valuation was not revised every four years as was done in the case of residential properties, but it is submitted that the principle of revaluation could not apply, where the valuation was fixed on an empirical basis and had no relation with capital valuation or annual letting value. But apart

from the question whether the Municipality were right in seeking a re-valuation of the rates adopted by those rules in 1921, it is a fact that the Municipality did revise the rules and consequently the valuation, within a space of nine years, by fixing the rates of valuation by a sudden leap of 500 per cent. At that time my Association entered its protest. The revision was made at a time when rents were abnormally high and the industry had its boom period, and the burden therefore, though it was not commensurate with the rise in valuation, was kept though inequitable. My Association thinks that the principle of fixing valuation on area basis then adopted was inconsistent with the principle of periodical revision of valuation as laid down in the Act. The revision of the rule had the effect of empirically and arbitrarily fixing a high valuation which had no relation whatever to the situation, potentiality, annual letting value or capital value of the property assessed. It seems in the peculiar circumstances of the time when the valuation was sought to be revised by the Municipality in 1921, the Government sanctioned it. It is doubtful whether Government would have done so now or under any other circumstances.

The above rates were fixed for compulsory water-tax only. In all cases, where the assessee has water connection and therefore has the use of municipal water, the ordinary rule gives him the facility of having an unrestricted supply of water needed for his requirements on payment of a connection fee or additional tax which is equal in amount to the compulsory tax. In the case of mills and factories the ordinary rule was applied with certain conditions which had the effect of increasing the burden. The mills having water connections did not enjoy the unrestricted supply of water though they had to pay connection fee or additional tax, the minimum payable being the same amount as compulsory tax. The water was supplied by meter and was chargeable at a particular rate. Even if this charge came to be below the minimum, the full tax was levied. If it exceeded it the excess was charged for. This rate originally was 4 as. per thousand gallons. This rate was revised in 1921 from 4 as. to 5 as. 4 ps per one thousand gallons, and it was again enhanced to 8 as per one thousand gallons in 1922-23. There was thus twofold increase in the taxes payable by the mills, one increase of 500 per cent. in compulsory water tax by revising the rates of valuation and an increase of 25 per cent. in 1921 and further totally increase of 100 per cent. in 1922 and 1923 in the connection fee tax, subject to minimum connection fee being equal in amount to the amount of compulsory tax. It will thus be seen that there was not only an increase of 500 per cent. but there was a fresh increase of 100 per cent. more for the water consumed over and above the said 500 per cent.

8. When the municipal Act came before the Legislature for a reconsideration in 1925, the Government had already seen the iniquity of allowing a local body to fix a rate for valuation of buildings and lands which had absolutely no relation to the annual letting value or the capital value. The Government, therefore, in the Bill which they presented

for consideration of the Legislature, allowed two modes of valuation only, viz, annual letting value and capital value, and deprived the local bodies of having "any other mode of valuation." The recent valuation based on capital value made by the Ahmedabad Municipality of mill-buildings and areas through Mr. Mirams, Consulting Surveyor to the Government of Bombay, has conclusively shown the iniquity of the empirical system of valuation under which the taxation on mills was excessive

9 The rates of 6 and 9 per cent on capital value of lands and buildings proposed by the Municipality in Draft Rule 243 are very high. It may perhaps be suggested that, on account of different conditions in Bombay and Ahmedabad, the capital values will be different and therefore there is no injustice if the rates of percentage are kept the same. The explanation loses sight of the following material facts —

- (a) As a matter of fact the Bombay percentages are not 6 and 9 but they are 4 and 6.
- (b) The lower capital values in Ahmedabad are an index of low returns generally and therefore the percentages in Ahmedabad have to be lower than those in Bombay.
- (c) The percentages in Bombay are fixed on *cost* of buildings and lands and not on their capital values. (Vide letter No. A N C 9184. D of 1927-28 of Bombay Municipality to the Millowners' Association, Bombay, dated 20th March 1928). In Bombay, therefore, the increment in the value of the property is not at all considered for the purpose of assessment of mill-premises. In Ahmedabad, it is not the *cost* but the *value* which is considered for assessment, and as the value is always higher than the cost, percentages kept on the said *value* will work a higher incidence even if the percentages were fixed at the same figure as in Bombay. There is therefore a clear case either for reduction of the percentages even if Bombay is to be taken as a guide, or else the valuation should be on capital cost as in Bombay.
- (d) Besides, in Bombay a deduction of 10 per cent. is made on the final valuation on account of repairs, insurance charges etc. There is no such reduction permissible under the new City Municipalities Act. The result is that while the percentages in Bombay are reduced by 1/10th, in Ahmedabad they are kept at the same higher level. It may be pointed out here that under the old Rules the Municipality had refused to give the reduction of 16½% which Government were pleased ultimately to allow by their resolution No. 5449, dated 7th May 1925. Under the proposed system of valuation the mills are getting neither 16½% nor the 10 per cent. reduction which are allowed to all other properties in Ahmedabad for repairs, insurance charges, etc.

10. The proposal of the Municipality to attempt levy of the tax from 8-6-26, by stating that the taxation rules would come into effect

from the said date is illegal, and any such proposal even if sanctioned as a rule will be ultra vires of the Municipality. Section 75 of the Municipalities Act prescribe a procedure "preliminary to imposing tax." From the provisions of the Section it is abundantly clear that every inhabitant of the Borough has to be given an opportunity of being heard before any tax is imposed. The proposal of the Municipality if sanctioned would mean that the Municipality can impose a tax for the year 1926-27, though, it had never gone through the necessary *preliminaries* in those years, prior to the imposition of the tax and though no opportunity was given to the inhabitants to send in their objections. Such a procedure of imposing a tax in respect of which no preliminaries are really taken but something misnamed preliminaries is done years after, is clearly illegal and my Association respectfully submit that even the Government have not the power of approving such a proposal. If unfortunately Government purport to approve the proposed rules from any date prior to their approval, it would lead to a crop of litigation challenging the validity and legality of the rules and their approval.

The Standing Committee of the Municipality presided over by the Government Pleader for the District of Ahmedabad, has in its resolution No. 1405 of 19th September, 1929 suggested the adoption of the following course— "If, however, Government are on account of any *legal* difficulty unable to give retrospective effect to the said rules, they should be requested to exclude by a Notification under Clause I of Section 4, of the Bombay City Municipalities Act, the Ahmedabad Municipal Borough from Schedule I to the Act with effect from 8th June 1926, up to the date on which Government accords sanction to these Draft Rules."

This suggestion of the Standing Committee has been accepted by the Municipality in their General meeting held on 16-10-29.

Apart from the merit or legality of the above suggestion, it clearly shows that the Municipality as well as its Standing Committee have an inner consciousness of the illegality and ultra vires nature of their request to retrospective effect being giving to the rules.

It is not known whether the Municipality would seriously urge the alternative of being exempted from Schedule I to the Act, as suggested in the said resolution. My Association wonder that such an obviously untenable suggestion is coming from the Municipality supported by its Standing Committee, when both the Municipality and the Standing Committee are presided over by persons who claim to be experienced lawyers. It is difficult to apprehend as to what the legal position will be as regards the powers already exercised, acts done, elections made, wards constituted and a number of other things done in pursuance of the new Act. My Association does not deem it necessary to pursue this suggestion any further.

11. It is proposed by the Municipality to increase the percentage of the compulsory tax and further the connection fee also by 100 per cent. that is from 2½ to 5 per cent on the valuation. The argument advanced

in support of this increase is the alleged maintenance of financial equilibrium. It is alleged that the result of capital valuation of mill-premises will be to cause a reduction in revenue but on this vital point we are neither told how there will be this reduction nor how much will it be. My Association repeatedly requested the Chief Officer to supply the Association with the information so as to enable my Association to effectively meet the municipal case and submit their objections in due time. This has been consistently refused. It will be seen that the whole question of determining the increase in the percentages as well as of fixing the new proposed percentages hangs on the question of the alleged financial equilibrium. With due respect my Association would like to point out that the change in the new Act disallowing the Municipality from having an empirical system of valuation without reference to capital or annual letting values was made with a view to do away with the iniquity of fixing the values not because the properties really represented these values but because the Municipality needed a particular revenue. The argument of the alleged financial equilibrium puts out of consideration the valuation of the property and its capacity to bear a particular burden. My Association earnestly submits that it is a wrong principle of taxation which looks not at the incidence and ability of the assessee but merely looks at the particular amount required by the Municipality. The proposed maintenance of alleged financial equilibrium also therefore runs counter to the intention of the new Act as expressed by depriving the local bodies of the power of adopting any system of valuation other than capital or annual letting value.

My Association has not been supplied with the figures on this vital point and therefore it is not in a position to point out the fallacies and miscalculations of the Municipality in arriving at their estimate of the difference.

It is also very difficult to know what really the Municipality mean by maintenance of financial equilibrium. Does it mean loss of total gross receipts or does it mean smaller receipts on a particular head only. It is also to be remembered that the water-tax is not the only tax which the industry has to pay to the Municipality. The Municipality gets a very large amount from the local mills in the shape of terminal tax on coal, cotton, machinery, mill-stores and various other commodities, and therefore in judging the burden that is being imposed upon the industry the greater or smaller incidence of water-tax should not be the sole guiding factor. There is also one-side-aspect of the unreasonable attitude of the Chief Officer in withholding material information on the above points though the Municipality rely upon it in their resolutions adopted in that behalf. It is presumed that the object of inviting objections to any proposed tax is to give the public a full scope of examining and discussing the proposal in every detail so that Government may have the full material before them when they consider the proposal submitted for their sanction. In the present case, such opportunity was denied to my Association and it is therefore doubtful whether the municipality can be said to have given

a sufficient opportunity to the inhabitants of the Municipal Borough of Ahmedabad to put their objections under Section 75.

It will be worth while to note here that the Bombay mills have not to pay any terminal tax like Ahmedabad mills. The burden in Ahmedabad is therefore higher than that in Bombay.

12. As regards the proposal of enhancing terminal tax on coal and cotton by about 50 % and levying the tax on yarn, the above observations apply with equal force. The very special circumstance of the case for increase of tax is the alleged maintenance of financial equilibrium. It is essential that the Municipality should have published for general information and for giving the public a fair opportunity of submitting objections, full figures of the estimated differences and estimated receipts of tax on coal, cotton and yarn. According to the estimates of my Association the proposed enhancement in terminal tax will bring in to the Municipality at least twice as much as it apprehended by the Municipality to be lost in assessing the mills on the new equitable basis of capital valuation. The case of increase and levy of tax on these commodities vanishes altogether when the Municipality is increasing the percentage of the water tax from $2\frac{1}{2}$ % to 5 %. Under the guise of alleged maintenance of financial equilibrium, the Municipality is seeking to levy more than double taxation on each of the heads of increase.

13 The proposed rules of the Municipality do not remedy one serious disability under which the mill-premises and lands are put viz., no consideration is made for vacancies. The principle of assessing premises presumes that they are being put to use and therefore are likely to draw upon the amenities provided by the Municipality. While all the properties in the city are allowed a consideration of this equity, the mills seem unfortunately to be signed out for a differential treatment. My Association, therefore, strongly urge upon Government that the rules must make a provision to exempt the mills from water rate whenever the same are not working for a period of 30 days and over on account of strikes, lock-outs, break-downs closing down etc., etc.

14 In view of the reasons and objections stated by my Association in the Appendix "A" it is not necessary any further to deal with the various points embodied therein in detail. It would be sufficient to invite the Government's attention to the said Appendix "A" with a request that Government would be pleased to carefully consider the same along with the above and reject the proposals of the Municipality.

I have the honour etc.

G. I. Patel.

Secretary.

AHMEDABAD, SHAHI BAG,
6th November 1929.

To

Chamanlal G. Parekh,
PRESIDENT, MILLOWNERS' ASSOCIATION,
AHMEDABAD.

Dear Mr. Chamanlal,

I enclose an extract of a note dated the 4th November 1929 prepared by the Chief Officer of the Ahmedabad Municipality.

I am willing to hold a round table conference on Wednesday 13th November at 9 a. m. at Shahi Bag with a view to discussing the question of taxation of Mills. You are invited to attend with any members or officers of the Association whom you may wish to accompany you.

A reply is requested

Yours sincerely,
J. H. Garrett,

(Copy).

Extract of a Note dated 4th November 1929 prepared by the Chief Officer, Ahmedabad Municipality.

- (1) (a) The total capital value of buildings belonging to mills and factories as estimated by Mr. Mirams is Rs. 2,2053,700.
(b) The Total capital value of lands is Rs. 42,39,300.
- (2) The revenue derived from Terminal Tax on coal during each of the last three years, and the average of those years is as under—
- | 1926-27 | 1927-28 | 1928-29 | Average |
|-------------------|------------------|-------------------|--------------------|
| Rs. 1,20,605-12-0 | Rs. 1,27,656-8-0 | Rs. 1,30,180-10-0 | Rs. 1,26,147-10-0. |
- (3) The above revenue from coal is derived at the rate of Rs. 0-8-0 per ton. In the revised taxation rules, the rate is increased to Rs. 0-11-0 per ton. Calculating at that rate, the increase in revenue from coal is likely to be Rs. 47,305.

Yarn is at present charged as a miscellaneous article at Rs. 0-1-6 per Bengal Maund, and no separate accounts are kept for the various commodities which are classed under the head of miscellaneous articles. It is not therefore possible to know what income is at present derived from Terminal Tax on that article and consequently it is not possible to estimate what increase in the revenue the increased rate of Rs. 0-6-0 per Bengal Maund would bring in. It is not however expected to yield more than an increase of Rs. 10,000 or so.

2. The Municipality has also increased the tax on cotton from Re. 0-0-8 per Bengal Maund to Re. 0-1-0 per Bengal Maund. The increase in revenue from this source is estimated at Rs 33,000. The income on this head for the past three years is as under—

| 1926-27 | 1927-28 | 1928-29 | Average |
|---------------------------|----------------|----------------|----------------|
| Rs. 56,573-2-0 | Rs. 68,078-9-8 | Rs. 73,191-5-4 | Rs. 65,944-5-8 |
| i. e. roughly Rs. 66,000. | | | |

THE AHMEDABAD MILLOWNERS' ASSOCIATION,
AHMEDABAD, 9th November 1929.

Dear Mr. Garrett,

Thanks for your letter of the 6th instant. As the valuation and the amount of the tax under the old scale were not mentioned in the note of the Chief Officer submitted to you I have arranged to obtain that information from the Municipality directly. I shall be glad to attend the round table conference on Wednesday the 13th instant at 9 a. m. at Shahi Bag, with the office-bearers and some members of my Committee.

Yours sincerely,
C. G. Parekh.

To

J. H. GARRETT, ESQ., I. C. S.,
Commissioner, N. D.
Shahi Bag, AHMEDABAD

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 7th November 1929.

Dear Mr. Bhagat,

I have received from Mr. Garrett certain figures about the total capital value of mill-premises in Ahmedabad estimated by Mr. Mirams. The difference between the old valuation and the new one is not mentioned in these figures. Instead of again troubling Mr. Garrett, I have thought it proper to save time by sending the bearer with this note to obtain that information from you directly. The figures of old valuation and new valuation are necessary along with the difference in the amount of the water-tax between the old and new valuations. I hope you will see your way to give these figures to the bearer to enable me to send a reply to Mr. Garrett

Yours truly,
C. G. Parekh.

To

I. R. BHAGAT, ESQ. B. A. LL. B
Chief Officer,
Ahmedabad Municipality,
AHMEDABAD,

MUNICIPAL OFFICE,
AHMEDABAD, 7th November 1929.

Dear Mr. Parekh,

Your letter of date. The information you require is as under—

- 1 Present valuation by measurement of the property of Mills and Factories Rs. 79,33,399.
- 2 The valuation arrived at 9% and 6% on the capital value of Mr. Mirams Rs. 22,39,191.
3. Water rate derived at 2½% on the present valuation of industrial premises and 5% on residential buildings within the mill premises... .. Rs. 1,98,335.
4. Water rate at 5% on the new valuation of Rs 22,39,191 Rs. 1,11,955.

Yours sincerely,
Sd. I. R. Bhagat.

To

SHETH CHAMANLAL GIRDHARDAS PAREKH,
President, Millowners' Association,
AHMEDABAD.

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 12th November 1929.

Dear Mr. Bhagat,

In your figures it has not been stated what was realised by the Municipality as Compulsory Tax from Mills during each of the years 1925-26, 1926-27, 1927-28 & 1928-29. You have stated the figure 1,98,000. Kindly give the bearer similar figures for previous three years. They are required by us to day only before attending the conference at Shahibag tomorrow morning. As the matter is very urgent I hope you will not fail to give the figures to the bearer or to send them to day to me. If it is not possible to send per bearer please bring the figures at the conference on Wednesday,

Your truly,
Sd. C. G. Parekh.

To

I. R. BHAGAT, ESQ., B. A. LL. B
Chief Officer,
Ahmedabad Municipality,
AHMEDABAD.

AHMEDABAD MUNICIPALITY,
AHMEDABAD, 12th November 1929.

Dear Mr. Parekh,

Your letter of date The income from the Compulsory Water rate for the years 1925-26, 1926-27, 1927-28 and 1928-29 is as under —

| 1925-26, | 1926-27 | 1927-28 | 1928-29 |
|---------------|--------------|--------------|--------------|
| 1,82,371-14-0 | 1,85,912-6-0 | 1,98,335-0-0 | 1,98,335-0-0 |

Yours sincerely,
I. R. Bhagat.

To

SHETH CHAMANLAL G. PAREKH,
President, Millowners' Association,
AHMEDABAD.

**PROCEEDINGS OF A ROUND TABLE CONFERENCE HELD
ON WEDNESDAY THE 13TH NOVEMBER 1929, AT 9 A. M.,
AT SHAHI BAG, IN CONNECTION WITH THE DISPUTE
BETWEEN MILLOWNERS AND AHMEDABAD MUNICIPALITY
IN RESPECT OF THE WATER RATE.**

PRESENT — Messrs. J. H. Garrett, Chamanlal Girdhardas, Kasturbhai Lalbhai, Gordhandas Patel, Sakarlal Balabhai, Popatlal Harilal, Ratilal Nathalal, Mulchand Asharam, N. D. Mehta, and I. R. Bhagat.

Mr Garrett explained the object of the meeting.

Mr. Mulchand A. Shah, President, Ahmedabad Municipality said that the amount of water rate levied by the Municipality from the Mills under the old rules amounted to Rs. 1,98,000 while that leviable under the new rules framed by the Municipality would come to about Rs. 1,11,000. The Municipality would be actually losing Rs. 87,000 per year for the three years viz., 1926-27, 1927-28, and 1928-29. They were however prepared to forego the loss provided a reasonable statement acceptable to both the parties was reached. It was contended on behalf of the Millowners' Association that the increase in the Terminal Tax on coal, cotton and yarn was likely to bring in an income of Rs. 47,000, 33,000, and 20,000 respectively; in all Rs. 1,00,000 and that this was far in excess of the loss of Rs. 87,000 mentioned above.

None of the parties could definitely say what the increased tax on yarn would come to. Mr. Mulchand said it would be about Rs. 10,000 while the Millowners' Association said it would be about Rs. 20,000.

The President of the Municipality argued that it would be reasonable for the Municipality to get a little more income from the increased terminal tax as they would be justified in recouping in the course of the next 15 years the loss of over 2½ lacs which they were sacrificing by the proposed compromise

It was contended on behalf of the Millowners' Association that they should not be called upon to make good the loss in income. They said that they had suffered a loss of Rs. 40,000 on account of legal charges in the law suits filed by them and no body would reimburse them of the loss. They also contended that they were not agreeable to any increase in the terminal tax. Any loss that may be sustained by the Municipality should be made good by direct taxes

The President of the Municipality urged that the present rules and schedules framed by the Municipality could not now be altered. They ought to go to Government for sanction as soon as possible

After some discussion the Chief Officer produced a draft of a compromise which was read over by the other party and it was ultimately agreed by both parties that the terms of the draft agreement should be accepted subject to the further conditions that—

- (1) The current year's dues from the mills should be adjusted against the past deposits; that further bills for its recovery should not be issued and that those issued already should be withdrawn
- (2) Compromise should cover the cases of all the mill-concerns even though some of them raised no protest while paying their tax.
- (3) Compromise shall not affect any individual compromise which may previously have been entered into by the Municipality.
- (4) The rate of interest on the amount of excess deposits that remained with the Municipality should be calculated at 4½ %
- (5) The giving of retrospective effect to the rules shall not be treated as an admission by the Millowners' Association such as would form a precedent.

(N. B.—The wording of this clause is subject to approval of lawyers).

It was suggested on behalf of Millowners' Association that a clause should be added to the draft compromise binding the Municipality not to impose any taxation specially affecting the mill-industry during the next two or three years. It was agreed by the parties that this should not form a clause in the Award but that a note of the suggestion should be kept on the record.

Finally an amended draft of the compromise attached to these proceedings was accepted by both the parties with the reservation that they would adhere to the terms but the wording of the Agreement would be examined by their lawyers.

The President, Millowners' Association said that the Association would pass a resolution approving the compromise and that the parties will take all steps necessary to give effect to it.

The Commissioner said that he would forward copies of the amended draft compromise to the parties.

Proceedings terminated with an expression of thanks to the Commissioner for his assistance in bringing about a compromise acceptable to both the parties.

AHMEDABAD, Shahibag,
13th November 1929.

J. H. Garrett,
Ag. Commissioner N D.

Draft Terms of compromise.

1. The Millowners agree to withdraw their suits. Each party should bear its own costs.
 2. The Millowners agree to keep the amounts of taxes recovered for the years 1926-27, 1927-28, and 1928-29, as a deposit and to permit the Municipality to appropriate therefrom the necessary amounts towards the payment of taxes for those years in accordance with the revised taxation rules now submitted to Government for sanction. The balance, if any, should be applied by the Municipality to the payment of the taxes that may become due for the subsequent year.
 3. The Municipality agrees to pay interest at 4½% on the excess deposits that remain with them on the calculation of the assessment of taxes in accordance with the revised rules submitted to Government, the interest to run from the respective dates of payment made by mills.
 4. Bills for 1929-30 will be made out after sanction of rules, the bills already issued to be withdrawn.
 5. No distinction to be made between those who paid the water rate under protest and those who paid it without protest.
 6. The giving of the retrospective effect to the draft compromise shall not be treated as an admission by the Millowners' Association such as would form a precedent.
-

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 13th February 1929.

To

The President,
AHMEDABAD MUNICIPALITY,
AHMEDABAD.

Dear Sir,

With further reference to the settlement of disputes between the Municipality and the Mill-Companies at the instance of Mr. J. H. Garrett I. C. S. on 13th November 1929, we have the pleasure to send you herewith such of the terms of companies as are to be included in the individual agreements with compromise, as finally approved by the representatives of our Association jointly with your representatives on 12th February, 1930, for your placing the same before the General Board of the Municipality for formal acceptance.

Yours faithfully,
G. I. Patel,
Secretary.

The following draft was settled between the representatives of the Association and of the Ahmedabad Municipality in a joint conference held on 12th February 1930, in accordance with the terms of compromise recorded by Mr. J. H. Garrett, I. C. S., Commissioner N. D., on 13th November 1929.

Articles of Agreement.

Whereas there were differences of opinion and disputes regarding the legality and recovery of certain taxes alleged to be payable by Company Limited a Company incorporated under the Indian Companies Act of (hereinafter called the Company) and the Ahmedabad Municipality (hereinafter called the Municipality);

And whereas some of the Mill-Companies of Ahmedabad had filed Suits in the Civil Courts at Ahmedabad against the said Municipality for injunction and also for recovery of the said taxes alleged to be illegally recovered and for other reliefs,

And whereas the Company and other Companies being members of the Ahmedabad Millownes' Association represented to the Association the desirability of a compromise of all these disputes which the various members of the Millownes' Association had had with the Ahmedabad Municipality on the said questions.--

And whereas Company at the instance of the said Association and the Municipality have, in the interest of both the Company and the Municipality and in mutual consideration of the reciprocal promises contained in the said terms of compromise have accepted the said terms effected, Now, therefore, these Articles of Agreement witnesseth the said terms as follows:-

TERMS

1. The amounts of taxes recovered from the Company by the Municipality for the years 1926-27, 1927-28 and 1928-29, on account of Compulsory water-rate including the excess recovered on the ground of the compulsory water-rate being higher in amount than the amount payable for the year under the meter charges tariff, shall be deemed to be deposits with the Municipality for the purposes of being appropriated on the 1st of April every year by the Municipality towards the amount of the said taxes that may be legally recoverable by the Municipality from the Company for the said years in accordance with the revised taxation rules now submitted by the Municipality to Government for sanction. The balance, if any, shall be applied by the Municipality towards the payment of the said taxes that may become due to the Municipality by the Company for the years 1929-30 and subsequent years.

2. The Municipality in adjusting the appropriations mentioned in the foregoing paragraph shall pay interest at 4½% on the excess of deposits over the amount of tax so payable. Such interest shall run from the respective dates of payments made by the Company till the date or dates on which the taxes for 1929-30 and subsequent years become due.

3. The Municipality shall make out bills for the said taxes for 1929-30 after Government sanction for revised rules is obtained. The bill or bills for the said period if any issued by the Municipality shall be withdrawn and the Municipality shall pay the company all sums that might have been paid to or recovered by the Municipality, towards the payment of such bills.

4. The giving of retrospective effect as herein before provided to the new rules as sanctioned shall not be taken to be an admission on the part of the Company of the Municipality's right to do so in future, but the Company shall be deemed to be liable to payment of taxes on the scale under the new rules as sanctioned from 1926-27 till the said new rules are sanctioned.

5. The Company agrees to withdraw the suit or suits filed by them against the Municipality. Each party to bear its own costs of the suit or suits.

No 319 of 1929-30.
THE AHMEDABAD MUNICIPALITY,
AHMEDABAD, 5th March 1930.

To
THE AHMEDABAD MILLOWNERS' ASSOCIATION,
Mirzapur Road, AHMEDABAD.

Subject:—Suits filed by Mills against the Municipality

Sir,

I have the honour to state that the *terms of agreement as per copy attached have been finally adopted by the General Board under their resolution No. 1141 dated 22-2-30. I have now to request you to be so good as to ask the individual members of your Association to arrange to enter into agreements with the Municipality and to withdraw the suits.

I have the honour etc.,
I. R. Bhagat,
Chief Officer,
Ahmedabad Municipality.

* As printed on the page 194.

To **Addressed presented to H. E. the Governor of Bombay,**

His Excellency,

The Right Honourable

Sir Frederick Hugh Sykes,

P. C. G. C. I. E., G. B. E., K. C. B., C. M. G.,

Governor of Bombay.

May it please Your Excellency,

We, the President and Members of the Ahmedabad Millowners' Association representing the bulk of industrial interest of Gujarat, chiefly the Cotton Spinning, Weaving, Ginning & Pressing, as also Oil manufacturing, Match manufacturing, Flour making, Chemical manufacturing, Iron Foundries etc., beg leave to offer our cordial welcome to Your Excellency, on your first visit to this ancient and historic city which has continued to maintain its position as an important city influencing the thought and commerce of the country. The visit of Your Excellency to this great capital of modern Gujarat is a good augury for the future relations between the people of the Province and the head of their Provincial Government. The country is expectantly on the threshold of a new Era and we confidently trust the personal touch of the visit will enable Your Excellency to pulsate with the life and aspirations of the people of this Province.

The present growth and prosperity of the City are mainly due to the development of Industry on modern lines. This has created special problems peculiar to industrial cities. Prominent among them is the question of sanitation, among the working classes. The necessity to relieve the congestion and provide sanitary housing for the industrial population is both great and pressing, and we urge that this city deserves the same special care and treatment in the matter, which industrial Bombay has been receiving at the hands of Government.

The question of sanitation and relief of congestion involves the question of the present Land Revenue Policy of Government. The Policy also needs anxious and sympathetic consideration in the interests of industry, in these days of world-markets and world-competition. We regret, that while the Policy of all world-Governments is tending towards reducing the burden on and giving facilities to industries, the Land Revenue Policy of Bombay Government has proceeded merely on revenue considerations. The standard rates of assessment are fixed very high on an erroneous principle. This Policy has given rise, apart from the heavy present burdens, to a sense of insecurity as there is no knowing of the extent of future liability as the city develops. It imposes a heavy burden on industry and impedes the progress of residential Housing so necessary for relief of congestion, sanitation and development of the City. In the interest therefore of sanitation, development and prosperity of the city, it is essential that building on land within certain limits of Ahmedabad should be actively encouraged by remitting all special building or non-agricultural assessments.

We trust Your Excellency's Government will remedy this in the forthcoming legislation regarding Land Revenue and give necessary relief in the meanwhile.

Moreover, since a few years heavy fines are levied for occasional use of lands in off-seasons by Mills for drying cloth, stacking materials etc, though the lands are not thereby appropriated to non-agricultural use. These can be supported on no ground except the revenues they are expected to bring. These unwarranted burdens on Local Industry, are not in keeping with the spirit of the Land Revenue Law. We hope Your Excellency's Government will take steps to redress this.

Ahmedabad is proverbially dusty and with the means of fast locomotion the dust nuisance has grown into a danger far more serious to health than even the smoke nuisance. Large funds are required to introduce and maintain elementary needs of a sanitary industrial city such as cement or asphalt roads, surface and underground drainage, particularly in Mill areas, adequate watersupply etc. Both the people and industry are contributing their quota, but we claim, Government ought substantially to help the city with finances for carrying out these items, so vital to the health and wellbeing of the population of this city.

Education of the people is the primary duty of every Government carried on for the people. Educated labour is a source of strength to industry and our Association therefore keenly desires introduction of free and compulsory education in Ahmedabad. The Ahmedabad Municipality had submitted to Government its scheme long before, but it is a matter of great regret that Government should not find funds. We believe there is no cause for which Government cannot find funds if only it has the necessary will. We confidently hope Your Excellency's Government will spare no efforts for an all-round economy, and provide funds for this pressing need of the city, which contributes so substantially to the revenues both of the Provincial and Imperial Governments.

The Industrial population is a prey to a number of other evils which can only be effectively rooted out by Government sincerely following a vigorous policy, irrespective of purely financial considerations. The habits of drink and debt-running are the worst among them eating to the core the physical, economical, and last but not the least, the moral vitality of the population. We believe the drink habit to be the fountain source of the whole vicious circle. Indian public opinion on this question is strong, unanimous and insistant. The question cannot and ought not to be shelved on revenue considerations. The delay will make the problem more and more complex and difficult. A bold and honest policy is needed, and we have no doubt that it will get the support of all shades of responsible opinion in the Presidency We earnestly hope Your Excellency's Government will substantially realise the goal of prohibition.

Your Excellency will be pleased to learn that the members of the Association have been alive to the needs of the employees. Several Mill

Companies have adopted programmes of building their own 'chawls,' providing creches, dispensaries and schools. These can and ought however to be treated as supplementary to what should be done by the Municipality and Government.

Your Excellency will also be glad to know of the peaceful relations between Labour and Capital. This is due in no small degree to the relations of mutual understanding and goodwill between the Association, Labour and the Board of Arbitration set up by mutual agreement.

We await with keen interest the advent of the Era of Dominion Status, and we confidently trust that there would be no scheme of Dominion Status in which commerce and industry of this Province would not have a due and adequate share of representation.

We Submit that the industrial interests that we represent are so large and important that our Association should have an unbroken representation on the Legislative Assembly.

We may also state that our Association should have a right of electing a representative on the local Municipality which has to deal with so many problems affecting the interests of the Industry and the industrial population. It is indeed an anomaly that while our claims for electing a representative on Provincial and Imperial Legislature are recognised, we should have been deprived of privilege of electing our representative on the local Municipal Government, which we enjoyed previously. There was a convention subsequently adopted of nominating a member elected by our Association, at the time of the last nominations that convention was, we regret to say, not adhered to.

We feel sorry not to have had the pleasure and privilege of welcoming Lady Sykes along with Your Excellency to this city of ours. We request Your Excellency to convey to her our keen disappointment at her absence and our grateful appreciation of her welfare work for the poor and labouring classes.

In conclusion, we wish Your Excellency every success in the great task which lies ahead of Your Excellency's Government, and assure our hearty support in all measures of advancement and amelioration of the condition of the people of this Presidency.

AHMEDABAD.

Dated 30th December 1929.

We have the honour to remain,
Your Excellency's most obedient servants,

Chamanlal G. Parekh

President and Members,
AHMEDABAD MILLOWNERS' ASSOCIATION,

His Excellency's reply.

Mr. President and Members of the Ahmedabad Millowners' Association.

The address which you have just read contains so many matters of interest and importance, not only to your industry and to your City but to Government, that in the short time at my disposal it is not possible to reply to them in detail or to do more than make a few general observations on the points that you have raised.

May I, first of all, say how glad I am to have had this opportunity of seeing something of your City—a City with a noble record in the pages of the history of India, and a City which is, I think, destined to play an even greater part in the future history of this country. And if I dwell on the present rather than the past, it is because present-day Ahmedabad is one of the centres of an industry upon which this presidency so largely depends, and which is always much in our thoughts.

You have rightly said, Mr. President, that the growth and development of the Textile industry has created special problems peculiar to industrial cities, and when you speak of sanitation and housing for the industrial population, you touch upon a subject with which I personally am deeply concerned. I am not, however, sure that Government action can solve this problem. Our experience in Bombay has been disappointing. We were told that Bombay required 50,000 sanitary tenements for its industrial population, and Government drew up a programme designed to fill that want. Long before that figure had been reached, it was apparent that the demand would fall short of the supply, and Government closed down its industrial housing scheme when only 16,500 rooms had been built. Of these, not half have been occupied, although they are offered at rents far below the economic figure, and Government's effort to remedy the admittedly bad housing conditions of the working classes in Bombay has proved a weakness (owing to the expenditure made) rather than a strength, because those whom it was designed to help have refused to take advantage of it. It appears to me that the problem must be solved by co-operation between the Municipality and the principal industry of the City and I am glad to find that the questions of housing and town-planning are engaging the attention of the Municipality and of Capital and Labour; and I feel sure that the combined effort of those who are so vitally concerned in this matter will bring about an improvement that is admittedly necessary. I do not, however, think that Government's land revenue policy has been, or need be, a bar to the provision of good housing and relief of congestion, and I do not think it would be possible to give to the City of Ahmedabad the special concessions which you desire.

With regard to your reference to the burden on local industry involved by regarding land used for drying cloth, stacking materials, etc., as appropriated to non-agricultural purposes, I am informed that, for the use of lands in connection with the drying of cloth, fines are remitted or

made nominal; while for stacking materials the amount of fine is calculated according to the circumstances, such as the nature of the materials stacked and the period for which they are stacked, and all considerations which permit of a reduction of fine are taken into account.

I quite appreciate that the dust nuisance in your City is a serious one, and I am not surprised to hear of your anxiety to have your roads cemented or asphalted and thus reduce a condition which is both unpleasant and dangerous. I understand that the Municipality has applied to be allowed to raise a loan of 15 lacs for this purpose, and this proposal is now receiving the careful consideration of Government. These matters are very largely questions of finance, and in our present position it is quite impossible for Government to extend the assistance that they would like to extend to Ahmedabad and many other towns in this Presidency.

Even with education Government finds itself unable to provide the funds which it feels are necessary. I realise as you do Mr. President, how great is the need for educated labour, and I feel that many of the various problems, such as sanitation and temperance would be much easier of solution if the people had the advantage of education. When the Government introduced the Bombay Primary Education Act in 1923, they had high hopes of the results that would flow from it, and as you are aware Government under that Act accepted a burden which few Governments have ever shouldered. It has been a bitter disappointment to us that, since the passing of that Act, the financial position has made it impossible to sanction schemes for the expansion of primary education submitted by many local authorities, including the Ahmedabad Municipality. I do most warmly appreciate the desire which this City has expressed to increase the facilities of its citizens for primary education, and I also appreciate the fact that the City is prepared to find money for this purpose. But the scheme submitted by your Municipality is the most costly so far submitted to Government by any local authority, and the acceptance of this one scheme alone would cost Government over a lac and a quarter of rupees a year.

Education is already costing Government two crores a year and you, as businessmen, will realise that expansion in expenditure is only possible if there is expansion in revenue, and the Government has not been able to secure that expansion. On the contrary, our falling revenue has unfortunately had to lead to drastic curtailments of our programmes of nation building activities, and our essential expenditure has only been met by most rigorous economy. I may add that I am so fully alive to the fact that education is the basis of improvement, both in efficiency and in the standard of living among the labouring classes that I am personally devoting much consideration to this matter in order to see whether it would not be possible to find a solution to what is admittedly a most unsatisfactory position.

This problem of revenue also affects that of prohibition, to which you have referred. You will, no doubt, remember that the ultimate object of our Exise policy is total prohibition, but it is obviously impossible to pursue such a policy to its ultimate conclusion unless the gap which it would create in the provincial financial is filled from other sources. A Committee was appointed to consider the financial measures necessary to give effect to prohibition, and Government accepted the Committee's estimate that the net loss resulting from the enforcement of total prohibition, including the cost of the additional preventive staff, would be not less than 6 crores, that is to say, nearly 40 % of the total revenue of the Presidency. After examining all possible sources of fresh taxation, including those suggested by the Committee, it was found that on a very liberal estimate the additional revenue so derivable would not exceed 2 crores within the next 15 years. Obviously, therefore, Government could not adopt a policy which might lead to bankruptcy, especially when it is remembered that the modest efforts that have, so far, been made have given rise to serious financial administrative difficulties. Government will, however, do what they can to remove the more glaring evils of drink by reducing the number of liquor shops wherever possible, and orders have been issued that all liquor shops in the immediate vicinity of mills and factories should be removed to less objectionable sites, and closed altogether if the shops in question had been newly opened. I would, however, remind you that temperance is very largely a social question, and England is an example of the remarkable effect upon drunkenness which can be brought about by the spread of education and the force of public opinion. If the City of Ahmedabad can provide better housing, better sanitation and more decent conditions of life for its citizens then, I believe that the evils of drink will automatically be considerably reduced.

I am aware that many of you are alive to the social needs of your employees, and that some of you besides building chawls, provide dispensaries and in some cases schools, and the improvements effected by such generous-minded employers are most praise-worthy. No doubt, the Royal Commission on Labour, which has had an opportunity of visiting your City and is giving special attention to this question, will make recommendations as to the respective spheres of employers, of local authorities and of Government in this direction. But quite apart from that I believe and experience of western countries confirms this, that the provision of welfare activities for workers in industry is directly reflected in a definite cash returned to the employers who provide these amenities. I think I am right in saying that in Ahmedabad the provision of up-to-date methods of humidification and ventilation have given a definite increase in output in the weaving sheds.

The relations between Capital and Labour in this City, and especially between your Association and the representatives of Labour, have I think, I may say, been the envy of Bombay, and I have studied with interest the system whereby the principle of arbitration is applied to

those disputes which must inevitably arise between employers and employed I most heartily congratulate the Millowners and the millworkers of Ahmedabad on the fact that they are represented by men who, whatever their political opinions may be, approach these matters solely in the interest of the industry as a whole and of their members as a whole, importing into the dispute no bitterness and no political catchwords. If the example of Ahmedabad were more generally followed, it would be of lasting benefit to industry; while the settlement of the last dispute in the City has shown that labour has nothing to lose by a reasoned and temperate presentation of its case.

You refer, Mr. President, to the representation of your interests in the Legislative Assembly, I can only reply that the question of representation on the Legislative Assembly of important industrial interests is within the scope of the enquiry being made by the Statutory Commission, and will, no doubt, receive due consideration.

As regards the right to elect a representative on the local Municipality, I understand that the Bombay City Municipalities Act of 1925 does not permit direct election by your Association but the request of your Association for representation on the Municipal Board by nomination will be very sympathetically considered, or perhaps you would consider whether your purpose could not be most easily achieved by promoting a private Bill, when the whole question would come up for discussion in Legislative Council.

I thank you for your cordial welcome to me, and I hope that this short visit to your City will help me to understand your difficulties and enable me to help you in the future.

LABOUR QUESTIONS.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 15th January 1930.

To

DIWAN BAHADUR KRISHNALAL MOHANLAL ZAVERI,
Sir-Panch,
BOMBAY.

Sir,

There has been a difference of opinion between the Millowners' Association and the Labour Union with reference to the proper meaning and construction of the operative part of your Award dated the 3rd December 1929. We are therefore referring the matter to you for elucidation.

According to us, your Award clearly means that we have to give an increase of 8 per cent. and 5 per cent. to the spinners and weavers respectively on the present wages. The Award does not contemplate, discuss and direct the increase in the form of any restoration of the 1923 cut of 15½ per cent. The Labour Union, on the other hand is contending that you have dealt with the matter, with reference to the cut and the operative part of your Award means and wants us to restore the cut.

The difficulty has arisen because of the operative part of your Award having an explanation as under—

“ That is out of a cut of $15\frac{1}{2}$ per cent. 8 per cent. (about $\frac{1}{2}$) should be restored to spinners and 5 per cent (about $\frac{1}{3}$ rd) to weavers ”

The first portion of the operative part is very clear and unambiguous. What you have subsequently added is not the operative part but is merely illustrative and intended to give general effect of the increase. This is very clear from the fact that while you are specific in mentioning the percentages of increase, you are speaking of *approximate* percentages when you refer to the fact of increase in terms of the restoration of the cut.

Prima facie the explanatory part should mean the same thing as the primary part. The construction sought to be put forth by the Labour Union would involve a real contradiction between the main and actual word of the explanation thereof. The only way to reconcile the award and its explanation is to take the primary part of the Award to mean what it says, that is, an increase of 8 per cent. and 5 per cent. over the present basis.

Whether the cut of 1923 was justified or not has been decided in the Award in the words “ I do not see any ground to characterise it as either unwarranted or unjustifiable”.....“ there is nothing in it to call it unwarranted and unjustified.”

The increase is thus on the present scale of wages under the terms of the Award particularly referred to in para 1 as under—

“ The purpose underlying their demands was the increase of the *present wages* to the amounts paid before the cut effected in 1923 ”

Yours faithfully,
G. I. Patel,
Secretary.

No. 222.

TEXTILE LABOUR ASSOCIATION,
AHMEDABAD, 9th January 1930.

To.
DIVAN BAHADUR KRISHNALAL M. JHAVERI,
BOMBAY.

Dear sir,

Your decision on the dispute arising out of the demand of the Union for an ‘increase of the wages to the amounts paid before the cut in 1923’ (Award Para 1) is stated in the penultimate paragraph of the Award, in the following terms—

“ I think, on a consideration of all circumstances, that in the case of spinners an increase of 8% and in the case of weavers an increase of 5% should be given as from the 1st of *January 1930, i. e., out of a cut of $15\frac{1}{2}$ % 8% (about $\frac{1}{2}$) should be restored to spinners and 5% (about $\frac{1}{3}$ rd) to weavers. ”*

The explanatory part (italicised) above makes the scope and meaning of the decision absolutely clear and unambiguous. The Millowners' Association has, however, raised a doubt as to whether it was intended to restore 8% and 5% respectively out of the cut of 15½% or to calculate an increase on the existing basis to that extent,

You are requested to kindly let us know what would be the correct interpretation of the Award, in this respect.

Yours faithfully,
Sd/- **Gulzarilal Nanda.**
Secretary.

Copy forwarded to the Secretary, Millowners' Association for information.

Copy of the decision of the Sir-Panch regarding the increase to be granted to workmen according to the Award.

BOMBAY, 16th January 1930.

Dear Sirs,

With respect to your query I have to state that what was passing in my mind and what I meant to award was an increase of the percentages mentioned by me, that is, 8 and 5 per cent. on the *present wages*.

Yours sincerely,
Krishnalal M. Jhaveri.

To
G. I. PATEL, ESQ.,
GULZARILAL NANDA ESQ.,

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 16th January 1930.

Circular No. 6.

In view of the Award of the Sir-Panch members should at present give increase from 1st January 1930, to their operatives on the net amount of wages, payable to them, as under -

- (a) 8 per cent. in the case of the spinning section that is, from Mixing to Reeling to those operatives, whose wages have been cut by 2 as. 6 ps. in a rupee.
- (b) 5 per cent. in the weaving section, that is, from Winding to Baling, to those workmen whose wages have been cut by 2 as. 6 ps. in a rupee.
- (c) For other workmen who are not included in the above and from whose wages the cut of 2 as. 6 ps. in a rupee was effected 8 per cent be given to those whose wages for a month or (for two haptas as the case may be) come to Rs 30/- or less than that amount and 5 per cent. to those whose wages exceed Rs. 30/- on the same basis of calculation.

G. I. Patel,
Secretary.

No. 282/30.

TEXTILE LABOUR ASSOCIATION,
Labour Office, Lal Darwaja,
AHMEDABAD, 19th January 1930.

To
The Secretary,
THE MILLOWNERS' ASSOCIATION,
AHMEDABAD.

Dear Sir,

I beg to acknowledge receipt of a copy of D. B. Krishnalal M. Jhaveri's letter of the 16th instant, forwarded by you on the 18th instant.

We are again addressing Diwan Bahadur Krishnalal Jhaveri on the subject, and have to request you not to make payment of wages on the basis suggested by you. Pending settlement of the question advances of pay may be made to the work-people.

I am enclosing a copy of our letter to Dewan Bahadur Krishnalal Jhaveri.

Yours faithfully,

Sd/- **Gulzarilal Nanda,**
Secretary.

No. 284/30.

TEXTILE LABOUR ASSOCIATION,
AHMEDABAD, 19th January 1930.

Dear Sir,

The Secretary of the Millowners' Association has forwarded to us a copy of your letter of the 16th January 1930, addressed jointly to messrs G. I. Patel and Gulzarilal Nanda.

We have to request you to inform us as to what is the natural construction to be put upon your award, and this we requested you to do, without reference to your intention, in our letter of the 15th instant for apart from being an Umpire you are also an eminent lawyer and have been an eminent Judge.

We would, therefore, ask you respectfully if you kindly will as a lawyer and a Judge, let us know what is the reasonable interpretation of your language with reference to wages.

We beg to draw your attention to the fact that both in our letter as also in that of the Millowners' Association, reference has been made to you not as to your intention but as to the construction of the award as it stands.

We are sending a copy of this letter to the Millowners' Association and have asked them not to make payment of wages on the basis suggested by them

Yours faithfully,

Sd/- **Gulzarilal Nanda,**
Secretary.

To.
DIWAN BAHADUR KRISHNALAL M. JHAVERI,
BOMBAY

No. L. 15/30.

THE MILLOWNERS' ASSOCIATION,
AHMEDABAD, 20th Jan. 1930.

To
The Secretary,
MAJUR OFFICE,
AHMEDABAD.

Dear Sir,

I beg to acknowledge receipt of your letter of the 19th instant, delivered at Mr G. I. Patel's place, on Sunday the 19th instant at 8 p m.

As you had some doubts regarding the interpretation to be put on the Award of the Sir-Panch, we jointly agreed to refer the question to him and his final decision has been given as to the way in which the increase should be given.

In your letter under reply you state that the copy of Diwan Bahadur Jhaveri's decision was forwarded to you on the 18th instant. In fact, Mr. Gulzarilal Nanda. who was at Bombay on the 16th instant with Mr. Patel was given one copy of the order at Bombay on the same day.

I regret, your request cannot be complied with, not only because the Umpire has already given his decision but as the majority of the mills have also already made payments under our circular of the 16th instant.

Yours faithfully,
Homi E. Mehta.
Asstt. Secretary.

No. 329/30.

THE TEXTILE LABOUR ASSOCIATION,
Lal Darwaja,
AHMEDABAD, 23rd January 1930.

To
The Secretary,
MILLOWNERS' ASSOCIATION,
AHMEDABAD.

Dear Sir,

With reference to your letter No. 15 of the 20th January 1930, I beg to call your attention to the fact that the dispute regarding the interpretation of the award is still pending; and that the letter of Diwan Bahadur Jhaveri is not in the nature of a decision on a point of interpretation. The matter has been referred back to him and his reply is being awaited.

The workpeople have been apprised of the situation by means of a handbill of which a copy is herewith enclosed.

You will please note, that in these circumstances your circular of the 16th instant cannot bind the workpeople.

Yours faithfully,
Sd/-Gulzarilal Nanda.
Secretary.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 25th January 1930.

To
The Secretary,
MAJUR OFFICE,
AHMEDABAD.

Dear Sir,

I beg to acknowledge receipt of your letter dated the 23rd instant.

My Committee regret that they cannot accept your statement that the question of the interpretation of the Award is still pending. A joint request was made and the Sir-Panch has given his decision. There cannot be any going back upon it or reopening the question in one form or another. Notwithstanding its objections, my Association has acted upon the decision of the Sir-Panch and it behoves you also to act accordingly.

My Committee further regret to see that you have deemed it proper even to disregard the rules of courtesy by directly advising the workpeople not to accept their wages without intimation to me or the Sir-Panch whose final Award was to be given effect to. My Committee sees in this a direct challenge to the principle of Arbitration. Your conduct shows that you are not prepared to accept the finality of the Award and desire to reopen and in the meanwhile influence it, by direct action. We should expect you first to conform to the decision as given and to move in the matter, (if any further move is open to you) thereafter if you felt any dissatisfaction.

Yours faithfully,
G. I. Patel.
Secretary.

MILLOWNERS' ASSOCIATION,
AHMEDABAD, 25th January 1930.

To

DIWAN BAHADUR KRISHNALAL M. JHAVERI, M. A , L. L. B.

Sir-panch,
BOMBAY.

Sir,

I beg to inform you that after your decision of the 16th instant, clarifying the operative part of the Award at the joint request of the parties the Labour Union has issued a leaflet to the workpeople which in fact exhorts them not to accept payment of increase in the wages on the basis as finally decided by you. My Committee think that this action is a challenge to the principle of arbitration. Unless a party desires to question the validity of the Award within the limits of the well-recognised and accepted principles on which the finality of an Award can be questioned, labour Union is bound to give effect to the Award as finally explained by you.

In our humble view it is not now open to the Union to seek and plead for a different interpretation on the Award from any person, including the Sir-Panch. There is no ambiguity in your order of the 16th instant, and nothing now remains to be done by the Sir-Panch.

It is to be regretted that the Union is seeking to reopen the orders passed by the Sir-Panch and is further trying to influence the issue by resorting to direct action in the manner it has done.

We claim that it is not now competent for the Sir-Panch to deal with the matter and there is no case for any further consideration of the question and if the Union is not prepared to accept the Award, the only course open for the Association will be to revert to the status quo ante.

I an enclosing herewith copies of the correspondance between the the Union and my Association.

Yours faithfully,
G. I. Patel,
Secretary.

Bombay, 24th January 1930.

Dear Sir,

Your letter, outward No. 284/30, dated 19th Jan. 1930.

As I was out of the Bombay till to day, and as all the papers connected with the subject-matter of your letter were here, I could not reply earlier.

If the Award be read as a whole, you will find that this demand of the labour has been taken to be an increase of their present wages. The award can refer to this demand only, and the operating part of it, therefore, when it grants an increase, grants it by way of increase of present wages. The governing clause is the clause which begins with "in case of spinners an increase of 8% should be given". The explanatory part makes that intention clear. The subsequent clause does not govern the preceding clause. An explanation as a rule, does not change the meaning of, or conflict with that which it is meant to explain.

Yours truly,

Krishnalal M. Jhaveri.

To

GULZARILAL NANDA,
Secretary,
Labour Office,
AHMEDABAD.

Copy forwarded, with compliments, to the Secretary, Ahmedabad
Millowners' Association, Ahmedabad, 28th January 1930.

Gulzarilal Nanda

No. 381/30.

TEXTILE LABOUR ASSOCIATION,
Lal Darwaja,
AHMEDABAD, 26th January 1930.

To

DIWAN BAHADUR KRISHNALAL M. JHAVERI,
BOMBAY.

Dear Sir,

I thank you for your reply to my inquiry of the 19th instant.

In view of your interpretation of your Award it has been decided loyally to abide by your interpretation. I beg, however, to mention that it was after obtaining legal opinion in favour of a lawyer's interpretation which has suggested itself to the Union that we had ventured to ask you to give us your interpretation of your Award.

I beg to thank you for the trouble you have taken in the matter.

I beg to remain,
Yours faithfully,
Gulzarilal Nanda,
Secretary.