

REPORT

OF

The Millowners' Association, Bombay.

Report for the Year 1939.

(Established 1st February 1875.)

PRESENTED TO THE ANNUAL GENERAL MEETING
HELD ON MONDAY, 11th MARCH 1940.

Bombay :
G. CLARIDGE & CO., LTD.
1940.

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REPORT FOR THE YEAR 1939

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MILLOWNERS' ASSOCIATION, BOMBAY.

ESTABLISHED 1st FEBRUARY 1875.

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APOLLO MILLS, LIMITED.
AZAM JAHI MILLS, LIMITED.
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Bombay Port Trust—MR. T. V. BADDELEY.
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Municipal Corporation—SIR H. P. MODY, K.B.E., M.L.A.
University of Bombay—MR. V. N. CHANDAVARKAR.
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CHAIRMEN AND SECRETARIES OF THE MILLOWNERS' ASSOCIATION, BOMBAY.

Chairmen.

- H. MAXWELL, 1875, 1876-77, 1877-78.
J. A. FORBES, 1878-79.
SIR DINSHAW MANEKJI PETIT, 1879-80, 1880-81, 1881-82, 1882-83,
1883-84, 1884-85, 1886-87, 1888-89, 1889-90, 1891, 1892.
SIR GEORGE COTTON, 1893, 1894, 1895, 1896, 1897, 1898, 1899*, 1900*.
JOHN R. GREAVES, 1899*, 1900*, 1901, 1902.
BOMANJEE DINSHAW PETIT, 1903.
SIR SASSOON J. DAVID, 1904, 1905.
SIR VITHALDAS DAMODHER THACKERSEY, 1906, 1907.
SIR FAZULBHOY CURRIMBHOY, 1908.
SIR MANMOHANDAS RAMJEE, 1909.
HERBERT R. GREAVES, 1910.
SIR NESS WADIA, 1911.
SIR DINSHAW M. PETIT, 1912.
J. F. BRADBURY, 1913.
NAROTTAM MORARJEE, 1914.
JEHANGIR B. PETIT, 1915.
SIR NOWROJI SAKLATVALA, 1916.
SIR DINSHAW E. WACHA, 1917.
SIR CUSBOW WADIA, 1918.
N. G. HUNT, 1919.
RAHIMTOOLA CURRIMBHOY, 1920.
SIR JOSEPH KAY, 1921, 1922.
SIR VICTOR SASSOON, 1923.
S. D. SAKLATVALA, 1924.
SIR NESS WADIA, 1925.
A. GEDDIS, 1926.
SIR H. P. MODY, 1927.
J. B. PETIT, 1928.
SIR H. P. MODY, 1929, 1930, 1931, 1932, 1933, 1934.
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V. N. CHANDAVARKAR, 1936.
DHARAMSEY MULRAJ KHATAU, 1937.
T. V. BADDELEY, 1938.*
KRISHNARAJ MADHAVJI D. THACKERSEY, 1938.*
T. V. BADDELEY, 1939.
V. N. CHANDAVARKAR, 1940.

Secretaries.

- JOHN GORDON, 1875-84.
DAVID WATSON (Acting), 1881-82.
JOHN MARSHALL, 1884-98.
FREDERICK NOEL-PATON, 1898-1905.
J. B. LESLIE-ROGERS, 1905-11.
R. E. GREGOR-PEARSE, 1912-20.
C. B. SAYER, 1921-24.
T. MALONEY, appointed 1924.

* Part Year.

Millobners' Association, Bombay.

Sectin I.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING
HELD ON THE 11th MARCH, 1940.

The Millowners' Association, Bombay.

ANNUAL GENERAL MEETING.

PROCEEDINGS of the ANNUAL GENERAL MEETING of the Members of the Millowners' Association, Bombay, held in the rooms of the Association (Patel House, Churchgate Street, Fort), at 11-30 a.m. (S.T.) on Monday, the 11th March 1940, to transact the following business :—

- (1) To receive and adopt the Committee's Report for the year 1939 ;
- (2) To appoint Auditors of the Association's Accounts for the current year and to fix their remuneration ;

and any other business that may be brought forward.

MR. T. V. BADDELEY, Chairman of the Association, presided.

The following gentlemen were also present :—

Mr. H. K. Kirpalani, C.I.E., I.C.S., Chairman of the Port Trust ; Mr. P. N. Chandavarkar, Collector of Customs ; Mr. N. A. Mehrban, M.B.E., Assistant Commissioner of Labour and Registrar, Bombay Industrial Disputes Act ; Mr. T. W. Johnstone, O.B.E., Chief Inspector of Factories ; Mr. J. Pratt, Chief Inspector of Steam Boilers ; Mr. M. P. La Bouchardiere, Government Labour Officer ; Dr. Nazir Ahmad, Director, Technological Laboratory, Indian Central Cotton Committee ; Dr. K. Venkataraman, Head of the University Department of Chemical Technology ; Mr. W. S. Nelson ; Mr. J. K. Mehta ; Mr. Sankalchand G. Shah ; Mr. J. N. Mody ; Mr. A. C. M. Cursetjee ; Sir Ness Wadia, K.B.E., C.I.E., and Mr. Neville N. Wadia, representing the Bombay Dyeing and Mfg. Co., Ltd. ; Sir Chunilal V. Mehta, K.C.S.I., representing the Century Spg. & Mfg. Co., Ltd. ; Sir H. P. Mody, K.B.E., M.L.A. representing the Ahmedabad Advance Mills, Ltd., the Central India Spg., Wvg. & Mfg. Co., Ltd., the Svadeshi Mills Co., Ltd., and the Tata Mills Ltd. ; Sir Joseph Kay, Kt., Mr. R. L. Ferard and Mr. D. Moir representing the Colaba Land and Mill Co., Ltd., the New City of Bombay Mfg. Co. Ltd., and the New Great Eastern Spg. & Wvg. Co., Ltd. ; Mr. V. N. Chandavarkar and Mr. Vijayanand D. Sirur representing the Minerva Mills, Ltd., the Modern Mills, Ltd., the Mysore Spg. & Mfg. Co., Ltd., and the Sri Krishnarajendra Mills, Ltd. ; Mr. Dharamsey Mulraj Khatau representing the Khatau Makanji Spg. & Wvg. Co., Ltd. ; Mr. Krishnaraj M. D. Thackersey, Mr. Hurgovandas Jamnadas Ramji, Mr. V. M. Merchant and Mr. Udaikant M. D. Thackersey representing the Crown Spg. & Mfg. Co., Ltd., the Hindoostan Spg. & Wvg. Mills Co., Ltd., the Indian Mfg. Co., Ltd., and the Western India Spg. & Mfg. Co., Ltd. ; Mr. A. M. Mehta representing the Madhowji Dharamsi Mfg. Co., Ltd., and the Sir Shapurji Broacha Mills, Ltd. ; Mr. R. C. Lowndes, Mr. F. F. Stileman, Mr. H. F. Milne and Mr. E. D. Sheppard representing the Kohinoor Mills Co., Ltd. ; Mr. Navinchandra Mafatlal representing the New China Mills Ltd., the Indian Bleaching, Dyeing and Printing Works, Ltd., and the Standard Mills Co., Ltd. ; Mr. A. Pether representing the New Union Mills, Ltd., the Sassoon and Alliance Silk Mill Co., Ltd., and the Sassoon Spg. & Wvg. Co., Ltd. ; Mr. F. Stones, O.B.E., M.L.C. and Mr. A. L. Paramor representing the Apollo Mills, Ltd., the David Mills Co., Ltd., the E. D. Sassoon United Mills, Ltd., the Edward Sassoon Mills, Ltd., the Elphinstone Spg. & Wvg. Mills Co., Ltd., the Loyal Mills, Ltd., the Meyer Sassoon Mills, Ltd., and the Raymond Woollen Mills Ltd. ; Mr. C. P. Wadia representing the Moon Mills, Ltd. ; Mr. A. D. Walwyn representing the Azam Jahi Mills, Ltd., and the Osmanshabhi Mills, Ltd. ; Mr. Madanmohan Ramnarain representing the Bradbury Mills, Ltd., and the Phoenix Mills, Ltd. ; Mr. Dinshaw H. C. Dinshaw representing

the Burhanpur Tapti Mill, Ltd. ; Mr. K. C. Cooper representing the Coorla Spg. & Wvg. Co., Ltd. ; Mr. Gordhandas Govindjee and Mr. Gordhandas Vandravan representing the Digvijay Spg. & Wvg. Co., Ltd. ; Mr. F. H. Mehta representing the Gaekwar Mills, Ltd. ; Mr. R. W. Bullock and Mr. Lancashire representing the Gokak Mills, Ltd., and the Simplex Mills Co., Ltd. ; Mr. Narotam Valabhdas representing the Jam Mfg. Co., Ltd. ; Mr. Cavasji Cursetji Dalal representing the Jam Shri Ranjitsinghji Spg. & Wvg. Mills Co., Ltd., and the Khandeish Spg. & Wvg. Mills Co., Ltd. ; Mr. Gajanand Tapuriah representing the Kamala Mills, Ltd. ; Mr. L. F. H. Goodwin representing the Lakshmi Cotton Mfg. Co., Ltd., the New Pralhad Mills, Ltd., and the Vishnu Cotton Mill, Ltd. ; Mr. Haridas Madhavdas Amersey representing the Madhusudan Mills, Ltd. ; Mr. B. S. Dabke representing the Morarji Goculdas Spg. & Wvg. Co., Ltd. ; Mr. Keshavji Morarji representing the New Kaiser-i-Hind Spg. & Wvg. Co., Ltd. ; Mr. Ramnath A. Podar representing the Podar Mills, Ltd. ; Mr. M. C. Ghia representing the Rai Bahadur Bansilal Abirchand Spg. & Wvg. Mill ; Mr. P. M. Pampalia representing the Raja Bahadur Motilal Poona Mills, Ltd. ; Mr. Nagarmal Ramkumar representing the Seksaria Cotton Mills, Ltd. ; Mr. G. D. Somani and Mr. B. D. Somani representing the Shree Niwas Cotton Mills, Ltd. ; Mr. Chamanlal G. Parokh representing the Victoria Mills, Ltd. ; Mr. T. Maloney (Secretary) ; Mr. N. S. V. Aiyer (Assistant Secretary), and Mr. R. G. Gokhale (Labour Officer).

The notice convening the meeting having been read by the Secretary, the CHAIRMAN said :—

GENTLEMEN,

In an endeavour not to detain you unduly this morning, I shall do my best to limit myself to matters which immediately concern our industry and shall try to avoid anything in the nature of a survey of International affairs during 1939, as these have been dealt with very fully in the Foreword to the printed Report, which is already in your hands.

It would be out of place, however, for the Chairman of the oldest and greatest industrial employers' organization in India not to refer to the far-reaching consequences which are likely to follow from the unparalleled disaster which occurred when Germany in September last wantonly plunged a large section of the world into war. All other events of 1939 pale into insignificance and become of very little importance by comparison.

Immediately following the outbreak of war, prices in India advanced, but both traders and speculators were hesitant, and the initial rise in the case of many commodities was not sustained. Prices declined to some extent in October, but the month of November saw the beginning of a wave of speculation, which, originating in Calcutta, swept through the whole country and reached its height in the middle of December.

A detailed resume of cotton, cloth and yarn price movements throughout the year will be found in Mr. Saklatvala's nineteenth Foreword which forms such a valuable feature of the Association's Report.

Prices of cotton advanced to levels for which there was absolutely no justification in the conditions then prevailing. Prices of all other agricultural commodities rose, but the upward swing was checked to some extent by the fear of price control.

It is gradually being realised that while the effect of the war in the long run will be to raise price levels, it seems unlikely that the effects of the last war will be reproduced.

PROSPECTS OF THE INDUSTRY.

It is essential that we should realise very clearly that, so far as the cotton textile industry of this country is concerned, the position to-day is strikingly different from what it was during and following the last World War.

In order to bring home the realities of the situation, I would refer you to the figures of imports, production, etc., in 1914, and ask you to compare them with the figures for 1939.

The comparison is extremely interesting. In the immediate pre-war year, viz., 1913, India imported no less than 3,200 million yards of cloth from abroad, while Indian mills produced 1,150 million yards, of which about a hundred million yards were exported. The position, accordingly, was that Indian mills supplied only about 20 per cent. of the country's requirements of mill-made cloth and mills were presented with wonderful opportunities for making profits when the war emergency curtailed cloth exports from the United Kingdom. In 1939, the position was vastly different. The total imports of cotton piecegoods from all countries were less than 650 million yards, but the production of Indian mills had reached the figure of 4,250 million yards, of which only a hundred million yards were exported. This means that Indian mills are to-day supplying more than 80 per cent. of the country's needs of mill-made cloth and as much as the country consumed altogether before the last War. These figures are most significant, and even the layman must realise that the indigenous industry cannot find a larger market or profit by a diminution in imports. The British cloths which in 1914 filled the Indian bazaars have been largely replaced by Indian and Japanese goods, and there is no reasonable expectation of Japanese goods being imported into this country in diminished volume as a result of the war. What then are the prospects before the Indian mill industry in the immediate future? In the first place, the consumption of piecegoods in the country itself may slightly increase if the cultivator continues to obtain the better prices now prevailing for agricultural products generally; and secondly, there may be some improvement in the offtake of piecegoods for war purposes; but the total effect of these two factors could not in any event be very great. On the other side of the scale must be set the tendency to reduce consumption as the prices of piecegoods rise which they must do following the steep increase in cotton prices and the rise in the cost of manufacture brought about by higher taxation and the higher prices which have to be paid for stores of all kinds.

Opportunities have been created, however, for an expansion of our export trade, and I see no reason, provided dyestuffs can be obtained, why substantial temporary developments should not take place in Bombay's cloth export trade to Australia, South and East Africa, Malaya, Iran, Iraq, Egypt and the Levant. The extent of the war-time markets we obtain and the amount of the business which will permanently remain in India's hands after the war will largely depend, however, on the efforts Indian mills and merchants are prepared to make to supply the specialised needs of these markets. It will be difficult, of course, to retain these markets after the war so long as we have to pay heavy duties on cottons which cannot be grown in India.

INDO-JAPANESE TRADE AGREEMENT.

The Protocol to the Indo-Japanese Trade Agreement lapses on the 31st of this month, and negotiations have been going on for some time between representatives of the Governments of the two countries, assisted by Unofficial Advisers. The cotton mill industry is vitally interested in the terms of this Protocol since it deals exclusively with cotton and cotton manufactures, and the Association has submitted its views as to the directions in which the Protocol should be amended in the general interests of India. The Association also sent two representatives to the conference of Unofficial Advisers called by the Government of India last July, and it is understood that as a result of that conference, unanimous recommendations were made to Government as to the basis of any new Agreement. It remains to be seen what sort of Protocol, if any, will replace that which expires in a few weeks' time, but even if the Trade Agreement and Protocol were allowed to lapse, no great harm would be done, since the Government of India would then regain her liberty of action and would be free to settle unilaterally what duties and quotas should be applied to Japanese products. Japan has announced her intention of reducing her takings of Indian cotton, and has gradually been giving effect to this policy, but Indian mills have demonstrated their willingness and capacity to consume much larger quantities of Indian cotton by using 800,000 bales more than in 1934 when the original Trade Agreement and Protocol were framed, and if the present Japanese importations into India of cotton yarn, artificial silk and mixed piecegoods, and silk and staple fibre yarn, were to be replaced by cotton cloth woven in India, the equivalent cotton consumption would be a further 500,000 bales.

None of the articles just mentioned is covered by the Indo-Japanese Agreement, and in the case of cotton yarns, the import duty paid by Japan in India is so low that the Indian spinner has not only no protection, but is at a definite disadvantage.

TEXTILE LABOUR INQUIRY COMMITTEE.

The Textile Labour Inquiry Committee which has now been in existence for more than two and a quarter years has taken up a considerable amount of our time and attention, but we understand that a very voluminous report, including proposals for the standardization of wages, will shortly see the light of day. I think this is the time and place to make it clear that the cotton mill industry in Bombay is in no position to bear any further financial burdens at all either by way of wage adjustments or in the form of social benefits at the expense of the employer. There is a limit to the capacity of the industry to pay, and in my view, that limit has already been passed in Bombay. During the past two years, inclusive of the dear food allowance now offered to the workers, the mills in Bombay have been saddled with an additional burden in wages alone of one crore and thirty lakhs of rupees, and to this has to be added many other charges including the property tax and the expenses incurred by every mill in connection with new industrial and labour legislation. The Bombay industry will now be paying the highest wages in its history, and the most important sections of its labour will be receiving wages higher than those paid in any other textile centre in India. The cost of production in Bombay City has been raised to such an extent that the coarse count trade has already nearly gone, and the wages of unrationalised workers are being lifted to such levels that if the tendency persists, it will only be a matter of time before spinning medium counts from Indian cotton in Bombay will be made equally impracticable. Our members in outlying districts of the Bombay Province are also rapidly approaching the position in which they will be unable to compete with mills situated in Provinces which are less harassed by theorists.

AMERICAN COTTON SUBSIDY.

About the end of July last year, great uneasiness was caused in cotton circles by the introduction of a cotton export subsidy programme by the United States Administration. The original subsidy was 7½ dollars a bale, later on reduced with the success of the programme to 3½ dollars on December 5th ; and to 2 dollars a bale or 40 cent points on December 7th ; and officially cancelled on January 30th as far as raw cotton was concerned. During this time, sales of cotton, including cotton products, under the subsidy programme amounted to well over six million bales. Obviously, the effect of such a programme on India's cotton export trade could not be other than adverse, but the effect was, in fact, considerably lessened owing to the prolonged controversy which preceded the initiation of the subsidy programme and had created an under-bought world position in American cotton. The American subsidy programme in 1938-39 probably brought American cotton exports up to normal rather than forced them ahead of normal at the expense of Indian cotton. This does not mean, however, that the export subsidy programme in relation to India can be disregarded, since the latest news points to the probable renewal of the subsidy in the 1940-41 season, when India, with the gaps in the world's American cotton stock position filled up, will have to battle for foreign markets with price as the prime factor and American cotton helped by the proposed subsidy.

COTTON OPTIONS.

On 22nd September, the Congress Government deemed it advisable to prohibit trading in cotton options in an effort to prevent sudden and violent price fluctuations. That Ordinance was valid only for six weeks and lapsed on the 3rd November. A Bill which was intended to replace the Ordinance had been published in the *Government Gazette* of the 24th October, but it was never enacted, as the Congress Government had by that time announced their intention of resigning and did not wish to make use of their voting power to pass any Bills of a controversial nature. Subsequently, however, on the 11th December, following violent and unhealthy fluctuations in cotton prices, His Excellency the Governor of Bombay passed a Governor's Act which provided for the prohibition of options in cotton and which substantially reproduced the provisions of the original Ordinance. There is very little doubt that option trading, and particularly "gali" transactions in cotton, did, in fact, greatly increase fluctuations in the Bombay Cotton Market, and by so doing threatened to affect its general financial stability. On these grounds, the Act was welcomed by the Association.

LABOUR MATTERS.

For many years, the Association and its individual members have been devoting an increasing amount of care, time and attention to labour problems, and the year under review has seen a redoubling of our efforts to give a square deal to labour. The Report outlines some of the directions in which progress has been attempted and achieved as a result of the joint efforts of the General Committee, the Labour and Technical Advisory (Managers) Sub-Committee—to whom our special thanks are due—the Secretary and the Labour Officers of the Association and the growing number of Mill Labour and Welfare Officers, whose task it is to deal with the day-to-day labour problems arising in individual mills. It is unfortunate in the extreme that despite the prodigious amount of time, labour and effort expended, we now find ourselves involved in a general strike. I am perfectly certain that, despite all our efforts, the general public and our workers have not fully appreciated the real facts of the present position. The rise in food prices which followed the outbreak of war and continued until January did not by any means escape the notice of our Association, and steps were taken to meet the situation by opening mill shops selling grains and other necessaries of life at pre-war prices. By the middle of January, more than fifty such shops were working in the mills in Bombay City, and had full advantage been taken of them by the workers, the purchasing power of their wages would have been brought back approximately to pre-war levels. The establishment of these pre-war price shops was not, however, by any means acceptable to the communist leaders, who, unfortunately, control the workers' organizations in this City. These same leaders of the labour movement have in the past caused enormous losses both to labour and capital in Bombay. Unsupported by any statistical facts, they put forward a demand for a 40 per cent. increase in cash wages at their Mahaghai conference on January 1st and at scores of street-corner meetings before and after that date. It is true that this 40 per cent. was reduced to 25 per cent., and later on to 15 per cent. during the Board of Conciliation proceedings, when they realised that some endeavour must be made to square demands with actual facts. It was my intention to have referred to the activities of the Girni Kamgar Union from the time of the Percival Enquiry Committee and the Pearson Court of Enquiry down to the present day, but in view of the news published in this morning's papers, I will refrain from doing so.

It is time, I think, that the Bombay public realised to what extent Bombay industries and economic life generally are handicapped by the malign influence of the Red Flag Union, and I would ask the public of Bombay to compare what was accepted as adequate to cover the rise in the cost of living in Ahmedabad with what was offered and refused in the case of Bombay. I should like to go further and suggest that what has been offered by Bombay millowners should be compared with what has been considered appropriate in other parts of the country and in other industries. Let us take, for example, what has been offered by the Corporation—it amounts to only just over half of what is being offered to the Bombay mill workers. Our allowance might equally well be compared with what has been granted by the more prosperous jute mill industry in Bengal. The Association did all that was humanly possible to avoid a strike on this issue of dear food allowance. In agreeing to give effect to what is equivalent to 10.2 per cent. allowance on the average wage, the industry certainly went further than it could afford judged by its present position. This allowance works out at about 20 per cent. in the case of the lowest paid operatives. We are not in any way convinced that the cost of living upto January 15th advanced by anything approaching 13 per cent., and it is common knowledge that the official working class cost of living figures declined two points after January 15th. In spite of this, however, we agreed to accept the majority recommendations of the Board of Conciliation in the hope that by being generous, we should secure a continuance of peaceful working. We were prepared to pay something more than we felt was justified with a hope that trading conditions would improve later in the year.

The Red Flag Union leaders and their friends must have known from the outset that the industry is not in a position to pay anything at all, and that in any case we could not possibly do anything more than accept the majority report, but peace and prosperity in the industry means nothing to them, and our generosity in pre-dating the allowance to December 1st, has met with no appreciation. In this respect, they appear in an extremely unfavourable light compared with the well-conducted Union in Ahmedabad, which has realised the

difficulties of the industry and apparently has accepted February 1st as a fair and reasonable date from which to claim an allowance.

I have previously referred to the burdens we have shouldered, and have pointed out that we have increased our direct payments to our workers by about 24 per cent. within two years and brought wage levels to heights never before reached. No other industry in India has granted similar concessions. I would also like to remind you that in only one year during the last sixteen has our industry been able to show a profit after allowing for statutory depreciation.

It has been suggested recently by a writer in the local Press that depreciation is in the nature of an unreal charge, but neither this gentleman nor theorists, who have examined the state of our industry from time to time, have ever told us what the shareholder-proprietors of a mill are expected to do when machinery is completely worn out if the company has been unable to set aside the necessary depreciation fund from which to replace it.

The labour leaders have consistently told the operatives that the industry in Bombay is prospering under war conditions. The actual position is entirely contrary to this. Since December last, cloth stocks have increased by 40,000 bales, and since the end of November, orders on hand have decreased by more than 70,000 bales. In the last two or three months, mills have been unable to sell more than a fraction of their production, and the small quantity which has been sold has been disposed of at unremunerative prices. The wage increases and the dear food allowance mentioned earlier, which total one crore and thirty lakhs of rupees, mean roughly two to two and a half lakhs additional annual expense to an average-sized mill in Bombay. In the case of larger-sized mills working double shifts, the additional cost on their production is between five and seven lakhs.

In addition to this, cotton is two annas per lb. dearer than it was in August. The cost of dye-stuffs, millstores and all packing materials has advanced by anything from 30 per cent. to 250 per cent. If the industry is to survive, these higher costs will have to be passed on to the consumer, but whether they could be so passed on, will, of course, depend upon the consumer's capacity to pay and upon the prices at which Bombay's competitors are in a position to sell. All that one can say at the moment is that mills were known to be working at a loss in August last, and the advance in cloth prices between then and now is only two annas per lb., so that whatever the losses were in August, they must be definitely heavier to-day.

Under the conditions I have described, it should be obvious that there can be no question of our agreeing to pay a single pie more than we have already offered for peace, and quite apart from this, we should have done the greatest disservice not only to our own industry but to all other important industrial and commercial enterprises in Bombay, had we endeavoured to placate the Girmi Kamgar Union leaders with any further unwarranted concessions. We should merely have paved the way for further and greater trouble in a very short time.

DOMESTIC AFFAIRS.

It only remains for me to thank Mr. Neville N. Wadia and my colleagues on the Committee for all the loyal and generous co-operation which they have accorded to me during the past year. Every previous Chairman has expressed his appreciation and thanks to Mr. Maloney, Mr. Aiyer and the rest of the staff, and regarding them and Mr. Gokhale, I can only say that I have never come in contact with a more capable, efficient and willing body of workers. Mr. Aiyer had to carry on the work of the Association for some months while Mr. Maloney was on leave, and Mr. Gokhale's work and responsibilities have increased to an extent which is almost impossible to assess.

FINANCES OF THE ASSOCIATION.

I am glad to say that the finances of the Association remain satisfactory, but we shall need to husband our resources carefully in the future, as various factors are beginning to operate which may adversely affect our revenues.

Gentlemen, I am handing over charge to Mr. V. N. Chandavarkar. Mr. Chandavarkar has already served the Association as Chairman, and in his capable hands, the affairs of the Association during the coming year will be secure. My only regret is that he should have to take over whilst the industry is involved in a strike.

Gentlemen, I now formally propose "that the Report of the Committee for the year 1939 be and is hereby approved and adopted."

In adopting the Report, I am also asking you to give effect for a further year to the Supplementary Provisions relating to dealers' trade marks incorporated in the Trade Marks Rules of the Association sixteen months ago, and to give formal sanction to an amendment made in the Piecegoods Arbitration Rules provisionally put into operation on the 21st November last.

In seconding the adoption of the Report, Mr. NEVILLE N. WADIA, Deputy Chairman, said :—

Gentlemen,

The Chairman has dealt very fully with some of the more important events of the last twelve months, but there are still a few left which merit your attention.

STANDING ORDERS.

The Bombay Industrial Disputes Act came into force in June 1939, after a stormy passage through the local Legislature. In accordance with the law, the Association submitted standing orders to the Commissioner of Labour for approval. The Association framed the standing orders submitted, in the light of their previous experience and the recommendations of the Fawcett Enquiry Committee. It was hoped that the Commissioner would accept them with perhaps very minor alterations. That, however, was not so, and the Association was obliged to appeal against the orders settled by him. The main objections raised by the Association were: firstly, the grant of what appeared to be a prescriptive right to labour to one month's leave per year. It was pointed out that the new rule was not in the real interests of labour owing to its lack of flexibility, it being possible under the old procedure for the manager to grant up to two months' leave at his discretion. Secondly, that in Standing Order No. 9, as settled by the Commissioner, it was necessary to give even temporary operatives one month's notice when it was proposed to close a shift. The Industrial Court met the Association's point partially, as it decided to confine the giving of notice to permanent operatives only, but the Court insisted on thirty days' notice in the event of closure of night shift, despite the fact that the workmen's contract of employment provided for only fourteen days' notice to individuals. It is regretted that the strenuous efforts of the Special Sub-Committee did not yield greater results.

FIRE INSURANCE RATES OF COTTON MILLS.

The Indian Insurance Act, 1938, came into force on the 1st July 1939. One of its main features was the abolition of rebates, either direct or indirect, to insured parties and agents, and the Act further laid down a maximum rate of 15 per cent. commission for an insurance agent. In anticipation of the Act, the Committee of the Association took up the question of premiums with the Bombay Fire Insurance Association, and it is cause for satisfaction that we were able to come to a settlement which was acceptable to all parties concerned. Throughout the year, we have maintained the most cordial relations with the Fire Insurance Association, and though there are several matters still outstanding, we trust that these will be settled in the same spirit of mutual co-operation.

TRADE MARKS LEGISLATION.

The Bill for the introduction of trade marks legislation in India is now reaching its final stage, and we look forward to the day when the trade marks problems of India will be successfully solved. For more than fifty years, the Association has been the only body in the

country which has had an effective system of registration amongst its own members. Now with the introduction of Governmental registration, our members should be able to obtain greater protection, as registration under the Act will be accepted as *prima facie* evidence in a Court of Law. The work put in by the Association during this long period will be of great assistance to all its members and to the Deputy Registrar of Textile Marks appointed in Bombay. The point which raised the greatest protest from the Association was the clause which sought to introduce the principle of reciprocity with other nations having trade marks registers, and in the representation submitted by the Association to Government, it was suggested that this clause should be deleted from the present Bill and introduced as a separate Bill later on, or failing that, at least five years should elapse from the introduction of the Act before any negotiations were started with any other country. The Select Committee have apparently met the Association's view by their recommendation not to give effect to this clause until everybody has had ample time to make applications for the registration of existing marks. The Association is also pleased to see that the Select Committee have recommended that the Registrar should have powers to delegate his authority to the Deputy Registrar in the case of textile marks.

EXCESS PROFITS TAX.

Although the Association did not oppose the principle of the Excess Profits Tax Bill, it took very strong exception to many of the provisions of the original Bill, and we are indeed very grateful to the deputations of Bombay businessmen who went to Delhi, and particularly the Association's representative in the Assembly and on the Select Committee, Sir H. P. Mody, for the substantial improvements which have been recommended. The inclusion of a further choice of the average of the years 1937 and 1938 as a basis for standard profits, will somewhat relieve an unjustifiable burden which would otherwise have been imposed on the cotton textile industry of this country.

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DEPRECIATION RATES.

The principle of written-down value system of depreciation has been introduced during the year, but we do not know yet what rates of depreciation the Government of India have decided for the different classes of machinery and buildings. We trust that Government have found it possible to meet the case which was so effectively put forward by the representatives of the Association and trade in general, who went to Delhi specially for the purpose.

Gentlemen, with these remarks, I have very much pleasure in seconding the adoption of the Report, including the Accounts of the Association.

A general discussion ensued in regard to the present labour situation, in which several members took part. Mr. G. D. SOMANI said :—

Gentlemen,

I wish to make a few observations upon the present situation of the textile industry. We are now, unfortunately, in the midst of a general strike which has been brought about without the least justification whatsoever. There was and there is still a very strong case for taking off the entire interim increment in wages given by the Congress Government in 1938 upon presumption of certain basis of conditions which ceased to exist only a few months after the said interim increment was given and which does not exist even to-day. In spite of the very acute depression with which the industry was faced before war—and the conditions to-day, so far as the textile industry is concerned, are not better than they were before war—the interim increment stands and we have decided, over and above that, to grant a further substantial increment of about 10 per cent. as recommended by the majority members of the Conciliation Board. It is a pity that the leadership of Bombay labour is in the hands of people who do not look at the industry's interest as a whole and who, without the slightest regard to the consequences, have taken the disastrous step of paralysing the entire industry. The question of dear food allowance cannot apply only to the textile industry of Bombay alone. There are other centres and other industries as well which are equally

affected by this issue. I would like to give one instance. The Jute industry of Bengal is directly benefiting from substantial war orders and is making fabulous profits. Still the jute mills have given an increment of only 10 per cent. in wages from November last.

In spite of the obvious fact that our offer exceeds or is equal to any increment given so far by any industry in India and knowing, as they ought to know, the fact that the industry is not in a position to pay anything at all, the labour leaders have rejected our liberal offer and have thought fit to bring the industry at a stand-still. We can only hope that the labour leaders will realise the disastrous consequences of the step they have undertaken and will retrace their step before long.

I would like, at this stage, to draw the very serious attention of the Government, the Congress, the labour leaders and the general public at large to a very vital issue, the gravity of which is not sufficiently realised. The cotton mills in Bombay are struggling hard against heavy odds—odds which are not common to the textile industry of the whole country but which are peculiar to the mills of Bombay alone. It is a question of hard facts and figures and any impartial observer can scrutinise them. I ask with all earnestness how can any industry flourish or even exist in the long run under these conditions? Quite naturally the slow but steady process of migration of industry from this centre to other more favourable centres is continuing for the last several years. The future of the entire Bombay Province is so closely interlinked with the fortunes of the textile industry that one would have expected that something will be done to arrest this process or, in other words, conditions will be created whereby the local mills could compete at least equally with the mills situated elsewhere. But what do we find to-day? During the last few years, the Central Government, the Provincial Government, and the labour leaders are vying with each other to inflict more and more burdens upon the already crippled resources of the industry. Those who have the welfare of the Province at heart must realise the serious implications involved in these burdens. I do not want to be unduly pessimistic but I find clear signs that the future of the Bombay textile industry gives room for serious alarm and anxiety if the present conditions are allowed to continue.

The resolution was then put to the meeting and carried unanimously.

On the motion of MR. V. N. CHANDAVARKAR, seconded by MR. R. L. FERARD, it was resolved :—

“That Messrs. A. F. Ferguson & Co., be and are hereby appointed as Auditors of the Association's Accounts for the current year on a remuneration of Rs. 300 per annum.”

SIR H. P. MODY proposing and Mr. F. STONES seconding, it was resolved :—

“That the following donations be sanctioned and paid out of the Association's Funds for the current year :—

	Rs.
The Victoria Jubilee Technical Institute	1,500
The Police Comforts Fund	1,000
The Textile Technical School	700
The Sir J. J. Hospital Nursing Association Fund	500
The K. E. M. Hospital Poor Box Fund	400
The Naigaum Social Service Centre	350
The Goculdas Tejpal Hospital Nursing Association Fund	200
The Bombay Textile and Engineering Association	200
The Maharashtra High School	150
Total ..	Rs. 5,000”

Mr. V. N. CHANDAVARKAR and SIR CHUNILAL V. MEHTA, in proposing and seconding a vote of thanks to the Chairman, paid glowing tributes to his services on behalf of the Association during the last two years. MR. CHANDAVARKAR particularly referred to his valuable work during the Wage Inquiry Committee proceedings and in the matter of price control,

power cost negotiations, discussions with the Fire Insurance Association regarding rates, the attempt to control production on an all-India basis, the establishment of pre-war price grain shops and his able and whole-hearted advocacy of the industry's case before the Board of Conciliation. In the course of his speech, Mr. Chandavarkar also referred to the fact that, while Bombay mills under the lead of Mr. Baddeley had established pre-war grain shops as far back as December 1939, and had thus given a certain amount of relief to the workers from that period, mills in another centre had still not opened a single shop, although it has apparently been agreed that the major portion of the rise in the cost of living in that centre should be met in this way.

SIR CHUNILAL referred in eloquent terms to the Chairman's work in other spheres, particularly in the Indo-Japanese Trade negotiations in Simla and Delhi where his pertinacity and ability had created a great impression.

The vote of thanks to Mr. Baddeley was passed with acclamation.

Milowners' Association. Bombay.

Section II.

**FOREWORD, PRELIMINARY REPORT AND ACCOUNTS
OF THE ASSOCIATION.**

REPORT
OF THE COMMITTEE OF THE
MILLOWNERS' ASSOCIATION, BOMBAY.

For the period 1st January to 31st December 1939.

FOREWORD.

THE year 1939 will go down in the annals of history as a very fateful year, being the one which saw the outbreak of a conflict the extent and consequences of which no man can foresee. Although signs were not wanting even from the outset of the year of the likelihood of war, the experience of the past two years led to hopes being entertained that something might happen at the last moment to avert a catastrophe and it was only in August that it was realized that war was inevitable.

Germany gave early indications of her hostile intentions by giving notice under the Anglo-German Naval Agreement to build a total submarine tonnage equal to that of Britain. England who had determined not to be caught unprepared actively continued her preparations and the depth of her determination could be gauged from the fact that as early as February she increased the Government's borrowing powers from £400,000,000 to £800,000,000 for Defences.

March proved to be a very eventful month. It saw the capitulation of the Republican forces in Spain to the Nationalist party and this brought the Civil War to a close. The same month also witnessed the occupation of Czecho-Slovakia by German troops, followed by annexation of Bohemia and Moravia by Germany who immediately thereafter began to cast her eyes on Poland and brought the port of Memel under her control. This led to the famous declaration by the Prime Minister of England that Britain would lend her full support to Poland in the event of aggression, and this guarantee was followed by an announcement that the British Territorial Army would be doubled. The guarantee to Poland was followed by similar joint guarantees by Great Britain and France to Greece and Rumania. In April came the annexation of Albania by Italy. Despite all these annexations in rapid succession by Germany and Italy both these powers continued to proclaim to the world that their intentions were peaceful. With a view, therefore, to test the genuineness of these intentions, President Roosevelt made an appeal to the two Dictators to desist from further acts of aggression. His appeal not only fell on deaf ears but evoked from Hitler very caustic remarks about the American President in his Reichstag speech, when he also denounced the Anglo-German Naval Treaty and the German Polish Non-aggression Pact.

A unique event occurred in England in April when partial conscription was announced in Great Britain for the first time in her history during a time of peace.

Germany then signed a military pact with Italy and offered non-aggression pacts to Sweden, Norway and Denmark, but all these countries had learnt the true worth of Hitler's promises and turned down Germany's offer.

Britain and France who were carrying on negotiations with Russia for a mutual pact got a rude shock by the sudden dismissal of M. Litvinoff, the Soviet's Foreign Commissar in May and these negotiations were finally broken off in August when a non-aggression pact was signed between Germany and Russia. As in the case of Czecho-Slovakia the German Press started a violent campaign of calumny and hatred against Poland with a view to justify the invasion of yet another small but brave nation. Finally, on the strength of the newly formed alliance with Russia, Germany attacked Poland on the 1st of September. True to the pledge given to Poland, England sent an ultimatum to Germany and this being disregarded England declared war on Germany on the 3rd September and was joined by France on the same date.

The speculation whether there would be war or no war thus came to an end and a conflict began which might well be the greatest ever suffered by humanity. The Germans, or rather Hitler on their behalf, again miscalculated as in 1914 and believed that the Allies did not intend to wage war upon him. He also seems to have convinced himself that the war would be over after Poland was overrun. Hitler accordingly bargained with Russia that Russian troops should occupy Eastern Poland whilst the Germans retained the Western portion. Russian armies entered Poland on 17th September and with this stab in the back the Polish cause was lost. The Government of Poland took refuge in Rumania. Hitler believed this victory would enable him to end the war. He reviewed his troops on 5th October and addressed the Reichstag the next day. In his speech he declared Poland as an aggressive and artificial State which had no right to exist. He referred with contempt to the heroism of the Poles in resisting a vastly superior enemy. He wanted peace he said—peace which would allow him to retain the fruits of his cruel and wanton aggression against smaller nations. Mr. Chamberlain on 12th October bluntly declared that Hitler's so-called peace offer could not be accepted. Nor was France prepared to forget her pledges to Poland. This refusal to take Hitler's words seriously led to violent comments in the German Press against the "Allied war-mongers."

The agreement with Moscow created further complications and it would not be surprising if it led to a prolongation of the war. Stalin, not content with grabbing Eastern Poland, utilized his opportunity to gain control of the Baltic. The States of Estonia, Latvia and Lithuania were forced to cede naval and air bases to be occupied by Russian troops and to be open to Russian commerce. Similar demands were made on Finland but the Finns were in no mood to surrender the independence they had won in 1918, and resolved to fight the aggressors rather than surrender. Stalin had also been

negotiating with Turkey but ultimately Turkey signed at Ankara on 19th October a treaty of mutual assistance with Great Britain and France valid for fifteen years. This no doubt was a diplomatic success for the Allies. There was yet another disappointment in store for the German Government. Stalin whilst willing to share in the booty made it clear that Russia would not offer any military help to Germany in her war against the Allies. No doubt Stalin has improved on Hitler's technique. All these complexities have greatly added to the uncertainty of the war and it would be idle to speculate either on the duration of the war or the countries that may ultimately be involved in it.

Whatever be the future progress of the war, even in its initial stage its repercussions have begun to be felt throughout the world. In England the Chancellor of the Exchequer, Sir John Simon, has announced an increase in the income-tax and has sounded a further note of warning asking the nation to be prepared for greater sacrifices. In India the main political event due to the war was the mass resignation of the first autonomous Provincial Governments and the subsequent increasing and tireless endeavours of His Excellency the Viceroy to bring about a settlement with a view to secure India's whole-hearted co-operation in the prosecution of the war. There is no doubt that Hitlerism is abhorred throughout the country as it is fully realized that it stands for the deification of brute force and suppression of religious and cultural liberty. In the economic field, all countries, including India, producing primary commodities stood to gain as a result of the war owing to increased needs from belligerent countries and consequent enhanced prices. There has not been, as far as the textile industry is concerned, the anticipated boom in the industry, as will be seen from a detailed survey of the industry which follows later.

Among the other foreign events, happenings in the Far East attracted considerable attention. Taking advantage of the pre-occupation of England with European affairs, Japan continued her policy of aggression in China and emboldened herself to treat with scant respect the trading and commercial rights of other countries in China. In true military spirit she embarked on the famous Tientsin blockade of the English concession there. She would have perhaps pursued this policy to the end had not America given her a stern and timely warning by notice of abrogation of the Commercial Treaty of 1911. The pact between Russia and Germany was another blow to Japan which threw her into a state of bewilderment.

The year also saw the renewal of the Indo-British Trade Agreement and the opening of negotiations with Japan. The prosperity of the textile industry in future will no doubt depend considerably on the result of the negotiations with Japan.

Amongst local events, mention might be made of the levying of the Property Tax which has considerably hit the textile industry in Bombay and has raised strenuous opposition in many quarters.

Reference should also be made to the passing of the Bombay Industrial Disputes Bill. Time alone will show whether the Bill is of real utility to the industry.

The Textile Labour Inquiry Committee, reference to whose interim report was made last year, practically concluded their labours and the public and particularly those concerned with the textile industry now await with interest their belated report.

The following detailed survey of the cloth, yarn and cotton markets will give an idea as to the state of the textile industry in the year 1939 :—

Cloth and Yarn Markets.—The low commodity prices which obtained for the greater part of the year prior to the outbreak of hostilities had their influence on our textile trade, as can be seen from a general survey of the cloth and yarn markets. These markets remained stagnant as demand was poor and prices for yarn and cloth were continuously falling till the end of August. Even improvement in cotton prices had practically no effect till then, the lowest prices being reached in July when 20/20s shirting was sold at as low a price as 7½ annas a lb. In spite of curtailment in production, stocks of cloths with mills in Bombay continued to rise, reaching nearly 180,000 bales by the end of August. News from other centres of the textile industry was no better. There were informal talks of concerted restriction of production by mills all over India. The declaration of war on 3rd September, however, changed the entire position. With memories still fresh of the effects of the 1914-18 war, a speculative demand sprang up both in cloth and cotton markets. Cloth and yarn markets, however, did not respond fully to the rise in cotton. There were heavy inter-bazaar dealings in the cloth markets on a speculative basis, and at one time 20/20s calendered shirting changed hands at about 13 annas a lb. With the fall in cotton prices towards the end of the year speculative activity in the cloth markets also decreased, transactions between merchants for 20/20s shirting passing at about 11½ annas a lb. As a result of the abnormal speculative activity due to the war there were heavy deliveries from mills' godowns, and stocks at the end of the year were about half the maximum stocks reached towards the end of August, and this brought welcome relief to the mills. These stocks, however, remained mostly with the merchants, consumers' demand not yet being brisk enough to take up fully the extra deliveries. Owing, however, to a rise in prices not only of cotton but of all stores used by the textile industry and particularly dyestuffs and chemicals, manufacturing costs increased to an extent not compensated for by the increased prices, and mills were therefore not anxious to sell, preferring to wait till prices improved further.

The following detailed analysis of prices will make the position of the industry clear.

At the end of 1938, 30/40s dhoties were sold at 12¾ annas and 24/32s dhoties at 10½ annas. In January these dhoties were sold at 12 annas and 10 annas a lb., respectively. February saw still lower prices, 20/20s shirting being sold at 8½ annas a lb. Towards the end of the month there were rumours of an excise duty being levied, and clearances from mills' godowns were fair. Prices, however, did not show any appreciable improvement. In April, prices fell further and contracts were reported to have been entered into on the basis of 8 annas for calendered shirtings, 11½ annas for 30/40s dhoties and 13 annas for 40/40s dhoties. In May a few mills were reported to have sold

calendered shirtings at the low price of 7 annas 10½ pies. In June a new low level was reached for dhoties, 30/40s being sold at 11 annas and 24/32s at 9 annas a lb. The lowest prices were reached in July when calendered shirtings were sold at 7½ annas a lb. After the declaration of war, prices improved and contracts were entered into in September on the basis of 8 annas 7½ pies for 20/20s shirtings, 11 annas for 24/32s dhoties with April/May Broach round about Rs. 190. Good business was put through in November during *Divali* though at prices unsatisfactory from the mills' point of view, since with Broach round about Rs. 225, the price realized was only 8¾ annas for calendered shirtings. Immediately after *Divali*, speculative activity started in the cloth market, and prices rose to 13 annas in inter-merchant dealings as already stated. With Broach round about Rs. 325 in December, mills were reported to have effected sales on the basis of 11 annas for calendered shirtings and Rs. 1-0-6 per lb. for 30/40s dhoties.

At the beginning of the year about 39 per cent. of the looms were working double shift. This figure fell to under 15 per cent. by the end of August, since when double-shift working has increased and at the end of the year about 32 per cent. of the looms in Bombay were working double shift.

In the yarn markets prices were comparatively more steady, the offtake also, though on decreased production, being not unsatisfactory. At the end of 1938 the prices of 20s, 32s and 40s yarns were 5⅞ annas, 8 annas and 8⅞ annas, respectively. In February, considerable contracts were reported at 5-9/16 annas for 20s, 7⅞ annas for 32s and 8⅞ annas for 40s. The lowest prices reached during the year were 5¼ annas, 7 annas and 8 annas a lb. for 20s, 32s and 40s. The war caused a spurt in the yarn markets also, and 20s yarns were sold as high as 10 annas, 32s at 12½ annas and 40s at 13½ annas, though mills do not appear to have made any sales at these prices. At the end of the year the prices of yarns were 20s 9¼ annas, 32s 11½ annas and 40s 12½ annas.

As in the case of cloth so in the case of yarns there was a continuous decrease in the machines worked from January to August, night-shift activity declining from 45 per cent. to 23 per cent. By the end of the year night-shift working had increased to 38 per cent. of the spindles erected.

Prices of agricultural products ruling low during 1938 and the purchasing power of the agriculturists being thus reduced, it was expected that the textile trade would fare badly during 1939. This proved to be the case and had it not been for the war, 1939 would have been a dismal year indeed. Even the outbreak of hostilities at the beginning of September brought little tangible gain to the industry before the close of the year, except reduction of heavy stocks, though it certainly brightened prospects and the year 1939 closed with greater promise for the future.

Cotton Market.—The year commenced with Broach April/May 1939 at Rs. 162½; Oomra January 1939 at Rs. 149; Bengal January 1939, Rs. 123½; New York May 8.26 cent; and Liverpool May 4.87d., the approximate parity differences between Broach and Liverpool being 116 points

or Rs. 50-12; between Broach and New York 160 points or Rs. 35; cross rate 4.62 9/16.

The cotton markets of the world from the very beginning of 1939 were faced with an uncertain international political outlook. This year the Indian cotton season commenced very early. The Broach crop movement was particularly rapid, cotton arriving daily in great quantities from early January, and the season ended within a short time. Fluctuations during the month of January were very narrow. During the month various reports from American sources concerning the farm programme and fixation of loan prices were also confusing. The loans which the American farmers have received from their Agricultural Department served to raise Spot Prices to such a level as to considerably reduce exports of cotton, and it then became known that the U. S. A. Government was very anxious to encourage exports of cotton to all the world. This news was a bearish factor for the Indian Markets. Prices thus remained low, Broach going down to Rs. 155 towards the middle of the month. In spite of lower prices, Indian mills did not buy freely as they were not very hopeful about the future prospects of the industry owing to the purchasing power of the agriculturist being reduced on account of lower commodity prices. Export demand at that time was also negligible.

An International Conference of cotton growing nations was also contemplated by America to devise means of disposing of surplus cotton stocks of the world though really this problem chiefly concerned the U. S. A. alone. One of the means considered by America with a view to encourage her exports of cotton was a subsidy which would enable them to dump their cotton on various markets of the world.

At the end of January Broach stood at Rs. 152, other foreign markets also registering declines though not to such an extent. Large straddle sales were in prominence in the Bombay market against purchases in foreign markets.

The month of February did not show signs of improvement, and on the 16th, Broach touched Rs. 147½—almost the lowest price of the year. Price fluctuations this month were also narrow. Prices of Indian cotton, no doubt, were considered very cheap and this factor gradually led to a growing demand. It was also realised that the previous years' large carryover was offset by the current year's smaller crop. By the end of February, good business was reported with England, Japan and China, particularly for staple American styles. Demand for Broach suddenly sprang up from China where those mills which had remained silent for a long time past, began to work briskly, owing to a very good demand for yarn from the interior. At one time the demand for freight for China was so great that several liners had to be specially chartered for the purpose.

Thus the month of March registered a slight improvement in prices particularly on reports of a further increase in import duty on raw cotton of half an anna per pound. This extra duty placed an enhanced burden on the textile industry as far as the spinning of finer counts from foreign imported cotton was concerned. Prices fluctuated around Rs. 155, the highest

point being Rs. 157 after which there was a slight reaction during the latter part of the month, partly due to the political situation in Europe, and partly to the fears of an export subsidy in the U. S. A.

The month of April also registered only minor changes in prices, Broach fluctuating around the same level as that of the previous month, Rs. 150, Rs. 155. The export demand from the Far East continued, but the demand from Indian mills was poor as the prices realised for cloth and yarn were extremely disappointing. Towards the end of the month a subsidy plan was announced at Washington, providing for an export bounty of 2 cents on exports of raw cotton upto 70 lac bales of the current year's crop during 12 months from 1st August 1939. This report at once brought weakness in Liverpool market, while the New York market registered an advance. Broach prices were not affected immediately. The markets here realised that subsidised cotton could not come to India before the end of the year. Indeed prices here slightly improved, Broach April/May 1939, rising to Rs. 163, Oomra to Rs. 153 and Bengal to Rs. 120, while new crop Broach April/May 1940, rose to Rs. 153 during the first week of May. The improvement continued and Broach was quoted at Rs. 172 in the second half of the month.

A barter plan was being negotiated between the U. S. A. and England for cotton against tin, rubber, etc., from England.

Prices recovered the lost ground and Broach, in the middle of June, rose to Rs. 175. Thereafter the prices recorded a fall of Rs. 10 on reports of discussions in Washington about the subsidy on exports of cotton. It was announced that large amounts were placed in the hands of the Secretary of Agriculture there, for this purpose, to be used at his discretion. There were also talks of a moratorium declared by the Chinese banks at Shanghai, where heavy imports and no exports created a dangerous position. The foreign banks there stopped selling foreign currency and a peculiar situation arose. The mills that had bought cotton could not take delivery as they could get no exchange. The belated commencement of the monsoon also caused some anxiety. At the end of the month Broach July/August stood at Rs. 160; Oomra July at Rs. 155; and Bengal Rs. 121; Liverpool May 4.53*d.*; New York May 8.17 cents.

The month of July brought further easiness in our market on reports of cancellations of purchased cotton for Shanghai, on account of exchange difficulties, though these were counter-balanced by improved demand from Lancashire, Japan, and the local mills. There were also reports of showers in the beginning of July in most of the cotton districts except Gujerat and Kathiawar. The acreage report of the U. S. A. Government was published on the eighth, estimating the area under cultivation as 24,943,000 acres, just about what had been expected. Broach July/August touched Rs. 153 towards the second half of July.

Final decisions regarding the subsidy plan were announced on the 23rd of July by the Secretary of Agriculture at Washington, viz., a bounty

of $1\frac{1}{2}$ cents per pound for cotton sold abroad, and also an equivalent payment on cotton goods exported with a right to decrease or increase the subsidy whenever essential for the success of the programme. This had a bearish effect on prices in all markets, except America, where prices began to rise, thus adjusting the parity with other markets. Broach again touched Rs. 147. A sum of approximately 36.5 million dollars was set aside for the subsidy plan. Broach prices improved to Rs. 158 towards the end of the month, in consequence of good demand for actual cotton, straddle reversing, and on reports of poor monsoon prospects.

On the eighth of August, the U. S. A. Agricultural Bureau report was published estimating a crop of 11,412,000 bales with an yield per acre of 223.7. This was slightly below expectation but it had practically no effect on prices. The New York futures contract was amended from the 15th and was based on 15/16" instead of $\frac{7}{8}$ " staple. Broach prices fluctuated very narrowly during this month. The Egyptian Government removed the export duty on cotton to counteract the American subsidy. The market was colourless until towards the end of the month when a non-aggression pact was reported to have been signed between Germany and Soviet Russia, which took the whole political world by surprise. Instances of war activity by Germany gave rise to very deep anxiety and the markets were affected one way or the other, as war rumours gained or lost strength. There was a heavy demand for dollars which stood at \$4.44. On the outbreak of war the cotton prices in Liverpool started on an upward course. It was expected that marine and war risk rates and transportation charges would rise. Broach prices also slowly and steadily began rising from Rs. 157 and reached the level of Rs. 194 on the 8th of September, when the U. S. A. second Agricultural Bureau report was published estimating a crop of 12,380,000 bales with yield at 244.7 lbs. per acre. This was above general expectations, and had a bearish effect on the market, prices easing to Rs. 186. This drop was short-lived, however, and prices again took an upward course with Bombay leading and other foreign markets following suit. About this time, a large short interest was being created in the Broach futures contract by way of straddles as the Bombay market was considered high in parity and prominent offices sold Broach against purchases in America. The dollar was also firmer, and rose to \$3.93 to the £ sterling. Indian stocks were low while Americans began to arrive freely. From the middle of the month Broach prices advanced, the chief factor being the rapid rise in the jute and hessian markets, but there were wide daily fluctuations in rates. The Broach contract stood at Rs. 225 about the middle of September but prices thereafter declined owing to the bulls clearing out of the market and the absence of any support from the Liverpool and New York markets. At the end of September, Broach prices fell as low as Rs. 192, Oomra Rs. 181 and Bengal Rs. 143. With a view to check speculation on a wide scale and to prevent sudden and violent fluctuations, the Government issued an Ordinance prohibiting new *Teji-Mandi* business while protecting contracts already entered into. The market showed a still lower tendency in the early part of October, and Broach touched Rs. 185 on the 5th. New crop prospects were unfavourable owing to absence of rains generally, and the total absence of rains in some parts, but prices thereafter improved to a great extent owing to the bulls re-entering the market and to a good demand from Japan. Indian mills' consumption for the year 1938-39 was also a record—

3,120,000 bales. On reports of non-acceptance of Hitler's so-called peace moves by the Allies, the markets showed a further bullish trend, and prices reached Rs. 205 on the 14th, but the advance was short-lived and prices declined to Rs. 191 on the 21st. The undertone of the market was bullish and prices again rose to Rs. 205 on the 30th.

A loan at 8.30 cents per pound to cotton growers of America was announced about this time by the U. S. A. Department of Agriculture. About 9 million bales of surplus cotton of previous years was already held by that Department. The fourth Bureau report estimated the American cotton crop to be 11,845,000 bales. Broach prices from the beginning of November again showed an upward tendency and prices began to rise rapidly from day to day. This was concurrent with, and in part due to a similar rise in Jute and Hessian prices at Calcutta, where large orders for sandbags were reported to have been obtained to supply which the Jute Mills increased working hours. The dollar further improved to \$3.81 and as a result cotton prices in Liverpool also shot up. Broach prices fluctuated widely and rapidly and stood at Rs. 230 on the 10th from where a small decline of Rs. 10 was recorded but this decline proved temporary and prices again rose to Rs. 238 on the very next day. All round optimism prevailed and the good *Divali* cloth sales by the mills were largely due to this feeling, dealers believing that their purchases would be absorbed owing to the increased purchasing power which would follow from the rise in the prices of raw materials. Broach prices which are generally about 125 points *under* New York prices at the end of November stood as many points above the price of New York. The lapse of the Ordinance banning *Teji-Mandi* operations further accelerated the already wild fluctuations which were the order of the day. It would be enough to record therefore that the price of Broach, which was Rs. 201 on the last day of October stood at Rs. 281 on the 30th of November, a rise of Rs. 80 in the month. During this month the Egyptian Government fixed minimum prices for Egyptian cotton which took a turn for the better and a sharp rise was recorded in that market also. Liverpool also followed the Bombay advance.

In the month of December, Broach opened at Rs. 295, Liverpool May 7.48, New York May 9.56. Something like a squeeze was evident in the Broach contract the price of which daily rose considerably on shorts appearing in the market, but prices dropped suddenly after the requirements of short sellers were satisfied. There were also frequent rumours of a possible Government control of prices which checked the upward trend.

With the rise in prices of Indian cotton, export demand fell, subsidised American cotton taking the place of Indian. Thus America was able to reduce the subsidy gradually from 1½ cents to .20 cents at the end of the year. Prices of Broach fluctuated between Rs. 277 and Rs. 302 in the first week of December, chiefly on account of weakness in Jute, thus causing heavy long liquidation and on the 8th, prices went as low as Rs. 268. This, however, brought heavy short covering, and Japanese buyers entered the field, and prices advanced sharply to Rs. 288 the same evening. The final estimate of the U. S. A. crop at 11,792,000 bales had practically no effect on the market. Prices were now governed by the bullish Egyptian market where prices rose by leaps and bounds.

Prices continued to advance with wild fluctuations till the highest price of the year was reached, Rs. 337½ on the 14th with Oomra December/January Rs. 300, Bengal December/January Rs. 250 ; but on reports of weaker Liverpool and Alexandria markets, prices declined to Rs. 313 the very next day, but the prices reached the top again and remained there for some time with small fluctuations till prices dropped down to Rs. 308 on the 20th. The market went lower still in the absence of outside demand, Indian prices being very much out of parity, about 2½ cents above prices in New York. Broach went as low as Rs. 292½ on the 28th, but the market again sharply advanced to Rs. 317 on the 29th on feverish buying orders from Calcutta due to further advances in the Jute and Hessian markets there. Prices finally closed on the 30th as under :—Broach-April, May Rs. 310½, July/August Rs. 317 ; Oomra-December/January Rs. 273½, March Rs. 278 ; Bengal-December/January Rs. 226½, March 220½ ; New York-May 10.61 cents and Liverpool-May 8.33*d*.

The ups and downs in the market clearly reflected the unsettled conditions of the political world till the end of August, and thereafter, the speculative activity which the war brought in its train. A year in which Broach fell as low as Rs. 147 and then rose to Rs. 337 must be considered a very exceptional year indeed.

ELECTION OF CHAIRMAN OF THE ASSOCIATION FOR 1940.

The annual ballot for the office of the Chairman of the Association was held on the 15th January, 1940, and resulted in the election of Mr. V. N. Chandavarkar, Managing Director of Messrs. N. Sirur & Co., Ltd., Managing Agents of the Mysore Spinning and Manufacturing Co., Ltd., the Minerva Mills, Ltd., and the Modern Mills, Ltd.

ELECTION OF DEPUTY CHAIRMAN OF THE ASSOCIATION FOR 1940.

The ballot for the election of the Deputy Chairman of the Association took place on the 22nd January, 1940, and resulted in the election of Mr. R. L. Ferard, Director of Messrs. W. H. Brady & Co., Ltd., Managing Agents of the Colaba Land and Mill Co., Ltd., the New City of Bombay Manufacturing Co., Ltd., and the New Great Eastern Spinning and Weaving Co., Ltd.

ELECTION OF THE COMMITTEE FOR 1940.

The ballot for the election of the Committee was held on the 29th January, 1940, and the following members were duly elected:—

Sir Ness Wadia, K.B.E., C.I.E. ; Sir Chunilal V. Mehta, K.C.S.I. ; Sir H. P. Mody, K.B.E., M.L.A. ; Sir Joseph Kay, Kt. ; Mr. T. V. Baddeley ; Mr. J. C. Burns ; Mr. Dharamsey Mulraj Khatau ; Mr. Hurgovandas Jamnadas Ramji ; Mr. Krishnaraj M. D. Thackersey ; Mr. A. M. Mehta ; Mr. H. F. Milne ; Mr. Navinchandra Mafatlal ; Mr. A. L. Paramor ; Mr. A. Pether ; Mr. S. D. Saklatvala, M.L.A. ; Mr. F. Stones, O.B.E., M.L.C. ; Mr. C. P. Wadia, and Mr. Neville N. Wadia.

BOMBAY MUNICIPAL CORPORATION.

ASSOCIATION'S REPRESENTATIVE.

In accordance with the prescribed Rules and Regulations, Sir H. P. Mody, K.B.E., M.L.A., was again returned unopposed as the Association's representative on the Bombay Municipal Corporation for the triennium beginning from the 1st April 1939.

Sir H. P. Mody has continuously represented the Association's interests in the Corporation since the 1st April 1923, when, according to Act VI of 1922, the Association first became entitled to elect a Councillor to the Municipal Corporation.

BOARD OF TRUSTEES OF THE PORT OF BOMBAY.

ASSOCIATION'S REPRESENTATIVE.

The term of office of Mr. T. V. Baddeley, the Association's representative on the Board of Trustees of the Port of Bombay expired on 31st March 1939, and in accordance with Section 6 of the Bombay Port Trust Act, 1879, the Association was called upon to elect a representative to serve on the Port Trust for a term of two years commencing from 1st April 1939. Mr. Baddeley was again returned unopposed as the Association's representative on the Board for the biennium commencing 1st April 1939.

INDIAN CENTRAL COTTON COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

The term of office of Mr. S. D. Saklatvala, M.L.A., the Association's representative on the Indian Central Cotton Committee, having expired on 31st March 1939, the Association was called upon to nominate a representative to serve on the Committee for a further period of three years. The Committee of the Association again nominated Mr. S. D. Saklatvala as the Association's representative on the Indian Central Cotton Committee for the triennium commencing 1st April 1939.

INDIAN CENTRAL COTTON COMMITTEE—TECHNOLOGICAL RESEARCH SUB-COMMITTEE.

ASSOCIATION'S REPRESENTATIVES.

Towards the middle of February, in response to an invitation from the Indian Central Cotton Committee, the Committee of the Association re-nominated Mr. F. Stones, O.B.E., M.L.C., and Mr. A. D. Walwyn for co-option as the Association's representatives on the Technological Research Sub-Committee of the Indian Central Cotton Committee for the year 1939-40.

G. I. P. RAILWAY LOCAL ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Mr. F. Stones, O.B.E., M.L.C., the Association's representative on the G. I. P. Railway Local Advisory Committee, having proceeded from India on leave for a period of six months from 1st April 1939, the Committee appointed Mr. Krishnaraj M. D. Thackersey to fill the temporary vacancy. On his return from leave early in October, Mr. Stones expressed his inability to continue to serve on the Advisory Committee owing to pressure of work, and Mr. Krishnaraj M. D. Thackersey was thereupon appointed as the Association's representative on the Advisory Committee.

SENATE OF THE UNIVERSITY OF BOMBAY.

ASSOCIATION'S REPRESENTATIVE.

Mr. F. Stones, O.B.E., M.L.C., the Association's representative on the Senate of the University of Bombay, having tendered the resignation of his seat with effect from 1st April 1939, the Committee nominated Mr. V. N. Chandavarkar to fill the vacancy.

BOARD OF VISITORS OF THE UNIVERSITY DEPARTMENT
OF CHEMICAL TECHNOLOGY.

ASSOCIATION'S REPRESENTATIVE.

Mr. F. Stones, O.B.E., M.L.C., the Association's representative on the Board of Visitors to the University Department of Chemical Technology, having resigned his seat on the Board from 1st April 1939, the Committee recommended the nomination of Mr. V. N. Chandavarkar to the vacancy.

ADVISORY BOARD OF THE SYDENHAM COLLEGE OF
COMMERCE AND ECONOMICS.

ASSOCIATION'S REPRESENTATIVE.

Mr. Dharamsey Mulraj Khatau, the Association's representative on the Advisory Board of the Sydenham College of Commerce and Economics, having expressed his inability to serve on that Board owing to pressure of work, the Committee appointed Mr. B. S. Dabke to fill the vacancy.

BOMBAY EXCISE ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

The term of office of the Excise Advisory Committee having expired on the 31st March 1939, the Committee were invited to nominate a member to serve on the reconstituted Advisory Committee for the triennium ending 31st March 1942. The Committee accordingly re-nominated Mr. B. S. Dabke as the Association's representative on the Advisory Committee.

BOMBAY SMOKE NUISANCES COMMISSION.

ASSOCIATION'S REPRESENTATIVES.

The term of office of the existing Bombay Smoke Nuisances Commission expired on the 31st December 1939, and the Association was requested to elect two members for appointment on the new Commission to be constituted for a further period of two years. The Committee re-appointed Mr. Mark Binuie and Mr. W. F. Webb as the Association's representatives on the new Commission.

INDUSTRIAL HEALTH ADVISORY BOARD, BOMBAY.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of November, in response to an invitation from Government, the Committee nominated Mr. Bhagwandas C. Mehta as the Association's representative on the Industrial Health Advisory Board, Bombay, appointed by Government to advise the Labour Welfare Department in all its health activities.

ELEVENTH INDUSTRIES CONFERENCE.

ASSOCIATION'S REPRESENTATIVE.

Towards the end of November, at the request of the Secretary to the Government of India, Department of Commerce, the Committee appointed Mr. V. N. Chandavarkar to represent the Association at the Eleventh Industries Conference, which was held at Mysore on the 15th and 16th December 1939.

PUBLIC HOLIDAYS COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of August, the Committee were invited to nominate a representative on a special Committee representing various commercial and banking interests and communities which Government proposed to appoint to advise them on the festivals to be observed in future as Public Holidays under the Negotiable Instruments Act, 1881. The terms of reference to the Committee were :—

(1) to recommend the principles which should be followed in fixing Public Holidays under the Negotiable Instruments Act, 1881, with a view to reduce the number of holidays notified at present ;

(2) to determine the days on which the abstention of a whole community from business will have such effect on the business of the Province that it is desirable in the general interests of the Commerce of the Province to declare those days as Public Holidays under the Negotiable Instruments Act, 1881 ;

(3) to recommend what days should, having regard to the principles referred to above, be declared as Public Holidays under the Negotiable Instruments Act, 1881, and

(4) to report on any matters germane to the above.

The Committee nominated Mr. Krishnaraj M. D. Thackersey as their representative on the proposed Committee.

The report of the Committee is expected to be published early in 1940.
(Appendix 1.)

DEPUTATION TO HIS EXCELLENCY THE VICEROY.

Early in the year, His Excellency the Most Honourable the Marquess of Linlithgow, P.C., K.T., G.M.S.I., G.M.I.E., O.B.E., D.L., T.D., Governor-General of India, paid his first official visit to the City of Bombay. A small deputation from the Committee, headed by Mr. Krishnaraj M. D. Thackersey (Acting Chairman), waited on His Excellency on 21st January 1939, and urged, *inter alia*, the necessity of bringing into existence machinery for the purpose of co-ordinating and planning the progress of social and labour legislation throughout the country and the need for an active policy of encouragement of industries on the part of the State in order to ensure a rapid advance towards the industrialisation of the country, consistently with the preservation of the balance between agriculture and industry. The text of the speech made by the Acting Chairman and His Excellency's reply will be found in *Appendix 2*.

Arrangements were also made for Their Excellencies to visit the Spring and Kohinoor Mills in order to gain firsthand knowledge of the nature of welfare work carried on by mills in Bombay for the benefit of their operatives.

MEMBERSHIP OF THE ASSOCIATION.

The total membership of the Association as at the end of the year 1939 was 108 as against 105 at the beginning. The Vidarbha Mills, Berar, Ltd., ceased to be members of the Association, but the Podar Mills, Ltd., the Sri Krishnarajendra Mills, Ltd., the Pankaja Mills, Ltd., and the Ruby Mills, Ltd., were elected members during the year.

DOMESTIC AFFAIRS.

The Annual Dinner of the Association was held on Friday, the 17th March 1939, with His Excellency the Governor of Bombay as the principal Guest of Honour.

DIAMOND JUBILEE OF THE BOMBAY DYEING AND MANUFACTURING CO., LTD.

During the year under review, the Bombay Dyeing and Manufacturing Co., Ltd., one of the oldest and most prominent members of the Association, completed the Sixtieth Anniversary of its foundation. Founded in the year 1879, with small beginnings, the company gradually and steadily extended the field of its activities under the wise guidance and counsel of a succession of able and successful industrialists until to-day, it provides an outstanding example of the valuable contribution made by modern machinery and methods to the economic development of this country. The company was a pioneer in introducing the art of dyeing yarn and cloth by modern scientific processes,

and for many years held a virtual monopoly of the art. Since it turned to the manufacture of cloth and yarn, it has always been in the vanguard in utilizing the latest and most efficient methods of production. A distinguished unit of the cotton mill industry of Bombay, the Association takes this opportunity of placing on record its congratulations to the company on the successful completion of its Diamond Jubilee.

DONATIONS.

At the Annual General Meeting of the members of the Association held on Friday, the 17th March 1939, the following donations were sanctioned and paid out of the Association's funds:—

The Victoria Jubilee Technical Institute	..	..	..	Rs. 1,500
The Police Comforts Fund	..	..	..	„ 1,000
The Textile Technical School	..	..	..	„ 700
The Sir J. J. Hospital Nursing Association Fund	..	..	..	„ 500
The K. E. M. Hospital Poor Box Fund	..	..	..	„ 400
The Naigaum Social Service Centre	..	..	..	„ 350
The Goculdas Tejpal Hospital Nursing Association Fund	..	..	..	„ 200
The Bombay Textile and Engineering Association	..	..	..	„ 200
The Maharashtra High School	..	..	..	„ 150
			Total	Rs. 5,000

AUDITORS OF THE ASSOCIATION.

At the Annual General Meeting of the members of the Association held on Friday, the 17th March 1939, Messrs. A. F. Ferguson & Co. were appointed as the Association's Auditors for the current year on the usual remuneration.

WORKING OF THE COTTON MILLS OF BOMBAY IN 1938.

In accordance with the usual practice, a combined Balance Sheet and Profit and Loss Account of the Bombay cotton mill industry for the year 1938 was drawn up by the Association and audited by Messrs. A. F. Ferguson & Co. The statement, which covered the returns received from 69 mills, disclosed a total profit on the year's working of Rs. 21,46,000. This profit would, however, have been reduced to Rs. 7,02,243 if managing agents had not voluntarily given up interest, commission and allowance of Rs. 14,43,757 due to them for the year. It might be pointed out that in the year 1937, the industry suffered a loss of Rs. 18,40,884 (for 68 mills) excluding a sum of Rs. 15,06,279 voluntarily given up by managing agents from their claims for interest, commission and allowance.

DEATH OF LORD BRABOURNE.

Early on the morning of the 23rd February, news was received of the sad and untimely death of Lord Brabourne, Governor of Bengal. A special meeting of the Committee was convened on the next day, and the following resolution, which was proposed by the Chairman and seconded by the Deputy Chairman, was carried unanimously, all members standing :—

“This special meeting of the Committee of the Millowners’ Association, Bombay, places on record its profound sorrow at the sad and untimely death of Lord Brabourne.

“As Governor of Bombay, he won the esteem, respect and affection of all with whom he came in contact and rendered extremely valuable services to the cotton mill industry of this Province.

“Lord Brabourne’s departure from Bombay was greatly regretted by one and all in the Province of Bombay, and his death in the very prime of life will be felt as a personal loss by the whole of India.

“This meeting respectfully tenders its heartfelt condolences to Lady Brabourne, in the irreparable loss which she has sustained.”

The terms of the resolution were conveyed to Lady Brabourne.

ASSOCIATION’S RULES AND REGULATIONS : AMENDMENT OF RULE 3.

Rule 3 of the Rules and Regulations of the Association which lays down the aims and objects of the Association, did not specifically provide for the regulation of conditions of employment in the industry or industries carried on by its members, and when the Association’s application for recognition under the Bombay Industrial Disputes Act, 1938, was made to Government, the attention of the Committee was drawn to the necessity of amending this Rule, in view of the definition of the term “association of employers” given in Section 3(3) of the Act, which read :—

“ ‘ Association of employers ’ means any combination of employers, whether incorporated or not, which has for one of its objects the regulation of conditions of employment in the industry conducted or carried on by its members and which is recognized by the Provincial Government under Section 74.”

The matter was considered at a special General Meeting of the members of the Association held on the 7th August 1939 and it was resolved that the following sub-clause be included in Rule 3 of the Association’s Rules and Regulations :—

“ to regulate conditions of employment in the industry conducted or carried on by its members.”

PIECEGOODS ARBITRATION RULES OF THE ASSOCIATION.

(See also page 17 of Report for 1938.)

Reference was made in the last report to certain amendments made in the Association’s Rules for the conduct of arbitrations on Indian

piecegoods and yarn, which were first introduced in 1924 and were last revised in October 1932. Clause 22 of the Association's Standard Contract Form read as under :—

“Notwithstanding any such reference to arbitration as aforesaid, the buyers shall take delivery of the goods the subject of the reference and pay for the same as herein agreed, and unless the arbitration award is to the effect that the goods in dispute are ‘no tender’, the buyers shall be bound to accept the said goods on payment by the company of the allowance (if any) awarded to the buyers. If, however, the arbitration award is to the effect that the goods are ‘no tender,’ the buyers shall be entitled to invoice back the said goods with any penalty the arbitrators may award.”

In an arbitration conducted under the Association's Rules in the middle of June, in which the arbitrators consulted the Association's solicitors, it transpired that although Clause 22 specifically provided that the buyer shall pay for and take delivery of the goods notwithstanding the fact that the dispute had been referred to arbitration, the arbitrators were, in the absence of special provisions empowering them to issue an interim award, powerless to enforce it. The solicitors also held the view that there was nothing either in the contract or in the Arbitration Rules which made payment and taking of delivery by the buyer a condition precedent to the arbitrators entering upon consideration of the buyer's differences with the seller in respect of the goods themselves.

The position was examined by the Committee, who felt that the provisions of Clause 22 should be enforceable if necessary. The solicitors were accordingly requested to draft the necessary amendments to the Rules which would empower the arbitrators to direct by an interim award that the buyer shall pay for and take delivery of the goods, such award being enforceable against the parties as any other award. On the suggestion of the solicitors, the following two new rules were incorporated in the Association's Rules for Arbitration on Piecegoods and Yarn with effect from the 21st November 1939 :—

“26A.—The arbitrators or umpire shall have power from time to time to make an award upon any question or questions in dispute between the said parties that may have arisen under these rules and they or he shall, if called upon to do so by either party, make an interim award within 7 days after he or they shall have been called upon to make an interim award and they or he shall not by doing so be deemed or taken to have determined their or his authority until all matters relating to the premises shall have been finally disposed of. Any separate award shall be observed and performed without waiting for another award.

“26B.—Where the arbitrators fail to make or to agree upon their interim award, the Secretary shall forthwith call upon the umpire to make an interim award within 7 days of the matter being referred to him, but the arbitrators shall, notwithstanding the making by the umpire of an interim award, make an award upon the matters in dispute still outstanding between the parties. In all other respects the foregoing rules as to practice and procedure before the arbitrators or umpire shall apply *mutatis mutandis* to proceedings to obtain an interim award. Wherever the word award is used it shall unless the context prohibits it also cover an interim award.”

The new rules necessitated certain consequential amendments in Rules 19 and 21 of the Association's Arbitration Rules. (*Appendix 3.*)

TWENTY-FIFTH SESSION OF THE INTERNATIONAL
LABOUR CONFERENCE.

(*See also pages 51 and 215 of Report for 1938.*)

In the last annual report it was stated that the Committee had suggested the nomination of Sir Ardeshir Dalal, Kt., of Messrs. Tata Sons, Ltd., and Mr. K. Basu, President of the Indian Mining Federation, as the Employers' Delegate and Adviser, respectively, to the twenty-fifth session of the International Labour Conference. Early in May, Sir Ardeshir Dalal found it impossible to leave India on account of the serious labour situation which had then developed in the Tata Iron and Steel Works at Jamshedpur. The Employers' Federation of India, thereupon, recommended the nomination of Mr. M. L. Dahanukar as the Indian Employers' Delegate. This suggestion was accepted, and according to a Government Resolution published on the 18th May, the following gentlemen represented India at the XXV Session of the Conference which commenced in Geneva on the 8th June 1939 :—

Government Delegates :

Sir Firoz Khan Noon, K.C.I.E., High Commissioner for India,
London.
Sir Frank Noyce, K.C.S.I., C.B.E.

Advisers to the Government Delegates :

Mr. A. Hughes, I.C.S.
Mr. M. Ikramullah, I.C.S., Deputy Indian Trade Commissioner,
London.

Employers' Delegate :

Mr. M. L. Dahanukar, Bombay.

Adviser to the Employers' Delegate :

Mr. K. Basu, Calcutta.

Workers' Delegate :

Mr. R. S. Nimbkar Bombay.

Adviser to the Workers' Delegate :

Mr. Aftab Ali, Calcutta.

Mr. M. Ikramullah also acted as Secretary to the Delegation.

TEXTILE LABOUR INQUIRY COMMITTEE.

(*See also pages 83 and 266 of Report for 1938.*)

In the last annual report, reference was made to the written and oral evidence submitted by the representatives of the Association on the Inquiry Committee's main terms of reference.

One of the Inquiry Committee's terms of reference was to make recommendations regarding the standardization of wages and musters. The Inquiry Committee were of opinion that unless they had a concrete scheme of standardization before them, it would be difficult for them adequately to discharge this particular term of reference, and towards the end of November 1938, they requested the Committee to furnish them with a scheme of standardization of wages for cotton mills in Bombay City. They further desired to be supplied with draft schemes of standardization of wages, both on the basis of rates and earnings, not only for all piece-rated occupations but also for time-rated occupations in the unrationalized and rationalized sections of the cotton textile industry in Bombay City.

The matter was referred to an expert sub-committee consisting of the Chairman, the Deputy Chairman, Sir Ness Wadia, Mr. F. Stones, Mr. S. D. Saklatvala and Mr. A. M. Mehta, who were directed to frame the necessary schemes taking into consideration that :—

- (1) in the case of time-workers, as complete a system of standardization as possible should be devised with allowances consolidated in wages ; and
- (2) in the case of piece-workers, as complete a system of standardization of rates as possible should be devised, but that, in special occupations, an alternative standard wage should be made available to those mills, who, for various reasons, might not be able to adopt the rates standardization scheme for those occupations.

After an exhaustive analysis of the wage data collected from individual mills, the sub-committee framed a scheme representing the maximum standard wages and wage rates which the industry was in a position to pay under the then existing conditions. As regards standardization of musters, the sub-committee came to the conclusion that no standardization could be attempted in view of the varying conditions obtaining from mill to mill. The scheme framed by the sub-committee was endorsed by the Committee and was submitted in confidence to the Inquiry Committee early in April. The scope and purpose of the scheme were subsequently discussed in great detail at a series of informal conferences between representatives of the Association and the Textile Labour Inquiry Committee.

It would appear that the Inquiry Committee thereafter placed the scheme before representatives of labour, who were understood to have approved the general structure of the scheme and accepted the position that if it was adopted, it would form not a list of minimum rates, but a standard list to the level of which all mills in Bombay would reduce or increase their wages. They, however, pressed for the adoption of a minimum wage of Rs. 25 and for a general levelling up of the wages provided in the scheme without adducing adequate reasons for such increases.

The position was reviewed by the Committee towards the end of August. The Committee were unable to accept the proposals made on behalf

of labour. The Association had, both in its written and oral evidence, consistently opposed the fixation of a minimum wage. This view had only very recently been supported by the Government of the Central Provinces and Berar, who opposed a Bill for the fixation of a minimum wage on the ground mainly that this was one of the matters on which all-India legislation should be undertaken, and that there was no case for singling out one particular Province and one particular industry for the purpose of legislation.

The level of wages and earnings provided for in the standardization scheme was fully 10 per cent. higher than the industry in Bombay could afford to pay. The proposals put forward by labour would, on the other hand, increase the total wage bill of the industry in Bombay to such an extent that mills would not be able to carry on even during times of prosperity; and under the then existing conditions, the payment of wages on such a scale would mean the closure of practically every mill in Bombay. Moreover, the increases suggested had been of such an arbitrary character that it seemed hardly necessary to examine them in detail.

In conclusion, the Committee pointed out that the desirability of bringing into operation a list of standardized wages and earnings had been accepted by all. Future negotiations in respect of demands for reductions or increases in wages would be very much simplified if the wages being paid by all mills were the same and were known. The scheme which had been placed before the Inquiry Committee was a much more complete list than any which had been adopted in any other part of India, and the Committee felt it would be a pity if this opportunity of bringing it into force were lost. The position of the industry had gravely deteriorated since the standardization of wages sub-committee of the Association had completed their work, but the Committee indicated their willingness to use their influence with the general body of members of the Association to secure the adoption of the standardized wage list, if its adoption was recommended by the Textile Labour Inquiry Committee.

Towards the end of the year, labour showed signs of restiveness on account of the increase in the cost of living due to the war. The Committee felt it somewhat difficult to deal adequately with the situation until they were in a position to know what recommendations the Textile Labour Inquiry Committee would make regarding standard levels of wages for various occupations in normal times. It was thought that if the war continued, the position might develop rapidly, and in these circumstances, the Inquiry Committee were earnestly requested to make their recommendations in the matter of normal basic wages and submit them to Government in advance of the other portions of their final report, in order that the problems brought about by the existing abnormal conditions could be dealt with equitably and promptly. It is understood that the Inquiry Committee have since submitted to Government their recommendations regarding the standardization of wages.

During the year under review, the Committee furnished the Inquiry Committee from time to time with up-to-date statistical data indicating the position of the industry as reflected by mill stocks, mill activity, price realizations, etc., and at the request of the Inquiry Committee, special

memoranda were also compiled showing the action taken by the industry on the recommendations made by successive Tariff Boards and the nature and extent of the welfare activities carried on by member mills for the benefit of the workers employed by them.

It is understood that the final report of the Inquiry Committee will be published early in 1940. (*Appendix 4.*)

BOMBAY INDUSTRIAL DISPUTES ACT.

(*See also pages 88 and 276 of Report for 1938.*)

Reference was made in the last annual report to the passage by the Provincial Legislature of the Bombay Industrial Disputes Bill, 1938. The Bill was subsequently assented to by the Governor-General, and the Act was published in the *Bombay Government Gazette* on 24th February 1939.

APPLICATION OF THE ACT.

In accordance with the provisions of Section 2 of the Act, Government notified, on 14th March 1939, the application of the administrative and operative provisions of the Act, with the exception of Sections 55, 62, 63, 65, 66 and 67 dealing with illegal strikes and lockouts, to the cotton mill industry of the Province of Bombay on 1st June and 1st August respectively.

The Committee were of opinion that the particular sections mentioned above constituted a very essential portion of the Act. The Association and its representative in the Assembly supported the principle underlying the legislation largely because it provided that strikes and lockouts called or declared without due notice would, in certain instances, be illegal. The Committee, therefore, felt that, unless these sections of the Act were brought into operation at the same time as the remaining provisions of the Act, the measure would be without any practical value so far as the employers were concerned. They further considered it inequitable to bring into effect the provisions of Section 69, under which employers could be penalized for making illegal changes in any industrial matter when workers were not to be penalized for going on strike during the pendency of negotiations or conciliation proceedings. In these circumstances, an enquiry was addressed to Government early in April as to the reasons which prompted the temporary exclusion of the operation of the particular sections referred to above and the approximate date on which Government proposed to enforce them.

Government pointed out in reply that, as the Bombay Industrial Disputes Act was a new and somewhat complicated piece of legislation, it was likely that, in the initial stages, there might be some breaches of its provisions arising out of ignorance. They, however, gave an assurance that if and when trouble on a general scale was threatened, Government would not be slow in applying the provisions to which attention had been drawn, and that this would be done in time to prevent any serious harm.

The Committee welcomed the assurance, but pointed out that the non-enforcement of the Sections mentioned above would make it possible for lightning strikes to take place in individual mills. They, however, fully relied on Government to set matters right "in time to prevent any serious harm." These provisions of the Act were subsequently brought into force with effect from 20th August 1939, and since the 1st of October, the provisions of the Act have been extended to the silk textile industry of the City of Bombay.

BOMBAY INDUSTRIAL DISPUTES RULES, 1939.

Section 84 of the Bombay Industrial Disputes Act empowered the Provincial Government to make rules for the purpose of carrying out the intentions of the Act, subject to previous publication in the official *Gazette*. On 23rd March, Government accordingly published certain rules framed to give effect to the provisions of the Act.

The draft rules were carefully examined by the Committee, who were of the opinion that the procedure contemplated thereunder appeared to be very elaborate and even unnecessary in certain respects. In their view, there seemed to be a case for evolving a more simple procedure which would simplify the work of the employers, the employees and the authorities appointed under the Act. For instance, Rules 6, 7 and 8 provided for the submission of certain returns by employers and employees and/or their respective organizations. The Committee failed to see why the rules should insist on the returns being forwarded by "registered letter" in every case, since it was felt that the parties should, in each case, be free to adopt such means of transit as they deemed fit, keeping in view the desirability of ensuring prompt receipt of the returns by the parties to whom they were addressed. Another case in point was rule 7 which made it necessary for employers in an industry to which the Act applied to send monthly statements of the number of workers employed by them in each and every occupation on the day and night shifts separately. The Committee were strongly of the opinion that a six-monthly return would serve the needs of the case. The detailed criticisms advanced by the Committee on the draft rules will be found in *Appendix 5*.

The final rules which were published on 29th May were substantially the same as the draft rules originally proposed by Government.

Early in June, in view of the enforcement of the Act, a comprehensive note, explaining the new obligations imposed by the Act and the Rules made thereunder, and the procedure to be adopted by mills in the event of any changes in wages or other conditions of employment specified in the Act, was specially compiled and forwarded for the guidance of individual mill managements.

Amendment of Rule 34.—Rule 34 of the Bombay Industrial Disputes Rules, which dealt with the constitution of Boards of Conciliation under Section 23 of the Act, read as under :—

"The Provincial Government shall maintain two separate panels of twenty persons each for the purpose of appointment on Boards of Conciliation constituted under Section 23

Before making appointments to these panels, the Provincial Government shall notify associations of employers and workers and such other bodies and persons as Government may deem fit to recommend the names of suitable persons for this purpose. The members of the panels shall be selected from the names so submitted."

Towards the end of August, the attention of the Committee was drawn to a draft amendment to this rule, published in the *Bombay Government Gazette*, dated 24th August, which sought to empower Government to constitute two separate panels consisting of "an equal number of persons representing the interests of the employers and the employees respectively" instead of two panels consisting of 20 persons each.

The reasons which necessitated the amendment did not appear to be clear. If Government considered that it might not be possible to secure "independent" representatives to serve on Boards of Conciliation in certain instances from the number at present provided, then the Committee were of opinion that the organizations of employers and employees should again be asked to submit a further list of nominees for inclusion in the panel. What the Committee were anxious to ensure was that the panels constituted by Government under Section 23 consisted only of "*bona fide*" representatives of employers and employees. The question was therefore, taken up with Government, and it was understood that Government had instructed the Commissioner of Labour to limit consultation to employers' and employees' organizations and to Collectors, and that the employers' side of the panel would be truly representative of employers' interests.

RECOGNITION OF THE ASSOCIATION.

Section 74(2) of the Bombay Industrial Disputes Act laid down :—

"In any conciliation proceeding under this Act, an association of employers shall be entitled to represent any employer who is a member of the Association,"

and Section 74(1) prescribed that "the Provincial Government may, from time to time, by notification in the official *Gazette*, recognize any combination of employers as an association of employers for the purposes of this Act or may revoke any such recognition."

At a meeting of the Committee held on 29th May, it was decided that the Association should apply for recognition under the Act. An application was accordingly made to the Registrar, Bombay Industrial Disputes Act, and the Association has since been recognized by Government as an association of employers for the purposes of the Industrial Disputes Act for the following local areas :—

- (1) City of Bombay ;
- (2) Kurla Municipal Borough ;
- (3) Sholapur Municipal Borough ;
- (4) { Poona City Municipal Borough ;
Poona Suburban Municipal Borough ; and
Poona Cantonment and
- (5) Revenue limits of Gokak.

PANEL OF EMPLOYERS ON BOARDS OF CONCILIATION : ASSOCIATION'S REPRESENTATIVES.

Section 23 of the Act provided for the constitution of panels of members representing the interests of the employers and employees respectively for appointment on Boards of Conciliation to be constituted when an industrial dispute arose. Rule 34 of the Rules made under the Act laid down that before making appointments to these panels, the Provincial Government should notify associations of employers and workers and such other bodies and persons as Government might deem fit to recommend the names of suitable persons for this purpose.

In accordance with these provisions, the Committee were invited towards the middle of July to recommend the names of not more than five persons for inclusion in the employers' panel. The Committee accordingly suggested the following names :—

- (1) Sir H. P. Mody, K.B.E., M.L.A.,
- (2) Sir Chunilal V. Mehta, K.C.S.I.,
- (3) Mr. S. D. Saklatvala, M.L.A.,
- (4) Mr. F. Stones, O.B.E., M.L.C., and
- (5) Mr. V. N. Chandavarkar.

(Appendix 5.)

STANDING ORDERS FOR OPERATIVES AND CLERKS.

(See also pages 41 and 172 of Report for 1937.)

The Standing Orders for Mill Operatives, framed by the Association on the lines of the recommendations made by the Fawcett Enquiry Committee, were first introduced in mills in the City and Island of Bombay on 1st March 1931. They were amended in certain respects in the year 1933 and were last revised in the year 1937 so as to comply with the provisions of the Payment of Wages Act and the Rules made thereunder.

The enforcement of the Bombay Industrial Disputes Act with effect from June 1939 not only rendered it necessary to amend certain of these Orders in order to comply with the provisions of the new Act, but also necessitated the adoption of a set of Standing Orders for clerks employed in mills who were covered by the Act.

In accordance with Section 26 (1) of the Act, two sets of revised Standing Orders for Operatives and for Technical Assistants and Clerks were framed by the Committee and forwarded to the Commissioner of Labour towards the end of July. These Orders and certain 'model' orders framed by the Commissioner were thoroughly discussed by a special sub-Committee of the Association with the Commissioner at a series of meetings. On 14th September 1939, the Commissioner furnished the Association with the Standing Orders for Operatives settled by him under Section 26 (2) of the Act. The Registrar appointed under the Act recorded the Orders on the 21st September, and under Section 26 (3) of the Act, the new Orders came into operation from the 25th September 1939. Similarly, the Standing Orders for Technical Assistants and Clerks were settled by the Commissioner on

6th October, were recorded by the Registrar on 21st October, and came into force on 21st October 1939.

The Committee were unable to accept all the Standing Orders as settled by the Commissioner. In accordance with the provisions of Section 26 (4) of the Act, appeals against the objectionable Orders were, therefore, drawn up in consultation with the Association's Solicitors, and were lodged with the Industrial Court early in October. In view of the importance of the issues involved, eminent Counsel was also engaged for the conduct of the appeal. The Association's evidence before the Court was led by a special sub-Committee consisting of the Chairman ; Deputy Chairman ; Mr. V. N. Chandavarkar ; Mr. F. Stones ; Mr. A. M. Mehta ; Mr. J. A. Sutton ; Mr. T. Maloney, and Mr. R. G. Gokhale. After hearing all the interests concerned, the Industrial Court published their decisions in the form of a revised set of Standing Orders for Mill Operatives and for Clerks. The Orders finally settled by the Court came into operation on the 12th December 1939. A reprint of the Orders finally settled by the Court will be found in *Appendix 6*.

On the publication of the final Orders, a comprehensive note explaining the implications of the new Orders was specially compiled by the Association for the guidance of mill managements and supervisory staffs.

SCHEME FOR THE ESTABLISHMENT OF EMPLOYMENT EXCHANGES.

Early in September, the Committee were requested by the Commissioner of Labour to express an opinion on a draft scheme, prepared by the Labour Office, for the establishment of employment exchanges in Bombay City and Ahmedabad. It was proposed, in the first instance, that the scope of these Exchanges should be restricted to cotton spinning and weaving mills only and that they would not take over entirely the work of placements, but would operate as a "central control" and be complementary to the system of *badli* control started by the Association in 1935 which had been made almost universal throughout the Province in the cotton mill industry. Without in any way interfering with the *badli* control system or diminishing the right of the mills to select their labour, only the work of the preparation of a list of those to whom *badli* cards should be issued would be taken over by the exchange. The actual selection of *badlis* and the issuing of *badli* cards would be done by the mill itself. It was further indicated that the exchanges would be run in co-operation with the Bombay and Ahmedabad Millowners' Associations and registered and qualified trade unions in these two centres.

It appeared that the objects of the proposed employment exchanges were: (i) to check turnover of labour which led to considerable inefficiency ; (ii) to control substitute labour with a view to diminishing the power of jobbers, and (iii) to regularize employment.

On a careful examination of the scheme, the Committee failed to understand the utility of the proposed employment exchanges as a means

of providing mills with *badli* workers or the special assistance these exchanges would be able to render to unemployed cotton mill workers in Bombay that was not at the moment available to them. In their opinion, the *badli* control scheme, framed by the Association in 1935 and since then supplemented by jobbers' cards, workmen's service record cards, service certificates, arrangements for securing employment for displaced workers, etc., had already achieved very satisfactory results, and amongst other things, had enabled member mills to reduce the turnover of substitute labour, had improved efficiency by affording *badlis* more regular work, had excluded jobbers from engagement of workers and had proved a means of promoting efficient *badlis* to the posts of permanent workers when vacancies occurred. The power of engagement and dismissal of labour had been taken out of the hands of the jobbers and had been placed in the hands of departmental heads and mill managers. Incidentally, the system had gradually reduced bribery and corruption and illegal gratification. The steps taken by the Association had also resulted in the effective elimination of the major abuses connected with the recruitment of labour. For these reasons, the Committee maintained that the *badli* control scheme now in force rendered the proposed employment exchanges unnecessary and superfluous in the industry. The Royal Commission on Labour in India did not recommend the establishment of such exchanges and only stated that they did not think it would be wise to start them at a time when most factory owners could find sufficient labour at the gates. In the circumstances, the Committee opposed in principle the establishment of employment exchanges for textile workers in Bombay City, and suggested that if Government desired to make an experiment to ascertain the utility of an employment exchange system, the experiment should be made in an industry or in other centres where there was no *badli* control scheme.

This question was subsequently discussed at a meeting which a special sub-Committee of the Association had with Mr. Gulzarilal Nanda, Parliamentary Secretary to the Hon'ble the Premier, towards the end of October, when the representatives of the Association explained in greater detail their objections to the establishment of employment exchanges of the nature contemplated by Government. (*Appendix 7.*)

RECOMMENDATIONS ON LABOUR MATTERS.

(See also page 53 of Report for 1938.)

In previous reports of the Association, reference has been made to various recommendations made by the Committee during the last few years with the object of improving the relations between the mill managements and the workers employed in the industry. A resume of the important recommendations issued during the year 1939 is given below :—

(i) *Training of Weavers for Bombay Cotton Mills.*—On the recommendation of the Labour and Technical Advisory (Managers) Sub-Committee, the Committee in April recommended the adoption by all member mills in Bombay of a scheme for training weavers, which had been successfully functioning in one member mill, as a means of doing away

with the problem of inefficiency and lower earnings brought about by the employment of raw hands and *badli* workers in the weaving department of mills. Briefly stated, candidates in this mill were selected from the sons and relatives of old and efficient workers and other employees and school lads recommended by persons well known to the mill officials. In a special space reserved for the purpose, away from the weaving shed, the boys commenced their training under a trained full-time teacher, who had worked in the mill as a weaver for some time. Starting with knotting broken ends, the boys learnt drawing ends through healds and reeds, and then passed on to work on sample looms. The looms themselves were narrow (28") and of representative type and comprised plain, drop box, dobbie, drill, etc. The boys here learnt the mechanism of the loom and the causes of weaving defects. After training for a period of about two months on the sample looms, the boys were taken to the weaving shed as *badli* weavers on single looms. It was thought that after a further period of four months, the boys should be competent to take charge of two looms.

In the event of mills finding it impossible to adopt this scheme, the following alternative proposal was commended for consideration:—

- (a) Applications should be invited from sons of the workers and clerks employed in the mills. A selection should then be made from these applications. The number to be trained should be strictly limited to two learners per 100 looms at any one time.
- (b) The selected youngsters should be put in charge of efficient, intelligent and steady weavers known to the management.
- (c) Learners should first be in charge of weavers working on plain looms, then plain and dobbie looms and lastly on dobbie and drop box looms. The training should extend over a period of three to four months. After this training, the learners should be given preference for work as *badlis* on plain looms after which they might be given *badli* work on dobbie and drop box looms.
- (d) Learners thus trained should be given preference as far as practicable for permanent vacancies in the mill.
- (e) Learners should not be paid during the three to four months of their training and might be expected to be welcomed by the weavers in whose charge they were placed since after the first week or two they would be of material assistance.
- (f) A record of the progress of these learners should be maintained by the mills.

(2) *Improvement of tea stalls in Bombay mills.*—In the course of an exhaustive report prepared by Mr. G. W. Holland, the senior representative in Bombay of the Indian Tea Market Expansion Board, early in the year as a result of his personal observations in mills regarding the preparation

and supply of tea to cotton mill workers in Bombay, it was pointed out, *inter alia* :—

- (a) that it was possible for mill tea shops to supply good quality tea at one pice per 5-oz. cup, and
- (b) that leaf tea of guaranteed quality could be purchased by tea shop proprietors or by mill authorities at a price not higher than eight annas per lb.

These and other suggestions made by Mr. Holland for the improvement of the quality of tea supplied to mill workers were examined in detail by the Labour and Technical Advisory (Managers) Sub-Committee, and on their suggestion, the following recommendations were made by the Committee to member mills in May :—

- (A) Mill managements should make every effort to organize and to run tea shops departmentally.
- (B) If mill managements for one reason or another were unable to establish their own tea shops, they should exercise control over—
 - (i) the price at which tea was sold, which should not exceed one pice per 5-oz. cup ;
 - (ii) the hours at which it was sold over the counter of the tea shop ;
 - (iii) the quality, price and source of supply of the leaf to be used ;
 - (iv) the quality, supply and price of sugar and milk to be used ;
 - (v) the preparation of tea, and
 - (vi) the carrying out of frequent tests on quality of leaf tea used and the liquid tea sold.

It was suggested that the working of tea shops should be under the strict supervision of a canteen supervisor specially appointed for the purpose, who should be responsible to a small canteen committee consisting of the manager and the departmental heads. The salary of the supervisor should, it was thought, be met from the rent received from the tea vendors. It was further suggested that tea should be distributed at fixed times during working hours and that suitable means should be devised for keeping the tea supply fresh and hot.

Member mills were also advised to take advantage of an offer made by the Indian Tea Market Expansion Board to make the services of four of their Inspectors available to mills, free of charge, for a period of three to four months for the purpose of supervising the preparation and distribution of tea.

(3) "*Badli*" control system: *Revision of the "badli" card.*—The *badli* control system framed by the Association was first introduced in 1935, and has since been working satisfactorily in member mills in the City and Island of Bombay. The need for a revision of the form of *badli* card issued to workers

so as to include certain important particulars concerning the individual worker such as period of service, efficiency, etc., was considered by the Labour and Technical Advisory (Managers) Sub-Committee in May, and on their suggestion a revised form of the substitute card was recommended for adoption by all member mills.

(4) *Engagement of "badlis."*—The curtailment of night-shift working in several mills in Bombay early in the year following adverse trade conditions resulted in several thousands of workers being thrown out of employment. All these workers were in possession of service certificates issued by the mills concerned. In an endeavour to absorb as many of these workmen as possible in the industry, a recommendation was made to all members, in March, asking them, whenever fresh workmen were needed, to give preference to those workers who were retrenched by reason of the curtailment of night shift working. Steps were also taken to prevent the abuse of service certificates by the workers.

(5) *Service Certificates.*—In the last report reference was made to a recommendation made by the Association suggesting the issue of service certificates to those operatives who were discharged for reasons other than those specified in Standing Order No. 20, and giving preferential treatment to such workers in the matter of employment, especially as *badli* workers for permanent vacancies for which efficient workers were not available among the mills' own regular employees. It was understood that the suggestion had been acted upon by almost all mills in Bombay. Towards the end of April in the year under review, the Committee recommended that all mills should maintain a record showing the names of workers to whom service certificates were issued. In order to popularise the certificates and at the same time draw the pointed attention of workers to the importance of producing them when applying for employment to mills, a special poster was subsequently designed and forwarded to all mills for being put up in prominent positions in the mills and in the time-keepers' office.

(6) *Standardization of leave procedure.*—Paragraph 2 of Order No. 8 of the Association's Standing Orders for Operatives which were introduced with effect from 1st March 1937, read as under :—

"Requests or applications for non-urgent leave of more than seven days' duration will be received on two fixed days per week, and sanctioned leave in respect of such applications will ordinarily commence on the third day following the day fixed for receiving applications."

Early in June, it was suggested that it would be desirable, as a measure of uniformity, if all the mills fixed Monday and Thursday as the two days of the week on which applications and requests for leave of a non-urgent character exceeding seven days, should be sent in, and further that if either of these days was a stop day, leave applications should be received on the preceding working day.

The proposal was approved by the Labour and Technical Advisory (Managers) Sub-Committee and subsequently by the Committee, and all member mills in Bombay were advised to give effect to it.

At the same time, in order to draw the attention of workers on leave to the importance of sending in applications for extensions of leave, if any, to the proper quarters, it was suggested that the following instructions should be printed on the leave pass in Marathi:—

“While on leave, all communications about leave, extension, wages, etc., should be addressed to the manager (not by name) and not to any other officer, master, supervisor, head jobber or mucedum, either by name or by designation. In all communications, the operatives must state their full addresses as also the name of their department, ticket number, etc.”

(7) *Return of disciplinary measures taken.*—Under the Association's Standing Orders for operatives, mill managements and departmental heads are obliged to resort to various forms of punishments such as warning, fining, suspensions and dismissal, in order to maintain the requisite standard of discipline, efficiency, etc., in the various departments. Under the Payment of Wages Act, departmental heads are empowered to inflict fines, and they also issue warnings either orally or in writing to the operatives. Particulars with regard to the disciplinary measures taken by departmental heads during a specified period of time were not made available to the manager as a matter of course, and therefore he did not necessarily know the number of workers who were fined or warned during a month or the nature of the offences for which these punishments were imposed. As regards suspensions and dismissals, the manager had full particulars since he was the only officer authorised under the Standing Orders to inflict such punishments. In other words, the manager did not get a complete picture of the various disciplinary measures taken by himself and his assistants during a said period of time. Early in June, it was suggested that if such information was prepared in a handy form every month for the use of the manager, it would be helpful to him in keeping a watch on the various forms of punishments resorted to on the one hand and the type and frequency of the offences on the other. The Labour and Technical Advisory (Managers) Sub-Committee, who considered this question in the first instance, recommended that a return showing the disciplinary measures taken during each month might be prepared for the information of the manager. The suggestion was approved by the Committee, and all members were recommended to give effect to it.

(8) *Revision of pay tickets.*—Towards the end of May, the attention of the Committee was drawn to the need for a revision of the form of pay tickets issued by mills. An examination of the pay tickets adopted by a number of mills appeared to show that no provision had been made in certain instances for marking the number of days worked by operatives. It was considered that this information was likely to be very helpful in cases where a dispute took place with regard to the earnings of piece workers. The matter was discussed by the Labour and Technical Advisory (Managers) Sub-Committee, who suggested that individual pay tickets should show the number of days worked by the operatives concerned. They also recommended the printing of the following instructions (in Marathi) on the pay tickets:—

- (a) As soon as the workers received their pay tickets, they should examine them, and if they had any doubts, they should approach the timekeeper, the departmental head or the manager to get their doubts cleared.

(b) Workers should not lose their pay tickets.

(c) While receiving their wages, the workers should check up the amount disbursed to them. Mistakes could not be rectified after men had left the pay table.

The Committee endorsed the suggestions made by the Managers' Sub-Committee and recommended all member mills to give effect to them.

ESTABLISHMENT OF CHEAP GRAIN SHOPS IN MILLS.

The hectic rise which took place in the prices of foodstuffs and the necessaries of life following the outbreak of the war, and especially towards the close of the year, was a matter of serious concern to the Committee. It appeared on investigation that the increase in prices was brought about by speculative rather than by economic factors. The question of safeguarding the interests of cotton mill workers from the high retail prices charged in the bazaar for all classes of foodstuffs was carefully examined, and the Committee recommended all member mills in Bombay to open shops in the mill compound for the sale, on credit, of foodstuffs and certain other necessaries of life at rates which would protect their workers' cost of living. A special sub-Committee consisting of the Chairman, Deputy Chairman, Mr. Krishnaraj M. D. Thackersey, Mr. Dharamsey Mulraj Khatau and Mr. Kanji Dwarkadas was appointed to frame a detailed scheme for the guidance of members.

After careful consideration of all aspects of the question, the sub-Committee came to the conclusion that the articles which should be retailed at the mill shops should cover most of the daily necessities of the workers, and they recommended that, besides rice of four varieties, the mill shops should stock pattni, wheat, bajri, jowari, gram, tur dall, urid dall, moog dall, gram dall, wheat flour, wheat atta, sugar, tea, chillies, salt, cocoanut oil, sweet oil, bar soap and ghee. These essential commodities should, it was suggested, be sold by the mills at fixed and uniform prices corresponding to the retail bazaar prices prevailing in August 1939. These prices, which were worked out from information supplied by the Government Labour Office, should, it was recommended, under no circumstances be departed from. It was further suggested that price lists, printed in English and Marathi, should be prominently displayed in the shops, the time-keeper's office and the various departments of the mills to enable the workers to appreciate the full benefits of purchasing from the mill shops. The sub-Committee further suggested that printed lists posted in the mills and the departments should be those supplied by the Association in respect of the commodities specified above.

As regards supplies for the mill shops, the sub-Committee recommended that the quality of the goods to be sold should be standardized and that a complete set of standards should be maintained at the Association's offices. It was suggested that bulk purchases should be made on the basis of these standards and that frequent checks should be made by Government Inspectors of the goods actually delivered to and sold by individual mills.

In order to prevent the abuse of the privilege of buying cheap grain conferred by the scheme, the sub-Committee recommended that the monthly

purchases of a worker should be limited to 40 per cent. of his earned wages or Rs. 15 per month, whichever was less. It was further suggested that it would be of great assistance to mill grain shops if workers were encouraged to make their purchases of grains in the middle and at the end of each month.

As regards the method of sale, it was suggested that sales should be made on credit and subject to the limitations above specified, and that a month's credit should be allowed, the amount of the bills being deducted from the monthly wages of the worker on the following pay day. A number of suggestions were also made in order to facilitate the working of the grain shops, for instance, the encouragement of a system of made-up orders and the sectionalization of the mill so that workers from particular sections might ordinarily put in their grain passes on particular dates.

The proposals of the sub-Committee were approved by the Committee, and all member mills were recommended to take immediate steps to ensure that the shops were opened and fully working at the end of the year. At the same time, arrangements were made for bulk purchases from wholesale dealers, and it was suggested that the initial purchases at least should be made by indents through the Association, in order that the lowest possible prices might be obtained and that the quality of the goods stocked conformed to the standards maintained by the Association. A comprehensive note setting forth the names of the wholesale merchants, rates fixed, and other terms in respect of each of the commodities to be stocked in the mill shops was also furnished to all members.

It is understood that over 50 mills in Bombay have established cheap grain shops for the benefit of their operatives, and that these will be ready to make sales from the beginning of 1940. (*Appendix 8.*)

DUST IN CARD ROOMS.

Towards the end of April 1939, the attention of the Committee was drawn by the Municipal Commissioner and the Commissioner of Labour to a resolution passed by the Bombay Municipal Corporation calling the attention of the Association and Government to the prevailing danger to the health of the operatives employed in the carding departments in the textile mills and requesting Government to consider the desirability of compelling mill-owners to install vacuum stripping system such as was being adopted in all civilized countries or to take such other measures with a view to protecting the operatives from the danger of inhaling dust and fluff.

The Committee were at all times willing to consider reasonable proposals for the improvement of the working conditions of the operatives employed in cotton mills, but one or two incorrect assumptions appeared to have crept into the resolution. The resolution urged that vacuum stripping should be made compulsory and suggested that it had already been adopted in all civilized countries. So far as the Committee were aware, nowhere had it been made compulsory. Apart from the question of expense, this device had not, in the opinion of the Committee, yet been proved to have been an

unqualified mechanical success. It was also understood that in cases where it was already in existence, it had failed to bring about any substantial improvement in working conditions.

Exhaustive experiments were, however, made in member mills with various types of masks, and the results appeared to indicate that each type of mask had its own merits and demerits. It was, however, found that a practical solution of the problem in mills in which the workers objected to wearing Martindale and other types of protective masks would be to make available, free of charge, to men working in particularly dusty occupations strips of sterilised lint and bandage cloth cut into lengths which would enable them to be tied at the back of the head, provision being made for changes on alternate days, and precaution being taken to ensure that workers did not use other workers' masks.

In conveying these results to the authorities concerned, the Committee pointed out that the use of such devices would to a great extent depend upon the operatives' voluntary efforts, as compulsion in such matters by employers might easily be misunderstood. (*Appendix 9.*)

EMPLOYMENT OF CHILDREN IN INDUSTRIAL ESTABLISHMENTS.

The Factories Act, 1934, prohibits the employment of children under the age of twelve in factories, but no such restriction is applicable to industrial establishments not subject to that Act. The twenty-third session of the International Labour Conference adopted a Convention in which a special Article for India was inserted, fixing the minimum age at which children may be employed or may work in the transport of passengers, goods or mails by rail, or in the handling of goods at docks, wharfs or quays at thirteen years. The Employment of Children Act, which was passed in 1938, accordingly prohibited the employment in all these occupations of children under the age of fifteen.

The Royal Commission on Labour drew attention, in particular, to the serious abuses to which the practice of employing children, often at a very early age, in various unhealthy, and in some cases dangerous occupations, had lent itself. In order to give effect to this recommendation, the Central Government introduced a Bill in the Legislative Assembly on the 8th February 1939, amending the Employment of Children Act, 1938, so as to prohibit the employment of children under the age of twelve in any workshop wherein any of the processes specified in the following schedule appended to the Bill was carried on :—

- (1) *Bidi* making.
- (2) Carpet weaving.
- (3) Cement manufacturing, including packing of cement.
- (4) Cloth printing, dyeing and weaving.
- (5) Manufacturing of matches, explosives and fireworks.

- (6) Mica cutting and splitting.
- (7) Shellac manufacturing.
- (8) Soap manufacturing.
- (9) Tanning.
- (10) Wool cleaning.

It was stated that the occupations listed in the schedule had been selected either because they were unhealthy or commonly accompanied by exploitation of child labour, but the Bill gave Provincial Governments power to amend or alter the schedule as and when found necessary.

The Bill was taken up for consideration in the Legislative Assembly on the 13th February 1939, and was duly passed. (*Appendix 10.*)

BILL TO PROVIDE FOR THE REGISTRATION AND PROTECTION OF TRADE MARKS IN INDIA.

(*See also pages 20 and 152 of Report for 1938.*)

In the last annual report, reference was made to the criticisms advanced by the Committee on the tentative conclusions embodied in the draft Bill framed by Mr. R. K. Nehru, I.C.S., for the provision of trade mark registration in India. After considering the views expressed by commercial and industrial interests on the draft proposals, Government framed a "Bill to provide for the registration and protection of Trade Marks in India" which was introduced in the Legislative Assembly on 19th September 1939, and on the motion of the Honourable the Commerce Member, was subsequently referred to a Select Committee.

The new Bill was carefully examined by the Committee. It appeared to be the same as that prepared by Mr. Nehru in 1937-38, and none of the major objections which the Association had then raised to certain important provisions of the draft Bill, such as location of the textile marks registry, etc., seemed to have been given effect to. In these circumstances, the Committee considered it necessary to place their views once again before Government and the Select Committee. The more important criticisms put forward by the Committee are summarized below:—

Location of Register.—Clause 4(1) of the Bill provided for the establishment of a Trade Marks Registry in Calcutta. Clause 63(1) stated that there would be established in Bombay for the purpose of facilitating the registration of trade marks in respect of textile goods, a branch of the Trade Marks Registry in charge of a Deputy Registrar, who would act under the direction of the Registrar. No provision appeared to have been made in the Bill empowering the Registrar to delegate his authority to the Deputy Registrar. This, it was felt, was an unsatisfactory arrangement. Taking the classes of imported goods on which trade marks were generally used, Bombay should, the Committee felt, be held to be a more suitable centre than Calcutta

for the location of the Trade Marks Register. In the case of textile goods, the case for the location of the headquarters of the Register in Bombay was overwhelmingly strong. The Province of Bombay alone controlled about 70 per cent. of the loomage available in this country, and the imports of cotton piecegoods into Bombay and Karachi were considerably in excess of the imports of piecegoods into Calcutta. This being the position, it followed, from the point of view of the convenience of the general public and importers, that Calcutta offered no advantages over Bombay as a centre for the receipt of trade mark applications except that it happened to be the headquarters of the Patents and Designs Office. While the combination of the two offices, namely, the Controller of Patents and Designs, and the Registrar of Trade Marks, might be an administrative convenience and economy from the point of view of Government, this advantage, in the opinion of the Committee, would be more than offset by the inconvenience and delay which would follow from the adoption of the arrangement laid down in the Bill. The Committee strongly felt that, even if Government were not inclined to move the headquarters of the General Registry from Calcutta to Bombay, the main Registry of Textile Marks at any rate should be maintained in Bombay. If this could not be done, it was urged that all applications for the registration of textile marks should be made through the Bombay office, the Registrar in Calcutta being empowered to delegate his powers to the Deputy Registrar in Bombay so far as textile marks were concerned. An important advantage which might accrue from the adoption of this suggestion would be the expeditious disposal of applications for registration.

Appellate authority.—Clause 75 of the Bill provided for an appeal to a High Court from any decision given by the Registrar under the Act. It was not clear whether the appeal referred to in this Clause would lie with the High Court having jurisdiction over the centre in which the Trade Marks Registry was situated or to the High Court of the Province where the appellant resided. The Committee, therefore, suggested that the position should be made clear.

It was, however, thought that, in the initial stages, when the registering authority would be called upon to deal with a very large number of applications for registration of marks already in use, special arrangements should be made to deal expeditiously with the many appeals which might be expected to be made against the decisions of the registering authority. In view of the very great importance which the Committee attached to this question, they suggested that :—

- (i) all appeals from the registering authority should be dealt with by a Tribunal consisting of three High Court Judges drawn from the High Courts of Calcutta, Madras and Bombay. When the problem of existing marks had been solved, the services of these Judges might, it was thought, be dispensed with and they might revert to their permanent appointments in the Provinces and be specially delegated to deal with trade mark cases coming up before their respective High Courts. Such a Tribunal would, the Committee felt, be able to dispose of all the appeals as they came from the Registrar, and a Bench of three Judges constantly deciding nothing but trade mark appeals would be able to deal

with references far more rapidly than High Courts of the various Provinces.

If, unfortunately, this suggestion did not meet with Government's approval, then it was suggested that :—

- (ii) the Court of Appeal for textile marks should be the High Court of Bombay and that the Chief Justice be authorized to set aside one of the High Court Judges for the hearing of these appeals. Similarly, for general marks, the High Court at Calcutta should be authorized to hear appeals from the registering authority in Calcutta. If this suggestion was adopted, the Deputy Registrar in the case of textile marks in Bombay should be given powers under Section 74 to appear for the Registrar in the High Court of Bombay. In the Bill, as it stood, there was no such provision.

The Committee most seriously advocated the acceptance of either the first or the second suggestion, but suggested that, if Government found it impossible to accept either of them, they should instruct all High Courts in India to appoint special Benches to hear appeals against decisions of the Registrar. The grave results which might follow from Government refusing to alter the existing Bill on the lines of suggestion (i) or (ii), owing to different High Courts giving different judgments on similar cases, was also emphasized, and it was pointed out that conflicting judgments might reduce the advantages of registration to such an extent as to deter applicants from sending in their marks for registration.

The next point raised by the Committee was in connection with Clause 82 of the Bill, which would enable India to enter into reciprocal arrangements with other countries for the mutual protection of trade marks, after the expiry of six months from the commencement of the Act. The Committee were not generally opposed to the principle underlying reciprocity in such matters, provided due safeguards were available to old and well-established trade marks of this country, but they felt that the proper time to enter into reciprocal arrangements would be when the problem of registering *existing marks* had been completely solved in British India and in Indian States, and when all the existing trade marks which were in the Register had acquired the full privileges of registered trade marks as laid down in the Bill. In the circumstances, they suggested that Clause 82 be withdrawn for the time being on the understanding that there would be no objection to the Act being amended at the end of the period referred to, for the incorporation of reciprocal arrangements. If, however, Government considered that a period of ten years, as suggested above, was too long and that it was not in the interests of this country to defer reciprocal arrangements till all the existing trade marks had acquired the full privileges of registered trade marks, then the Committee suggested that Clause 82 should be held up, at least till the existing trade marks had been transferred to the Government Registers, and that the period of six months laid down by the clause should be extended to five years.

It is understood that the Select Committee will meet early in February 1940. (*Appendix 11.*)

POWER COSTS.

(See also pages 44 and 202 of Report for 1938.)

In the last report of the Association, reference was made to the efforts made by the Committee to obtain a reduction in the industry's power charges. These efforts were continued in the year under review, and towards the middle of August, Messrs. Tata Hydro-Electric Agencies, Ltd. furnished the Committee with a new rate schedule (T-4) which the Board of the Power Companies had approved with effect from the 1st August 1939. The effect of the new tariff would, it was stated, be a reduction to cotton mill consumers of more than three lakhs of rupees per annum. The Power Companies regretted their inability to make any further reductions in rates and made it clear that the T-4 schedule would not take the place of the T-3 tariff, but was offered to mills as an alternative rate available to those who advised the Power Companies in writing that they were desirous of switching over to the new schedule for the unexpired periods of their existing contracts.

The implications of the new tariff were carefully examined by the Committee, and it appeared that while there would be a small saving in the case of a reasonably large mill working single shift, the minimum monthly charges which would have to be paid for such a mill in the event of closure owing to trade depression or other causes beyond its control would be much higher than under the T-3 tariff. This point was, therefore, taken up with the Power Companies, who eventually agreed that where a consumer accepted the T-4 schedule and subsequently was in the position of having to close down his mill for any reason whatsoever, the minimum charge payable for each complete calendar month of such closure would be no higher than that provided for under the T-3 schedule.

The Power Companies further agreed to permit mills to generate a portion of their power requirements through the use of back pressure turbines up to a maximum of 6 per cent. of the contract demand, but indicated that if any consumer availed himself of this option, he would be required to demarcate that portion of his premises which would not be supplied power by them and which would be unconnected with their system.

While the Committee realised that the relief afforded to mills by the new terms was very small, they felt that under the war conditions which had since developed, they had no option but to recommend acceptance of the new rates for the time being. Member mills were, therefore, advised to accept the new rate schedule subject to the condition that the minimum monthly charge in the event of complete closure of a mill would be no higher than under the T-3 schedule.

As regards the use of back pressure turbines, it appeared from a careful examination of the concession offered by the Power Companies that with the exception of two mills which already had a back pressure turbine clause in their agreements, the installation of back pressure turbines would not prove a practical proposition, unless mills were allowed to generate a very much

larger percentage of their power requirements than 6 per cent. of the contract demand by the use of back pressure turbines. Several mills pointed out that, whatever the percentage of the contract finally permitted, it would be essential to permit connection to the main source of power supply. It was also stated that the use of back pressure turbines should be regulated on the principle that power should be permitted to be generated from process steam so as to allow full advantage and economy to be derived from the whole of the process steam available and that the Hydro Companies should permit this in the interests of industrial economy. It was further pointed out that restrictions such as those suggested by the Hydro Electric Companies were not imposed by other power supply companies and that the Bombay industry should not be singled out for penalisation in this way.

The new T-4 tariff had been designated by the Power Companies as a special process steam tariff. The Committee felt that the essential features of a process steam tariff which was to be applied to an industry, like the Indian mill industry, which used large quantities of steam in the various stages of cloth manufacture, ought to be that the combined cost of generating power and steam should be low enough to compensate for the non-use of back pressure turbines ; and this, it was claimed, was not the case when the cost of power under the T-4 tariff plus the cost of process steam was applied to the average sized mill in Bombay. Failing the fulfilment of this essential consideration, the Committee maintained that no restriction whatever should be placed by the Power Companies on the percentage of power permitted to be generated by the use of back pressure turbines.

Taking these facts into consideration, the Committee suggested that the Board of the Power Companies might reconsider the terms of the concession they were prepared to offer in respect of back pressure turbines in order that it might be of some practical utility to mills. At the same time, it was realised that the war emergency might, in any event, prevent mills from installing back pressure turbines in the near future, but even if this was the case, it was maintained that there was a very good case for an immediate revision in the terms of the offer made by the Power Companies. (*Appendix 12.*)

FUEL OIL SUPPLIES TO COTTON MILLS.

(*See also pages 46 and 207 of Report for 1938.*)

On pages 46-48 of the last report, it was stated that, as a result of the negotiations carried on between the Association and Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., the Oil Company agreed to re-declare the mill rate for furnace oil for 1939 at Rs. 29 per ton of 2,240 lbs., subject to the incorporation of a War Clause in mill contracts.

Early in October, the attention of the Committee was drawn to the fact that the Burmah-Shell Company had notified the mill rate for furnace oil for 1940 at Rs. 31.4 per ton, subject to the usual 2 per cent. cash discount

for prompt payments and to the stipulations mentioned in oil contracts and the supplementary agreements.

The reasons underlying the increase in price compared to 1939 were discussed informally with representatives of the Burmah-Shell Company, who appeared to hold that the increase in price was in conformity with the rise in coal prices which was stated to have already occurred. The Committee were unaware of any such increase in coal prices, but they were, nevertheless, constrained to advise mills to accept the new rate in view of the general situation and the fact that the price fixed would remain in force over the whole of the year 1940 unless special action had to be taken owing to the war emergency clause unconnected with any further rise which might arise during the year in coal prices. All members in Bombay were accordingly advised to accept the price fixed for 1940. It was, at the same time, made clear that it could not be assumed with certainty that the price would remain unchanged throughout the year in view of the war emergency clause.

Towards the end of the year, however, the Oil Company notified all fuel oil users of their intention to recover Rs. 3 per ton under the war emergency clause in mill contracts with effect from 10th January 1940. In this connection, it might be pointed out that when the war emergency clause was under discussion with representatives of the Burmah-Shell Company in 1938, it was made clear on behalf of the Oil Company that if any increase in prices was made as a result of war emergency, it would need to be justified on the basis of increased costs and other charges. The matter was, therefore, discussed by a special sub-Committee of fuel oil users with representatives of the Oil Company, as a result of which it was agreed that for the present at any rate the war emergency surcharge would be reduced to Rs. 2 and that no further increases on account of war risk insurance would be made in 1940 unless the average war risk insurance exceeded Rs. 2 per ton. No decisions were reached in regard to the increase in fuel oil prices on account of increased freight rates, but the Oil Company agreed to refer this aspect of the question to their London Office. (*Appendix 13.*)

FIRE INSURANCE RATES FOR COTTON MILLS.

The Indian Insurance Act, 1938, which came into force on the 1st July 1939, provided, among other things, that no rebates, either direct or indirect, of any kind whatsoever should be granted to insured parties, and further laid down a maximum rate of 15 per cent. commission for insurance agents in respect of fire insurance business. In view of these provisions, the question as to the reductions in premium rates which should be made in respect of insurance of cotton mills and cotton mill godowns in Bombay and mofussil centres, was taken up by the Committee with the Bombay Fire Insurance Association, and the discussions which subsequently took place between a special sub-Committee of the Association and representatives of the Fire Insurance Association resulted in the following changes in the Cotton Mills and Godowns Tariffs being notified by the Fire Insurance

Association. (For easy reference, the existing rates are shown alongside the new rates within brackets.) :—

Bombay Cotton Mills and Godowns Tariffs.

Special Reduction.

Risks situated within the Municipal limits of Bombay increased to ..	50% (25%)
Risks situated elsewhere increased to	40% (15%)

Bombay Mofussil Cotton Mills Tariff.

Special Reduction.

For Sprinklered Mills <i>only</i> increased to	40% (15%)
For other Mills increased to	30% (15%)

Bombay Mofussil Godowns Tariff.

Special Reduction.

For all risks increased to	30% (15%)
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Riot and Civil Commotion Tariff.

Section B.—Item 5.

Rates reduced to :—	Column I. annas per cent.		Column II. annas per cent.	
	Bldgs.	Contents.	Bldgs.	Contents.
(a) Islands of Bombay and Salsette.	$\frac{1}{2}$ ($\frac{3}{4}$)	$\frac{1}{2}$ ($\frac{3}{4}$)	$\frac{3}{4}$ ($1\frac{1}{8}$)	$\frac{3}{4}$ ($1\frac{1}{8}$)
(b) Mofussil	$\frac{3}{4}$ (1)	$\frac{3}{4}$ (1)	$1\frac{1}{8}$ ($1\frac{1}{2}$)	$1\frac{1}{8}$ ($1\frac{1}{2}$)

Mofussil Godowns Tariff.

The following alterations and increases in rates due to unfavourable experience were also made with effect from 1st July 1939 :—

Section 1.

Item	Increased to	Not less than Annas per cent. per annum.	
		Fireproof.	Non-Fireproof.
Item (b)	Increased to	6 ($4\frac{1}{2}$)	12 (9)
Item (c)	.. .. .	8 (6)	14 ($10\frac{1}{2}$)
Item (d)	.. .. .	10 ($7\frac{1}{2}$)	20 (15)
Item (e)	.. .. .	18 ($12/13\frac{1}{2}$)	24 (18)
		....	18 (12)
		....	20 (15)
		....	36 (27)
		....	48 (40)

Items (h) and (i) deleted.

Add the following new items :—

(b) (2) Non-hazardous stores including spare parts of machinery but excluding cotton and Dyeing and/or Bleaching substances, Dyes, Metal Oxides, Acids and Salts ..	3	$4\frac{1}{2}$
(c) (2) Hazardous Stores excluding cotton but including Dyeing and/or Bleaching substances, Dyes, Metal Oxides, Acids and Salts	6	9

Section 2.

					Not less than Annas per cent. per annum.	
					Fireproof.	Non-Fireproof.
Item (b)	Increased to	..	..	..	6 (4½)	10 (7½)
Item (c)	" "	..	..	..	8 (6)	14 (10½)
Item (d)	" "	..	..	..	10 (7½)	18 (13½)
Item (e)	" "	..	..	..	18 (12)	22 (16½)
					....	14 (9)
					....	16 (12)
					....	32 (24)
					....	48 (36)

Items (h) and (i) deleted.

Add the following new items :—

(b) (2)	Non-hazardous stores including spare parts of machinery but excluding cotton and Dyeing and/or Bleaching substances, Dyes, Metal Oxides, Acids and Salts ..	3	4
(c) (2)	Hazardous Stores excluding cotton but including Dyeing and/or Bleaching substances, Dyes, Metal Oxides, Acids and Salts	6	8

Bombay Agency Rules : Brokers and Mofussil Agency Rules.

The foregoing alterations in rates were subject to reductions in commission and brokerage applicable to the Bombay Cotton Mills and Godowns Tariffs, the Mofussil Cotton Mills and Godowns Tariffs and item 5 of Section B of the Riot and Civil Commotion Tariff as follows :—

Bombay Agents, Working and Non-Working, reduced to	12½%
Mofussil Agents, Sub-Agents and Brokers reduced to	7½%

While the Committee felt that the rates proposed were on the whole fair so far as the Bombay City and Island mills were concerned, it appeared that cotton mills and cotton mill godowns in the mofussil had been unfairly treated. The smaller special reduction granted to mofussil cotton mills and cotton mill godowns than in Bombay would, it was thought, be considerably offset by the increased rates which had been proposed in Sections 1 and 2 of the Mofussil Godowns Tariff. So far as the Committee were aware, there had been no serious fire losses in mofussil cotton godowns, and in these circumstances, the Fire Insurance Association were asked to state the precise circumstances under which an increase in rates was deemed necessary in that part of the Tariff. At the same time, member mills situated outside the Islands of Bombay and Salsette, but within the territories to which the Bombay Fire Tariff was applicable, were also asked to write to their respective insurance companies supporting the case put forward by the Association.

It was ascertained in the course of the discussions which the special sub-Committee of the Association subsequently had with representatives of the Fire Insurance Association that the claims experience in respect of cotton mills and cotton godowns in the mofussil was extremely bad, but the Committee felt that if these fires had originated in *kutch*a godowns, then there would be no justification for asking mills which had put up *pucca*

godowns to pay higher rates than before. An enquiry was, therefore, addressed to the Fire Insurance Association asking whether, in these cases, the fire had occurred in *pucca* godowns with baled cotton or in *kutchra* godowns with loose cotton.

The Fire Insurance Association pointed out, in reply, that the experience in respect of non-sprinklered mills in the mofussil had been far from good and that experience in respect of risks rateable under the Mofussil Godowns Tariff might almost be termed disastrous. In support of this statement, they submitted a list of the important losses sustained by fire in mofussil cotton mill godowns and/or compounds during 1937 and 1938 and up to the end of June 1939. The statement showed a total loss of over Rs. 12,00,000, and the Fire Insurance Association maintained that, contrary to the Association's contention, these fires had not been confined to *kutchra* godowns. They further suggested that it would be impossible to adjust rates separately for each form of construction.

A rough analysis of the claims statement submitted by the Fire Insurance Association appeared to the Committee to indicate that there was no case whatsoever for an increase in the rates in respect of fully pressed cotton bales stored in sprinklered godowns. They felt that it was in the interests of the insurance companies to encourage mofussil mills to store fully pressed cotton bales in sprinklered godowns, and that there was no reason why mills with properly constructed and sprinklered godowns should pay for those who tried to save pressing charges and would not build *pucca* godowns.

The matter was, therefore, once again taken up with the Fire Insurance Association towards the end of September, but up to the time of writing, nothing further has been heard from them. (*Appendix 14.*)

FIRE INSURANCE TARIFF OF COTTON MILLS : RATING OF DRYING DEPARTMENTS.

According to the existing Fire Insurance Tariff for Bombay cotton mills, dyeing departments where yarn drying machines were installed were rated as under :—

	<i>Buildings and/or Contents.</i>	
	<i>Fireproof.</i>	<i>Non-fireproof.</i>
	Not less per cent. per annum than	
	As. %	As. %
1. Drying of Yarn and/or Cotton by Steam Pipes, and/or Hot Air Pipes with a warranty that no singeing of cloth be done	9	12
2. Drying of Yarn and/or Cotton in " Simplex " Patent Drying Machines, erected on sealed cement bases subject to a warranty that no stock be stored outside the machine within 10 feet	6	7½
3. Beam and/or Cheese dyeing and drying with warranty that the drying machines are entirely enclosed with incombustible material	4	5
Without such warranty	9	12

The question of a revision of the schedule was taken up by the Association with the Bombay Fire Insurance Association, and early in the year, arrangements were made for the inspectors of the Fire Insurance Association to inspect a few mills in Bombay who had installed such plants. As a result of this inspection, the Fire Insurance Association proposed the following revised tariff :—

	<i>Fireproof.</i>		<i>Non-fireproof.</i>	
	As.	%	As.	%
1. Drying by steam heat of Beams and/or Cheeses only with warranty that the drying machines are entirely enclosed with incombustible material	3		3½	
2. Drying by steam heat of Yarn in machines where the temperature is warranted not to exceed 180° F. and where no combustible material is used in the construction of the machine	3½		4½	
3. Drying by steam heat of Yarn where the temperature exceeds 180° F. but where no combustible material is used in the construction of the machine	4½		5½	
4. Drying of Cotton in "Simplex" Patent Drying Machines or other similar machines erected on sealed cement bases	6		7½	
5. Drying of Beams, Cheeses, Yarn and Cotton by steam heat otherwise than in 1 to 4 <i>supra</i>	9		12	
<i>N.B.—2:</i> (Applicable to items 1 to 5 inclusive)— Unless a warranty is inserted to the effect that no cotton and/or yarn is stacked or hung within 10 feet of the machine or machines, the above rates must be loaded by	1		1½	

N.B.—3: Drying chambers or drying machines using steam heat and rateable under sections 1, 2 and 3, in a dyeing and/or bleaching department, i.e., where essentially wet processes are taking place may be rated *per se*, without affecting the rates charged for the Dyeing and Bleaching section.

As regards items 2 and 3 of the new schedule, the Fire Insurance Association indicated their willingness to amalgamate them and to omit all reference to temperature, if members so desired, at a charge of As. 4 per cent. and As. 5 per cent. for fire-proof and non-fireproof respectively.

The proposals framed by the Fire Insurance Association were carefully examined by the Committee in consultation with member mills who had installed drying plants, and it appeared that the revised schedule was on the whole satisfactory. It was also agreed that no amalgamation of the proposed items 2 and 3 was necessary so as to do away with the reference to temperature. In order to clarify the intentions of the revised schedule, it was further agreed that the following note should be added to *N.B. 3* :—

" This provision does not apply when cotton and/or yarn is stacked or hung within 10 feet of the machine or machines. In such circumstances, the highest rate applicable must apply over the whole compartment in which the drying machine is situated and all compartments in communication therewith."

The new schedule was brought into operation with effect from 31st October 1939. (*Appendix 15.*)

FIRE INSURANCE RATES FOR WOOLLEN MILLS.

Following the introduction of the new Insurance Act on the 1st July 1939, the Bombay Fire Insurance Association notified certain revised rates for cotton and artificial silk mills. No reductions were made in the case of woollen mills. The Committee felt that the claims experience of woollen mills had been extremely good, and that, in this view of the case, there appeared a case for a substantial reduction in their insurance rates. The matter was taken up with the Fire Insurance Association, who regretted their inability to recommend a reduction in rates, but pointed out that they examined the loss experience of all classes of risk from time to time and that they would, in due course, have the matter before them again.

The Committee were unable to understand the rejection of the claim of the woollen industry, in the absence of an indication of the claims experience of the Fire Insurance Association. The reply from the Fire Insurance Association seemed to suggest that the claims experience of woollen mill risks had been unfortunate and the Committee desired to be supplied with figures, or, if that was not possible, with information which would throw some light on the fire experience of this class of risk. If, however, the Insurance Association felt that even this information was of such a confidential nature that it could not be furnished, then the Committee urged the case of the woollen mill industry for a reduction in rates on the ground that, while wool was not so inflammable as cotton, the rates for cotton mill buildings and contents were in several instances very much lower than the rates charged for woollen mill buildings and contents. From the information available to the Association, the claims experience of woollen mills in Bombay and the mofussil in the last ten years had been extremely good, and there seemed to be good reasons for reviewing the position.

It is understood that the matter is being considered by the Bombay Fire Insurance Association. (*Appendix 16.*)

INSURANCE RATES FOR TRANSIT OF COTTON, COTTON YARN AND COTTON PIECEGOODS BY RAIL AND BY SEA.

Towards the end of July, the attention of the Committee was drawn to the fact that with effect from 1st July 1939, the Bombay Underwriters' Association had increased the insurance rates for transit of cotton, cotton yarn and cotton piecegoods by rail and/or by sea. The position appeared to be that the particular portion of the Tariff relating to transit insurance was not in operation prior to July 1939, and insurance companies were at liberty to secure business at whatever rates they could obtain; and as a matter of fact, business was actually being booked at rates which were in some cases about 66½ per cent. lower than the Tariff rates. From 1st July 1939, when the

new Insurance Act came into force, these rates appeared to have been put up, and mills had been called upon to pay considerably higher rates of premium, the new rates being about 100 per cent. over the old rates in the case of railway transit rates and about 300 per cent. over the old rates in the case of transit by sea.

The Committee were aware that a part of the disparity between the old and new rates might be due to the fact that the insurance agent passed back a good percentage of his commission to his customers, and that this was no longer possible under the new Act. As against this, the new Act permitted insurance companies to fix a rate of agency commission on such business which was even lower than the rate allowed to him under the old Act, and it had been urged that the difference which should have been passed on to the insured now went really to the insurance companies. While it might have been possible that, prior to July 1939, transit insurance business, in view of private discounts and rebates which were being paid, was being done at uneconomic rates, the Committee felt that the insurance companies were not justified in taking advantage of the new Act to fix rates which were out of all proportion to those at which business had so far been regularly done. It was also understood that while transit insurance rates by sea in respect of cotton brought to India or conveyed from one Indian port to another had been increased, the rates for cotton exported from India had been retained at the old levels. Another point which had been made was that cotton, oil and similar materials which were more risky than cotton piecegoods were being carried to foreign countries at 2 annas per cent., while piecegoods sent from Bombay to Calcutta were being charged from 4 annas to 7 annas per cent., varying according to the warranties inserted in the cover.

The matter was, therefore, taken up with the Bombay Underwriters' Association, who, however, indicated their inability to reduce the rates. In view of the altered situation which developed with the outbreak of the war, the Committee felt that no useful purpose would be served by pursuing the matter further for the time being. (*Appendix 17.*)

URBAN IMMOVABLE PROPERTY TAX.

The Bombay Finance (Amendment) Bill, 1939, introduced by the Honourable the Finance Member in the Bombay Legislative Assembly on the 14th February provided, *inter alia*, for a new urban immovable property tax at the rate of 10 per cent. of the rateable value of such property. The tax was designed to raise an immediate additional revenue of Rs. 108 lakhs in Bombay and suburbs and Rs. 19 lakhs in Ahmedabad.

The implications of the tax, so far as the cotton mill industry of the Province was concerned, were carefully examined by the Committee, and they were strongly opposed to it. They felt that the application of the urban immovable property tax to industrial establishments could never have been intended by Government in view of the very definite statement made by the Finance Minister that "the policy we have deliberately adopted is one of

active encouragement, support and protection to all big industries in our country in so far as it is in our power to extend these to them . . . Whether it is our labour legislation or taxation or any other activity, it is our constant endeavour to see that our great industries receive all the assistance they are entitled to." This being the policy of the Congress and the Congress Government, the Committee maintained that industrial establishments should, in equity, be exempted from the urban immovable property tax and that the Bill should be modified to give effect to such exemption.

In explaining the effect of the new taxation proposals, the Finance Member stated :—

"It will also mean a relief to those who have been unjustly taxed and a corresponding shifting of the burden from those who cannot to those who can bear the burden."

In the opinion of the Committee, this statement did not appear to have been borne out, so far as the application of the tax to the cotton textile industry was concerned. The industry in the Bombay Province had already been called upon to bear an enormous burden, amounting to a crore of rupees per annum, by way of additional wages as a result of the interim recommendations of the Textile Labour Inquiry Committee. If the urban immovable property tax was applied to the mill industry, it would mean an addition to the cost of manufacture of cotton piecegoods of approximately Rs. 6 lakhs per annum to Bombay City and Island mills alone ; and mills in Ahmedabad would be similarly affected. This would be a direct additional burden which the industry could, under no circumstances, pass on to the consumers of piecegoods. The tax would, in effect, become a first charge on any profits the industry might make, and in the case of those mills which were unable to make ends meet owing to the severe competition they had to face from mills in other parts of India and abroad, it would become a tax on capital.

The Committee maintained that the imposition of the tax on the industry was unwarranted in view of the fact that it would neutralize to some extent the protection granted to the industry by the Cotton Textile Industry (Protection) Act, 1934. They, therefore, urged that if Government decided to proceed with the Bill, a clause to ensure the exemption of properties solely used for industrial purposes and tenements provided by industrial employers for their operatives should be inserted in the Bill.

The Bill was taken up for consideration in the Assembly on 25th February and was passed by the House with a minor modification : the rate of tax was reduced to 5 per cent. of the annual letting value :—

- (a) in the case of buildings and lands in Bombay of which the annual letting value did not exceed Rs. 2,000 ; and
- (b) in the case of buildings and lands in other areas, of which the annual letting value did not exceed such amount as Government might declare by notification in the official *Gazette*.

(This limit was subsequently fixed at Rs. 1,000 in the case of lands and buildings situated in the following areas :—

- (i) the limits of the Municipal Boroughs of Thana, Kurla, Bandra and Ahmedabad ;
- (ii) the limits of the Municipal Districts of Vile Parle, Ghatkopar and Kiroi and Juhu in the Bombay Suburban District ;
- (iii) the notified areas of Malad, Kandivli, Borivli, Chembur and Mulund in the Bombay Suburban District, Bhayandar in the District of Thana and Sabarmati in the District of Ahmedabad ; and
- (iv) the limits of the Cantonment of Ahmedabad.)

Under Section 29 of the Act, Government were empowered to make rules for the purpose of carrying out the intentions of the Act so far as the levy of the urban immovable property tax was concerned. Among such matters was “ the portion of the urban immovable property tax which shall be refunded or remitted, and the manner in which, and the conditions subject to which, such remissions or refunds shall be granted.” Towards the end of May, Government published certain draft rules, which were designed to remit entirely the urban immovable property tax in respect of properties of which the rateable value was less than Rs. 500 in the City of Bombay and less than Rs. 200 in Salsette and Ahmedabad, and to reduce the amount of the tax to 5 per cent. in the case of properties in Salsette and Ahmedabad of which the annual letting value did not exceed Rs. 1,000.

Section 27 of the Act laid down that “ where any building or land assessed to the urban immovable property tax had been vacant and unproductive of rent for any period of not less than sixty consecutive days, the Municipality concerned shall remit or refund such portion of the urban immovable property tax as may be prescribed.” It, therefore, appeared that rules had to be framed specifying the amount of refunds due on account of closure, etc., in respect of such properties. The draft notification referred to above only partially dealt with Section 29 in so far as it concerned remissions, but failed to prescribe the amount of refunds due on vacant properties. This aspect of the matter was, therefore, taken up with Government, and it was urged :—

- (a) that mills which were silent should be regarded as vacant though the machinery might be within the mills ; and
- (b) that the whole of the additional property tax paid in respect of such properties should be allowed by way of refund for vacancies exceeding sixty consecutive days.

The Committee further suggested that the draft rules with the incorporation of additional provisions regarding vacancies should be re-published for information before being finally adopted.

It may be pointed out that Government have since notified that every municipality shall give remission or refund of the urban immovable property tax in respect of any building or land situated in the area within its limits in the same proportion as it gives remission or refund of the property tax leviable by it in respect of such building or land. (*Appendix 18.*)

BOMBAY SALES TAX ACT.

The Sales Tax Bill introduced by the Honourable the Finance Member in the Bombay Legislative Assembly on 14th February along with Government's budget proposals for 1939-40, provided, *inter alia*, for the levy of a tax of one anna per gallon of one sale of petrol. This was intended to produce a revenue of Rs. 10 lakhs a year. The Honourable Member further indicated that Government intended later in the year to impose a sales tax on mill-made cloth and artificial silk and silk yarn at a rate not exceeding 6½ per cent. *ad valorem*, which was expected to produce about Rs. 25 lakhs in a full year, and that this tax would, in effect, be confined to the sale of these commodities for consumption in the Bombay Province.

Clause 3 of the Bill stated that the tax would be collected at such stage between manufacture, production or import of the articles concerned as the case might be, and their consumption as might be prescribed, and a proviso to this Clause stated that the tax would not be levied on the sale of any goods by a manufacturer, producer or importer except on retail sale of such goods. Apart from the question as to whether the imposition of such a heavy tax on a necessity of life was desirable, the Committee were opposed to the Bill in the form in which it was introduced since it did not specifically state how and at what stage between manufacture and consumption, the tax was to be imposed. The matter was, therefore, taken up with Government, and in a representation submitted towards the middle of February, the Committee pointed out that to apply the new tax at any other point than at the point of actual retail sale would, in fact, convert it either wholly or partially into a tax on production or manufacture, and in that event, it might become *ultra vires* of the Government of India Act, and would, in any event, adversely affect the competitive capacity of the mill industry in Bombay *vis-a-vis* other Provinces. Pointed attention was drawn to the unjustified handicap which the cotton mill industry of the country suffered for a period of nearly thirty years as a result of the cotton excise duties and the anxiety of the industry to be assured in the Act itself that the Sales Tax on cloth, if approved by the Assembly, could not in any conceivable circumstances be passed back to the manufacturer to the detriment of the future progress of the cotton mill industry, on the prosperity of which the welfare of the Province depended to a very large extent.

Another point stressed by the Committee was the need for an assurance that, in the case of artificial silk yarn which was largely used as a decorative medium on cotton fabrics and which was not produced in India, double taxation was avoided.

It appeared that liability to the sales tax on petrol and lubricants entirely depended on whether the oil, grease or other lubricating substance "is ordinarily used for lubricating the internal machinery of motor vehicles." So far as the Committee were aware, a variety of lubricating oils and greases were on the market for use on motor vehicles, and the explanation, as it stood, seemed to render almost all the lubricating oils and greases used in industrial establishments liable to the tax proposed. In this view of the case, the sales tax, if imposed on lubricants and artificial silk yarn consumed in cotton mills, would, it was feared, directly increase the cost to the industry of certain raw materials essential to their working, thereby raising the industry's cost of manufacture—a consummation which, judged from the speech made by the Honourable the Finance Minister, the Government of Bombay did not desire to bring about. The Committee, therefore, urged that steps should be taken to ensure, by suitable provisions in the Bill itself, that materials utilized by or which were essential or incidental to a process of manufacture should not be subject to the new duty.

The Bill came up for consideration before the Assembly towards the end of March, and was subjected to a considerable amount of criticism from all quarters. Various amendments were moved, and the Bill was ultimately passed on 3rd April, with certain minor modifications, which included :—

- (a) the deletion of the term "lubricants" from the list of items on which the tax might be levied ; and
- (b) the substitution of the words "cloth made wholly or partly of artificial silk" in place of "silk yarn including artificial silk yarn and cloth made of such yarn."

This amendment was made in order to do away with the possibility of cloth made wholly or partly of artificial silk being taxed more heavily than a similar article imported from outside.

The sales tax on motor spirit came into force with effect from the 1st of May 1939. As regards cloth, Government announced, in a press note issued in May, that they had decided that the Bombay Sales Tax Act, so far as manufactured cloth was concerned, should come into force with effect from 1st June 1939. It was pointed out that, in the first instance, only the licensing provisions would be applied and that every trader in manufactured cloth, including wholesale and retail traders, commission agents, brokers and hawkers, would be required to take out a licence within two months from 1st June 1939. At the same time, it was made clear that the fact that all traders would be required to take out licences did not mean that all traders would eventually have to pay a sales tax. It was the intention of Government to levy the tax at one stage in the marketing of cloth and the object of extending the licensing provisions to all traders was to collect statistics which were then lacking and which were necessary to enable Government to evolve a practicable method of collecting a sales tax.

On 11th May, Government published the draft of the Bombay Manufactured Cloth Sales Tax (Licensing Provisions) Rules. Proposed Rule 14 specified that every trader should, within thirty days of the grant of a licence to him, submit to the licensing authority, a statement showing the gross value of the sales of manufactured cloth effected by him during the previous year. The expression "gross value" was not, however, clearly defined. In the opinion of the Committee, Section 3 (2) of the Act contemplated the levy of a duty not exceeding $6\frac{1}{4}$ per cent. on the value of the sales of such goods, and this expression had a different significance from the term "gross value" since the latter would include such things as brokerage, commission, discounts, etc. The Committee further considered it desirable that it should be made clear that the actual returns to be made in accordance with Rule 14 would only have to be made when the original licence was applied for, since the rule was framed explicitly for the purpose of assisting Government to evolve a practicable method of collecting the sales tax.

It was not also clear from the Rules as to what particular forms of licence manufacturers would have to apply for, and the Committee felt that this omission might also be made clear. Moreover, it appeared unnecessary, for the purpose of Rule 14, for manufacturers to submit any other information than that contained in the last published balance-sheet.

A clarification of these points was accordingly sought from Government, who held :—

- (i) that as a manufacturer would sell his cloth as a wholesale trader and in some cases as a retail trader, it would be necessary for him to take out a licence in Form B and/or C as the case might be ;
- (ii) that, as information in regard to sale of cloth was not given on a uniform basis in the balance-sheets of all the mills, and in some cases, sale of yarn, cloth and waste was lumped together, Government could not accept the information given in the balance-sheets as satisfying the requirements of Rule 14 of the Bombay Manufactured Cloth Sales Tax (Licensing Provisions) Rules, 1939 ; and that a separate return as prescribed in the rule had to be furnished by every licensee.

In the light of this explanation, all member mills in the Province of Bombay were duly advised to take out licences, as required by the Act, before the 31st July 1939.

It may be added that, in view of the difficulties connected with the enforcement of the sales tax on cloth, and the serious disorganization which it was likely to cause to the trade, Government subsequently announced their decision not to proceed with the sales tax on manufactured cloth, (*Appendix 19.*)

DEPRECIATION ON MILL BUILDINGS AND MACHINERY.

(See also pages 107 and 326 of Report for 1938.)

Reference was made in the last report to the passage of the Indian Income-tax Amendment Bill by the Indian Legislative Assembly. The Bill was subsequently taken up for consideration by the Council of State and was eventually passed with certain minor modifications. The Bill finally received the assent of the Governor-General on the 17th February.

Section 11 of the Act, which amended Section 10 of the Act of 1922, provided for the calculation of depreciation on plant, machinery and buildings on the basis of "written down values" instead of on the "original cost" basis. The actual rates of depreciation to be allowed on various types of wasting assets were left to be prescribed by rules framed under the Act, and in the course of the discussions in the Legislative Assembly on these provisions of the Income-tax Amendment Bill, the Government spokesmen indicated that the interests concerned would be consulted before final decisions were taken.

It was understood that the provisions of the Act relating to depreciation would be given effect to as and from the 1st April 1940; the question of the rates of depreciation to be allowed on various items of plant, machinery and buildings in cotton mills after this date was, therefore, taken up by the Committee with leading textile machinery manufacturers early in the year. Under the existing arrangements, an assessee was allowed the full cost of every item of his fixed assets in a specified number of years in equal annual instalments. The "useful" life of the plant or buildings dictated the rate of the allowance; the longer the life of the plant, the smaller the allowance. The assumed life of the various types of buildings, plant and machinery, according to the rates specified in the Income-tax Rules, was, on a careful examination, found to be substantially correct. On these assets, however, depreciation at the existing rates on the written down value method would not secure to the assessee an allowance amounting to even 50 per cent. of the original cost at the end of the "useful" life of such assets. The Committee, therefore, felt that the rates should be increased to allow the assessee a higher percentage of the original cost of his assets, and that unless very high rates were allowed, it was only possible to approach 100 per cent. allowance over a very long period of years which would be out of all relation to the "useful" life of such assets. They, therefore, suggested that the assessee should be allowed, in equity, about 90 per cent. of the original cost of his assets at the end of the assumed life of each item of plant and machinery. On this basis, the rates of depreciation allowances which should be allowed on various classes of buildings and machinery were worked out and submitted to the Central Board of Revenue early in July. The Committee further suggested that they should be given an opportunity of discussing certain practical difficulties which might arise in the application of the written down value system before any specific regulations were published.

The Central Board of Revenue, in reply, indicated that they intended to publish the rates of depreciation allowances to be prescribed under the new procedure for general consideration and comments, and that thereafter

if it appeared that oral discussion would serve a useful purpose, an opportunity would be given to the interests concerned for such discussions at important centres or at an all-India conference.

The Board accordingly published their proposals on 5th August in the form of a Resolution, in which it was explained that the proposed rates followed those prescribed for similar assets in the United Kingdom and that in no case was the proposed rate lower than the corresponding rate in the United Kingdom excluding the special addition of 20 per cent. to the United Kingdom rates. Briefly stated, the Board's proposals appeared in the main to continue the rates at present in operation. In certain cases, for example, buildings of less substantial construction, telephone companies, the brick manufacturing industry and the tile manufacturing industry, the new rates were less than the existing rates. In certain other cases, for instance, electric tramways and the aeroplane industries, the new rates were higher than the existing rates.

The proposals framed by Government were discussed at a conference of industrialists drawn from all over India, which was held under the joint auspices of the Employers' Federation of India, the Federation of Indian Chambers of Commerce and Industry and the All-India Organization of Industrial Employers, in Calcutta on the 6th October 1939, under the chairmanship of Sir H. P. Mody. The Association was represented at the conference by Sir H. P. Mody and Mr. H. Glover. The conference considered the viewpoints of industrialists from various parts of the country not only with regard to the cotton textile industry but also in respect of jute, woollen and other textiles. Unanimous conclusions were reached in regard to the proper rates of depreciation to be provided for under the "written down value" method. For ready reference, the rates proposed by the Association in July, the Central Board of Revenue and the Calcutta Conference are reproduced below :—

	Useful Life.	Existing rates.	Rates asked for by Association in July.	Rates proposed by Government.	Rates decided by the Calcutta Conference.
	Years.	Per cent.	Per cent.	Per cent.	Per cent.
1. First Class Buildings ..	40	2½	5	1½	6
2. Machinery, Plant or Furniture : General Rate ..	20	5	10	5	12
3. Dyeing and Bleaching Machinery	13	7½	15	7½	15
4. Motor Cars, Motor Lorries, etc. }	5	{ Cars 15 Lorries 20 }	30	20	{ Cars 30 Lorries 40 }
5. Other Electrical Machinery ..	13	7½	15	7½	15

The proposals framed by the conference very closely followed the suggestions made by the Association in July, and in these circumstances,

a further representation was submitted by the Committee towards the end of October fully supporting the rates decided upon by the Calcutta conference.

Obsolescence (general).—The Committee also pointed out that in computing obsolescence allowances, the difficulties arising out of cases where, owing to the inadequacy of records, it was not always possible for assesses to verify by documentary evidence the original cost less applied depreciation, on which claims for obsolescence could be based, should be kept prominently in mind by the Board. It was recognised that a similar position would arise if the amount for which plant or machinery was sold exceeded the written down value, and the surplus was to be brought in for taxation as a profit for the year in which the sale took place. Under the existing straight line method, for the purpose of adjusting the block accounts when fixed assets had been sold or discarded, the taxation authorities had accepted estimates of the original cost as supplied by the assesses.

Obsolescence of buildings.—It appeared from Section 10 (2) (vii) of the Act that no obsolescence allowance could be claimed in respect of buildings. The Committee considered that such allowance should be given, as buildings as well as plant and machinery formed an integral part of a company's earning capacity. They also urged that where temporary buildings had been demolished or discarded, a full allowance for obsolescence arising therefrom should be allowed in tax assessments.

It was understood that it was intended by the Legislature that, commencing with the year of assessment in which the new method of calculating depreciation was introduced, unabsorbed depreciation admissible from that date would be carried forward in the same manner as under the Act before amendment, and the Committee, therefore, suggested that where an assessee had both losses and unabsorbed depreciation carried forward, it should be made clear that the losses were to be set off against any profits of subsequent years before any part of the depreciation allowance was applied.

The Committee, in conclusion, stressed the vital importance to the industry of a mutually satisfactory arrangement regarding the rates of depreciation to be allowed being arrived at before the provisions of Section 10 (2) (vi) of the Income-tax Act as amended were brought into force, and they, therefore, urged that the representations submitted by the various industrial interests should receive careful consideration by the Central Board of Revenue and that the rates should be determined in agreement with the industries concerned.

The Central Board of Revenue subsequently announced that they proposed to arrange a series of discussions with the interests concerned before the rates of depreciation allowances for various types of wasting assets were finally fixed. The Committee decided that the Association should be represented at the discussions by the Committee appointed at the Calcutta conference held in October.

It is understood that these discussions will be held in Delhi in January 1940. (*Appendix 20.*)

CONTROL OF FORWARD TRADING IN COTTON.

(See also pages 71 and 245 of Report for 1938.)

In the last annual report, reference was made to the views expressed by the Committee on the question of control of forward trading in stocks and shares and commodities in general, and cotton in particular. Briefly stated, the Committee were in favour of uniformity of control of the cotton trade; they, nevertheless, expressed the view that unitary control was an ideal to be aimed at, and preferred to achieve this ideal by voluntary agreement amongst all sections of the trade without resort to penal legislation. If, however, it was the intention of Government to facilitate the control of forward trading by one association, then it was urged that a pre-requisite would be a constitution which provided for the representation of all the interests concerned in such manner as would exclude the possibility of any particular section of the trade obtaining a controlling voice in the affairs of the 'recognized' association, and which guaranteed facilities to all traders for carrying on their legitimate business of buying, selling and hedging under all circumstances.

Towards the middle of the year, the attention of the Committee was drawn to an understanding which appeared to have been reached between the East India Cotton Association and the Shree Mahajan Association. Though the terms of this understanding were subsequently repudiated by the members of the Shree Mahajan Association, it was understood that further efforts were likely to be made in the near future, at the instance of Government, to bring about a merger of these two Associations. It appeared that if, as contemplated by Government, this merger was only the first step towards the establishment of unitary control of forward trading in cotton, then the next step would be an amendment of the Bombay Cotton Contracts Act on the lines already indicated by Government, which would make all contracts illegal other than those made through the "recognized" association.

The position arising out of these developments was discussed at a conference between representatives of the Bombay Chamber of Commerce, the Cotton Buyers' Association and this Association, and early in August, the Committee submitted a further representation to Government urging that no amendment of the Cotton Contracts Act should be undertaken unless the constitution and bye-laws of the East India Cotton Association, which would probably be the only "recognized" association charged with unitary control, had been suitably amended by a committee of inquiry with comprehensive terms of reference. The Committee further desired an assurance that neither the East India Cotton Association, nor for that matter, any other association, would be vested with powers to control the trade as the "only recognized association" unless its constitution and bye-laws had been amended to provide for the adequate representation of genuine trading interests on the administration and control of such organization and to ensure fair trading in all circumstances.

The Committee pointed out that if Government decided to introduce unitary control coupled with a penal clause, and if legislation to provide for such unitary control was confined to the Bombay Province only, it might lead to the establishment of rival associations outside the Province, and

particularly in Indian States, thus enabling traders outside the Province to trade indiscriminately and at the expense of traders and merchants in the Province of Bombay. In this view of the case, it seemed that the existing state of affairs could be more satisfactorily dealt with by introducing an all-India measure, designed to regulate forward trading on a uniform basis throughout India on the lines of the United States of America Commodity Exchange Act, which, it was understood, applied to and regulated forward trading throughout the United States of America.

It was understood that similar representations were submitted by the Bombay Chamber and the Cotton Buyers' Association. Towards the middle of October, the attention of the Committee was drawn to certain amendments to the articles and bye-laws of the East India Cotton Association, which the Board proposed to place before an Extraordinary General Meeting of that Association convened for 3rd November. These amendments provided, *inter alia*, for three additional Directors from the Mahajan Association and one additional Director to be selected from the Buyers' and Sellers' panels alternately. In view of the preponderance of the voting power in the hands of the Brokers' Panel of the East India Cotton Association, it appeared that the amendments proposed would be carried by a large majority of votes at the general meeting.

The Committee were strongly opposed to the proposed amendments, which would have the effect of aggravating the existing disparity between the representation of the Buyers' panel and the Brokers' panel on the Board of Directors. In these circumstances, the matter was once again taken up with Government, and it was made clear that a very important section of the trade, and that dealing in actual cotton, was strongly opposed to the amendments which had been suggested. The Committee further expressed themselves as firmly in favour of the panel system of representation being reverted to also for the purpose of general meetings of the trade. Whereas from 1922 onwards, there were 90 representatives (15 from each of the six panels) in whom the conduct of the trade was vested, it was proposed that there should now be 75 made up of 25 representatives from each of the three panels, namely, Buyers, Sellers and Brokers, and that these three groups of representatives should each select to the Board three Directors instead of the number provided for in the Articles as proposed to be altered at the meeting on the 3rd November. The Committee also reiterated their view that, before any material amendments to the articles and bye-laws were assented to by Government, a committee of enquiry with comprehensive terms of reference should be set up to examine the constitution of the East India Cotton Association.

At the same time, a communication was addressed to the East India Cotton Association explaining the circumstances under which the Committee had found it necessary to approach Government once again in this matter and desired a reversion to the old panel system of voting at general meetings and a constitution of the Board of Directors in which the number of representatives of each of the Buyers' and Sellers' panels to the Brokers' panel remained equal.

It may be added that the meeting called for November 3rd by the East India Cotton Association was subsequently cancelled. (*Appendix 21.*)

PROHIBITION OF OPTION TRADING IN COTTON.

(See also pages 52 and 245 of Report for 1935.)

On pages 52 and 53 of the report of the Association for the year 1935, reference was made to certain new bye-laws framed by the East India Cotton Association, in accordance with the recommendations made by the Cotton Contracts Act Committee, 1931, for the control of option trading. It was also indicated that the Committee of the Association were opposed to these bye-laws, for they considered that no bye-laws which the East India Cotton Association might adopt would be likely to bring about a reduction in the volume of option business, or reduce the liability of the market to sudden crises. They, therefore, held that "Teji-Mandi" transactions should be abolished altogether and declared illegal. The new bye-laws were nevertheless adopted by the East India Cotton Association, but, in view of the opposition from the Trade, Government withheld their sanction to the bye-laws which were not, therefore, brought into force.

The outbreak of the war in September led to an orgy of excessive speculation and violent fluctuations in prices, with the possibility of the occurrence of crises in the cotton market of Bombay. The situation was considered by the Government of Bombay, who held that such fluctuations were also often greatly to the disadvantage of the producer in whose interests it was necessary to maintain a high but steady price. In the opinion of Government, the main factor responsible for the violence of fluctuations was the "Teji Mandi" or option business. In these circumstances, Government promulgated an Ordinance on 22nd September declaring such business void. It was further indicated that if this step did not put a stop to option contracts, Government proposed to bring forward legislation which would effectively stop options. The Ordinance also empowered Government to make bye-laws for a recognized cotton association, and in an explanatory statement appended to the Ordinance it was, *inter alia*, stated:—

"Under the Bombay Cotton Contracts Act, 1932, bye-laws cannot be made by Government; they can only approve or disapprove of bye-laws submitted by the Association or the Directors. It is also obligatory on Government to give bye-laws preliminary notification before final sanction. In the abnormal conditions created by the war it may be necessary to issue bye-laws urgently. It is proposed therefore to take power to impose bye-laws on a recognised association on the authority of Government and without preliminary notification."

While the Committee were fully alive to the necessity of suppressing unhealthy speculation in cotton to the detriment of the grower and the *bona fide* users and exporters of cotton, they felt that the special powers assumed by Government, especially in the matter of issuing bye-laws or changing or repealing existing bye-laws should not be exercised by Government without consulting the interests concerned. At the same time, they realized that circumstances might arise in which such consultations might not, in view of the urgency of the matter, be feasible, but it was felt that even such abnormal cases could be met by immediately bringing into being a consultative committee fully representative of all sections of the trade to advise Government on all matters concerning ready or forward trade in raw cotton.

Under Section 88(2) (a) of the Government of India Act, 1935, it appeared that the Ordinance would cease to operate at the expiration of six weeks from the re-assembly of the Legislature, and as the Bombay Legislative Assembly was then in session, the Committee suggested that the powers conferred on Government by the Ordinance should be utilised for dealing only with matters of essential urgency.

The question was subsequently discussed at an informal conference which representatives of the Association had with the Honourable the Finance Minister at which the representatives of the Association stressed the need for the complete abolition of options in the cotton business. It transpired that Government proposed to introduce legislation to deal effectively with this matter.

Accordingly, a Bill to amend the Bombay Cotton Contracts Act, 1932, was published in the *Bombay Government Gazette*, dated the 24th October 1939. The Bill was designed to give statutory effect to the provisions of the Ordinance. It took the form of amendments to the Bombay Cotton Contracts Act, 1932, and according to the Statement of Objects and Reasons, there was, in substance, no difference between it and the Ordinance.

Unfortunately, the Bill lapsed when the Bombay Legislative Assembly was prorogued on 3rd November 1939, and the Ordinance also ceased to operate on that date, with the result that weekly and monthly options in cotton once again became permissible, and the evil of violent fluctuations detrimentally affected the cotton trade. While the Committee did not consider it advisable to interfere unduly with the rule-making powers of the Board of the East India Cotton Association, they regarded it as absolutely essential that trade in options should be discontinued forthwith in order to create a healthy basis of trading in cotton. The matter was, therefore, once again taken up with the Government of Bombay who were urged to issue a new Ordinance to deal effectively with the situation and to introduce legislation at the earliest opportunity to give statutory effect to this prohibition of option trading at least for the duration of the war.

A small deputation consisting of the Chairman, Deputy Chairman, Sir Ness Wadia, Mr. F. Stones, and the Secretary subsequently waited on Sir Gilbert Wiles, Chief Adviser to His Excellency the Governor, and on 11th December 1939, His Excellency, in exercise of the powers vested in him under Section 93 of the Government of India Act, 1935, passed an Act to provide for the prohibition of options in cotton and for certain other purposes in the Province of Bombay. The Act substantially reproduced the first Option Ordinance which expired on 3rd November and prohibited *all* options in cotton entered into after the date on which it came into force. (*Appendix 22.*)

LABORATORY TESTS ON INDIAN COTTONS.

Following the publication of the Technological reports on standard Indian cottons in December 1938 by the Director of the Technological Laboratory, Matunga, the Association was informed by a member that the

tests reported in the publication were practically in every instance those carried out on samples received from Government farms. It was pointed out that these reports were quite misleading inasmuch as Government farm cotton could not be taken as representative of the cotton grown in the districts concerned, and that tests to be of any value as a true and proper report on Indian cottons should be made on average samples drawn from the market.

A reference was made to the Technological Laboratory to ascertain the exact position, and it appeared that:—

- (a) the tests reported in the Technological reports on standard Indian cottons were made upon samples grown in Government farms ;
- (b) these tests were made in order to keep a severe check upon cotton grown from pure seed, which formed the fountain of all the seed of the improved varieties supplied through the Government farms to the cultivators ;
- (c) the quantities of standard cottons grown in Government farms were small ; and
- (d) the Technological Laboratory had also made arrangements to secure commercial samples, that is to say, samples representing the early arrivals of the chief varieties of Indian cotton in the Bombay and Ahmedabad markets through the Millowners' Associations and the East India Cotton Association, and that tests made on these cottons were published regularly.

A comparison of the results of the tests on the standard cottons and the trade varieties for the last five years, specially taken out for the purpose, brought out very vividly great differences both in the spinning performance and card and blow-room losses between farm cotton and commercial cotton of the same trade description, and incidentally had the effect of bringing home to the manufacturer the need for adequate steps being taken by all parties concerned to reduce these differences. A suggestion was, therefore, made towards the middle of April to the Indian Central Cotton Committee that similar comparative statements might be compiled every year for the benefit of the trade.

The Committee felt, moreover, that Laboratory tests could not be expected to give a true indication of the spinning performance of any particular cotton under commercial conditions, and therefore further suggested that it might be advisable to supplement the Laboratory tests on farm and commercial cottons by mill tests on 100 lbs. samples. Tests of this character were understood to have been made by mills in Bombay for the Agricultural Department, and it was thought that an extension of this practice would be extremely helpful to all concerned. It was realised that the tests conducted in mills would have to be of a simpler character than those made at the Technological Laboratory and the details could, it was thought, be decided upon by the Director of the Laboratory in consultation with an expert

sub-committee of carders and spinners. It was further suggested that the mill tests should be carried out with standard turns and speeds.

The Indian Central Cotton Committee, on their part, accepted the first suggestion made by the Association regarding the yearly publication of a comparative statement of the results of tests on standard cottons and commercial varieties of the same description. As regards the second suggestion, it appeared that the Indian Central Cotton Committee had already decided, with a view to determining what allowances should be made for tests carried out at the Laboratory against similar tests conducted by mills, that the Director of the Technological Laboratory should purchase a bale each of Broach, 289F, Jayawant and Oomras and carry out tests on them at the Laboratory, at the same time sending a 100-lb. sample of each cotton to two or three mills for similar tests for purposes of comparison. They agreed that the exact nature of these tests might be decided on by the Technological Laboratory in consultation with an expert sub-committee of carders and spinners.

The Committee of the Association suggested that 4F cotton should also be added to the list of cottons proposed for mill tests by the Indian Central Cotton Committee, and that other growths of Indian cottons should be gradually included in the list according to their importance.

It may be added that in pursuance of their decision, the Indian Central Cotton Committee published their first report on the comparative results for standard and trade varieties of cotton tested at the Matunga Laboratory early in November. (*Appendix 23.*)

SAMPLE COTTON BYE-LAWS OF THE EAST INDIA COTTON ASSOCIATION.

(*See also pages 70 and 244 of Report for 1938.*)

In the last annual report, reference was made to the Committee's opposition to the sanction granted by the Government of Bombay to bye-law No. 112 of the East India Cotton Association reading as under:—

“All samples or loose cotton taken by the buyer and/or his representative whether for inspection and approval or after approval shall be duly weighed and a receipt shall be given for the same to the seller before removal from the Jaithas or godown.

The Board shall from time to time fix sample cotton rates which shall be final and from which no appeal shall lie and the buyer shall pay to the seller for samples drawn at the sample cotton rate so fixed in respect of the dates upon which the samples were drawn. Samples shall remain the property of the buyer, but in weighing over cotton, the buyer shall be entitled to an allowance from the weight of 1 lb. per 10 bales for samples and notwithstanding that he may have drawn more or less.”

The Committee saw no justification for the existence of a bye-law which the parties themselves agreed not to adhere to and they felt that the best way of giving effect to such an agreement would be by repealing the

existing bye-law and adopting in its place the old bye-law with any amendments which might be considered necessary. It was understood that a requisition for the repeal of the new bye-law and the re-insertion of the original bye-law had been submitted to the East India Cotton Association by the Cotton Buyers' Association. This requisition was placed before a General Meeting of the East India Cotton Association on the 20th March 1939, but was unfortunately defeated owing to the opposition of the sellers.

It is, however, understood that the agreement between the buyers and sellers by which the latter do not insist on the strict observance of this bye-law still continues to operate and that the East India Cotton Association have since decided to defer the fixing of sample rates under the bye-law until the trade itself specially demands it.

DETERIORATION IN THE SIND COTTON CROP.

Towards the end of 1937, the attention of the Committee was drawn by a group of member mills to the progressive deterioration in the cotton crop of Sind. It was stated :—

“We have for several years been fairly large consumers of Sind cotton, and our experience has been that the crop in Sind is materially deteriorating each year. Five years ago, 289F was a good cotton of regular staple and good strength, but cotton of the quality got then is simply not procurable to-day.

“When the Sukkur Barrage was opened, a good deal of publicity was given to the cotton policy that was intended to be pursued. How far that was carried out we have no opinion to offer, but to judge by results, the policy has been a complete failure, and it seems to us in a very short time what has occurred in other districts in India will have taken place in Sind, and that is a complete obliteration of the staple cotton.”

The complaint was subsequently supported by several other members of the Association. The Committee felt that there existed a very strong case for energetic action, and the matter was taken up with the Indian Central Cotton Committee.

The Indian Central Cotton Committee, it was understood subsequently, recommended to the Sind Government the application of the provisions of the Cotton Ginning and Pressing Factories (Bombay Amendment) Act, 1936, for the licensing of gins and presses as early as possible, and the investigation of the possibility of the introduction of a Cotton Control Act, with a view to set apart certain areas for the exclusive cultivation of long-staple cotton. The Committee appreciated the action taken by the Indian Central Cotton Committee, but in view of reports in the press which appeared to indicate the probability of effective action by the Sind Government being delayed to the detriment of the parties concerned owing to the strong opposition which the ginning and pressing factory owners in Sind were reported to be putting up, they suggested that the Indian Central Cotton Committee should take all possible steps to expedite the adoption of the two suggestions placed by them before the Sind Government.

At the same time, a separate representation was addressed to the Government of Sind drawing attention to the urgent need of energetic action being taken to maintain the quality of Sind cotton. It was pointed out that, though in several cases the parties concerned were prepared to pay full premiums, Sind/Sudhar and other varieties of staple cotton grown in Sind were practically unobtainable in Bombay in a pure state, owing to the mixing which was reported to be taking place not only in the ginneries, but also in the cotton fields. The Committee apprehended that if such specially grown varieties of the Indian cotton crop were allowed to deteriorate in quality, the problem of marketing India's cotton crop might even become more difficult than at present, and, therefore, urged that the Government of Sind should give early attention to this matter. (*Appendix 24.*)

**PROPOSED DRAFT BILL FOR SUBMISSION OF RETURNS
OF CONSUMPTION OF IMPORTED COTTON IN MILLS IN
BRITISH INDIA.**

Towards the end of July, the Committee were invited by the Indian Central Cotton Committee to express an opinion on the provisions of a draft Bill "to provide for ascertaining the consumption in factories in British India of imported cotton." It appeared that, with a view to making the statistics of Indian mill consumption of cotton as complete as possible, the Indian Central Cotton Committee had had under consideration the question of collecting statistics also of foreign cotton consumed in mills in India. It was understood that the object in view could not be attained by amending the Indian Cotton Cess Act under which statistics of Indian cotton consumed in mills were at present collected, and that separate legislation would be required for the purpose.

Section 3(1) of the draft Bill laid down that a return in the prescribed form showing the total quantity of imported cotton consumed or brought under process in the mill, should be submitted by the owner of every mill before the seventh of each month, and penalties were prescribed for failure to submit these returns. The preamble to the Bill stated: "whereas it is expedient to ascertain the consumption in cotton factories in British India of imported cotton"; no statement of Objects and Reasons had been appended to the Bill, and it was not, therefore, possible to ascertain whether it was really expedient to secure the information referred to. In the circumstances, the Committee considered the Bill on general grounds, and opposed it for the reason that legislation for the compulsory submission of statistics relating to the use of foreign cotton in Indian mills was unnecessary and that even legislation on the proposed lines was not likely to serve the purpose for which it was intended in view of the fact that it could not be made applicable to Indian States. As far as the Committee were aware, such legislation had not been introduced even in a highly industrialized country like the United Kingdom. It was felt that a fairly accurate idea of the trend of the consumption of foreign cotton in this country could be obtained from the import figures available and that these figures could always be checked up against the half-yearly census results published by the International Federation. In this view of the case, the Committee failed to see why the textile industry of this

country should be asked to support legislation to provide for the compulsory submission of figures showing the quantities of foreign cotton consumed in individual mills. In their view, the existing system of collecting the statistics by voluntary efforts had been found to have worked satisfactorily, and they maintained that those arrangements should be continued. (*Appendix 25.*)

STANDARDS FOR AFRICAN COTTON.

LOWERING THE STANDARD OF THE A.R. KAMPALA BOX.

Early in December, the attention of the Committee was drawn to a suggestion made to the East India Cotton Association for lowering the standard of the A.R. Kampala box. It would appear that the special Appeal Committee on African Cotton of the East India Cotton Association expressed their view that the A.R. Kampala box was not truly representative of the bulk of A.R. Kampala cotton as it came, the box being white in colour. The Standards Committee of that Association (one member dissenting) were not, however, inclined to agree with the view that the Bombay standard of A.R. Kampala cotton was gradually getting higher, but were of the opinion that the quality of the crop was becoming lower. The dissenting member, however, was of the opinion that after all, the standards should be representative of the bulk of the crop and that even assuming that the Kampala crop had deteriorated in quality in recent years, there was no reason why the A.R. Kampala standard should not be adjusted and made to synchronise with the crop as grown rather than be left high on the theoretical basis of fixity of standards which everyone knew was never possible in practice. He was further of the opinion that the change recommended being only in respect of colour and grade, it would not appreciably deteriorate the intrinsic value of the contract. In view of the divergence of opinion, the East India Cotton Association invited the Committee to express their views on the suggestion.

The A.R. Kampala box maintained by the East India Cotton Association, it was understood, was a standard for grade only and had nothing to do with the characteristics and staple of the cotton. From the information available with the Association, the Kampala cottons consumed in Bombay mills in the last year had satisfied the standard, and in this view of the case, the Committee felt that there appeared to be no case for lowering the standard of the A.R. Kampala box.

Apart from this consideration, the Committee felt that, from the manufacturers' point of view, standards once fixed should be of a permanent character. The purchaser who contracted to buy Kampala at, say, Rs. 150 on Broach, had in mind a particular standard for which he was willing to pay the price, and it should not be open to the seller to deliver something which was, say, Rs. 10 to Rs. 20 off. Moreover, a considerable amount of business was being done in African cotton on the basis of the A.R. standard well in advance of the arrival of the actual cotton crop, and it was only when the crop arrived in the market that one could judge the quality of the crop.

For these reasons, the Committee considered it inadvisable to change the standard from year to year. They further urged that trading in African cotton should be remodelled on a new basis altogether, doing away with geographical distinctions on cotton and adopting the U.S.A. staple standard of $1 \frac{1}{16}$ of an inch. (*Appendix 26.*)

A.R. KAMPALA DELIVERY CONTRACTS.

Towards the end of November, the Committee were requested to express an opinion on a case put up by certain members of the East India Cotton Association, who were importers of East African cotton, for an amendment of the A.R. Kampala delivery contract terms. Briefly stated, the suggestion made was that the existing A.R. Kampala delivery contract on which a large business in African cotton had been done in the past was a delivery contract which provided for the delivery of African cotton (equal to the A.R. Kampala box for grade and staple $1 \frac{1}{16}$ " as ordinarily judged by the trade) within a specified time *ex* a Bombay godown. Owing to the war conditions, it transpired, the sellers of East African cotton found that it was dangerous to sell African cotton on this basis, and they, therefore, recommended that African cotton should in future be dealt with on c.i.f. terms, cash against documents and war risk on buyers' account, call being fixed before shipment.

So far as the Committee were aware, there was nothing to stop individual buyers and sellers of African cotton from doing business on purely c.i.f. terms or on other terms mutually agreed upon to meet exceptional circumstances. What the importers of Uganda cotton advocated was, however, a mixture of delivery and c.i.f. contracts which, in the opinion of the Committee, was entirely inequitable and unsound, as there was no justification for call cotton being fixed before shipment. The East India Cotton Association was informed accordingly. (*Appendix 27.*)

SUBSIDY ON AMERICAN COTTON.

Towards the middle of April, the attention of the Committee was drawn to press reports of a rebate of two cents per lb. which the Government of the United States of America proposed to sanction on exports of American cotton. The Committee held that a subsidy of this nature would most seriously affect the Indian cotton grower and the mill industry. The matter was, therefore, taken up with the Government of India, and in a telegraphic representation submitted early in May, they indicated their readiness to support any reasonable and practical measures for the protection of the cotton grower against competition of subsidised cotton, and strongly urged Government to protect textile interests by raising import duties on yarn and cloth made from subsidised cotton. It was suggested that if this was not practicable, the industry should be safeguarded by raising duties on all imported cloth and yarn or by such other means as Government considered adequate and feasible.

IMPORT DUTY ON RAW COTTON.

Clause 4 of the Finance Bill introduced in the Indian Legislative Assembly by the Hon'ble the Finance Member on the 28th February 1939 provided, *inter alia*, for an increase in the duty on imported cotton from half an anna to one anna per lb. The proposal was considered at a special meeting of the Committee held on the following day. The Committee felt that the increased duty on foreign cotton imports would seriously raise Indian mills' costs of production and would encourage greater imports of yarn and piecegoods from Japan and Lancashire. In the case of yarn, including wastage, it was estimated that the duty on raw cotton alone would completely nullify the existing duty, and that, in the case of cloth, the duty would give an indirect subsidy to competition from Japan and Lancashire to the extent of 10 per cent., thereby reducing the protection accorded to the industry by Government as a result of the Tariff Board's recommendation. The Indian industry, both in the home and export markets, was already penalised by heavy duties on machinery, mill-stores and dyestuffs. The duty on raw cotton was contrary to the principles laid down by the Fiscal Commission, being a tax on an essential raw material not available in India, and would, moreover, hamper diversification of production by Indian mills. As regards the encouragement of the growth of long-staple cotton in India, the Committee felt that no immediate results were likely to be achieved in this direction unless the import duties on cotton piecegoods and yarn were correspondingly increased. In the opinion of the Committee, the burdens proposed by the Government of India and Provincial Governments, taken together, would prove unbearable, and they, therefore, lodged an emphatic protest against any increased duty on raw cotton or any other taxation detrimentally affecting the industry's competitive capacity, more particularly when after a very long period of depression, the industry was showing signs of recovery.

A small deputation comprising the undermentioned gentlemen representing the cotton mill industry all over India subsequently waited on the Hon'ble the Finance Member on the 20th March in order to place before him the case of the industry for the removal of the duty :—

Sir H. P. Mody, K.B.E., M.L.A.,	}	The Millowners' Association, Bombay.
Mr. T. V. Baddeley,		
Mr. B. W. Batchelor, and		
Mr. T. Maloney.		
Mr. G. D. Birla, and	}	Mills in Delhi.
Lala Shri Ram.		
Mr. Mohanlal Shah		The Bengal Millowners' Association.
Mr. Kasturbhai Lalbhai, and	}	The Ahmedabad Millowners' Association.
Mr. Chandulal Pitambardas.		
Mr. Kuppuswami Naidu,	}	The Southern India Millowners' Association, Coimbatore.
Rao Bahadur Rangaswamy Naidu, and		
Mr. D. M. Sunder Rao.		

The Finance Bill was taken up for consideration by the Assembly on the 17th March. Sir H. P. Mody, the Association's representative, moved that Clause 4 of the Bill be deleted. After a lengthy debate, the amendment was carried by the House by a majority of fifteen votes, but the Bill, as introduced in the House, was certified by His Excellency the Viceroy on the 25th March.

Soon after the imposition of the additional duty on raw cotton imports, Government gave effect to the terms of the new Indo-British Trade Agreement which, in effect, meant a reduction of the quantum of protection enjoyed by the Indian mill industry against the United Kingdom. In a further representation to Government in April, the Committee urged that in view of the intolerable burdens imposed upon the mill industry as a result of the additional duty on imported cotton in conjunction with the reduction in duties on British piecegoods, Government should remove the new cotton duty at the earliest possible opportunity. It was suggested that, pending such removal, cotton yarn imports from all countries should be limited by quotas and that the duties on all imported yarn should be doubled, and further that, in the case of piecegoods, a rebate should be granted on exports equivalent to the full raw cotton duty plus import duty on machinery and mill-stores.

Early in June, in view of the parlous position of the industry, the Committee once again reiterated the urgent desirability of the suspension of the additional duty by an immediate ordinance, but upto the time of writing, no steps have been taken by Government in the direction suggested. (*Appendix 28.*)

COTTON WASTE CONTRACTS.

(*See also pages 73 and 249 of Report for 1938.*)

Reference was made in the last annual report to the standard tender and contract forms for ready and forward transactions in cotton waste, framed by the Association for adoption by all members in Bombay. The standard forms were generally accepted by all members, but on representations from the East India Cotton Waste Association towards the end of the year 1938, certain issues arising out of the contract were discussed by a special sub-Committee of the Association with representatives of the East India Cotton Waste Association, and the following modifications in ready contracts were agreed to:—

- (a) Merchants should not be asked to sign the contract at the time of the submission of the tender, but that they should be asked to sign at the time of the submission of their deposit.
- (b) Clause (i) of the contract specified that the wastes appropriated to the contract would be held by the company at the risk of the buyers from the date on which they were so appropriated. The buyers pointed out that this clause conflicted with the spirit of the agreement entered into between the two Associations and that

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as it had been laid down in clause (d) of the contract that delivery was to be taken within twenty-one days of the date of the contract, the liability of the buyers should not commence until the twenty-second day. It was decided to delete clause (i) from the contract, more particularly as the interests of the mills would be covered fairly adequately by the provisions of clause (d).

- (c) Clause (d) of the contract specified that the company should, after the twenty-first day, at its sole discretion and without any further intimation to the buyers, be entitled to sell wastes of which delivery was not taken by the buyers. The buyers maintained that this clause was very onerous and should be modified. It was agreed that the buyers should be notified between the fifteenth and twenty-first day following the date of the contract as to their liabilities under the contract if delivery was not taken by the twenty-first day but that this term of the contract should not be modified.
- (d) Where so desired by the buyers, a copy of the tender form and contract might be supplied in Gujerati, provided that the contract actually signed was the English version.

The modifications necessitated by these arrangements were incorporated in the standard contracts and tenders, and all members were informed accordingly. At the same time, opportunity was also taken to implement an understanding originally reached with the East India Cotton Waste Association that in the case of forward contracts, successful tenderers should be informed that their tenders had been accepted within three days of the last day for tender, and in the case of ready contracts, successful tenderers should be informed that their tenders had been accepted within two days of the last day for tender. (*Appendix 29.*)

INDO-BRITISH TRADE AGREEMENT.

(*See also page 76 of Report for 1938.*)

On page 76 of the last annual report reference was made to the discussions which took place between an unofficial delegation from Lancashire and the Unofficial Advisers to the Government of India with a view to explore the possibility of a satisfactory agreement being reached in regard to the exports of Indian raw cotton to the United Kingdom and the imports of British cotton piecegoods into India. These talks unfortunately proved infructuous. The negotiations between the respective Governmental Delegations for the conclusion of a new trade agreement in replacement of the Ottawa Agreement were, however, continued and ultimately resulted in an Agreement which was signed on 20th March 1939.

Article 10 of the Agreement which related to cotton piecegoods and cotton yarn provided for the following arrangements:—

- (a) Duties on the United Kingdom cotton piecegoods were reduced to the following basic duties:—

Plain Greys.—From 20 per cent. *ad valorem* or 3½ annas per lb., whichever was higher, to 15 per cent. *ad valorem* or 2 as. 7½ ps. per lb., whichever was higher.

Other goods.—From 20 per cent. *ad valorem* to 15 per cent. *ad valorem*.

Printed goods.—From 25 per cent. *ad valorem* to 17½ per cent. *ad valorem*.

It was provided that these reduced basic duties would be further reduced by 2½ per cent. if the imports of cotton piecegoods from the United Kingdom in any one piecegoods year fell below 350 million yards, provided, however, that the duties would be restored if imports subsequently exceeded 425 million yards.

- (b) The basic duties in so far as they were applicable to prints would be reduced to the level of the *ad valorem* duty applicable on other goods if the United Kingdom's offtake of raw cotton exceeded 750,000 bales a year.

- (c) The basic duties might be increased in the following circumstances:

(i) if the United Kingdom's offtake of Indian cotton was less than 400,000 bales in the cotton years 1939 and 1940 or was less than 450,000 bales in the following cotton years; and

(ii) if the imports of cotton piecegoods from the United Kingdom in any one year exceeded 500 million yards.

- (d) The Agreement provided for the following quantities of Indian cotton to be purchased by the United Kingdom:—

For the cotton year ending 31st December 1939—500,000 bales.

For the cotton year ending 31st December 1940—550,000 bales.

For every subsequent cotton year—600,000 bales.

For every 50,000 bales less than the above takings, the quantity of United Kingdom cotton piecegoods actually imported into India would be deemed to have been increased by 25 million yards, provided, however, that the United Kingdom's purchases of Indian cotton should not fall below 400,000 bales in the years 1939 and 1940 and 450,000 bales in the subsequent years.

On 27th March, 1939, the Hon'ble Sir Muhammad Zafrulla Khan, Commerce Member, moved in the Legislative Assembly that the Trade

Agreement signed on 20th March, 1939, between His Majesty's Government in the United Kingdom and the Government of India be approved. The motion was debated for two days, and the cotton clause in the Agreement was opposed from many quarters of the House. Speaking on the motion, Sir H. P. Mody, the Association's representative, pointed out that the cotton provisions were unacceptable. He indicated that the millowners were prepared to make a sacrifice if a sure gain was promised, but that the cotton arrangement would, in his opinion, allow Lancashire to increase her imports to India by over 50 per cent. on her latest position, without any material additional offtake of Indian raw cotton above her average consumption for the last six years. He further pointed out that the mill industry was prepared to face another Tariff Board, but that the industry had then reached the stage when internal competition kept prices down and that if the Agreement was implemented, the cotton growers' best customer would be deprived, in practice, of any protection. An amendment sponsored by the European group for the appointment of a Committee to report on the Agreement was defeated by a narrow margin, and the House ultimately rejected the Agreement by 59 votes to 47.

On 30th March, 1939, the Hon'ble Member for Commerce introduced in the Legislative Assembly, the Indian Tariff (Third Amendment) Bill which was designed to give effect to the Indo-British Trade Agreement. The Bill also sought to extend the protection accorded to the Indian cotton mill industry until 31st March, 1942.

The position arising out of the Bill was carefully considered by the Committee, and the following telegram was despatched to the Hon'ble the Commerce Member on the 12th April:—

“Millowners' Association, Bombay, desire to record their protest against Government's action in seeking to give effect to Indo-British Trade Agreement in so far as it affects Indian textile interests in spite of adverse verdict Indian Legislative Assembly.”

In moving the consideration of the Bill in the Assembly on the 14th April, the Commerce Member explained that the Bill would give effect to the terms of Article 16 of the Agreement by which it was agreed that pending the coming into force of the Agreement the two Governments would apply its provisions as far as might be possible. The motion was, however, rejected by the House by 54 votes to 39. The Bill was returned to the Assembly with a recommendation from His Excellency the Governor-General, but leave for its introduction was again refused by the Assembly. The measure was, however, certified by His Excellency the Governor-General and was passed by the Council of State on the 18th April, 1939. In accordance with the provisions of sub-section (2) of Section 67B of the Government of India Act, the Act received the assent of His Majesty the King-Emperor on 25th May, 1939.

It may be added that so far as cotton goods are concerned, the reduced rates of duty on British piecegoods, provided for by the Act, came into effect as from 1st April, 1939. (*Appendix 30.*)

REVISION OF THE INDO-JAPANESE TRADE AGREEMENT.

(See also page 74 of Report for 1937.)

On page 74 of the report for the year 1937, reference was made to the terms of the Convention and Protocol regarding the Commercial Relations between India and Japan which was signed on 12th October 1937. It was also indicated that the Trade Agreement would, subject to due notice of denunciation, cease to be effective after 31st March 1940. Towards the middle of March, the Committee were informed that the Government of India had under consideration the desirability of renewing the Convention and Protocol either as they stood or in a modified form or of negotiating an entirely new agreement, and were requested to express, in the light of the experience of the existing Agreement, their views as to the lines on which modifications or amendments appeared desirable. It was, at the same time, indicated that Government proposed at a later date to call together a representative body of Advisers and to lay the relevant materials before them.

After a careful examination of the issues involved, the Committee urged the desirability of Government giving notice of their wish to discontinue the Convention, which gave Japan most-favoured-nation treatment in respect of the whole of her trade with India, unless Japan's plenipotentiaries were prepared to consider demands for a Protocol more favourable to India. In the opinion of the Committee, the existing Protocol had not succeeded in one of its main objects, namely, the maintenance of raw cotton exports to Japan, while, on the other hand, the continuance of most-favoured-nation treatment had enabled Japan to maintain her miscellaneous export trade to India. The Association considered it essential that the Government of India should be able to set off Japan's guaranteed takings of Indian cotton against the total miscellaneous trade which Japan had with this country.

Another direction in which, in the opinion of the Committee, the Protocol had failed to achieve what was expected was in the matter of price level. It had been maintained frequently that the very fact that imports had been limited would tend to stimulate price levels of Japanese goods because the incentive to cut down prices in order to obtain a larger share of the Indian market would disappear. Actual experience, however, showed that except for a short period during the Sino-Japanese conflict, prices had remained at exceptionally low levels even when the fall in the price of cotton was taken into consideration. In these circumstances, the Committee considered it essential that a specific undertaking should be obtained to prevent any undue depression in selling values in future.

Provided the above general considerations were borne in mind, the Committee were of the opinion that while the Convention itself might be continued, the scope and terms of the Protocol should be considerably modified. In arriving at this conclusion, they were influenced by the very great changes which had occurred in matters affecting the Indian cotton grower and the Indian mill industry during the last year or two.

Firstly, a concentrated effort was being made latterly to replace cotton by synthetic materials in so far as the Japanese home consumption

of textiles was concerned. This policy combined with the efforts made to replace Indian cotton by cotton grown in Manchuria and in certain provinces of China now under Japanese domination had detrimentally affected Japan's purchases from India during the last year or two with the result that the balance of trade which used to be heavily in favour of India was now tending to be adverse to India.

Secondly, there had been an increase in the Indian cotton mill industry's cost of manufacture owing to the increases in wages and taxation. Wages had been increased from 10 to 15 per cent. in various parts of the country, and an additional duty of half an anna per lb. had been levied on all imports of raw cotton. In addition, Provincial Governments had also imposed additional taxation on the industry, with the result that the effective protection which the cotton industry had against Japan in 1937 had been reduced by about 10 per cent. in the case of piecegoods and any safeguards which the Indian spinning industry might have had against Japan had been completely nullified in those classes of yarns which she exported to India.

Thirdly, Japan had come to exercise control over that portion of China where the cotton mill industry was located. This control, in the opinion of the Committee, was a source of very real danger to the Indian mill industry, and unless it was adequately guarded against, it was feared, Japanese interests would be in a position to circumvent the spirit of any agreement which might be entered into as a result of the forth-coming negotiations.

Bearing these factors in mind, the Committee made the following suggestions in regard to the terms of the Protocol:—

(a) *Scope of the Protocol.*—The scope of the Protocol should be widened by providing for a limitation of imports of cotton yarn, the quota being based on the average imports in the last few years as set out in the Indian Import Trade Statistics and being sub-divided into yarns of 50s and under and yarns over 50s.

(b) A separate quota should be fixed based on the average importations of the last five years for cotton manufactures and cotton goods made from woven or knitted cotton fabric not at present counted against the quota. Such a quota might, it was suggested, advisably be fixed on a poundage in preference to a yardage basis.

(c) *Rates of duty.*—As already indicated, the additional taxation and increase in wages had resulted in reducing by about 10 per cent. the effective protection accorded to the industry against those types of piecegoods and yarn which were being imported from abroad. The reported 2 cents per lb. subsidy on American cotton exports would, the Committee stated, still further cripple those Indian mills which during recent years had developed their production of medium and medium fine classes of piecegoods and yarns, and would enable Japan and the United Kingdom to export cotton piecegoods to India even more cheaply than at present. It was thought that unless the bounty was fully offset by countervailing duties on imported piecegoods and

yarns, the price levels of cloth and yarn made by Indian mills from Indian cotton were bound to be adversely affected. The Committee, therefore, considered it essential that the duties on piecegoods and yarns should be raised substantially.

(d) *Extent of the piecegoods quota.*—The maximum limit of 358 million yards allotted to Japan should be substantially reduced, and the quota fixed should be inclusive of any re-exports over India's land frontiers and direct imports through Indian States. Alternatively, the quota for British India should be reduced by approximately 50 million yards per annum.

(e) *Basis of the quota.*—The basis of the quota should be changed from the linear yard to the square yard owing to the increasing quantities of wider width greys now being imported from Japan.

(f) *Offtake of Indian cotton.*—The new Protocol should provide for a guaranteed minimum offtake of Indian cotton by Japan, taking into consideration the purchases of Indian cotton by Japan in the last three years.

(g) *Spinning section.*—As regards the spinning side of the industry, the Committee realised that it could not adequately be safeguarded against external competition by limiting imports from Japan alone owing to the probability of very much greater imports from China. In these circumstances, the Committee urged that a quantitative limitation of imports of cotton yarn from all countries should be imposed, more particularly since the control of the manufacturing industry of the two countries was largely in Japanese hands and exports from one country could very easily be substituted by exports from the other.

(h) *Smaller industries.*—The case of the minor industries for special assistance should be reviewed by Government as early as possible after the conclusion of the new Convention and Protocol.

The Committee also expressed the hope that representation commensurate with its stake in the country would be accorded to the Association at the conference which Government proposed to convene.

It would appear that the views put forward by the Association were generally supported by all the more important commercial and industrial organisations in the country. Towards the end of June, the Committee were invited to nominate two representatives to serve as Unofficial Advisers to Government during the course of the trade negotiations with Japan which were expected to take place in July. The Committee felt that if only two names were submitted, difficulties might arise in the event of one or both of them not being available at any stage of the negotiations. They, therefore, suggested that they might be allowed to appoint two representatives from a panel of four consisting of Sir H. P. Mody, K.B.E., M.L.A., Sir Chunilal V. Mehta, K.C.S.I., Mr. Dharamsey Mulraj Khatau, and Mr. T. V. Baddeley. It was thought that this arrangement would ensure the attendance of two representatives of the Association at all stages of the negotiations.

It is understood that the Unofficial Advisers met in Simla towards the middle of July and submitted to Government a unanimous memorandum setting out their recommendations as to the basis of a new trade agreement with Japan.

The official negotiations between the Governmental delegations commenced on the 26th October, and from reports published in the Press towards the end of the year, it appeared that the discussions had reached a very advanced stage. No indications were, however, available as to whether, and if so, when Government proposed to consult the Unofficial Advisers. The Committee were anxious that an early opportunity should be given to representatives of Indian commercial and industrial organisations to place their viewpoints before Government on the issues arising out of their discussions with the Japanese Delegation before Government took any final decisions. The matter was, therefore, taken up with the Government of India, who assured the Committee that it was not the intention of Government to exclude non-official Advisers altogether from consultation or to place a *fait accompli* before them, but to invite some of them for consultation if and when necessary.

QUOTA ON YARN.

The position of the spinning industry worsened in the meantime, and imports of cotton yarn, particularly of counts over 50s from Japan, since the beginning of the year, were heavy. The total imports from Japan and China into India during the last five completed financial years and the first five months of the present year were as under:—

Imports of Cotton Yarn of counts 50s and under.

	Japan.	China.
	(In thousands of lbs.)	
1934-35	3,221	8,782
1935-36	9,500	9,441
1936-37	4,681	1,123
1937-38	2,207	470
1938-39	7,231	6,787
1939-40 (five months) ..	3,340	59

Imports of Cotton Yarn of counts over 50s.

	Japan.	China.
	(In thousands of lbs.)	
1934-35	8,110	3,984
1935-36	11,803	3,978
1936-37	11,049	3,870
1937-38	12,435	153
1938-39	13,938	3,800
1939-40 (five months) ..	9,662	572

The Committee had always held that the spinning section of the industry had been inadequately protected against external competition, particularly against Japanese competition, and the position in regard to fine yarns had been greatly worsened following the imposition of a duty of half an anna per lb. on raw cotton in 1931 and the addition of a further

half an anna per lb. in March 1939. When the deputation from the Indian mill industry waited on the Hon'ble Sir James Grigg in March 1939 following notification of Government's intention to increase the duty on raw cotton from half an anna per lb. to one anna per lb., the extremely adverse effects that the duty on raw cotton would have upon spinners of fine count yarns were placed before the Finance Member, and he appeared to appreciate the dangers which would probably follow from the raising of the duty as far as medium and fine count yarns were concerned.

The figures of importations of yarns of over 50s count appeared to indicate that despite the handicaps imposed by the Sino-Japanese war, importations of yarn over 50s had increased from a figure of 8 million lbs. in the year 1934-35 to 14 million lbs. in 1938-39. It further appeared that the record figure of 1938-39 would further be greatly exceeded in the year 1939-40 if the present rate of importations continued. In the first five months of 1939-40, the importations of yarn of over 50s counts from Japan exceeded 9½ million lbs., and this very steep rise in 1939-40 appeared to have been largely due to the further handicap placed on the fine spinning industry in India by the additional duty on imported raw cotton. The Committee maintained that a quota limitation on imports of yarn from all countries such as was suggested by the mill industry's representatives at the March conference with the Finance Member represented the direction in which the spinning industry's future could be most appropriately protected, but since no action had been taken by Government to impose a quantitative limitation of imports from all countries, they suggested that the opportunity provided by the present Indo-Japanese trade negotiations should be availed of to deal effectively with the Indian industry's most serious competitor.

It was suggested in certain quarters that yarn was outside the scope of the present Convention and Protocol. The Committee disagreed with this contention, and maintained that yarn was as important an element of the industry's manufacture as piecegoods, and there was nothing either in the Convention or in any understanding with Japan which precluded cotton yarn from the scope of the trade negotiations between the two countries.

It is understood that Government have since invited some of the Unofficial Advisers to be present in Delhi early in 1940 for the purpose of consultations. (*Appendix 31.*)

JAPANESE QUOTA : RE-EXPORTS OF JAPANESE PIECEGOODS FROM BURMA TO INDIA.

Early in June, the attention of the Committee was drawn to the phenomenal increase in the re-exports of cotton piecegoods from Burma to India. It was understood that 7¼ million yards of Japanese cotton piecegoods were re-exported into British Indian ports from Burma in 1938-39 against 3¾ million yards in the previous year. It appeared that these imports were not included in the British Indian quota with the result that to the extent of the re-exports from Burma to British India, Japan was exceeding her British Indian quota. The bulk of Japan's re-exports from Burma to British India consisted of printed goods and in this classification Indian mills were finding

it extremely difficult to meet Japanese competition. Japan was already known to have exceeded the quota allotted to her in British India in printed goods in former years, and additional imports from Burma only made matters worse. The matter was, therefore, taken up with the Government of India, and in a telegram addressed on 9th June 1939, the Committee suggested that instructions might be issued to the Collectors of Customs, through the Central Board of Revenue, to include Japanese cotton piecegoods re-exports from Burma to British Indian ports in the British Indian quota.

Government, in reply, indicated that the exclusion of re-exports from Burma from the Indian quota was in accordance with the terms of the Protocol of 1937 regarding the Commercial Relations between India and Japan, and the provisions of the India and Burma (Trade Regulations) Order, 1937, the combined effect of which was to create a position similar to that which would have existed if there had been a single quota for India and Burma.

It is understood that the points raised by the Association would be considered when the Agreement comes up for revision. (*Appendix 32.*)

IMPORT DUTIES ON INDIAN COTTON PIECEGOODS AND YARN IN KASHMIR AND JAMMU.

Early in the year, the attention of the Committee was drawn to a customs notification issued by the Government of His Highness the Maharaja of Kashmir and Jammu providing for the levy of rates of duties ranging between $7\frac{1}{2}$ per cent. and 50 per cent., combined, in certain instances, with heavy alternative specific duties, on Indian cotton textile manufactures on their entry into Kashmir and Jammu. It appeared that foreign textile manufactures were imported into the State under customs drawback certificates and that no duty was chargeable on such imports. This obviously placed Indian manufacturers at a disadvantage in competing with foreign manufacturers in the markets of Kashmir and Jammu. Cotton piecegoods constituted the only item of exports of Indian merchandise to Kashmir. On the other hand, the major portion of the produce of this State was consumed in British India; woollen and silk manufactures, carpets, silver-wares, fruits, wood and woodwork, etc., from Kashmir found a ready market in British India, and all these articles were admitted into British India free of any duty. Hundreds of bales of raw shawl cloth and woollen yarn of foreign origin which were freely imported into the State were re-exported to British India, after being dyed and embroidered, for sale in British Indian markets, and the drawback obtained in respect of these goods when they were originally imported was retained by the importer in the State and the finished goods which re-entered British India were subject to no duties whatsoever. The matter was, therefore, taken up with the Government of India, who were strongly urged to take such early steps as were necessary to secure the duty-free entry of Indian goods into Kashmir.

Government, in reply, indicated that customs duty at British Indian tariff rates was levied on all goods imported by sea into British India for transmission to Kashmir, and that this was ultimately refunded to the

Kashmir State Treasury and not to the importer of the goods in question. Imports from India into Kashmir, on the other hand, were assessed to duty in some cases at tariff rates equivalent to the British Indian rates of duty and in other cases at special tariff rates which were in most cases lower than those in force in British India. These special rates were applicable to cotton twist and yarn and cotton piecegoods. In the circumstances, Government thought that no useful purpose would be served by requesting the Government of Kashmir to abolish the duties on imports of Indian origin.

The Committee, nevertheless, held that the position as it then existed was very unsatisfactory from the point of view of both the Government of India and the Indian cotton textile industry. In their opinion, a fair proportion of imported cotton goods in respect of which a refund of duty had already been allowed to the State, came back to British India after having undergone various processes, such as bleaching, dyeing, printing, embroidering, etc., in the State. No duty was charged in respect of such goods, and this resulted in a loss of revenue to British India. From the point of view of the Indian industry, the margin of protection accorded to cotton manufactures in British India was not available in the Kashmir State, the duty levied on such manufactures in the State operating to reduce it, and it was felt that business which might pass to the Indian mill industry thus went to Japanese manufacturers. In these circumstances, the Committee saw no reason why the State should not be willing to consider the case of the Indian cotton textile industry favourably, more especially since the manufactures and produce of the State were apparently allowed into British India free of duty, and again represented matters to Government. (*Appendix 33.*)

EGYPTIAN TARIFF ON COTTON TEXTILES.

(*See also pages 77 and 254 of Report for 1938.*)

On pages 77-80 of the last annual report, reference was made to the efforts made by the Association to secure a reduction in the import duties imposed by the Egyptian Government on Indian textile goods, and to an assurance obtained from the Government of India that all practicable steps were being taken for the promotion of India's trade interests in the Egyptian market

Early in April 1939, Government pointed out that it had not been possible to secure any reduction in the Egyptian duties on cotton textile goods, but that the Egyptian Government proposed to introduce a quota system in respect of imports of cotton textiles into Egypt. It would appear that for 1939 they had fixed a total global quota of 140 million square metres. This quota, it was understood, was to be allocated to the various countries on the basis of their takings of Egyptian raw cotton during the cotton years 1935-36, 1936-37, and 1937-38; and on this basis, India would be allotted a quota of 7.6 million square metres, calculated at 5.44 per cent. of the total global quota. The necessary legislation instituting the quota system and regulations governing the application thereof were understood to be under consideration by the Egyptian authorities.

Government went on to state that it was the intention of the Egyptian Government that the control of quotas should be placed in the hands of the exporting countries concerned, and that, for this purpose, the latter would be asked to nominate a body or bodies to issue Certificates of Origin for cotton piecegoods exported to Egypt. These certificates would be required, *inter alia*, to state that the goods in question were spun, woven and finished in India. Government considered that the Millowners' Association, Bombay, would be the most suitable body to issue the required Certificates of Origin and enquired whether the Association would be agreeable to undertake the work.

The Committee indicated their willingness to issue certificates of origin if permission was available to levy reasonable certification fees, and enquired what financial assistance might be expected from Government in maintaining the requisite staff and office, if certificates had to be issued free of charge.

Government, however, had no objection to a small fee say, Rs. 5, being levied by the Association for the issue of certificates of origin in respect of cotton textiles exported to Egypt under the proposed quota system. Upto the time of writing, details of the Egyptian Government's quota regulations have not been made available. (*Appendix 34.*)

REVISION OF THE PRODUCTION AND IMPORT STATISTICS OF COTTON PIECEGOODS AND YARN.

(*See also pages 81 and 262 of Report for 1938.*)

On pages 81-83 of the last annual report, reference was made to certain tentative suggestions made by the Association on the proposals framed by the Special Officer appointed by the Government of India in connection with the revision of the Import and Production Statistics of Cotton Yarn and Piecegoods so as to make the two sets of statistics more comparable than at present, as recommended by the Indian Tariff Board (Cotton Textile Industry Enquiry) in 1927. The Committee recognised that these proposals involved the collection of more detailed production statistics than at present, and having regard to the fact that in no country in the world were production statistics of the cotton textile industry collected and published so frequently, they held that the publication of the statistics should be strictly limited to broad summaries or abstracts only and that the details should be made available only to the Indian industry for its confidential information.

In a communication addressed to the Association early in August, Government pointed out that they doubted whether, if they agreed to the proposition that the detailed statistics were not to be published, they would be justified in compiling them merely for the special purpose mentioned by the Committee. It was indicated that if the trade wished to have the statistics for their own use only, it was open to them to compile the statistics for themselves. Government went on to point out that the origin of the whole enquiry regarding re-classification was the desire to compile production

statistics which could be compared in detail with the statistics of imports, and that they had throughout proceeded on the understanding that the figures compiled would be the basis of their published statistics. In these circumstances, they enquired whether the investigation, so far as it related to production statistics, should not now be brought to a close and occasion taken only to improve the import and export statistics where they were susceptible of such improvement.

On a careful examination of the matter, the Committee agreed to the publication of details of the production statistics on the understanding that the import statistics would also be compiled and published on the basis of the detailed recommendations made by the Association. (*Appendix 35.*)

THE WAR.

Soon after the declaration of War on 3rd September, the following telegram was despatched to the Private Secretary to His Excellency the Viceroy:—

“Committee, Millowners’ Association, Bombay, respectfully beg to assure His Excellency the Viceroy and through him His Majesty’s Government of their loyal assistance and co-operation in prosecuting the war to a successful conclusion. Association would welcome opportunities serving Government in this emergency.”

to which the following reply was received from the Private Secretary to His Excellency:—

“His Excellency asks me to thank you most warmly for your telegram of 18th September, and to say how much he appreciates this loyal message from the Millowners’ Association, Bombay, and the offer of services which its members have made in this time of emergency.”

CONTROL OF CLOTH PRICES.

Section 81 of the Defence of India Rules framed by the Government of India under the provisions of the Defence of India Ordinance, 1939, empowered the Central Government so far as it appeared to it to be necessary or expedient for securing the defence of British India or the efficient prosecution of the War or for maintaining supplies and services essential to the life of the community, to provide by order “for controlling the prices at which articles or things of any description whatsoever may be sold.” According to a notification issued by the Central Government on the 8th September, this power was delegated to Provincial Governments in so far as the necessities of life such as medical supplies, foodstuffs, salt, kerosene oil and the *cheaper qualities of cotton cloth* were concerned. The notification also stipulated that the maximum prices fixed for sales at any of the undermentioned stages should not be less than a figure 10 per cent. above the ruling prices at the same stage on 1st September 1939:—

- (i) sale by producer or importer;
- (ii) each stage of the wholesale trade, and
- (iii) the point of retail sale.

Soon after this delegation of power by the Central Government, various Provincial Governments issued public warnings against war-time profiteering, and in certain instances, unilateral action was taken limiting the prices of necessities including coarse cloth. For instance, the Government of Bengal allowed a rise of 15 per cent. over the prices prevailing on 1st September, for cotton cloths made of counts upto 16s and 25 per cent. for cloths made of warp above 16s to 20s counts, the prices of cloth made of warp above 20s being left uncontrolled for the time being. The Government of the Central Provinces and Berar, on the other hand, notified "coarse cloth of Indian manufacture and yarn up to 20s count" as an "essential" commodity and fixed the maximum increase in price for such articles at 10 per cent. over the rates prevailing on 1st September 1939.

The Committee were strongly opposed to unco-ordinated Provincial action in a matter such as the control of cloth prices without due regard to the steep rise which had taken place since the outbreak of war in the prices of raw cotton, mill stores and accessories, chemicals and dyes and a host of other items constituting the essential raw materials of the industry. Matters were, therefore, urgently represented to the Government of India, who issued a notification on the 29th September laying down the following directions for the guidance of Provincial Governments in the matter of control of cloth prices :—

"(i) In the case of goods produced in British India :—

The maximum price fixed for sales by the producer shall be so calculated from time to time as to allow for all factors, such as a rise in the cost of raw materials or millstores, which may have increased the cost of production and shall in any case not be less than a figure 10 per cent. above the ruling price charged by producers on 1st September 1939 ;

The maximum price fixed for sales at the wholesale and retail stages shall not be less than a figure exceeding the ruling price at the same stage on 1st September 1939, by the amount by which the price charged by the producer is allowed by the Provincial Government in whose jurisdiction the producer carries on his business to exceed the ruling price charged by producers on the said date and shall in any case not be less than a figure 10 per cent. above the ruling price at the same stage of distribution on the said date.

(ii) In the case of imported goods :—

The maximum price fixed for sales by the importer shall be so calculated from time to time as not to be less than the sum of (a) the current cost to the importer of similar goods, and (b) the amount by which the importer's selling rate on 1st September 1939 exceeded the cost to importers prevailing on that date, and shall in any case not be less than a figure 10 per cent. above the ruling price charged by importers on that date ;

The maximum price fixed for sales at the wholesale and retail stages shall not be less than a figure exceeding the ruling price at the same stage on 1st September 1939 by the amount by which the price charged by the importer is allowed by the Provincial Government in whose jurisdiction the importer carries on his business to exceed the ruling price charged by importers on the said date and shall in any case not be less than a figure 10 per cent. above the ruling price at the same stage of distribution on the said date."

While appreciating the action taken by Government, the Committee urged that suitable steps should be taken to secure fair and uniform treatment in respect of cloth controlled in any centre and that yarns and other manufactures not covered by the original Ordinance should not be included

in the list of essential commodities. Government subsequently announced a conference of representatives of Provincial Governments for the purpose of discussing with the Economic Resources Board the measures which it was necessary to take to secure uniformity of policy and action throughout the country in the matter of price control. The Committee considered it desirable to place their views in this matter before the proposed conference, and in a telegraphic representation addressed to Government on 17th October, they pointed out that it was neither necessary nor desirable to control mill or handloom cloth or yarn prices, as any such control would be likely to hamper legitimate trade and retard the very necessary recovery in raw cotton prices. It was indicated that the productive capacity of the Indian mill industry was so great that no unjustifiable rise in prices was possible. The Committee further pointed out that, at the outbreak of war, Indian cloth and yarn prices had fallen to the lowest levels for the past twenty years and that grey cloth prices were much below cost of manufacture, and that, despite the war emergency, grey cloth prices were lower than twelve months ago, although cotton was one anna per pound higher and the cost of all classes of mill-stores had risen enormously. The position in respect of yarn prices was similar. In these circumstances, the Committee held that control of cloth and yarn prices would be unreasonable, particularly if it were to be based upon immediate pre-war price levels.

If, despite the foregoing considerations and despite the inevitable adverse effect on the prices of shorter stapled Indian cotton, the Economic Resources Board and the conference were to consider coarse cloth to be a necessity of which selling prices should be controlled, then the Committee urged that any such control should desirably be of a uniform all-India character, and that it was advisable to fix prices from time to time in consultation with experts appointed by the Association. The Committee further deemed it desirable that any action, apart from price control, concerning cotton cloth and yarn should only be taken after consultation and in agreement with experts appointed by the Association.

The conference took place in New Delhi on the 18th October, and it would appear that, although no decisions were taken, the conference was generally averse to the control of prices of commodities produced and consumed in India.

However, towards the end of November, the Government of India notified that "cheaper qualities of cotton cloth" in respect of which price control might be exercised by Provincial Governments, meant "cotton cloth woven from yarn of counts not exceeding 20s in the warp or weft."

The position was again reviewed by the Committee, who were of the opinion that the basis of price control should be price of cotton on 1st September, plus cost of manufacture plus depreciation plus a reasonable profit on capital invested, which corresponded to the basis adopted by Tariff Boards for the estimation of a fair selling price. Government's proposals were, however, calculated to bring the bulk of the cloth produced in Bombay and up-country mills within the scope of price control; and this would, it was feared, adversely affect the offtake of Bengal, Oomra and similar growths of Indian cotton which would not spin over 20s count. For these reasons, the

Committee maintained that no restriction of prices of cloth was necessary or desirable. The matter was, therefore, once again represented to Government, and it was submitted that, if Government still decided to control cloth prices, they should, as during the last war, appoint a special officer with sufficient knowledge of cloth manufacture to control prices on a fair basis. It was further suggested that any price control, which would not secure fair selling prices to the industry would be arbitrary and unfair. Regulation of cloth prices according to count alone was, in the opinion of the Committee, illogical unless consideration was given to reed and pick, which in the case of 20s yarn varied enormously. The Committee finally urged that, if Government still insisted on price control, the Association should be given an opportunity of fully discussing the matter with the Honourable the Commerce Member when he next visited Bombay so as to ensure that a fair basis was arrived at. Pending such consultations, it was suggested that Government should stay any control by Provincial Governments, and that, if control was to be established, then prices should be fixed by the Central Government and not by Provincial Governments.

It is understood that the Central Government have since invited representatives of the Provincial Governments to a further conference to be held early in 1940 for the purpose of discussing the necessity of controlling the prices of staple agricultural commodities as also of manufactured articles. (*Appendix 36.*)

RENT ENQUIRY COMMITTEE.

(*See also pages 86 and 271 of Report for 1938.*)

Reference was made in the last report to the written and oral evidence tendered by the Association before the Rent Enquiry Committee appointed by the Government of Bombay for the purpose of examining the rentals of premises occupied by the working and middle classes in the cities of Bombay, Ahmedabad and Sholapur. The Report of this Committee, which was published in August, contained, *inter alia*, a recommendation that "employers of 1,000 persons and more should be required to bear the responsibility of housing at least 25 per cent. of their employees," and towards the middle of September, the Government of Bombay requested the Committee to express an opinion on this recommendation.

The Enquiry Committee had in one of the earlier chapters of their Report expressed the view that there was a shortage of accommodation in the city of Bombay. They had estimated that about 50,000 people would be unprovided for, but as far as the Association was aware, there was no evidence as to what proportion of these were mill workers. The Enquiry Committee had further observed that a measure of rent restriction on the lines suggested by them would no doubt bring relief to the tenant classes, but that this measure by itself could only serve as a palliative and could not offer a lasting solution to the problem of housing. The real solution, in their opinion, lay in providing adequate, satisfactory and cheap dwellings for the people. The Enquiry Committee were apparently unwilling to allow private agencies to supply this requirement, and they had, therefore, suggested that the responsibility for housing the population

of the city should be laid on the civic authority, namely, the Municipality. The Enquiry Committee further stated that while the main responsibility for housing the people in general should fall on the Municipality, there were in the city other important public bodies with large resources like Government, Port Trust and the Railways, who should also be required to participate in the housing programme of the city. It was not clear from this whether the Enquiry Committee sought to transfer the responsibility to Government and the other public bodies by virtue of their being public bodies or on account of the financial resources available to them. The Enquiry Committee had then stated that factory employers—(who, it might be pointed out, were neither a public body nor had large resources available)—who employed a thousand people or more should provide housing accommodation for at least 25 per cent. of their employees at reasonable rents. The only argument which the Enquiry Committee appeared to have advanced in support of this conclusion was that it was because of the existence of these factories that a large population was drawn as workers to Bombay from villages. There was no indication in the Report as to how the Enquiry Committee arrived at the figure of 25 per cent., but the minutes of evidence tendered showed that this figure was suggested by certain officers of the Bombay Municipality who gave evidence before the Enquiry Committee. This argument, in the opinion of the Committee, was as fallacious as it was unconvincing, for it should not be forgotten that the establishment of the cotton textile industry in the City and Island of Bombay had not only attracted a large body of workers in the city but had also been responsible for the establishment of several associated, subsidiary and minor trades and occupations, all contributing to the size, greatness, wealth and prosperity of the city. The Committee were surprised that, having conceded the responsibility of the Municipality in the matter of housing its citizens, the Enquiry Committee should for no valid reasons have flouted that principle by passing that responsibility on to the employers of labour on very flimsy pretexts. The liability of employers to provide housing accommodation for their workmen had, moreover, not been conceded in any part of the world; even the Royal Commission on Labour in India pointed out that the responsibility for housing should rest on the State and the civic authorities.

The Committee did not concede that there was a shortage of housing accommodation for mill operatives. Although there might be overcrowding in certain parts of the city, it was felt that this could be set right by initiating measures for popularising the chawls put up by the Development Department, the Bombay Port Trust, Improvement Trust, etc., which were lying vacant. It was further doubtful whether the operatives would occupy housing if provided by employers. Even voluntary schemes by employers to house their workmen had suffered on account of :

- (i) lack of finance ;
- (ii) lack of building space near the mills ; and
- (iii) workpeople's preference for chawls put up by private landlords to those put up by their own employers.

For these reasons, the Committee opposed the recommendation.
(*Appendix 37.*)

BOMBAY ECONOMIC AND INDUSTRIAL SURVEY COMMITTEE.

RELATIONS BETWEEN THE HANDLOOM INDUSTRY AND THE MILL INDUSTRY.

In April 1938, the Government of Bombay notified the appointment of the Bombay Economic and Industrial Survey Committee consisting of :—

Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E. (*Chairman*),

The Director of Industries (ex-officio),

Mr. C. N. Vakil, M.A., M.Sc., F.S.S., University Professor of Economics and Administrative Head, University School of Economics and Sociology, Bombay,

Dr. P. U. Patil, Sugar Technologist (U.S.A.),

Mr. Mahomedally Habib, and

Dr. V. K. R. V. Rao, M.A., Ph.D. (Cantab.), Principal and Professor of Economics, Sheth Lalbhai Dalpatbhai Arts College, Ahmedabad, who was also appointed to act as Secretary of the Committee.

The terms of reference to the Enquiry Committee were :—

“(1) To examine the present position of small industries in the Province and to report on their place in the Provincial economy in relation to agriculture and large industries.

(2) To survey the work done by the Government of Bombay in the realm of economic development within the Province during the last seventeen years, with special reference to agriculture, large industries and small industries.

(3) To report on the measures which Government can undertake to promote economic development within the Province and to suggest methods for financing the same.

(4) And finally to make such other recommendations as pertain to State policy with regard to economic development within the Province.”

Towards the end of May in the year under review, the Secretary of the Survey Committee, in addressing the Association, pointed out that the Committee had studied the data collected by them on handloom weaving, but that they felt they would be benefited by a discussion with representatives of the Association on the subject of the relations between the handloom industry and the mill industry before proceeding to formulate their own recommendations regarding such regulation of these relations as they might think desirable. The Enquiry Committee also forwarded to the Association a list of points on which they desired the Committee's views, and these with the Association's answers, which were forwarded to the Enquiry Committee towards the end of June, are summarised below :—

Question 1.—Have the products of the Indian mill industry replaced in any measure those of the handloom weaving industry during the last 20 years? Has the mill industry, during this period, begun manufacturing articles which were hitherto manufactured only by handloom weavers? Can any quantitative estimate be given of the extent to which the mill industry has thus made inroads into the handloom weavers' market?

Answer.—The Committee had no precise information as to whether, and if so, to what extent the products of the Indian cotton mill industry had replaced those of the handloom weaving industry, but they were of the

opinion that, taking into consideration the figures of yarn made available to the Indian handloom industry from year to year, it was reasonable to infer that the two industries had existed side by side without hurting each other. Each industry had a definite field of utility ; the handloom weaving industry had advantages when :—

- (a) weaving from handspun yarn ;
- (b) weaving fancies and specialities which could not be economically produced by power looms ; and
- (c) weaving fabrics which, on account of the very limited local demand, the variety of patterns, shortness of length, etc., would not ordinarily be produced by the mill industry,

and its future, in the opinion of the Committee, would, therefore, depend, largely on the extent to which it confined itself to the manufacture of goods in respect of which it enjoyed special advantages.

Question 2.—What quantities of yarn have the mills in India been selling within India during the last 20 years ? Please give the figures by different counts. Do the mills find an increase in the demand for their yarn or a decrease ? In what particular counts of yarn have these trends been noticed and what do you think is the cause of the same ?

Answer.—As regards the supply of yarn to the handloom industry, the Committee pointed out that between 80 and 90 per cent. of the total yarn available to the handloom industry was from the Indian mill industry. It appeared from the information available with the Association that the bulk of yarn supplied by the Indian mill industry was confined to counts 20s and below. This did not mean that the production of the handloom industry consisted only of coarse count goods. The handloom industry in the Madras Province was understood to be producing fine count fabrics from fine count cotton yarns sold by the Indian mill industry and cotton and artificial silk yarn imported from abroad. In addition to cotton yarn, the handloom industry was understood to be consuming the great bulk of the artificial silk yarn imported into this country. Artificial silk yarn was used by cotton mills only for producing decorative effects on woven fabrics, and it was estimated that the cotton mill industry's total consumption of artificial silk yarn would not exceed 15 to 20 per cent. of the total quantity imported.

Question 3.—Do you think that the handloom industry can survive in the Indian economic structure and continue to give employment to as many persons as it has been giving employment to-day ? Or do you think that that section of the handloom industry which is making certain standard articles is bound to disappear by the force of competition of machine-made cloth either indigenous, mill or imported ? If so, what are the varieties in the manufacture of which the handloom weaver is at a disadvantage as compared with the mill industry ? Can you suggest any measures which will enable the handloom weaving industry to continue supplying their standard varieties in competition with the corresponding mill made varieties ?

Answer.—On the question of the place of the handloom industry in the Indian economic structure, the Committee stated that handlooms would continue to play an important part, but that a good deal would depend upon the extent to which that industry confined itself to the manufacture of goods

in respect of which it enjoyed special advantages. In common with the Indian mill industry, the prices which the handloom industry had been able to obtain for its manufactures had been below fair selling prices, and, in the opinion of the Committee, the future of the handloom industry would also depend to a very great extent on the amount of protection available to it against imported cotton piecegoods. In the opinion of the Committee, the Indian handloom industry had nothing to fear from the Indian mill industry; but if adequate protection was not available against foreign imports, there was a possibility of the monopolistic position and special advantages which the handloom industry at present enjoyed in certain special lines being completely destroyed by foreign imports. Certain types of lungis, sarongs, handkerchiefs, and scarves were examples of the special lines in which the handloom weavers of the East Coast of India had a monopoly. These goods found a ready market not only within the country, but also in Ceylon, Singapore and the Straits Settlements. In this instance, therefore, there existed a case for not only an adequate protective duty in India, but also an export bounty to keep up the competitive position of these goods in the respective markets to which they were exported against those of Japan and other countries.

Question 4.—Are there in your opinion any special markets for the handloom weaver where he enjoys a competitive advantage against the mill industry? If so, kindly name the articles in the manufacture of which he is at a special advantage. What do you think is the proportion of handloom weavers in the province who are engaged in manufacturing such special articles? Is the mill industry also engaged in meeting a part of the demand for such articles? What, in your opinion, would be an approximate value of the total annual demand for these articles?

Answer.—In regard to the competitive advantages enjoyed by the handloom industry as against the mill industry, the Committee expressed the view that there were certain specialized lines of hand-woven cloth, such as sarees, scarves, etc., which the power looms in the factories could not produce economically. Moreover, the handloom weaver had the advantage of being able to introduce into the fabrics he wove a variety of intricate and attractive patterns which the power looms were not yet in a position to do. The Committee, therefore, stressed that the handloom weaver should, in his own interests, concentrate on the production of such sorts rather than on those lines which could not be produced by him as cheaply as in cotton mills.

Question 5.—If you agree that the majority of handloom weavers are engaged to-day in making standard articles in the manufacture of which they are at a competitive disadvantage with the mill industry and the manufacture of which they are able to sustain only by a progressive lowering of their standard of life, is it feasible to improve their lot in this connection or should their position be looked upon as bereft of hope? If not, what kind of assistance do you think should be given to the handloom weaver to enable him to survive? Do you think that the grant of marketing and financial assistance to handloom weavers would enable them to compete on equal terms with mill products and enable them to obtain an adequate wage? If not, do you think a subsidy should be given to them from the provincial revenues so that they will be able to compete with mill products? If you agree, what sources do you suggest for obtaining the funds necessary for this purpose? Or alternatively would the textile industry have any objection to the suggestion for a statutory division of the market between the handloom industry and the mill industry, the handloom industry being allowed to make certain types of standard articles and the mill industry being forbidden from making those types? The types may be defined either by the count of yarn used or the kind of article made. If you do not agree to any of these suggestions, what

suggestions do you make for enabling the handloom industry to survive in the Province? Can you suggest any other method of regulating the relations between these two important branches of the Indian textile industry as will result in the survival of the handloom weaving industry?

Answer.—Dealing with the special measures that might be taken to assist the handloom industry, the Committee suggested:—

- (a) the establishment of co-operative banks or similar institutions to finance;
- (b) the establishment of large scale bleaching, dyeing and finishing factories where the fabrics woven by the handloom weaver could be finished at reasonable rates;
- (c) the establishment of an organization or organizations which would be responsible for the marketing of the handloom industry's manufactures, cutting out, as far as possible, the middle-man's profits;
- (d) the establishment of trade schools in handloom weaving centres which would impart scientific instructions to the handloom weavers and their children. These institutions should, it was suggested, also be responsible for introducing the latest labour saving devices in handloom weaving for increasing daily output; and
- (e) the establishment of an institution which would be responsible for collecting information regarding the markets in India and abroad and also giving technical information to the handloom weavers as to what to produce and what not to produce.

The Committee were not in favour of a statutory division of the market between the handloom industry and the mill industry. They were also not in favour of excluding the mill industry from the manufacture of certain sorts.

On the invitation of the Enquiry Committee, a sub-Committee consisting of Mr. T. V. Baddeley (Chairman), Mr. Neville N. Wadia (Deputy Chairman), Sir H. P. Mody, Sir Chunilal V. Mehta, Mr. S. D. Saklatvala and Mr. Dharamsey Mulraj Khatau gave oral evidence on 7th August on behalf of the Association. (*Appendix 38.*)

PROPOSED SUBSTITUTION OF HAND-GINNED COTTON FOR MACHINE-GINNED COTTON.

Towards the middle of the year, the Bombay Economic and Industrial Survey Committee requested the Association to express an opinion on the possibility of machine-ginned cotton being substituted by hand-ginned cotton in cotton mills. The suggestion appeared to be that, if there were no technical difficulties, hand ginning of cotton should be substituted in the Bombay Province for the existing machine ginning, if necessary, by legislation.

On the question as to whether it was possible to substitute hand-ginned cotton for machine-ginned cotton, the Committee agreed that there were no technical difficulties except perhaps that hand-ginned cotton was

less clean than machine-ginned cotton and was mixed with seed and leaf. It was, however, felt that the use of such cotton on a large scale would result in a greater percentage of blow-room loss and some deterioration in the quality of the yarn produced. It was also pointed out that, where machine ginning was resorted to, the seed, which was an important and valuable by-product, would remain intact and could be easily collected for sale. In the case of hand ginning, however, the seed was largely left in the lint cotton, and to this extent, there was not only an economic loss of wealth to the grower, but a positive disadvantage to the manufacturer. The loss of value was definite as the spinner calculated the weight of seed which had been left in the cotton and reduced his offer accordingly. The seed taken out by the mill machinery was thrown away.

In the opinion of the Committee, hand ginning on a large scale would result in a heavy depreciation in the value of the whole cotton crop of the Province, and the grower would lose more on his crop value than he would save in ginning costs.

On the question of initiating legislation in this matter, the Committee felt that a careful enquiry into the number of hand gins available in the Province would have to be undertaken before even considering legislation to secure the substitution of hand-ginned cotton for machine-ginned. So far as they were aware, hand ginning was resorted to only in certain western districts of the Province, and it was thought that it would not be practicable to gin by hand anything like the total cotton crop in the time available. One of the disabilities from which hand gins suffered was understood to be the lack of pressing facilities. It was not practicable to instal expensive presses in every centre, and before hand-ginned cotton could be despatched to consuming centres, it had to be carried long distances to the presses.

The Committee further pointed out that, if legislation was to be introduced, the bye-laws of the East India Cotton Association would also require amendment, since under the existing bye-laws, hand-ginned cotton was not accepted against delivery contracts unless specified at the time of purchase, and in the case of a hedge contract, it was not tenderable at all.

In conclusion, the Committee doubted whether oversea buyers would be interested in Bombay hand-ginned cotton unless at prices considerably lower than those at which machine-ginned cotton was available.
(Appendix 39.)

NATIONAL PLANNING COMMITTEE.

Early in the year, the attention of the Committee was drawn by the National Planning Committee to a questionnaire issued by them with the object of collecting material data and obtaining helpful suggestions for the preparation of a comprehensive Plan for the economic development of India.

The questionnaire was carefully examined, and a memorandum setting out the Association's views on various matters pertaining to the

suggestions do you make for enabling the handloom industry to survive in the Province? Can you suggest any other method of regulating the relations between these two important branches of the Indian textile industry as will result in the survival of the handloom weaving industry?

Answer.—Dealing with the special measures that might be taken to assist the handloom industry, the Committee suggested:—

- (a) the establishment of co-operative banks or similar institutions to finance;
- (b) the establishment of large scale bleaching, dyeing and finishing factories where the fabrics woven by the handloom weaver could be finished at reasonable rates;
- (c) the establishment of an organization or organizations which would be responsible for the marketing of the handloom industry's manufactures, cutting out, as far as possible, the middle-man's profits;
- (d) the establishment of trade schools in handloom weaving centres which would impart scientific instructions to the handloom weavers and their children. These institutions should, it was suggested, also be responsible for introducing the latest labour saving devices in handloom weaving for increasing daily output; and
- (e) the establishment of an institution which would be responsible for collecting information regarding the markets in India and abroad and also giving technical information to the handloom weavers as to what to produce and what not to produce.

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On the question as to whether it was possible to substitute hand-ginned cotton for machine-ginned cotton, the Committee agreed that there were no technical difficulties except perhaps that hand-ginned cotton was

such cottons into the country. There were indications that the export demand for the surplus short-staple cotton grown in the country would not be likely to be so great as in the past, and in these circumstances, it seemed desirable for the Planning Committee, in collaboration with the Indian Central Cotton Committee, to investigate in detail the potentialities for increasing the out-turn of medium-staple cottons and to place some restrictions on the acreage now devoted to the growth of short-staple cotton.

The subsidiary raw materials which the mill industry required covered a wide range of millstores, machinery, accessories, dyestuffs, chemicals, oils and fuel. Some of these were to be found, or could be manufactured in India itself, while others had to be imported from abroad. As regards dyestuffs, it appeared that many of them could be manufactured with advantage in India, and that there was a very good case for the establishment, with some State assistance, of a heavy chemical industry, which in most other countries was considered an essential key industry.

Dealing with the handicaps to the development of the industry, the Committee referred to the import duty on machinery and essential millstores and the duty on raw cotton; the immovable property tax imposed by the Government of Bombay and the proposed sales tax on cloth; the wage increases given effect to as a result of the interim recommendations of the Bombay Textile Labour Inquiry Committee; and the reduction in the import duties on British textiles consequent on the new Indo-British Trade Agreement, all of which had considerably affected the competitive capacity of the industry.

In effect, the position was that Indian mills had no protection against the United Kingdom because the industry already paid half an anna import duty on raw cotton (equivalent to 4 per cent. on average cloth prices) and 10 per cent. import duty on the bulk of its stores, machinery and dyestuffs representing 2 to 3½ per cent. tax on the cost of manufacture. In the case of Japan, the competitive position of weaving mills since 1937 had been worsened by at least 9 per cent. without taking into calculation the adverse effects following from the 2 cents per lb. bounty on cotton exports granted by the American Government. In the case of spinning mills, the position was even worse than in the case of weaving factories, because the import duties against England and Japan respectively were only 5 per cent. and 6½ per cent. and the new duties on raw cotton added to the original duties more than counter-balanced the small import duties on imported yarns even without taking into account the adverse effects of the additions to wages and the burdens imposed by the immovable property tax.

As regards labour, while the available supply of man-power was more than adequate, the bulk of it was unskilled and illiterate with the result that, compared with other countries, the out-turn per operative was very small and total labour costs were high.

The system of marketing in vogue in the cotton mill industry was long established, and as far as Bombay was concerned, had been found to be adequate, while the cost was understood to compare not unfavourably with

the cost of marketing yarn and piecegoods in other countries. Reference was made to the exceptionally high freight charges levied by the railways on raw cotton, yarn and piecegoods in relation to the value of the products sold, and it was indicated that there was scope for a substantial reduction in rail freights on its raw materials and its finished products. A further handicap suffered by the industry was the persistent opposition of labour to even the most modest forms of rationalisation, calculated to reduce costs of production, which was so very necessary to enable the industry to compete against Japan and China in the home and export markets.

As regards the policy to be adopted for attracting foreign technicians or experts, the Committee stated that India being still in its infancy industrially, there was naturally a lack of trained technicians, scientists and experts of various kinds. They were, therefore, of opinion that it would be a retrograde step to impose any restrictions whatsoever on the employment of non-Indian scientists and technicians.

The Committee were further of opinion that labour was adequately protected against exploitation by the Factories Act, the Payment of Wages Act, the Industrial Disputes Act and the Bombay Trade Disputes Conciliation Act and other various enactments. As regards wages, the position of the cotton textile workers in the Province compared favourably with that of other industrial workers in vocations which required the same amount of work and skill.

On the question of the regulation of prices, the Committee expressed the view that so far as cotton manufactures were concerned, the regulation of prices was unnecessary except perhaps in case of national emergency such as might be brought about by a major war. In their opinion, internal and external competition were, and had been for many years, more than adequate to keep down the prices of cotton manufactures in India to reasonable levels.

As regards the possibility of Provincial Governments, in the absence of any control of the currency and credit systems of the country, introducing a system of internal barter, so as to reduce the importance of the cash nexus in the settlement of any trading transaction in the Province, and thereby reducing the influence of outside factors affecting the general price level, the Committee strongly opposed the suggestion on the ground mainly that it would tend to stifle private enterprise.

The Committee expressed themselves as generally in favour of a regulation of the foreign and overseas trade of India by means of specific Trade Treaties on the bilateral principle, such treaties being on a fully reciprocal basis. They were also opposed to any undue State interference in industry, and as far as the cotton mill industry was concerned, they held that private ownership and private enterprise should continue to be encouraged in preference to State ownership.

Dealing with the question of transport facilities and their cost, the Committee stated that as far as cotton yarn and piecegoods were concerned, transport by road was in general cheaper than transport by rail over short

distances. From port to port, transport by sea was cheaper than by rail, although considerable railway freight reductions had been made to encourage rail transport of this description during the last decade. As far as coastwise traffic was concerned, shipment by *dhow* was cheaper than by steamer for short and medium distances, but against this greater cheapness had to be set off the time factor and the less risk of water and other damages by steamer.

As regards the organization of industrial labour, the Committee referred to the influence exercised by unions under the control of leaders with communistic tendencies, whose subversive activities had caused both employers and employees enormous losses during the last ten or twelve years. It was hoped that the new Bombay Industrial Disputes Act, whose principle was supported by the Association, might improve the position.

On the question of State control of industrial undertakings, the Committee stated :

- (a) that there should be as little interference as possible by the State in so far as general supervision was concerned, but Government should exercise a close scrutiny over the company's accounts and exercise control over the appointment of auditors;
- (b) that no special provisions appeared to be necessary in regard to the treatment of labour since conditions of work would be regulated in accordance with the Province's factory and labour legislation;
- (c) that the interests of the consumers should be protected by ensuring that the State-aided concern was not placed in a monopolistic position;
- (d) that Government might insist on a limitation of dividends until the loan from Government had been paid off in full.
- (e) that it was inadvisable for Government to share in the profits made by a financially assisted concern, but that the interest on any money loaned by Government should be a first charge on the profits after statutory depreciation had been met; and
- (f) that it was also inadvisable, at any rate in the case of ordinary industrial enterprises, that a Provincial Government should eventually acquire and run what were previously Government-assisted enterprises. On the other hand, it was suggested that Government interest in the concern should eventually be taken over by the original promoters and the general public.

The Committee considered it advisable that some central organization of an all-India character should be brought into being for the promotion of control, supervision, and regulation of all-India industries and the economic relations as between the States and Provinces arising out of the programme of planned development, so as to maintain a uniform rate of progress simultaneously on all fronts, avoid friction, and make the working of the planned

programme, of local as well as national development, effective, and also for the purpose of co-ordinating industrial and labour legislation. It was suggested that the functions of such an organization should be purely advisory in the first instance. It was also submitted that, speaking generally, undesirable and uneconomic competition between Provinces in the field of industrial production could be greatly minimised, provided similar industrial units worked under the same laws and conditions of work and for the same number of hours per day, and provided also that, at the same time, the disparities which existed between the remuneration given for the same quantities of work done were removed or minimised.

The Committee finally stated, as regards dependence on imported raw materials, that while it was desirable to encourage the use of Indian raw materials as far as possible, no restrictions of any kind should be placed upon the use of raw materials of a kind, type or quality which could not be grown or produced economically in India. It was further suggested that if India wished to export a surplus of agricultural products, she must be prepared to accept payment for those exports, in part at least, by raw materials drawn from other countries and also to build up manufacturing industries which could utilize these imported raw materials or semi-manufactured goods to the greatest advantage.

Housing Sub-Committee.—Towards the end of October, the Committee were invited to express an opinion on a detailed questionnaire framed by the Housing Sub-Committee of the National Planning Committee. The Committee had neither the practical experience nor the expert knowledge required in answering the intricate issues involved in so elaborate a questionnaire, but the National Planning Committee were furnished with a note on the oral evidence submitted by the Association before the Bombay Rent Enquiry Committee and the views recently expressed on one of the most important recommendations made by that Committee, namely, that employers of industrial labour should be required to bear the responsibility of housing at least 25 per cent. of the workers employed by them.

Insurance Sub-Committee.—The Committee were also requested by the Joint Secretary of the National Planning Committee to express an opinion on another questionnaire prepared by the Insurance Sub-Committee of the National Planning Committee, which was intended to clarify the terms of reference and to collect material data on specific points. Here again, lack of technical experience and knowledge of the subject precluded the Committee from doing more than indicate in general terms their views on some of the broad issues arising out of the questionnaire.

As regards the extent and prevalence of the habit of insurance, it was pointed out that it was customary for members of the Association to insure their properties against fire risk and riot and civil commotion risks. In addition, the motor vehicles used by members were also insured against accident and third party risks. The workers employed in member mills were also insured against workmen's compensation risk. Member mills also insured in many instances against loss of profits.

In regard to the advisability of introducing the principle of compulsory insurance in respect of unemployment, sickness and other contingencies, the Committee did not favour schemes of this character, but pointed out that if they were introduced, the scope should not be limited to particular industries and that they should be on an all-India basis and further that the general principles governing insurance of these types should be on the lines adopted in the United Kingdom, i.e., premium payable should be shared proportionately by the State, the employers and the employed.

On the question of the possibility of organizing the insurance system as a public utility enterprise owned and conducted by the State, the Committee in general considered it inadvisable for the State to own or conduct insurance business. They preferred that the insurance field should be left to private enterprise and that the international character of many types of insurance should not be interfered with. The Committee did not consider that the general or private interests of the insuring public would be any better served by organizing insurance as a State enterprise. They doubted whether it would be feasible for the State to organise insurance and were opposed to any attempt being made in this direction. (*Appendix 40.*)

TESTING HOUSE FOR ARTIFICIAL SILK YARN.

(*See also pages 82 and 234 of Report for 1937.*)

On page 88 of the report of the Association for the year 1937, reference was made to the support extended by the Committee to a proposal made by Messrs. Courtaulds (India), Ltd., on behalf of the Bureau International Pour La Standardisation Des Fibres Artificielles (B.I.S.F.A.) to the Indian Central Cotton Committee to allow their Technological Laboratory at Matunga to function as the official testing house in India of the B.I.S.F.A. It was also stated that the Indian Central Cotton Committee had agreed to accept the suggestion. The B.I.S.F.A. having signified their recognition of the Laboratory, all member mills who intended to make claims for light weight, etc., on artificial silk yarn against European shippers and manufacturers were advised in June to have the yarn in question tested at the Technological Laboratory at Matunga, and to obtain certificates from the Laboratory in support of their claims. (*Appendix 41.*)

MORE LOOMS PER WEAVER SYSTEM IN INDIA.

(*See also pages 67 and 238 of Report for 1938.*)

Reference was made in the last report to the views expressed by the Committee on a proposal made by Lala Shri Ram that the Indian Central

Cotton Committee should undertake experiments with a view to ascertaining the conditions under which it would be possible for one weaver to look after at least eight looms.

It would appear that this proposal was subsequently considered by the Indian Central Cotton Committee, who decided that a revised scheme should be drafted by Lala Shri Ram in consultation with Dr. Nazir Ahmad and that it should, after approval, be circulated to millowners' organizations and individual mills with a view to ascertain whether they would be prepared to contribute to the cost. Accordingly, early in June, the Committee were furnished with a copy of a revised scheme and were asked to state the extent to which they would be prepared to contribute to it.

Briefly stated, the scheme which involved an initial capital outlay of Rs. 96,685 and a recurring annual expenditure of Rs. 13,460 dealt only with the 'machinery' or the mechanical and chemical side of the case, and nothing appeared to have been contemplated in connection with the 'labour' side of it. It recognized that the first requisite for enabling a weaver to look after more looms was to provide him with yarn which would not register more than a small number of breakages per loom per day, and set out briefly the steps which it was proposed to take to evolve such a yarn. These were :—

- (1) to spin Indian cottons with medium twists, producing soft, full bodied and elastic yarn which should be thoroughly studied for their physical properties ;
- (2) to compare the efficiency of ordinary with high speed winding and to study the optimum speeds for both types for the different yarns ;
- (3) to determine the optimum conditions of sizing and the best sizing mixtures for different Indian cottons, and
- (4) to investigate the effect of different size mixtures on the strength and elasticity of the yarn and the penetrability of the size into the yarn spun with medium twists.

It was pointed out that investigations on the above lines should supply sufficient data in the hands of mills to enable them to prepare stronger, more elastic and better sized yarns, and that this, in its turn, would enable one weaver to look after more looms than at present. It was also indicated that even if, for non-technical reasons, the weaver did not look after more looms with the better quality yarns, the following advantages were bound to follow :—

- (a) The looms could be run with greater efficiency and at higher speeds than at present. The employer would, therefore, get more production, which would enable him to reduce his overhead charges and thus lower the price of cloth.

- (b) As a result of higher production, the weaver would earn higher wages.
- (c) As a result of fewer breakages, the weaver would be subject to less physical strain.
- (d) As the cumulative result of the foregoing causes, the quality of the Indian cloth would improve, thereby enhancing its reputation and competing capacity in the home and foreign markets.

On a careful examination of the question, the Committee reiterated the opinion expressed by them a year ago, namely, that any research work on the lines indicated by the Indian Central Cotton Committee was not likely to have the same value from a practical point of view as tests and experiments which were constantly being made under actual mill conditions. The scheme put forward also appeared to be uneconomical in character and the results were likely to be of doubtful utility to the trade. In these circumstances, the Committee were unable to recommend a contribution to the cost of the scheme.

It is understood that the proposal has since been dropped by the Indian Central Cotton Committee. (*Appendix 42.*)

THE BOMBAY SHOPS ACT.

(*See also pages 95 and 290 of Report for 1938.*)

Reference was made in the last report to the views expressed by the Committee on the provisions of a draft Bill to regulate the hours of work of shop assistants and commercial employees and for certain other purposes, which the Government of Bombay proposed to introduce in the Legislative Assembly.

After consideration of the views submitted by commercial and industrial interests on the draft Bill, Government framed an amended Bill with the same objects in view, which was subsequently passed by the Legislature. The measure which was assented to by the Governor-General on the 2nd November, seeks to regulate the hours of work in shops, commercial establishments, restaurants, eating houses, theatres and other establishments. It does not apply, among other things, to persons occupying positions of management or employed in a confidential capacity; persons exclusively employed in the collection, delivery or conveyance of goods; Government offices and offices of local authorities; establishments for the promotion of the cure of the sick, infirm, destitute, or mentally unfit; clubs and residential hotels and bazaars or fairs for the sale of work for charitable or other

purposes from which no profit is derived. The regulating provisions of the Act are summarised below :—

	Working hours for employees.	Spread-over.	Rest Interval.	Holiday.
Shops	9½ hours per day. Overtime allowed upto 120 hours in a calendar year.	12 hours in a day.	½ hour for 5 hours. 1 hour for 7 hours.	1 day in a week.
Commercial Establishments. .	208 hours in a month. Overtime upto 120 hours in a calendar year.	12 hours in a day.	½ hour for 4½ hours. 1 hour for 7 hours.	Do.
Restaurants, Theatres, etc. . .	10 hours per day.	14 hours in a day.	½ hour for 6 hours. 1 hour for 8 hours.	Do.

The Act empowers the local Government to fix the opening time for shops and the opening and closing time of commercial establishments. The closing time of shops has been fixed at 9 p.m. or such other earlier hour as might later on be notified by Government.

The Act prohibits the employment of children under the age of 12 in any establishment to which it applies, and further lays down that the hours of work of young persons, i.e., between the ages of 13 and 17, shall not exceed 42 hours in a week or 8 hours in a day and that no young person shall be employed before 6 a.m. and after 7 p.m.

Provision is made for the payment of overtime work and it is stipulated that all overtime worked by persons employed in the establishments covered by the Act must be paid at 1½ times the normal rates of wages.

The essential preliminaries connected with the administration of the measure are understood to be under consideration by Government, who hope to bring the Act into force early in 1940.

BOMBAY LIFTS ACT, 1939.

Early in the year, the attention of the Committee was drawn to a Bill published in the *Bombay Government Gazette* providing for the regulation of the construction, maintenance and working of lifts and all machinery and apparatus pertaining thereto in the Province of Bombay. It was pointed out in the Statement of Objects and Reasons appended to the Bill :—

“The object of the proposed legislation is to require the owners of premises containing lifts to maintain the lifts in safe working order and for this purpose to take power to regulate

the construction, maintenance and working of lifts and all machinery and apparatus pertaining thereto in the manner proposed in the Bill in the Province of Bombay."

Clause 4 of the Bill prescribed that every owner of a place intending to install a lift in such place or in which a lift had been installed at the date of the commencement of this Act should apply for a licence. Clause 6 provided that no lift should be worked except under and in conformity with the terms of the licence granted in respect of the same. Under Clause 9, the Provincial Government were empowered to make rules regarding the terms and conditions of the licence, the licence fee and the form in which the licence might be granted for operation of a lift under Clause 6.

While the Committee were in agreement with the principle underlying the measure, namely, the desirability of providing for the regulation of the construction, maintenance and working of lifts and all machinery and apparatus pertaining thereto in the Province of Bombay, they felt that there existed a very strong case for limiting the application of the legislation to passenger lifts in houses, shops, and offices, since the Indian Factories Act made effective provision for the inspection and regulation of lifts in factories.

Moreover, a careful examination of the number of hoist accident cases in all factories in the Bombay Province during the last few years appeared to indicate that such accidents were by no means so numerous as to necessitate special legislation. The Committee, therefore, suggested that the application of the Bill should be limited to lifts installed in private buildings and offices where there was no provision for their effective supervision and control.

The Bill, as subsequently presented to the Bombay Legislative Assembly and as finally passed into law, provided for the regulation of the construction, maintenance and working of passenger lifts only. (*Appendix 43.*)

BILL TO CONSOLIDATE AND AMEND THE LAW RELATING TO ARBITRATION IN BRITISH INDIA.

Towards the end of August, the Committee were requested by the Government of Bombay to express an opinion on the provisions of a Bill to consolidate and amend the law relating to arbitration which was published in the *Gazette of India* dated the 22nd July 1939 under Rule 18 of the Indian Legislative Rules. The Statement of Objects and Reasons appended to the Bill read:—

"The law of arbitration in British India is at present substantially contained in two enactments, the Indian Arbitration Act, 1899 (IX of 1899) and the Second Schedule to the Code of Civil Procedure, 1908. The operation of the 1899 Act is limited to the Presidency towns and to such other areas as it may be extended by the appropriate Provincial Government: its scope is confined to "arbitration by agreement without the intervention of a Court." The Second Schedule to the Code of Civil Procedure deals with arbitrations outside the operation and scope of the 1899 Act: it relates for the most part to arbitration in suits, though arbitration without intervention of a Court is also briefly provided for. This Schedule also contains an alternative method whereby the parties to a dispute or any of them may file their arbitration agreement before a Court which after a certain procedure, refers the matter to an arbitrator.

“The question of amending and consolidating this law is not new. The Civil Justice Committee in 1925 recommended several changes in the arbitration law. The Act of 1899, was based largely on the then English law, to which several substantial amendments have been effected by an amending Act of Parliament in 1934. In 1938 the Central Government placed an officer on special duty to examine the question, and the present Bill is the outcome of this examination. The existing law, the amended English law and the recommendation of the Civil Justice Committee have been scrutinized together, and the present Bill, which seeks to consolidate and standardize the law relating to arbitration throughout British India, in its detail, extracts from the sources referred to those principles of law which, it is considered, are most suitable to British India.”

On a careful examination of the Bill in conjunction with the Association's solicitors, the Committee were inclined to agree that the Bill had been framed on right lines, but offered a few minor criticisms.

The Bill did not appear to contain any provisions as to where an arbitration was to be held. The Committee urged that the position should be made clear in the Bill.

Clause 13 of the Bill set out the powers of the arbitrators, and provided that the arbitrators or umpire, acting in an arbitration agreement, should have power to :—

- (a) administer oath to the parties and witnesses appearing;
- (b) state a special case for the opinion of the Court on any question of law involved, or state the award, wholly or in part, in the form of a special case on such question for the opinion of the Court;
- (c) correct in an award any clerical mistake or error arising from any accidental slip or omission; and
- (d) administer to any party¹ to the arbitration such interrogatories as might, in the opinion of the arbitrators or umpire, be necessary.

It appeared that an arbitrator had not been given the power to issue an order for a commission to examine witnesses. The absence of such power, it was felt, might work to the detriment of one of the parties who might find it inconvenient and extremely costly to bring all his witnesses from a distant place to where the proceedings were held. It was also not clear whether the power to administer interrogatories conferred on arbitrators under Clause 13(b) covered this point. The Committee, therefore, urged that this clause should empower arbitrators to interrogate third parties who were not present.

Clause 13(b) empowered the arbitrators to state a special case for the opinion of the Court on any question of law involved. It did not, however, make it clear whether the arbitrator was bound to state a case or whether it was in his discretion to do so or not. The Committee suggested that this clause should be amended to enable the party, whose request to the arbitrators to state a case for the opinion of the Court had been turned down by the arbitrators, to apply to the Court and get an order to that effect.

Clause 29: The 1899 Act empowered the arbitrators to enlarge the time for making the award, but under Clause 29 of the Bill this power was proposed to be taken away. If, as contemplated in this Clause, only the Court had the power to enlarge the time, the necessity of applying to the Court might, in the view of the Committee, arise more often, and in the circumstances, they urged that the power to enlarge the time should remain with the arbitrators.

Clause 47 appeared to provide that no arbitration award obtained otherwise than under the provisions of the Bill should be enforceable. It was thought that the Clause, as it stood, might render it impossible for such organisations as had for a very long time been holding arbitrations under their own rules to provide anything additional to, or different from, the provisions of the Bill. The Committee, therefore, suggested that a sub-clause should be added to make it clear that Clause 47 would not override the provisions of arbitration agreements or sets of rules which were additional to or not inconsistent with the new Act.

Clauses 32 and 33 of the Bill provided that an arbitration agreement should be contested only by application and not by suit. Clause 35 laid down the effect of subsequent legal proceedings on a pending reference. Such proceedings would not, it was provided, affect the reference unless (a) they related to the whole of the referred matter, and (b) all the parties to the reference were impleaded in the proceedings. Where these conditions were fulfilled, the legal proceedings would nullify the arbitration proceedings on the expiry of the time within which an application to stay the legal proceedings might be made or on the refusal of such an application. In the opinion of the Committee, where there was an agreement to refer disputes to arbitration, the only recourse the party should be allowed in Courts was to file a suit before appointing his arbitrator and for the other party to persuade the Court that it was not unreasonable that arbitration should proceed. It was maintained that once the arbitrators had been seized of a case, no proceedings should be allowed in the Courts except (a) under the provisions of Clause 17 which prescribed that, where the Court saw no cause to remit the award or any of the matters referred to arbitration for reconsideration or to set aside the award, judgment should be pronounced in terms of the award and that a decree should follow; or (b) by a suit in a Court having jurisdiction over the place where the arbitrators were sitting. Once a decree on the award in the arbitration proceedings had been obtained, no suit should be allowed. It was these additional proceedings which the Civil Justice Committee severely condemned, and the Committee held that every obstacle should be placed in the way of either party trying to defer the obtaining of an award or to upset one so long as the arbitration was being properly conducted by the arbitrators. It was pointed out that the parties had themselves agreed to what was considered a cheap and rapid remedy for the decision of their disputes, and in this view of the case, it was felt that everything possible should be done to discourage filing of suits in Courts to delay the remedy. In the absence of very cogent reasons to the contrary, it was suggested that these three clauses should be drastically revised,

The Bill was introduced in the Central Assembly on the 5th September, and on the motion of Government, was referred to a Select Committee of the House. It is understood that the Select Committee will meet early in 1940. (*Appendix 44.*)

CODE OF CIVIL PROCEDURE: ATTACHMENT OF SALARIES AND WAGES.

Section 60 (i) (h) of the Code of Civil Procedure, 1908, as amended by the second Amendment Act of 1937, reads as under :—

“60 (1). The following property is liable to attachment and sale in execution of a decree...

Provided that the following particulars shall not be liable to such attachment or sale, namely :—

* * * *

(h) the wages of labourers and domestic servants, whether payable in money or in kind; and salary, to the extent of the first hundred rupees and one-half of the remainder of such salary.”

Towards the end of May, several enquiries were received from member mills as to the scope of the amendment. The Association's solicitors were consulted, and it was ascertained that :—

(a) the wages of labourers and domestic servants were wholly exempt from attachment under the Civil Procedure Code;

A labourer for this purpose “is one who earns his daily bread by personal manual labour or any occupation which requires little or no art, skill, or previous education.”

(b) the salaries of all other persons were exempt from attachment under the Civil Procedure Code to the extent of the first hundred rupees and one-half the remainder of such salary;

(c) the amendments would not apply to any proceedings arising out of any suit instituted before June 1st, 1937;

(d) the amendments applied to all proceedings arising out of a suit instituted on or after 1st June 1937, where the attachment proceedings were subject to the Civil Procedure Code, whether issued by a Court of Small Causes or any other Court; and

(e) the amendments did not apply to an Order by the Collector for deduction from wages or salaries in respect of the amount due to Government co-operative societies, such order not being made under the Civil Procedure Code.

All members of the Association were duly advised of the position. (*Appendix 45.*)

PROTECTION TO THE MAGNESIUM CHLORIDE INDUSTRY.

(See also pages 126 and 372 of Report for 1938.)

On page 126 of the last annual report, reference was made to the support extended by the Committee to the case put forward by the Indian magnesium chloride industry before the Tariff Board for a continuance of the existing protective duties on imported magnesium chloride for a reasonable period.

The Tariff Board, after investigation, came to the conclusion that the magnesium chloride industry substantially satisfied the conditions laid down by the Fiscal Commission and that it was as much in the interest of the consumer as of the manufacturer that protection to the industry should be extended. They found that the fair selling price of Indian magnesium chloride delivered at mill, Bombay, was Rs. 2-12 per cwt. The lowest import price at which foreign magnesium chloride could be delivered at mill was Re. 1-13 per cwt. without duty. The measure of protection required for the industry was thus 15 annas per cwt., a reduction of 6 annas a cwt. from the existing rate of the protective duty. The Board accordingly recommended an extension of protection to the industry at the reduced rate of 15 annas per cwt. for a further period of seven years. The Board further recommended that should any attempt be made to import magnesium chloride at a price below Re. 1-8 per cwt. c.i.f. Bombay, which would, in their opinion, amount to dumping at an unremunerative price, action should be taken under Section 4 (1) of Act No. XXXII of 1934 to prevent the protective duty being ineffective.

The Government of India accepted the Board's recommendation in respect of the further period of protection, but considered the rate of protective duty proposed to be unduly high. In the opinion of Government, in arriving at the fair selling price for magnesium chloride, the Board had rightly taken into account the freight disadvantage which the Indian product had to face in Bombay City. It had, however, made an error of making an allowance on this account in respect of the whole production of the industry, a considerable proportion of which was consumed in up-country markets, where the Indian product was at no freight disadvantage or even enjoyed a certain advantage. Government were, therefore, of opinion that after rectifying this error, the fair selling price could reasonably be fixed at Rs. 2-9 per cwt., and accordingly decided to impose a protective import duty on magnesium chloride at 12 annas per cwt. A Bill designed to give effect to this decision was introduced in the Central Legislature towards the end of March and was duly passed.

APPRENTICE SCHEME OF THE GOVERNMENT OF BOMBAY.

(See also page 130 of Report for 1938.)

Reference was made in the last report to a suggestion made by the Committee for a joint conference between the Labour and Technical Advisory (Managers) Sub-Committee of the Association and the Special Advisory

Committee of the Government Apprentice Scheme for the purpose of reviewing the Government apprentice scheme and making recommendations as to whether, and if so, in what respects, it required alteration. A conference was accordingly held early in February, and the following decisions were arrived at:—

(1) *Objectives of the scheme.*—At the outset, the object of the scheme, about which some misconception appeared to prevail, was clarified, and it was agreed that the basic purpose of the Bombay Government apprentice scheme was to recruit, train and maintain an adequate and uninterrupted supply of skilled workmen to meet the current and future needs of the industry.

(2) *Duration of apprenticeship.*—It was resolved that the duration of indentured apprenticeship should be reduced from five to three years.

(3) *“Time-off” for attending technical classes.*—It was resolved that the present provision of “time-off” given to the apprentices should continue only in the first year.

(4) *Method of training in mills and factories.*—It was resolved that in the first year apprentices should be taken through all the sections of the departments to which they were allotted, which would serve the purpose of a sort of a “try-out” both for the apprentices and the employers. At the end of the first year, they would be detailed to a specific machine or section of the department to be trained as skilled artisans. Special sub-committees were appointed at the conference for the purpose of drawing out a systematic plan of practical training in mills and factories during the first year of the apprenticeship.

(5) *Responsibility for the care of the apprentices.*—The conference resolved that the general oversight of the practical training received by the apprentices should devolve on the manager of the mill or workshop, so as to ensure that it was adequate and satisfactory.

The necessary modifications were incorporated in the scheme with effect from the admission year commencing from June 1939, and all members were advised of the detailed plan of training recommended by the special sub-committees appointed at the conference. (*Appendix 46.*)

CO-OPERATIVE INSURANCE FOR WAGE EARNERS: RUPEE POLICY SCHEME.

Early in October, the Chief Inspector of Factories furnished the Committee with an outline of a scheme to control the life assurance of wage earners, framed by the Manager of the Bombay Co-operative Insurance Society, Ltd., and requested them to consider whether the safeguards provided under the scheme were adequate enough to justify a deduction from

wages under the Payment of Wages Act. The special features of the scheme, known as the "Rupee Policy Scheme" appeared to be:—

- (a) The premium rates would be constant for all ages, i.e., Re. 1 per month and the benefit, that is, amounts to be secured, would vary according to the ages.
- (b) Rs. 6 would be payable along with the proposal for insurance. In case of acceptance of life by the Society, the amount would be credited towards the premiums for the first six months and a policy would be issued. In case the proposal was declined, the amount so deposited would be refunded in full.
- (c) Premiums were on a monthly basis and were payable on the 5th of each calendar month in advance after the first six months. Fifteen days of grace were allowed for payment.
- (d) If the premium was not received within the days of grace, the policy would lapse. But the same could be revived in time before the expiry of the term of the policy at the discretion of the directors on sufficient proof of good health and payment of all arrears with the penalty of one anna per month.
- (e) Medical examination of the proponent was necessary.
- (f) Policies would be entitled, after one year's premia were paid, to paid-up and surrender values if applied for within the days of grace. The amount of the paid-up policy would bear the same proportion to the amount of the original assurance as the number of annual premiums paid bore to the number of premiums payable on the original policy.

The Committee were of the opinion that the proposed scheme was neither attractive nor sufficiently cheap to justify their recommending it to member mills. The main considerations which guided them in forming this view were:—

- (1) that the rupee policy scheme was not a new scheme and that similar schemes were already in existence;
- (2) that on a comparison of the Co-operative Insurance Society's rupee scheme with those already in existence, it was found that it offered no special advantage to the workers;
- (3) the condition that if the premium was not received within the days of grace, the policy would lapse, but that it could be revived at any time before the expiry of the term of the policy at the discretion of the directors on sufficient proof of good health and payment of all arrears with a penalty of one anna per month, was not in the interests of workers; and
- (4) that the general consideration that co-operative societies were not by any means experts in the very complicated matter of life insurance policy militated against the encouragement of the very rough and ready scheme.

For these reasons, the Committee were of the opinion that there were no adequate safeguards for the workers under the scheme, and they were, therefore, unable to support the idea of permitting deductions from wages for the payment of premiums on policies taken up with the Bombay Co-operative Insurance Society, Ltd. (*Appendix 47.*)

ANTI-MALARIAL MEASURES IN BOMBAY MILLS : TREATMENT OF ROOF GUTTERS.

(*See also pages 118 and 301 of Report for 1937.*)

In the report of the Association for the year 1937, reference was made to the correspondence which had passed between the Association and the Executive Health Officer of the Bombay Municipality regarding the advisability of making the roof gutters in cotton mills in the City and Island of Bombay accessible for treatment by the anti-malarial staff of the Municipality. The Committee were most anxious to do what was reasonable to reduce the incidence of malaria in Bombay, but they felt that the Health Department were not justified in asking mills to go to the extent of making all roof gutters accessible unless it was conclusively proved by observations made in selected mills over an extended period that the treatment of roof gutters was an essential element in the anti-malarial campaign. It was also made clear to the Municipality that the main problem was the removal of permanent as distinct from temporary breeding places.

Certain experiments were accordingly conducted by the Municipality, and the results of the tests were discussed by a special sub-Committee of the Association with the Executive Health Officer early in May. As a result of these discussions, it was agreed that :—

- (a) mills should not be called upon to provide more than one means of access to each roof, and that separate access to each roof gutter of mill buildings was unnecessary and should be ruled out in view of the very heavy expenses involved ; and that
- (b) potential temporary breeding places for malarial mosquitoes were to be found in shed type buildings with saw-toothed roofs, and that in general no particular measures were necessary in regard to flat roofs of spinning mill buildings of the storey type.

These proposals were subsequently endorsed by the Committee, who recommended all member mills to provide a substantial portable ladder. It was suggested that at the entrance to each saw-toothed gutter permanent hooks should be fitted into the wall so that this ladder might be attached to the hooks and become for the time being a suitable immovable ladder which could be used by the Municipal staff without danger to life. It was further recommended that when the Municipal authorities paid a visit to the mills for inspecting the roof gutters, the mill staff should be made available to move the ladder from place to place according to the requirements of the authority inspecting the gutter. (*Appendix 48.*)

EXCESSIVE PREVALENCE OF MALARIA IN THE MILL AREA.

The causes of the excessive prevalence of malaria in the mill area during the year was discussed at a special conference of mill doctors convened by the Association early in October. It appeared from enquiries subsequently instituted that a number of new dispensaries had been established in the mill area by the Bombay Municipality and that the anti-malarial staff were doing all that was possible in the matter of treating casual water in the localities in which an excessive amount of malaria existed. On the suggestion of the Municipality, all mills in the City were advised to deal with potential breeding places in and around mill buildings, particular attention being paid to roof gutters of shed type buildings and any casual water in mill compounds. Arrangements were also made with the Municipality for cheap supplies of quinine and quinine compounds from the Central Municipal Depot to mill dispensaries at half cost. (*Appendix 49.*)

AIR RAID PRECAUTION MEASURES : PROVISION OF AUXILIARY LIGHTING IN MILLS.

Towards the end of September, the Chief Inspector of Factories suggested that in view of the possibility of power supply being cut off as a result of an air raid, mills should provide some form of auxiliary lighting to prevent confusion and untoward occurrences. It appeared that the A. R. P. Factories Committee had discussed this matter with the Bombay Fire Insurance Association who had agreed that exits, staircases and main departments of cotton mills should be provided with auxiliary lighting, and in those mills which desired to use oil lamps for this purpose, there would be no objection, from an insurance point of view, if the following conditions were observed :—

- (a) The lamps should be enclosed in a substantially built metal and glass frame.
- (b) Oil pressure lamps should not be used.
- (c) The lamps should be filled, trimmed and lighted outside the ordinary mill departments and the oil kept in the place ordinarily used for storing other oils.
- (d) They should be thoroughly cleaned every day.
- (e) They should be hung on hooks in suitable positions where they were not likely to be accidentally knocked or damaged by persons, materials or broken belts.
- (f) That specified persons should be employed to attend to the lamps, and that they should not be interfered with by any unauthorized person.
- (g) That if an oil lamp was required in any room occupied for any storage or process in which inflammable vapours were likely to be given off, such lamp should be of the "Davy" type.
- (h) The metal work of the frames and the base of the lamps should be painted red.

On these conditions being confirmed by the Bombay Fire Insurance Association, a recommendation was sent to all member mills in Bombay

towards the middle of October immediately to take in hand the provision of auxiliary lighting, in consultation with the Chief Inspector of Factories. (*Appendix 50.*)

TRUNK TELEPHONE CHARGES.

Early in June, the attention of the Committee was drawn to two representations submitted by the Native Share and Stock Brokers' Association and the Indian Merchants' Chamber, Bombay, to the Director-General of Posts and Telegraphs urging the need for a downward revision of the scale of charges levied for trunk telephone calls from Bombay to Calcutta, Ahmedabad, Surat, Madras, Karachi, Delhi, Lahore and Allahabad. The representations stressed that the revenue derived from the telephone branch of the Indian Posts and Telegraphs Department had steadily increased during the last few years and that the growing profits from this branch had materially augmented the financial resources of the Department.

The Committee agreed that a general reduction in the telephone charges, apart from affording a measure of relief to the mercantile community and generally to all those who used this essential public utility service in the course of their normal avocations, would tend to make the service more popular, and that any concessions made in the rates would be more than justified by an increase in the number of users of the trunk telephone system with a proportionate increase in the aggregate income of the Department, as was borne out by the experience of the Bombay Telephone Company, where a reduction in charges resulted in an increase in the number of subscribers and revenue to the Company.

In the circumstances, a representation was submitted to the Director-General towards the middle of July supporting the case put forward by the Native Share and Stock Brokers' Association and the Indian Merchants' Chamber, and suggesting that the charges for trunk calls from Bombay to Nagpur, Hubli, Guntakal and Bangalore should also be substantially reduced.

From a reply received towards the end of the year, it appeared that while Government were aware that the telephone branch of the Posts and Telegraphs Department had been showing surpluses, they were unable to undertake a revision of the scale of charges in the manner suggested for the following reasons :—

- (a) that such a reduction was certain to reduce the revenue earned, and the loss would not be made up immediately or within a short period by the increased traffic ;
- (b) that the Department was not in a position at present to make the initial sacrifices involved, or to carry the additional traffic, without considerable additional capital expenditure ;
- (c) that the two services provided by the Department, namely, the telephone and the telegraph, should be taken together in assessing the financial results of the services ;
- (d) that a reduction in trunk telephone charges would divert some more of the telegraph traffic to the telephone side, with the result that the loss on the telegraph side would be increased ; and

- (e) that in view of the present war conditions, it was not possible to embark on a reduction in rates, which, in Government's opinion, would result in an immediate fall in revenue.

While appreciating Government's point of view, the Committee suggested that the possibility of widening the trunk telephone facilities at present available in the country and the elimination of the delay which occurred in obtaining trunk connections might be seriously considered by Government. It was quite conceivable that a wider system of trunk connections would eventually have the effect of reducing trunk telephone rates. (*Appendix 51.*)

DEPRECIATION OF THE CHINESE CURRENCY.

The serious position arising out of the precipitate drop in the prices of Chinese yarns in Bombay towards the end of July following the collapse of the Chinese currency was considered by the Committee, and a telegram was despatched to the Government of India, Department of Commerce, expressing the Committee's grave concern as to the consequences of this depreciation on the position of the Indian spinning industry and urging that immediate steps should be taken to counter the disastrous effects of currency depreciation until normal conditions were restored. However, up to the time of writing Government have not thought fit to take any action in this matter.

REBATE ON FUMIGATION CHARGES COLLECTED ON AMERICAN COTTON.

Early in March, the Government of India directed a refund, calculated at the rate of 5 annas and 3 annas per square and round bale, respectively, from the fumigation charges levied on all American cotton imported and fumigated between 1st April 1937 and 31st March 1938.

All members of the Association, who had purchased American cotton during the period referred to above, were advised of the position and were asked to get into touch with their cotton merchants with a view to ensure that the refunds notified were collected and passed on to the mills. (*Appendix 52.*)

PIECEGOODS MARKET REPORTS.

During the year, Mr. N. Khaitan of Messrs. Luchminarain Ramkisonadas, Calcutta, continued to keep the Association informed of the trend of prices and tendencies of the piecegoods market in Calcutta. The weekly service of reports by Mr. Rama Kant Bhandari on the Amritsar piecegoods and yarn markets, which was introduced in 1938, was continued during the year, and these, together with the weekly reports submitted by Mr. Jamshed N. Mody on the Bombay piecegoods and yarn markets, were sent out regularly to all members of the Association and were appreciated. Arrangements are in progress for the extension of the market report service to cover the piecegoods and yarn markets of Ahmedabad, and it is hoped to commence the new service at an early date.

RAW COTTON STOCKS HELD BY BOMBAY MILLS.

QUANTITY OF RAW COTTON IN STOCK.

Date.	Cotton actually on hand in Mill Godowns.		Ready cotton bought but not taken delivery of.		Total.	
	Actual Number of bales.	Actual weight of bales (in Candies of 784 lbs.).	Actual Number of bales.	Actual weight of bales (in Candies of 784 lbs.).	Actual Number of bales.	Actual weight of bales (in Candies of 784 lbs.).
28-2-1939 ..	297,068	157,777	53,516	27,191	250,584	184,968
31-8-1939 ..	49,692	131,477	22,234	11,403	271,926	142,880

MEMBERSHIP SUBSCRIPTION.

In accordance with Rule 35 of the Association's Rules and Regulations, the following rates of membership subscription for the year 1940 were fixed at a special meeting of the Committee held on Monday, the 4th December, 1939:—

	FOR WOOLLEN MILLS	FOR COTTON MILLS SITUATED IN :		FOR GINS AND PRESSES
		Bombay City and Island (including Kurla)	Up-country	
(a) For every 1,000 Mule Spindles or part thereof	Rs. 12	Rs. 7	Rs. 5	..
For every 500 Ring Spindles or part thereof	Rs. 12	Rs. 7	Rs. 5	..
For every 50 Looms or part thereof.. set up in the mill or mills, factory or factories, which, for the time being, shall belong to each member.	Rs. 9	Rs. 16	Rs. 12-8	..
(b) For every Rs. 10,000 or part of Rs. 10,000 of the cost up-to-date, without depreciation, of the plant, buildings and land, of dyeing, and/or bleaching and/or printing and/or mercerising factories or departments owned by a member	Rs. 2	Rs. 2	Rs. 2	..
FOR OTHER TYPES OF FACTORIES OWNED BY MEMBERS : For every Rs. 10,000 or part thereof of the cost up-to-date, without depreciation, of the plant, buildings and land .. .. .	..	..	..	Rs. 2

Provided that the minimum subscription payable by any one member shall be Rs. 100.

MILL HOLIDAYS AND PAY-DAYS FOR THE YEAR, 1940.

The following Mill Holidays and Pay-Days which are in conformity with the provisions of the Indian Factories Act, 1934, and of the Payment of Wages Act, 1936, respectively, have been fixed by the Committee of the Millowners' Association, Bombay, for adoption by all Bombay member mills of the Association during the year 1940 :--

MONTH.	DATE.	DAY.	FESTIVAL.	PAY-DAY.	
				MILLS EMPLOYING 1,000 OR MORE OPERATIVES.	MILLS EMPLOYING LESS THAN 1,000 OPERATIVES.
JANUARY ..	1st ..	MONDAY ..	<i>New Year Day</i> ..	Wed. 10th ..	Sat. 6th
	7th ..	SUNDAY ..			
	14th ..	SUNDAY ..			
	21st ..	SUNDAY ..			
	28th ..	SUNDAY ..			
FEBRUARY ..	4th ..	SUNDAY ..		Sat. 10th ..	Wed. 7th
	11th ..	SUNDAY ..			
	18th ..	SUNDAY ..			
	25th ..	SUNDAY ..			
MARCH ..	7th ..	THURSDAY ..	<i>Maha Shivratri</i> ..	Sat. 9th ..	Wed. 6th
	10th ..	SUNDAY ..			
	17th ..	SUNDAY ..	} <i>Holi</i>		
	24th ..	SUNDAY ..			
	25th ..	MONDAY ..			
	26th ..	TUESDAY ..			
	31st ..	SUNDAY ..			
APRIL ..	8th ..	MONDAY ..	<i>Gudi Padwa</i>	Wed. 10th ..	Sun. 7th
	16th ..	TUESDAY ..			
	21st ..	SUNDAY ..	<i>Ram Navami</i>		
	28th ..	SUNDAY ..			
MAY ..	5th ..	SUNDAY ..		Fri. 10th	Tues. 7th
	12th ..	SUNDAY ..			
	19th ..	SUNDAY ..			
	26th ..	SUNDAY ..			
JUNE ..	2nd ..	SUNDAY ..		Sat. 8th ..	Fri. 7th
	9th ..	SUNDAY ..			
	16th ..	SUNDAY ..			
	23rd ..	SUNDAY ..			
	30th ..	SUNDAY ..			
JULY ..	7th ..	SUNDAY ..	<i>Ashadi Ekadashi</i> ..	Wed. 10th ..	Sat. 6th
	15th ..	MONDAY ..			
	21st ..	SUNDAY ..			
	28th ..	SUNDAY ..			
AUGUST ..	4th ..	SUNDAY ..	<i>Nag Panchami</i>	Sat. 10th ..	Wed. 7th
	8th ..	THURSDAY ..			
	17th ..	SATURDAY ..			
	26th ..	MONDAY ..			
SEPTEMBER ..	5th ..	THURSDAY ..	<i>Ganesh Chaturthi</i>	Mon. 9th ..	Sat. 7th
	10th ..	TUESDAY ..			
	15th ..	SUNDAY ..			
	22nd ..	SUNDAY ..			
OCTOBER ..	1st ..	TUESDAY ..	<i>Sarva Pitri Amavasa</i> ..	Wed. 9th ..	Mon. 7th
	6th ..	SUNDAY ..			
	10th ..	THURSDAY ..	<i>Dasara</i>		
	20th ..	SUNDAY ..			
	30th ..	WEDNESDAY ..	} <i>Diwali</i>		
31st ..	THURSDAY ..				
NOVEMBER ..	1st ..	FRIDAY ..		Sat. 9th ..	Thurs. 7th
	10th ..	SUNDAY ..			
	17th ..	SUNDAY ..			
	24th ..	SUNDAY ..			
DECEMBER ..	1st ..	SUNDAY ..		Tues. 10th ..	Sat. 7th
	8th ..	SUNDAY ..			
	15th ..	SUNDAY ..			
	22nd ..	SUNDAY ..			

Note.—The mills will work on Sunday, the 29th December 1940, as they will be closed on Wednesday the 1st January 1941.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

For purposes of record, the Indian Customs Tariff, Schedules I and II, appended to the Indian Tariff Act, XXXII of 1934 (as in operation during the year 1940), showing the rates of customs duties levied on goods imported into and exported from British India, together with tariff values assigned to certain articles for purposes of assessment to customs duties during the twelve months January to December 1940, are reproduced in full in *Appendix 53*.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Balance Sheet as at 31st December, 1939.

LIABILITIES.		Rs.	a.	p.	Rs.	a.	p.	ASSETS.		Rs.	a.	p.	Rs.	a.	p.
<i>Auditors' Fees, Advertisements, Printing, Stationery, Electric Lights, Fans, Bonus to staff, etc., unpaid</i>	.. .. .	2,055	10	0				<i>Interest accrued on Association's General Fund upto 31st December, 1939, but not received</i>	.. .. .	2,445	2	4			
<i>Subscriptions Received in advance for 1940</i>	.. .. .	11,956	0	0				<i>Outstandings due</i>	.. .. .	1,453	1	6			
<i>Deposits : Arbitration Fees (Contracts)</i>	.. .. .	170	0	0				<i>Advance Payments made on account of Books and Periodicals, Telephones, Salary of Clerk at Calcutta and other sundry items</i>	.. .. .						3,898 3 10
<i>Recoveries from Mills in connection with Municipal Assessments</i>	.. .. .	17	1	0				<i>Advances to Staff</i>	.. .. .						516 6 0
<i>Recoveries from Mills in connection with Appeals regarding Standing Orders</i>	.. .. .	1,964	0	0				<i>Association's Investments : At Cost.—</i>							200 0 0
<i>Balance of Association's Magazine Account</i>	.. .. .	1,391	11	5											
					17,554	6	5								
<i>Balance of Amount Appropriated for Future Propaganda and action for the promotion of the piecegoods and yarn trade of Member Mills</i>	.. .. .				28,843	11	10								
ASSOCIATION'S GENERAL FUND :—															
<i>Balance as on 31st December 1938</i>	.. .. .	2,66,244	9	9				<i>Face value.</i>							
<i>Add—Difference on Investments (3½ per cent. G. P. Notes) transferred..</i>	Rs. a. p.	60,996	10	0				<i>Rs.</i>							
<i>Excess of income over expenditure during the year</i>	.. .. .	3,573	1	5				<i>3½ per cent. Government Loan 1947-50</i>	..	33,100	31,776	0	0		
		64,569	11	5				<i>3 per cent. Government Loan 1951-54</i>	..	10,000	10,187	8	0		
					3,30,814	5	2	<i>4 per cent. Government Loan 1960-70</i>	..	58,000	57,827	8	0		
								<i>2½ per cent. Government Loan 1948-52</i>	..	10,000	10,050	0	0		
								<i>Government of India Treasury Bills</i>	..	2,50,000	2,48,281	4	0		
										Rs. 3,61,100					3,58,122 4 0
								<i>(Market value of the above is Rs. 3,59,250 6 0)</i>							
								CASH :—							
								<i>With the Imperial Bank of India in General Account</i>	..	13,923	8	7			
								<i>With the Imperial Bank of India in Secretary's Account</i>	..	427	1	0			
								<i>On hand</i>	125	0	0			
															14,475 9 7
Total Rs.	..				3,77,212	7	5	Total Rs.	..						3,77,212 7 5

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Examined and found correct.

A. F. FERGUSON & CO.,

*Chartered Accountants,
Registered Accountants,
Auditors.*

T. MALONEY,
Secretary.

BOMBAY, 25th January, 1940.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Dr.

Income and Expenditure Account for the year ended on the 31st December, 1939.

Cr.

EXPENDITURE.			INCOME.			
	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.
To Establishment	64,083	5 0			By Subscriptions for the year ended on 31st December 1939	90,649 8 0
" Conveyance Allowances to Secretary, Assistant Secretary, Labour Officer and Assistant Labour Officer	3,760	0 0			" Miscellaneous Receipts	2,655 9 0
" Preparation of Monthly Import and Export Statistics for 1939	2,531	14 0			" Registration of Trade Numbers	3,368 4 0
" Preparation of Statistics for the Bombay Cotton Mill Industry for 1938	548	0 0			" Registration of Trade Names	3,820 0 0
" Office Rent	4,275	0 0			" Interest on Investments of General Fund, etc. (including interest accrued on Securities Rs. 931.14.4 and Treasury Bill Rs. 1,513.4.0)	11,545 12 10
" Printing Statistical Returns, Mill Statement for 1939, and Annual Report for 1938, etc.	7,107	8 0				
" Stationery	2,975	9 0				
" Advertisements	158	4 0				
" Books and Periodicals	674	4 9				
" Auditors' Fees	200	0 0				
" Telephones	986	4 0				
" Electric Lights and Fans	612	13 6				
" Law Charges	344	0 0				
" Furniture and Fixtures	1,324	0 0				
" Petty Charges, Sundry expenses including Postage and Telegrams	2,820	0 0				
" Association's Contribution to Provident Fund	5,229	10 8				
" Membership subscriptions to the Employers' Federation of India, The Textile Institute and the Royal Asiatic Society for 1939	1,318	3 0				
		Rs. a. p.				
" Income-tax on interest on Securities for 1938-39 deducted at source as per certificates	455	3 0				
" Income-tax on interest on Securities for 1938-39 deducted at source by Imperial Bank	745	7 6				
		1,200 10 6				
Less—Provision for Income-tax on Interest for 1938	104	15 0				
		1,095 11 6				
" Cost of passage money for Secretary	1,729	9 0				
" Bonus to Staff	1,692	0 0				
			1,03,466	0 5		
" Association's Contributions for the year to :—						
The Victoria Jubilee Technical Institute	1,500	0 0				
The Police Comforts Fund	1,000	0 0				
The Textile Technical School	700	0 0				
The Sir J. J. Hospital Nursing Association Fund	500	0 0				
The K. E. M. Hospital Poor Box Fund	400	0 0				
The Naigaum Social Service Centre	350	0 0				
The Bombay Textile and Engineering Association	200	0 0				
The Goculdas Tejpal Hospital Nursing Association Fund	200	0 0				
The Maharashtra High School	150	0 0				
			5,000	0 0		
" Balance, being excess of income over expenditure carried to Balance Sheet			3,573	1 5		
Total Rs.			1,12,039	1 10	Total Rs.	1,12,039 1 10

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Examined and found correct.

BOMBAY, 25th January, 1940.

A. F. FERGUSON & CO.,
Chartered Accountants,
Registered Accountants,
Auditors.

T. MALONEY,
Secretary.

THE MILLOWNERS' ASSOCIATION PROVIDENT FUND.

Statement of Funds for the year ended on the 31st December 1939.

PROPERTY AT OPENING AND RECEIPTS	Rs. a. p.	Rs. a. p.	Rs. a. p.	PROPERTY AT CLOSING.	Rs. a. p.	Rs. a. p.
By <i>Amount of Funds</i> as at the 1st January 1939.		1,27,929 1 2		TO INVESTMENTS HELD AT COST :—		
„ Subscriptions received from members during the year 1939	5,229 10 8			Face Value. Rs.	Cost.	
„ Contributions from the Millowners' Association during the year 1939	5,229 10 8			3½ per cent. Government Loan 1947-50 ..	18,900	18,859 0 0
„ Interest (including interest accrued Rs. 1,437-7-8) ..	Rs. a. p. 5,271 7 4			4 per cent. Government Loan 1960-70 ..	67,000	66,210 10 0
Less Bank Charges ..	28 5 0	5,243 2 4		3 per cent. Government Loan 1951-54 ..	65,500	64,967 13 0
		15,702 7 8			1,51,400	1,50,037 7 0
„ <i>Lapses and Forfeitures</i> :—			1,43,631 8 10	(Note.—The present worth of the above securities is Rs. 1,48,332-2-0.)		
Balance as per last statement		5,437 5 5		„ Interest accrued on the above securities		1,437 7 8
Add—Amount transferred during the year		6,855 11 0		„ Cash with the Imperial Bank of India on current account		4,449 10 7
			12,293 0 5			
Total Rs. .			1,55,924 9 3	Total Rs. ..		1,55,924 9 3

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Examined and found correct.

BOMBAY, 25th January, 1940.

A. F. FERGUSON & CO.,

*Chartered Accountants,
Registered Accountants,
Auditors.*

T. MALONEY,
Secretary.

Report for the Year 1939.

Section III.

CORRESPONDENCE.

APPENDICES 1—53.

APPENDIX 1.

PUBLIC HOLIDAYS COMMITTEE.

Copy of letter No. 3262/34-B, dated the 10th August 1939, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

I am directed to state that Government has decided to appoint a special committee representing various commercial and banking interests and communities to advise on the festivals to be observed in future as public holidays under the Negotiable Instruments Act, 1881. The terms of reference of the committee will be as follows :—

1. To recommend the principles which should be followed in fixing public holidays under the Negotiable Instruments Act, 1881, with a view to reduce the number of holidays notified at present.
2. To determine the days on which the abstention of a whole community from business will have such effect on the business of the Province that it is desirable in the general interests of the commerce of the Province to declare those days as public holidays under the Negotiable Instruments Act, 1881.
3. To recommend what days should, having regard to the principles referred to above, be declared as public holidays under the Negotiable Instruments Act, 1881, and
4. To report on any matters germane to the above.

It is proposed to appoint a nominee of your Association to serve on the Committee. I am accordingly to request that you will be so good as to communicate to me the name of the gentleman who should represent your Association on the Committee,

Copy of letter No. 3545/170, dated the 22nd August 1939, from the Association to the Chief Secretary to the Government of Bombay.

I am directed to acknowledge the receipt of your letter No. 3262/34-B, dated the 10th August 1939, on the above subject, and to say that my Committee have appointed Mr. Krishnaraj M. D. Thackersey as the Association's representative on the proposed special Committee.

For ready reference, I give below the address of Mr. Krishnaraj :

Krishnaraj M. D. Thackersey, Esq.,
C/o Messrs. Thackersey Mooljee & Co.,
Sir Vithaldas Chambers,
Apollo Street, Fort, BOMBAY.

APPENDIX 2

DEPUTATION TO HIS EXCELLENCY THE VICEROY.

Text of the speech made by Mr. Krishnaraj M. D. Thackersey, Acting Chairman, on behalf of the Deputation from the Committee of the Millowners' Association, Bombay, which waited on His Excellency the Most Honourable the Marquess of Linlithgow, P.C., K.T., G.M.S.I., G.M.I.E., O.B.E., D.L., T.D., Governor-General of India, on Saturday, the 21st January, 1939.

MAY IT PLEASE YOUR EXCELLENCY,

On behalf of the Committee of the Millowners' Association, Bombay, I desire to express to Your Excellency our grateful appreciation of the opportunity which has been afforded to us of meeting you in deputation and establishing personal contact with you on your first official visit to this, the Premier City in India. Short as is your stay in our midst, we trust it will suffice to convey to Your Excellency an idea of the many-sided activities of a City whose greatness and prosperity have been built up by generations of Indians and Europeans working together in harmony and with a single eye to the public good.

Although this is the first opportunity which we have enjoyed of meeting Your Excellency in person, we have had many an occasion in the past of appreciating your very valuable labours on behalf of India, and your special interest in the agricultural problems of the country. The excellent work done by the Royal Commission on Agriculture in India under your leadership is well known to all, and we have noted with pleasure that, during your term of office, you have taken so many opportunities of demonstrating your real concern for the interests of the countless millions who live on the soil. We rejoice that efforts to improve the lot of the cultivator are being continued vigorously both by the Central and the Provincial Governments under Your Excellency's inspiration.

The members of our Association are fully aware of the very close link which exists between the fortunes of the Industry which they control and the prosperity of the tiller of the soil. They realize that the Industry is almost wholly dependent on the home market, and that on the capacity of the agriculturist to pay for his cloth depend the activity and well-being of the Industry. As Mr. Harold Butler, Director of the International Labour Office, who visited India early last year, has observed, until the peasant is able to buy the products of the factories, there is not much prospect of any great increase in industrial output finding the necessary market; and an all-round betterment of the standard of living could not be looked for without an improvement in agricultural income and efficiency.

We have no intention on an occasion like this of dealing with any controversial questions, but there is one matter on which we desire to enlist the interest and attention of Your Excellency and of your Government. We refer to the necessity of bringing into existence machinery for the purpose of co-ordinating and planning the progress of social and labour legislation throughout the country. According to the Government of India Act, industrial and labour legislation in respect of factories, conditions of labour, workmen's compensation, health and unemployment insurance and other such matters has been included in the "Concurrent List." This being the case, it appears to our Association extremely desirable that some means of achieving co-ordination and central planning should be speedily devised. The Royal Commission on Labour in India, realizing that the withdrawal of the unifying force exercised by the Central Legislature and Executive would make the problem very urgent and important, urged the establishment of a machinery which would conserve that unity of purpose and method which was vital to progress; and in 1935, a Resolution was moved in the Council of State recommending to the Governor-General-in-Council to take steps to establish an Industrial Council on the lines suggested by the Whitley Commission on Labour. Government at that time stated that their attitude was sympathetic, but it was indicated that the time for the establishment of an Industrial Council was not then ripe. The question has been, both before and after the inauguration of Provincial Autonomy, repeatedly brought to the notice of the Central Legislature by our representative, Sir H. P. Mody, who has stressed the effects of advanced legislation in any particular

Province upon the competitive capacity of industries established in that Province. He has also repeatedly urged that an Industrial Council of the type we have indicated might prove an extremely valuable means of achieving effective co-operation on the part of the Indian States in the matter of labour legislation. We trust Your Excellency's Government will now give serious consideration to the question, and take early steps in consultation with the Provincial Governments and the Administrations of the leading Indian States to establish a Central Council for co-ordinating and planning industrial and labour legislation.

While fully recognizing the importance of the agricultural interest, we venture to express the hope that the many problems confronting the industries of this country will receive at Your Excellency's hands close and sympathetic consideration. Industrial development in India is still in its early stages, and there are peculiar difficulties which retard the speedy development of the vast mineral and material resources of the country. We believe that it is only by an active policy of encouragement on the part of the State that a rapid advance towards the industrialisation of the country, consistently with the preservation of the balance between agriculture and industry, can take place; and we solicit Your Excellency's support to every endeavour calculated to raise India's economic progress and prosperity.

It remains for us, in common with other commercial and industrial organizations, to offer Your Excellency and Lady Linlithgow a warm welcome to our City, and to hope that your stay in our midst will be both pleasant and interesting, and that you will carry away with you very agreeable memories of the many contacts which Your Excellency will have established in the course of your first official visit to the Gateway of India.

His Excellency's Reply to the Millowners' Association, Bombay.

GENTLEMEN,

I should like to tell you how glad I am to see you to-day, and how much I value your address. It is a real pleasure to me on the occasion of my first official visit to Bombay to be welcomed in this friendly manner by your Association.

Thank you in the first place for the remarks which you have been so kind as to make about the work I have been privileged in the past to do on behalf of India. You know how real my interest is in the agricultural question, and I am delighted to think that an association so representative and so important as yours should recognise in the public manner that you have done in your address to me to-day the closeness and the intimacy of the relation between the fortunes of the industry controlled by your Association and the prosperity of the tiller of the soil. It is of real importance that the closeness of the relation between the two should be appreciated, and I am glad to think that it should have been almost the first point which you have mentioned in the remarks which you have been kind enough to address to me to-day. There is no doubt whatever that improvement in agricultural income and agricultural efficiency is very directly related to the betterment of the general standard of living, and that it is very directly related, too, to the provision of the necessary outlet for any marked increase in industrial output.

Do not, however, think that because I take so close and personal an interest in the welfare of the cultivator and in the development and improvement of agriculture and its processes in India, I am for a moment indifferent to the immense importance of industrial development, and of the co-ordination and the planning of social and labour legislation throughout India. I have already in the last few weeks touched on this subject in the remarks I have made elsewhere—and, keenly anxious as I am to see nothing spared which can conduce to the prosperity and the healthy development of agriculture and the cultivator in this country, I am equally alive to the profound importance of the progress of industrial development and industrial organization. You, Sir, alluded in your address to the recommendations of the Royal Commission on Labour in India for the establishment of an Industrial Council. I yield to no one in my appreciation of the value of the recommendations of that Commission. Its report is a document of great and permanent value, and the recommendations contained in it are based on long and careful observation. I would however say on the point which you have touched, that I am myself inclined to regard the establishment

of an Industrial Council on the lines which the Commission suggested rather as a means to an end than as an end in itself ; and to feel some doubt whether conditions to-day are entirely ripe or entirely appropriate for the constitution of a permanent organization of the character contemplated by the Commission.

My own view is that the wise course for us to follow in India in present circumstances is not so much the establishment of a specific framework or organization in the hope that it will result in producing co-ordination, as the provision of opportunities outside and apart from any rigid framework which will foster and encourage the spirit of co-ordination. I feel myself that if we can get those concerned together ; if we can encourage them to pool provincial experience and provincial effort for the formulation of common policies for social and labour legislation ; the creation of machinery should present a relatively simple problem ; and the suggestion I would venture to put before you to-day is this : that we should devote our efforts rather to the fostering of the growth of a spirit of co-ordination than to the immediate development of a specific procedure or specific organization. I am encouraged in this connection to notice the increasing volume of evidence in support of the view, to which my Government subscribes, that labour legislation in India should aim at combining a basic unity with the adaptability necessary to meet the diverse conditions of different localities.

You need not fear, Gentlemen, that I shall fail to continue to take the closest interest in every practical proposal that may be put forward to advance the economic progress of India. I thank you again for your warm welcome to Lady Linlithgow and myself, and I would like to take the opportunity to say how very greatly I have enjoyed my first official visit to Bombay and how much I have appreciated the opportunity it has given me of making fresh contacts and of seeing for myself at first hand the many and most important aspects of commercial and industrial development for which Bombay is so renowned.

APPENDIX 3.

PIECEGOODS ARBITRATION RULES OF THE ASSOCIATION.

Copy of letter No. 4814/206, dated the 21st November 1939, from the Association to all members of the Association.

In a very recent arbitration which was conducted under the Association's Rules and in which the arbitrators consulted the Association's Solicitors, it transpired that though clause 22 of the Association's Standard Contract specifically provided that the buyer shall pay for and take delivery of the goods notwithstanding the fact that the dispute has been referred to arbitration, the arbitrators were, in the absence of special provisions empowering them to issue an interim award, powerless to enforce it. The Solicitors also held the view that there was nothing either in the contract or in the arbitration rules which made payment and taking of delivery by the buyer a condition precedent to the arbitrators entering upon consideration of the buyer's differences with the seller in respect of the goods themselves. The Committee felt that the provisions of clause 22 should be enforceable if necessary and directed the Solicitors to prepare a list of amendments to the Association's Arbitration Rules which would empower the arbitrators to direct by an interim award that the buyer shall pay for and take delivery of the goods, such award being enforceable against the parties as any other award.

The necessary amendments have since been prepared by the Solicitors and approved by the Committee, and a copy of the Arbitration Rules* with the amendments inserted is enclosed herewith for ready reference. The amended rules are 19, 21, 26(a) and 26(b). The last mentioned two rules are new insertions.

The Committee have decided that immediate effect should be given to the amendments, and I am accordingly to inform you that all submissions received on and after the 21st November 1939, will be dealt with under the amended rules.

* Printed in Section VI.

APPENDIX 4.

TEXTILE LABOUR INQUIRY COMMITTEE.

Copy of letter No. 2644, dated the 29th November 1938, from the Textile Labour Inquiry Committee, Bombay, to the Association.

You are no doubt aware that one of the Committee's terms of reference is to make recommendations regarding the standardisation of wages and musters. The Committee are of opinion that unless they have a concrete scheme of standardisation of wages before them it would be difficult for them adequately to discharge this particular term of reference. I am therefore directed to request you to be so good as to furnish the Committee with a scheme of standardisation of wages for cotton mills in Bombay City as early as possible and not later than 16th January 1939.

Copy of letter No. 2821, dated the 15th December 1938, from the Textile Labour Inquiry Committee, Bombay, to the Association.

I am directed by the Chairman and the Members of the Textile Labour Inquiry Committee to request your Association to be so kind as to prepare *draft* schemes of standardization of wages, both on the basis of rates and earnings not only for all piece-rated occupations, but also for time-rated occupations in the unrationalised and rationalised sections of the cotton textile industry in Bombay City.

2. The Committee recognise that they are asking you to undertake a fairly big task, but I am to say that they will be most deeply grateful to you if you will be so kind as to undertake this work as early as possible and let them have your draft schemes at the latest by the end of January next.

Copy of letter No. 6027, dated the 19th July 1939, from the Textile Labour Inquiry Committee, Bombay, to the Association.

I have the honour to refer to question No. 56 in the main Questionnaire issued by the Committee and to request you to kindly supply the Committee with detailed up-to-date information on each of the recommendations of the Tariff Boards (Cotton Textile Industry Inquiry).

2. I shall be glad if you will kindly furnish the information to this office at your earliest convenience and in any case not later than the 27th July 1939.

Copy of letter No. 3189/184, dated the 27th July 1939, from the Association to the Secretary, Textile Labour Inquiry Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 6027, dated the 19th July 1939, and to enclose herewith nine copies of a statement showing the action taken by the Cotton Textile Industry in Bombay on certain recommendations made by Tariff Boards.

Statement showing the action taken by the Cotton Textile Industry in Bombay on Recommendations made by Tariff Boards.

Recommendation 1.—The piecework system should be extended to spinners in Bombay and should be accompanied by an increase in the number of spindles allotted to each spinner. (Para 61.)

Association's Reply.—Consideration was given to this particular recommendation immediately after the Tariff Board reported, and experiments were made in a member mill, but these experiments were resented by the workpeople and had to be discontinued. This recommendation was also discussed at some length before the Fawcett Enquiry Committee in 1928-29, but it is interesting to note that it was condemned by labour leaders who gave evidence before that Enquiry Committee.

It is understood that even in Lancashire ring spinners are not on piecework.

Recommendation 2.—Combined action should be taken by the Millowners' Associations and other bodies interested to ensure that the quality of cloth sold under a particular number is maintained. (Para 78.)

Association's Reply.—The desirability of taking steps to prevent the piracy of trade numbers and regulation of qualities sold under particular numbers had been recognised by the Association many years before the Tariff Board reported. At the time the report was published, it was generally believed that the difficulties inherent in the adoption of a scheme of registration were insuperable, but these difficulties have since been overcome, and from 1933, we have been able to introduce a system of registration of trade numbers covering member mills. From 1st January 1935, we have also brought into force a separate scheme for the registration of trade names. The Association is maintaining a special staff to supervise the working of the schemes for the registration of trade numbers and trade names.

As explained above, our schemes are only applicable to member mills. It is understood that the Ahmedabad Millowners' Association in conjunction with the Piecegoods Merchants of that centre have a separate scheme for the registration of trade numbers. But, so far as we are aware, no such arrangements exist in the other centres of the industry. A joint scheme of registration covering all mills in India could only be attempted if individual mills or their organisations in other centres undertook to tabulate numbers at present used on various types of cloth by their members in the same manner as we have done.

Recommendation 3.—The difficulties in regard to suitable raw material are not insurmountable, and can be overcome temporarily by greater use of American and African cotton. (Para 81.)

Association's Reply.—What the Tariff Board recommended in paragraph 81 was that Bombay should utilise to the full its natural advantages in the matter of climate and situation for the production of goods of higher counts than it has done in the past.

The following figures extracted from the Cotton Spinning and Weaving Statistics published by the Director-General of Commercial Intelligence and Statistics show that substantial progress has been made by Bombay mills during the last few years in the manufacture of fine count yarns :—

Production (in lbs.) of Yarn of above 30s Counts.

1924-25	11,173,429 lbs.	1932-33	44,494,805 lbs.
1925-26	8,388,778 "	1933-34	32,232,672 "
1926-27	13,508,268 "	1934-35	43,857,049 "
1927-28	17,308,191 "	1935-36	56,756,826 "
1928-29	11,700,348 "	1936-37	58,593,240 "
1929-30	17,703,103 "	1937-38	84,601,675 "
1930-31	33,165,058 "	1938-39 (11 months)	81,837,939 "
1931-32	42,432,836 "		

The bulk of fine yarn now spun by Bombay mills is used in their weaving sheds in the manufacture of cloth, but it is difficult from the Production Statistics published by Government to state precisely what progress has been made in the manufacture of fine count cloth for the reason that the production statistics do not give any indication of the count of yarn employed. To give an idea of the extent of development which has taken place in

the manufacture of piecegoods from fine count yarn, I give below figures showing the production of dhoties and cambrics and lawns. (The average count used in the manufacture of these goods is generally over 30s) :—

Quantity (in yards) of Dhoties and Cambrics and Lawns produced in Cotton mills situated in the City and Island of Bombay.

<i>Year.</i>	<i>(Production in yards.)</i>	
	<i>Dhoties.</i>	<i>Cambrics & Lawns.</i>
1924-25	110,996,543	2,442,682
1925-26	115,412,150	1,449,052
1926-27	150,181,287	351,516
1927-28	168,795,029	2,395,462
1928-29	86,508,559	1,802,004
1929-30	170,834,693	797,275
1930-31	229,412,394	7,511,763
1931-32	287,565,729	14,536,295
1932-33	343,077,157	14,601,172
1933-34	239,599,716	14,638,606
1934-35	268,086,183	31,688,207
1935-36	407,118,987	41,101,800
1936-37	317,301,230	43,975,560
1937-38	357,178,040	79,461,401
1938-39 (11 months)	422,271,451	58,512,458

In furnishing evidence to the Textile Tariff Board in 1932, a special enquiry was made and we were able to report the following results to the Tariff Board :—

In 1927, 35 mills produced 15,035,950 lbs. of cloth from yarn of 30s and over.

In 1931, the same mills produced 30,389,737 lbs. of cloth from yarn of 30s and over.

In addition, 19 mills, which produced no cloth of counts over 30s in 1927, produced in 1931, 11,007,117 lbs. of cloth.

As the Inquiry Committee require an answer to this reference before the 27th July 1939, it has not been possible to bring this information up-to-date, but if the Inquiry Committee still desire to have the figures, the Association will be pleased to send out a questionnaire. Bombay mills have done their utmost to diversify their production, but it is extremely doubtful whether it would be possible to maintain the position which has already been reached in view of the reduction in the protection enjoyed by the Industry against imports from the United Kingdom and the additional duty of half an anna per pound imposed by the Government of India on long staple cotton.

In paragraph 82 of their Report, the Noyce Tariff Board had pointed out that in a great expansion in the Bombay mill production of bleached, coloured, dyed and printed goods lies one remedy for the depression in the industry in Bombay. There has been a considerable development in the production of bleached and printed goods in Bombay. A special inquiry was made by the Association in 1932 in connection with the Matthai Tariff Board in order to ascertain the extent to which the bleaching side of the industry had developed, and from the returns then received, the following statement was compiled :—

In 1927, 19 bleaching establishments bleached 20,985,277 lbs. of cloth.

In 1931, the same concerns bleached 31,157,967 lbs. of cloth.

In addition, 4 establishments, which did not do any bleaching in 1927, bleached 1.3 million lbs. of cloth in 1931.

The information collected in 1932 has not been brought up-to-date. The ordinary production statistics published by Government do not differentiate between grey and bleached goods. As regards printing, my Committee understand that, since the publication of the 1926 Tariff Board Report, the undermentioned member mills have installed printing machines :—

- (1) Messrs. The E. D. Sassoon United Mills, Ltd.,
- (2) Messrs. The Shree Niwas Cotton Mills, Ltd.,
- (3) Messrs. The Central India Spg., Wvg. & Mfg. Co., Ltd.,
- (4) Messrs. The Svadeshi Mills Co., Ltd.,
- (5) Messrs. The Indian Bleaching, Dyeing and Printing Works, Ltd.,
- (6) Messrs. The Khatau Makanji Spg. & Wvg. Co., Ltd.,
- (7) Messrs. The Bombay Dyeing and Manufacturing Co., Ltd.,

and it is understood that orders have been placed abroad for more printing machines. We regret we cannot give you an idea of the total quantities of printed goods manufactured from year to year. The production statistics published by Government do not show printed goods separately.

Recommendation 4.—The practice of selling yarn under double numbers is undesirable and should be discontinued. (Para 83.)

Association's Reply.—The suggestions made in this paragraph are of a general character and seem to be intended, in the main, for up-country mills rather than for Bombay mills. The standards insisted on in Bombay have always tended to be higher than in most up-country mills and complaints of the type referred to by the Tariff Board are extremely rare in Bombay.

The Committee of the Association have always set their face against all forms of fraudulent trade descriptions in the textile trade, and the attention of all members of the Association has been drawn on several occasions to the provisions of the Indian Merchandise Marks Act and the Indian Merchandise Marks Manual. Under the present arrangements, it is possible to market yarn bundles without stamping the weight of the bundle and the count of yarn on the bundle. This matter was considered by the Committee of the Association early in 1938, and I enclose herewith for ready reference a copy of a representation* submitted by my Association to the Government of India in which my Committee recommended an amendment of the Indian Merchandise Marks Act to provide for (a) the count of yarn, and (b) the net weight in pounds of the yarn in the bundle, being stamped on all grey and bleached yarn. It was also found that the tolerances laid down in the Manual in regard to yarn were inadequate, and the representation referred to also deals with this question in detail.

Recommendation 5.—The Bombay Millowners' Association should arrange for trade correspondents in the principal consuming centres. (Para 84.)

Association's Reply.—The suggestion for the appointment of trade correspondents in various consuming centres has been acted upon by the Association in the case of Bombay, Calcutta and Amritsar. Weekly reports are received by the Association from its correspondents in these centres, and these reports are circulated to all members of the Association for information. In addition, individual mills have their own connections in all the important consuming centres in India, and since 1927, a number of mills in Bombay or their selling agents have opened their own selling agencies and retail shops in up-country centres. For ready reference, I enclose herewith copies of a pamphlet* entitled "Where to Buy Indian Piecegoods and Yarn" of which three editions have already been issued. It will give the

* Not printed.

Inquiry Committee an idea of the extent to which Bombay mills have developed their organisations to meet up-country requirements. Several mills also send out representatives periodically to up-country centres to report on the state of trade and the demand.

Recommendation 6.—The industry should examine the feasibility of a combination of the mills interested in the export trade for the purposes of arranging such details as manufacture of lines required, allocation of quantities among the members and prevention of imitation of marks and numbers. (Para 86.)

Association's Reply.—The Tariff Board considered that the expansion of the export trade in piecegoods would be of considerable assistance to the Bombay Mill Industry. They indicated that the first measure to be taken might be a rapid survey of the potentialities for Indian manufactures in certain countries. A survey of some of the territories mentioned in the Tariff Board's Report was made in 1928 by the Indian Trade Mission, the expenses being borne partly by the Millowners' Association and partly by the Government of India. The Trade Mission recommended the appointment of Trade Commissioners at three centres, but so far only two appointments have been made, namely, Alexandria and Mombasa. While the Association agrees that every effort should be made to extend the market in other countries, they desire to impress upon the Inquiry Committee the difficulty which the Indian industry is experiencing in extending its market abroad in competition with Japan. The Trade Mission's Report itself had repeatedly called attention to the very substantial differences in prices between Japanese and Indian textiles, and the recent burdens imposed on the industry, e.g., increased duty on raw cotton and additional taxation, only make matters worse. We would also like to impress on the Inquiry Committee the fact that the exchange restrictions and/or quotas which have been brought into operation in certain countries have militated against an expansion of our export market. Egypt and Iran are instances in point, and our trade with these countries has recently been very substantially curtailed owing to the operation of the quota in the former and the exchange restrictions in the latter. We give below for ready reference figures showing the exports of Indian piecegoods in the last few years which show that, upto the end of the year 1937-38, Indian mills had been gradually improving their position, but matters took a turn for the worse in 1938-39 when Indian manufactures were subjected to various kinds of restrictions in foreign markets :—

Exports of Piecegoods from British India.

(In thousands of yards.)

1932-33	..	..	66,442	1936-37	..	..	101,636
1933-34	..	..	56,461	1937-38	..	..	147,248
1934-35	..	..	57,692	1938-39	..	..	90,361
1935-36	..	..	71,250				

The question of forming a combine on the lines indicated by the Tariff Board for the development of the export market was considered by certain members of the Association interested in export trade, but, in view of the practical difficulties involved in a proposal of this character, it was dropped.

Recommendation 7.—It is most important in the interests of the Bombay mill industry that it should have its own representatives in the principal export markets. Expenditure by the Bombay Millowners' Association in this respect should be supplemented for four years by the grant of an equal amount from Government up to a maximum of Rs. 25,000 annually. (Para 101.)

Association's Reply.—The Trade Mission considered that an additional market for 80 to 90 million yards of cloth could be found in the enormous territories covered by the Mission's Report provided that an elaborate selling organisation was brought into being. This question was considered by the industry after the Trade Mission reported, but it was felt that the small increase in trade which was anticipated did not warrant expenditure on an elaborate staff which the Trade Mission themselves pointed out, was necessary for the purpose. There were also sufficient indications at that time that, with comparatively less

expenditure, the offtake of Indian cloth in the home market might be improved, and since 1930, the consumption in the country of Indian mill-made goods has gone up from 2,373 million yards in 1930-31 to 4,053 million yards in 1938-39.

Recommendation 8.—Managing Agents would be well advised to employ brokers who do not operate on their own account and who are not themselves in actual possession of cotton. (Para 55.)

Association's Reply.—So far as my Committee are aware, the majority of the mills in Bombay purchase their requirements of cotton departmentally, but in a small number of mills where this is not the case, chances of fraud are extremely remote as purchases are made through reputable firms of brokers in Bombay. We would also like to point out that there are very few brokers in Bombay who are not also merchants, and in any case, even if it was possible to buy Indian cotton through some one who was not a broker, a great deal of foreign cotton is sold in Bombay by brokers acting as agents for big growers, such as the Liverpool Uganda Company and the British Cotton Growing Corporation, and if in such cases the recommendation of the Board merely means that in the case of brokers with whom they deal there should be no conflict between duty and self-interest, then, it is a matter which is always present in the minds of Managing Agents.

The Tariff Board themselves point out in an earlier sentence in the same paragraph that there is no foundation in the charges brought against the managing agency system of lax supervision over the purchases of cotton, and in this view of the case, we feel that no detailed recommendation from the Association is necessary.

Recommendation 9.—Managing Agents should exercise the closest supervision over all purchases of stores. (Para 58.)

Association's Reply.—The Tariff Board say that there is no department in the Mill Industry in regard to which charges of corruption were more rife than in regard to the purchase of mill-stores, but they admit they had no direct evidence in support of this charge.

It is somewhat difficult to meet a vague allegation of this character. The best answer that can be provided is that the cost of stores per unit of production in Bombay is lower than in any other centre of the Industry in India. This may, to some extent, be accounted for by the fact that no railway freight has to be incurred. It must, however, be pointed out that circumstances in the industry have to a very great extent revolutionized practice and procedure in such matters as stores purchase that there cannot possibly be any serious laxity in the purchase or use of stores.

Recommendation 10.—Managing Agents should not act as guarantee brokers for the mills they control. (Para 84.)

Association's Reply.—This practice is not by any means common in Bombay.

Recommendation 11.—Depreciation including any amount which may be in arrears should invariably be regarded as a first charge on profits. (Para 75.)

Association's Reply.—The Association agrees with the Tariff Board that, as a general rule, depreciation should be reckoned as the first charge on profits. It is, however, necessary to point out that during the last fifteen years most mills have made no profits, on which depreciation could be regarded as a first charge. Whether, in the event of the industry commencing to make profits, it will be possible to utilize the whole of such profits for the purpose of writing off arrears of depreciation which have accumulated is another matter. When shareholders have received no dividends for years, it will probably be not always possible for the Directorate to carry out the counsel of perfection laid down by the Tariff Board, but we are confident that the majority of Managing Agents would allocate larger amounts than prescribed in the Statute until all arrears of depreciation had been written off, and the Association would use its best endeavours to encourage this practice amongst its members.

An examination of the balance sheets of a few mills which made profits during the last few years would convince the Board that this sound policy in regard to depreciation has been followed in Bombay.

Recommendation 12.—Mill stocks should in all cases be checked at audit. (Para 76.)

Recommendation 13.—The practice of employing an auditor who is related to the Managing Agent is open to objection and should be discontinued. (Para 76.)

Association's Reply.—The remarks of the Tariff Board in paragraph 76 do not apply to the industry in Bombay.

Recommendation 14.—The practice of investing the surplus funds of mills with firms of shroffs is undesirable and should be discontinued as should that of lending the funds of one concern to another under the same managing agency. (Para 79.)

Association's Reply.—The Tariff Board point out in paragraph 79 of their Report that the practice of investing surplus funds of mills with firms or shops, etc., obtains in Ahmedabad, and we do not, therefore, consider it necessary to answer this question.

Recommendation 15.—Writing down of capital in the Bombay mill industry is a matter which calls for further attention. (Para 80.)

Association's Reply.—I enclose herewith a statement* showing capital reconstruction, etc., which has taken place since the publication of the 1926-27 Tariff Board Report.

Recommendation 16.—The Bombay Millowners' Association should consider the possibility of undertaking fire insurance for its members. (Para 73.)

Association's Reply.—The Tariff Board of 1926 pointed out that the charges for mill insurance in Bombay worked out at a lower rate than in other centres of the Industry, but recommended that mills should undertake their own fire insurance, and suggested that the millowners might introduce a scheme of mutual insurance for fire similar to the system of insurance which they have for workmen's compensation.

Well before the Tariff Board made this recommendation, its possibilities had been discussed on many occasions by the Association, and a number of alternative schemes had been considered from time to time. It has, however, been found impossible to adopt any of them. One of the great difficulties in the way is that of a satisfactory re-insurance, but the chief stumbling block is undoubtedly the difficulty of obtaining the initial funds involved in a scheme of this nature. There is also the difficulty, which might occur if the other insurance companies combined and started a premium rate war. Moreover, it has to be noted that during recent years, the Association has managed to obtain various reductions in fire insurance premium rates. I may add for your information that, with effect from July 1st, 1939, we have been able to obtain a further reduction in rates from the Bombay Fire Insurance Association, and it is a matter for consideration whether a Mutual Insurance Association for fire would be able to quote lower net rates than those at present quoted by the fire insurance companies.

Recommendation 17.—Any transfer of interest in the managing agency agreement should be subject to the approval of the shareholders. No transfer of the agreement itself should be valid without the consent of the company. There is little justification for the payment of compensation to the managing agent on the winding up of the company. (Para 79.)

Association's Reply.—Since the Tariff Board reported, the position of Managing Agents has been reviewed at length by the Indian Legislature, and the Indian Companies Amendment Act of 1936 places the relations between the Managing Agents and the firms which they manage on a new basis altogether.

* Not printed.

Section 87B (c) lays down that a transfer of his office by a managing agent shall be void unless approved by the company in general meeting.

Section 87B (d) also lays down that a charge or assignment of his remuneration or any part thereof effected by a managing agent shall be void as against the company.

The Matthai Tariff Board point out that the provision for grant of compensation to the managing agent in case of the company being wound up has little justification at least in the case of cotton textile mills. The principal ground on which, in their opinion, a provision of this kind may be justified is that the expenses or losses incurred by the managing agent in connection with preliminary investigations and research in the pioneering stage of an industry should be made good to him at least partially if the company is wound up, but no question of pioneering in this sense can arise in the case of the cotton mill industry in which the service performed by a managing agent in the early stages is that of promoting the company rather than pioneering the industry. This position also has been set right by the Indian Companies Act (*vide* section 87B (e)), which reads as under :—

“87B (c).—If a company is wound up either by the Court or voluntarily, any contract of management made with a managing agent shall be thereupon determined without prejudice however, to the right of the managing agent to recover any moneys recoverable by the managing agent from the company : Provided that where the Court finds that the winding up is due to the negligence or default of the managing agent himself the managing agent shall not be entitled to receive any compensation for the premature termination of his contract of management.”

Recommendation 18.—The Board has decided that the average capital cost of a spindle should be Rs. 63 and of a loom Rs. 1,575 for the purpose of calculating the overhead charges. (Para 80.)

Recommendation 19.—The Board has further decided that the amount of working capital required should be taken at a figure corresponding to one-fourth of the block value ; that the interest thereon should be at 4½ per cent. ; that the depreciation allowance should be 4 per cent. of the block ; that the profit should be fixed at 6 per cent. and the managing agency commission at 10 per cent. on profits before deducting depreciation. (Para 81.)

Association's Reply.—Paragraphs 80 and 81 of the Report of the 1935-36 Tariff Board do not contain any recommendations at all. They only explain the method adopted by the Tariff Board in working out the fair selling prices of Indian mill-made goods, and we feel that we are not called upon to comment upon the method adopted by them except to say that we do not agree with the allowances provided by the Board.

Copy of letter No. 3686/184, dated the 31st August 1939, from the Association to the Textile Labour Inquiry Committee, Bombay.

I am directed to refer to the discussions which took place on 18th August 1939 when representatives of this Association met the special Sub-Committee of the Textile Labour Inquiry Committee. Our representatives understood the Sub-Committee to say that the standardised list of wages prepared and submitted to the Inquiry Committee on behalf of my Committee have already been discussed by your Sub-Committee with representatives of labour, in confidence. The latter, we gathered, have made certain points, and your Sub-Committee desired our representatives to consult the Committee of the Association, and let them know whether, and if so, to what extent, the view point of labour could be met by the Association. Your representatives also indicated that the proposals which they communicated to us should be understood as coming from the representatives of labour whom they had consulted, and not from the Inquiry Committee itself.

The points placed before us by your Sub-Committee might be summarised as under :—

(1) The general structure of our Standardisation Scheme had received the approval of the representatives of labour with a few reservations here and there.

(2) Without prejudice to labour's case for fixing a minimum wage, and if the Inquiry Committee were in favour of a Standardisation Scheme of wages, then that standardisation should start with a minimum wage of Rs. 25 ; in other words, this would mean that where wages lower than Rs. 25 had been fixed under our scheme, they would have to be raised to Rs. 25.

(3) Wages between Rs. 25 and Rs. 30 should be raised to Rs. 30.

Suggestions (2) and (3) were subject to the reservation that where work was of a heavy nature or where work was being performed under unhealthy conditions, such as navganies carrying heavy loads and operatives in blow room, mixing room, blow room cellars, etc., an extra amount should be paid by way of compensation. This, it is understood, was based on the assumption that conditions in blow rooms and mixing rooms in Bombay mills were the same as they were in 1929 ; if, however, conditions had meantime improved, it was another matter.

(4) All winders and reelers should earn Rs. 25 for 26 days' work on the basis of spindles and reels fixed by the Association. It seemed to have been agreed that the earnings of operatives might be lower in cases where a "pali" system was being worked at the request of the operatives. It was urged that, as a rule, a woman should earn Rs. 25 for full time work.

(5) On slubbing frames, it had been suggested that the minimum wage should be Rs. 34 rising to Rs. 38 as against our wage of Rs. 26 and Rs. 28 ; in the intermediate frames, Mr. Dango had suggested a minimum wage of Rs. 30 rising to Rs. 34 according to the number of spindles against our wages of Rs. 23-10 and Rs. 26-2 ; on the roving frames, a minimum wage of Rs. 27 rising to Rs. 30 according to the number of spindles against our wages of Rs. 23 and Rs. 26, respectively, had been suggested.

For working on two sides on drawing frames and ring frames, 45 per cent. over the single side rates as against 33½ per cent. proposed by us should be paid. There seemed to be some misunderstanding as regards the proposals actually put forward on behalf of labour in connection with ring siders and drawing tenters, and it was understood that this point would be cleared by the Sub-Committee by consulting Mr. Dango, and the Association would be informed.

(6) As regards the Weaving Scheme, here again the structure of our Standardisation Scheme was approved. On ordinary plain grey sorts, it was urged that a weaver should earn Rs. 35 per month on two looms of average reed space. In reply to our query on the point, it was explained that by "average reed space," Mr. Dango means 44-inch reed space. The scale of the various allowances fixed in our Scheme did not appear to have been commented upon, but it would seem that Mr. Dango had suggested that a tentative working agreement should be reached, and each mill should continue to make the payment according to its present rates and, at the same time, keep a full record as to what the wages would have been individually and for the whole shed if the Standardisation Scheme were in force. This should be continued for a period of three months, when representatives of labour and owners would be in a position to know what the effect of the Scheme would be on earnings and on the total wage bill. A similar procedure was also suggested in the frames department.

(7) Generally, so far as the piece work occupations were concerned, Mr. Dango appeared to be in favour of accepting our Standardisation Scheme if there were no wage cuts.

(8) Mr. Dango also appeared to have asked for the standardisation of musters and the duties of the various occupations to be clearly defined.

The above proposals have since been examined by my Committee. They are gratified to know that the structure of the Scheme submitted by my Association has been approved by labour and that the labour representatives realise and accept the position that if this Scheme be adopted, it will form, not a list of minimum rates, but a Standard List to the level of which all mills in Bombay will reduce or increase their wages. Mr. Dange, however, appears to have deliberately mixed up the question of fixing a minimum wage with that of the standardisation of wages. As your Committee are aware, this Association has, in its written and oral evidence, consistently opposed the fixation of any minimum wages, and we have supported our opposition with very valid reasons.

As mentioned by the Chairman of the Association at the meeting held on the 18th of August, the Government of the Central Provinces only very recently opposed a Bill for the fixation of a minimum wage, one of the main grounds being that this was one of the matters on which all-India legislation should be undertaken, and that there was no case for singling out one particular Province and one particular industry for the purpose of legislation. My Committee cannot help feeling that labour have not only failed to supplement our tentative Scheme by any helpful or constructive suggestions, but they appear to have followed precisely the same attitude which they adopted when the draft of our 1928-29 Standardisation Scheme was placed before them, and all that they then did was to ask for increases being given without adducing adequate reasons therefor.

If Mr. Dange's suggestions were to be given effect to, the increase in the total wage bill of the Industry in Bombay would be so heavy, that, in the opinion of my Committee, the mills could not carry it even during times of prosperity. Under existing conditions, the payment of wages on such a scale would mean the closure of practically every mill in Bombay.

The increases suggested by Mr. Dange are of such an arbitrary character that it seems hardly necessary to examine them in detail. Their acceptance would not only disturb the correct wage relationship between occupation and occupation, but would also result in the absurdity of young boys with no training or experience of any kind, being started on a wage of Rs. 25 per month. No industry in India could possibly consider such a proposition. No reasons whatsoever have been given for all wages between Rs. 25 and Rs. 30 to be fixed at Rs. 30. Such a proposition cannot be accepted for the reason that it is likely to lead to demand for increases from such operatives as knotters, pressers, bundlers, head roller coverers, cutlookers, head stampers, etc., and as I have already explained, the industry cannot afford to stand the increase. A ring sider on two sides has been recommended for a wage of Rs. 39, whereas a weaver gets only Rs. 35. After all, piecing is only a semi-skilled operation, and the work put in in minding two sides does not warrant such a high wage, or, at any rate, a wage higher than that of a two-loom weaver, who is employed on a skilled occupation. Similarly, there appears to be no reason whatsoever for granting the increases asked for in the case of drawing tenters, inter, slubbing and roving tenters. If the representatives of labour had really made some concrete proposals giving valid reasons for increases in particular occupations, we might have considered such proposals and made minor adjustments under particular heads, but we regret that we cannot, under any circumstances, contemplate a drastic general increase in wages.

With regard to suggestion No. (6), my Committee feel that its acceptance would mean an unnecessary and undesirable postponement of this matter with no prospect of a settlement at the end of three months.

With regard to the point made by Mr. Dange respecting standardisation of musters and the definition of duties of the various occupations designated, my Committee would respectfully draw the attention of the Inquiry Committee to the objections raised by them in their oral evidence, to the standardisation of musters. Referring to the request for the definition of the operatives' duties, I am to point out that this is undesirable, and that such a definition is not necessary, since a worker in any occupation in a cotton mill knows precisely what his duties are. As your Committee are aware, conditions vary from mill to mill, and for this reason, a common definition of the duties applicable to all mills would not be feasible.

The desirability of bringing into operation a list of Standardised Wages and Earnings is accepted by all. Future negotiations in respect of demands for reductions in, or increases in, wages would be very much simplified if the wages being paid by all mills were the same and were known. The Scheme my Committee have placed before you is much more complete a wage list than any which has been adopted in any other part of India, and it would be a pity if this opportunity of bringing it into force were lost. The position of the industry has gravely deteriorated since the Standardisation of Wages Sub-Committee of the Association completed their work, and while my Committee would still be prepared to use their influence with the general body of the Association to secure the adoption of the Standardised Wage List, if its adoption were recommended by the Textile Labour Inquiry Committee, they feel they ought to point out that there will be opposition to the level of wages provided for in the Standardisation Scheme.

The opinion has been expressed by more than one member mill of the Association that the level of wages and earnings provided for in the Standardisation Scheme is to-day a full 10 per cent. higher than the industry in Bombay can afford to pay. There are Members on my Committee who also subscribe to this view, but the Sub-Committee would endeavour to persuade them to agree to the Standard Wage List without any reduction, if its adoption were recommended by the Inquiry Committee and were accepted by labour.

A recommendation to bring into force the Standardised Wage List, with even the smallest percentage addition to it, would undoubtedly meet with opposition from the majority of mills in Bombay, both inside and outside of my Association, many of whom are to-day on the verge of closing down until conditions improve.

As we have been asked to appear before the Inquiry Committee on the 1st September, we have confined this letter to the broad issues arising from Labour's proposals, but if there are points on which the Committee wish to have additional information, we shall be glad to furnish such information on hearing from you.

Copy of letter No. 5058/184, dated the 9th December 1939, from the Association to the Textile Labour Inquiry Committee, Bombay.

During the last few days labour has shown signs of restiveness on account of the increase in the cost of living due to the war, and the Association wishes to take early steps to alleviate the situation.

It would be very difficult to deal adequately with the situation until we know what recommendations the Textile Labour Inquiry Committee will make regarding standard levels of wages for various occupations in normal times. If the war continues, the position may develop rapidly and in these circumstances, the Association would earnestly request that the Inquiry Committee might see their way to make their recommendations in the matter of normal basic wages and submit them to Government in advance of the other portions of their final report, in order that the problems brought about by the existing abnormal conditions can be dealt with equitably and promptly.

APPENDIX 5.

BOMBAY INDUSTRIAL DISPUTES ACT.

Application of the Act.

Copy of Notifications Nos. 2847/34/1, 2847/34/2 and 2847/34/3, dated 14th March 1939, published in the Bombay Government Gazette of the same date.

No. 2847/34/1 (as amended by Notification No. 2847/34 dated the 3rd April 1939):—
In exercise of the powers conferred by sub-section (i) of section 2 of the Bombay Industrial Disputes Act, 1938 (Bom. XXV of 1938), the Government of Bombay is pleased to direct that the provisions of the said Act mentioned in Schedules I and II hereto appended shall extend to the whole of the Province of Bombay.

In exercise of the powers conferred by sub-section (2) of the said section 2, the Government of Bombay is further pleased to direct that the provisions of the said Act mentioned in Schedule I shall come into force from the 1st June 1939, and those mentioned in Schedule II shall come into force from the 1st August 1939, in the said Province.

Schedule I.

Sections 3 to 22, 24 to 27, 53, 54, 56 to 61, 64, 68, 70 to 72, 74 to 76, 78 to 82, 84 and Schedule I to the said Act.

Schedule II.

Sections 23, 28 to 52, 69, 73, 77, 83 and Schedule II of the said Act.

No. 2847/34/2.—In exercise of the powers conferred by sub-section (3) of section 2 of the Bombay Industrial Disputes Act, 1938 (Bom. XXV of 1938), the Government of Bombay is pleased to direct that the provisions of the Act which have been extended to the Province of Bombay under Government Notification in the Political and Services Department, No. 2847/34/1, dated the 14th March 1939, shall apply to the cotton textile industry.

No. 2847/34/3.—In exercise of the powers conferred by clause (18) of section 3 of the Bombay Industrial Disputes Act, 1938 (Bom. XXV of 1938), the Government of Bombay is pleased to notify each of the following areas to be a "local area" for the purposes of the said Act, namely :—

1. The Town and Island of Bombay and the Bombay Suburban District.
2. Ahmedabad (including Ahmedabad City), Kaira, Broach and Panch Mahals and Surat Districts with headquarters at Ahmedabad.
3. Thana, East and West Khandesh, Ahmednagar, Nasik and Kolaba Districts with headquarters at Jalgaon.
4. Sholapur, Poona, Satara, Belgaum, Bijapur, Dharwar and Kanara Districts, with headquarters at Sholapur.

Copy of letter No. 1723/78, dated the 13th April 1939, from the Association to the Secretary to the Government of Bombay, Political and Services Department.

The attention of my Association has been drawn to texts of Notifications Nos. 2847/34/1, 2847/34/2, and 2847/34/3, dated the 14th March 1939, and Notification No. 2847/34, dated the 3rd April 1939. These Notifications specify the dates on which particular provisions of the Bombay Industrial Disputes Act, 1938, will come into force. The general effect of the Notifications will be that, by the first of August 1939, the whole of the Act will have effect so far as the Cotton Mill Industry in the Town and Island of Bombay and the Bombay Suburban District is concerned with the exception of Sections 55, 62, 63, 65, 66 and 67.

The particular sections mentioned above, in the view of the Association, constitute a very essential portion of the Act, and the Association would greatly appreciate being informed as to the reasons why Government consider it necessary temporarily to exclude the operation of these sections, and the approximate dates on which Government propose to enforce them.

As Government are aware, the Association and its representative in the Assembly supported the principles underlying the legislation largely because it provided that strikes and lockouts called or declared without notice would, in certain circumstances be illegal,

and unless the particular sections of the Act referred to in the first paragraph of this letter are brought into operation at the same time as the remaining provisions of the Act, the measure would be without any practical value so far as the employers are concerned. In the view of my Committee, the legislation, without Sections 55, 62, 63, 65, 66 and 67, leaves the position practically as it was before in so far as the conciliation machinery is concerned because the Bombay Trade Disputes Conciliation Act of 1934, already provided for the appointment of a Labour Officer for the Industry and the reference of disputes to the Chief Conciliator, and the Indian Trade Disputes Act of 1929, provides for the reference of disputes to Boards of Conciliation at the request of both parties to a dispute.

We should also like to point out the inequity of bringing into effect the provisions of Section 69 under which employers could be penalised for making illegal changes in any industrial matter, when workers are not to be penalised for going on strike during the pendency of negotiations or conciliation proceedings.

The position is very unsatisfactory from the point of view of the millowners, and my Committee would welcome a clear statement of Government's intentions in the matter.

Copy of letter No. 2847/34-E, dated the 27th April 1939, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to your letter No. 1723/78, dated the 13th April, 1939, on the above subject, I am directed to state that the Bombay Industrial Disputes Act, 1938, is a new and somewhat complicated piece of legislation. It is, therefore, likely that in the initial stages there may be some breaches of its provisions arising out of ignorance. I am, however, to convey an assurance that if and when trouble on a general scale is threatened, Government will not be slow in applying the provisions to which you draw attention and that this will be done in time to prevent any serious harm.

Copy of letter No. 2072/78, dated the 9th May 1939, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge the receipt of your letter No. 2847/34-E, dated the 27th April 1939. My Committee have noted with satisfaction Government's assurance that if and when trouble on a general scale is threatened, Government will not be slow in applying the provisions to which attention has been drawn by my Association, and that this would be done in time to prevent any serious harm. At the same time, they feel they ought to point out that the non-enforcement of the Sections referred to in my letter No. 1723/78, dated the 13th April 1939, would make it possible for lightning strikes to take place in individual mills, and they fully rely on Government to set matters right "in time to prevent any serious harm."

Bombay Industrial Disputes Rules, 1939.

Copy of letter No. 1760/78, dated the 14th April 1939, from the Association to the Secretary to the Government of Bombay, Political and Services Department.

I am directed to refer to Government Notification No. 2847/34 dated the 11th March 1939*, published in the *Bombay Government Gazette Extraordinary* dated the 23rd March 1939, giving cover to the draft rules framed by Government under Section 84 of the Bombay Industrial Disputes Act of 1938, and to set forth below my Committee's views on some of the Rules :—

At the outset, I am desired to point out that the procedure contemplated under the Rules for the purpose of carrying out the intentions of the Act seems to be very elaborate.

* Not printed.

and even unnecessary in certain respects, and there seems to be a case for evolving a more simple procedure, which would simplify the work of the employers, the employees and the authorities appointed under the Act.

For example, Rules 6, 7 and 8 provide for the submission of certain returns by employers and employees and/or their respective organisations. My Committee fail to see why the rules should insist on the returns being forwarded by "registered letter" in every case, and it is thought that the parties should in each case be free to adopt such means of transit as they may deem fit, keeping in view the desirability of ensuring the prompt receipt of the returns by the parties to whom they are addressed.

Another case in point is Rule 7, which makes it necessary for employers in an industry to which the Act applies to send "monthly statements of number of workers employed by them in each and every occupation on day and night shifts separately." My Committee strongly feel that a *six-monthly* return would serve the needs of the case.

Turning to the detailed provisions of the Rules, my Committee would like to make the following observations :—

Clause 5.—It is suggested that a new clause be added immediately after this clause to provide that an employer or an employers' association withdrawing recognition from a union should immediately communicate the fact to the Registrar.

Clauses 6 and 8.—These clauses provide for the submission of certain particulars to the Registrar by every association of employers and by every registered union on 1st January and 1st July, every year. The clauses as they stand are unworkable, for the New Year's Day is always a public holiday. My Committee consider that Government's requirements would be met by providing for the submission of the return "not later than the seventh working day in January and July every year."

Clause 7.—I have already dealt with one objection to Clause 7 as it stands. Another objection is to the submission of a return of employees by every employer in the industry "on the first day of every month." Apart from the fact that the first day of a month may be a non-working day, a *monthly* return is entirely unnecessary, and my Committee would point out that, as laid down in Clause 8, the return referred to in this clause should be called for in January and July only.

My Committee also fail to see the necessity of submitting returns for day and night shift separately, and suggest that the words "but the figures for each night shift should be shown separately" in the last two lines of this clause be deleted.

Clause 8.—My Committee would like this clause to be extended so as to provide for :—

- (a) the Registrar being informed of all changes in the Union's Rules and Regulations and in the office bearers as and when they are made; and
- (b) an up-to-date copy of the Union's Rules and Regulations and list of office bearers being filed with the Registrar with every six-monthly return.

Clause 12.—It is thought that Clause 12(a) should be modified slightly to ensure that, in addition to every employer, every employers' association directly affected is also furnished with a copy of the statement referred to.

Clause 14.—Clause 14 provides that where there is no registered union entitled to receive a notice of change from an employer under Section 28, the employer shall send an intimation of the intended notice together with a copy of the notice which he proposes to give to the Labour Officer by registered post. It also provides that copies of the intimation and the proposed notice shall be posted by the employer prominently on a special board to be maintained for this purpose outside the time-keeper's office or at the entrance through which the majority of the employees enter the establishment "and also in all departments where

the employees affected by the proposed change may be working." My Committee feel that the purpose of the notice would be amply served if it were displayed in the time-keeper's office and in all the *principal* departments affected by the proposed change, and they, therefore, suggest that the word "principal" be inserted before the word "departments" in the 9th line of this clause. My Committee do not wish a notice to be invalidated simply because it had not been put up in *every* room in which the operatives concerned with the change are working.

Clause 23.—My Committee suggest that this clause be amended so as to provide that the information available to unions would also be available to employers and their organizations.

Clause 40.—Clause 40 proposes to empower Government to fill up vacancies in a Board of Conciliation from the panels constituted under section 23 "or by an independent person." Section 23 of the Act empowers Government to constitute the Board from panels representing the interests of the employers and employees, respectively, and my Committee have doubts as to whether this section contemplates vacancies being filled up by persons not included in the panels constituted by Government. My Committee consider that vacancies in Boards of Conciliation should be filled by nominations from the panel itself, and, in any event, taking into consideration the very elaborate procedure proposed in Rule 35 for constituting these panels, there appears to be no valid reason why vacancies should not be filled from the panel itself. My Committee would even go further and suggest that a vacancy in the Board caused by the absence of the employers' representative or employees' representative should be filled by nominations from the employers' panel or the employees' panel, respectively.

Clause 45.—Clause 45 lays down that an employer giving notice of a change in any standing order settled under section 26 or 27 shall forward a copy of such notice to every union which has been declared as a qualified union for the industry in the local area in which the establishment of the employer giving the notice is situated. My Committee suggest that this clause be deleted. They hold that if intimation is at all to be supplied to qualified unions, it should be done by the Registrar.

Clause 46.—For reasons mentioned in clause 14, my Committee would suggest the deletion of the words "and in all the departments where the employees concerned are working" occurring at the end of this clause.

Clause 52.—Clause 52 lays down that as soon as an industrial dispute has been entered in the register provided for under Rule 51, the Conciliator shall proceed to interview the parties, etc. My Committee would like to avoid any delay which might take place in the conciliation proceedings owing to the fact that the entry in the register maintained under Rule 51 was not made immediately on receipt of a notice of dispute. They would like it to be made clear in the rule that particulars of industrial disputes received by the Registrar should be entered in the register within 24 hours of the receipt of the notice from the employer, the employees or their respective unions.

Clause 55.—Clause 55 empowers every Conciliator and every member of a Board of Conciliation to enter, by giving reasonable notice, the place or places where the employees concerned are employed or the office of any union or the premises provided by an employer for the residence of his employees, for the purpose of holding a conciliation proceeding under the Act. My Committee's objection to this clause as it stands is twofold. First of all, they would like the rule to make it clear that the right of entry does not extend to residence of employees unconnected with the dispute. Secondly, while no employer would object to the Board as constituted entering their premises after giving reasonable notice, they would be extremely unwilling to grant the right of entry to any member of the Board at any time. My Committee fail to appreciate the circumstances under which an individual member of the Board would find it necessary to enter the premises of an employer unaccompanied by his colleagues, and in view of the grave abuses to which the proposed power is likely to give rise, they are anxious to see that, for the purpose of this rule, the members of the Board function as a Board and not as individuals.

Amendment of Rule 34.

Draft of Government Notification in the Political and Services Department, No. 2847/34, dated the 18th August 1939.—The following draft of a notification which it is proposed to issue under section 84 of the Bombay Industrial Disputes Act, 1938 (Bom. XXV of 1938), is published as required by sub-section (4) of the said section 84 for the information of all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration by the Government of Bombay after one month of its publication in the *Bombay Government Gazette*.

2. Any objections or suggestions which may be received by the Commissioner of Labour, Secretariat, Fort, Bombay, from any person with respect to the said draft before the expiry of the aforesaid period of one month will be considered by the Government of Bombay.

Draft Notification.

In exercise of the powers conferred by section 84 of the Bombay Industrial Disputes Act, 1938 (Bom. XXV of 1938), the Government of Bombay is pleased to amend the Bombay Industrial Disputes Rules, 1939, published in Government Notification in the Political and Services Department, No. 2847/34, dated the 29th May 1939, as follows, namely :—

“ In rule 34 of the said rules, for the figures and words ‘20 persons each,’ the words ‘an equal number of persons representing the interests of the employers and employees respectively’ shall be substituted.”

Copy of letter No. 3942/78, dated the 21st September 1939, from the Association to the Commissioner of Labour, Bombay.

I am directed to invite your attention to Government Notification No. 2847/34, dated the 18th August 1939, published on page 1573 of the *Bombay Government Gazette*, dated the 24th August 1939, in which a draft amendment to Rule 34 of the Bombay Industrial Disputes Rules was notified. The amendment seeks to empower Government to constitute two separate panels consisting of “an equal number of persons representing the interests of the employers and employees respectively” instead of two panels consisting of 20 persons each. My Committee are not clear as to the reasons which necessitated this amendment; if, however, Government consider that it may not be possible to secure “independent” representatives to serve on the Board of Conciliation in certain circumstances from the number at present provided, then, my Committee urge that the organizations of employers and employees should again be asked to submit a further list of nominees for inclusion in the panel. What my Committee are anxious to ensure is that the panels constituted by Government under section 23 consist only of *bona fide* representatives of employers and employees, and the Association would greatly appreciate an assurance from Government on this point.

Copy of letter No. L.O. 6277, dated the 7th November 1939, from the Commissioner of Labour, Bombay, to the Association.

With reference to your letter No. 3942/78, dated 21st September 1939, on the above subject I have the honour to inform you that the intention of Government in amending the Rule is to remove the restriction, not imposed by the Act, on the number of persons whose names should be entered on the respective panels as it is likely to cause practical inconvenience in that the field of selection for actual appointments to the Board when constituted is likely to be narrow especially when the Act is extended to industries other than the cotton textile industry.

Panel of Employers on Boards of Conciliation.

Copy of letter No. L.O. 2877, dated the 19th July 1939, from the Commissioner of Labour, Bombay, to the Association.

Under section 23 of the Bombay Industrial Disputes Act, 1938, the Provincial Government is required to constitute, in the prescribed manner, panels of members representing the interests of the employers and employees, respectively, for appointment on a Board of Conciliation to be constituted, if necessary, when an industrial dispute arises. Rule 34 of the Bombay Industrial Disputes Rules, 1939, prescribes that before making appointments to these panels the Provincial Government shall invite associations of employers and workers and such other bodies and persons as Government may deem fit, to recommend the names of suitable persons for this purpose.

2. As the provisions of the Bombay Industrial Disputes Act relating to conciliation come into force on 1st August 1939, the Provincial Government propose to constitute panels of employers' and employees' representatives as soon as may be practicable and I am accordingly directed to invite your Association to recommend the names of not more than 5 persons representing the interests of the employers for the consideration of Government. I am to request that in submitting your recommendations the explanation to sub-section (2) of section 23 of the Act should be borne in mind and that in respect of each person recommended information regarding the industry or industries with which he is connected as a shareholder, director, agent, employee or trade union official, etc., should be furnished in detail.

3. It is requested that a reply to this letter may be sent not later than the 31st July 1939.

Copy of letter No. 3196/78, dated the 28th July 1939, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O.2877, dated the 19th July 1939, and to say that my Committee will submit their recommendations in due course. In the meantime, I am directed to point out that it will be practically impossible, so far as the Association is concerned, to select independent persons if it is laid down that the holding of a few shares in a company constitutes an interest in the industry such as would disqualify a person from being nominated by Government to a Board of Conciliation constituted in connection with a dispute affecting the Industry in which the person is a shareholder. My Committee would, therefore, suggest that the disqualification should extend only to the position of a Director or Managing Agent.

Copy of letter No. L.O. 3419, dated the 10th August, 1939, from the Commissioner of Labour, Bombay, to the Association.

I have the honour to acknowledge receipt of your letter No. 3196/78 of 1939, dated 28th July 1939, on the above subject and to inform you that the suggestion made therein has been noted.

Copy of letter No. 3507/78, dated the 17th August 1939, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O. 2877, dated the 19th July 1939, requesting my Association to recommend the names of not more than five persons representing the interests of employers, for the consideration of Government in

connection with the constitution of the panel of members representing the interests of employers under section 23 of the Bombay Industrial Disputes Act. In reply, I am to say that my Committee recommend that the following gentlemen might be included in the panel :—

1. Sir H. P. Mody, K.B.E., M.L.A.,
2. Sir Chunilal V. Mohta, K.C.S.I.,
3. Mr. S. D. Saklatvala, M.L.A.,
4. Mr. F. Stones, O.B.E., M.L.C., and
5. Mr. V. N. Chandavarkar.

Details regarding the industry or industries with which the gentlemen named above are connected as shareholders, directors, agents, etc., will be furnished to you in a day or so.

APPENDIX 6.

STANDING ORDERS FOR OPERATIVES AND CLERKS.

Standing Orders for Operatives.

Standing Orders, as finally settled by the Industrial Court under Section 26(6) of the Bombay Industrial Disputes Act, for Operatives in cotton textile mills in (i) City of Bombay; (ii) Kurla Municipal Borough; (iii) Revenue Limits of Gokak; (iv) Poona City Municipal Borough, Poona Suburban Municipal Borough and Poona Cantonment, and (v) Sholapur Municipal Borough.

1. These Orders shall come into force on and from the 12th December 1939.
2. In these Orders, unless there is anything repugnant in the subject or context :
 - (a) "Operatives" means all work-people, male or female, employed in the mill or in the mill premises, whose names and ticket numbers are included in the departmental musters, and includes Overseers, Jobbers, Muccadams, Watch and Ward Staff, Motor Vehicle Staff and Cartmen.
 - (b) "The Company" means.....Mills Co., Ltd.
 - (c) "The Manager" means the Company's Manager or Acting Manager for the time being.
 - (d) The masculine includes the feminine.
3. Operatives shall be classed as (1) Permanent; (2) Probationers; (3) Badlis; (4) Temporary Operatives; and (5) Apprentices.

A "permanent" operative is one whose name has been entered in the Muster Roll and who has been given a permanent ticket and has completed a probationary period of two months in the same or another occupation in the mill.

A "probationer" is one who is provisionally employed to fill a permanent vacancy and has not completed two months' service in that post. If a permanent operative is employed as a probationer in a new post, he may, at any time during the probationary period of two months, be reverted to his old permanent post.

A "badli" is one who is employed on the post of a permanent operative or probationer, who is temporarily absent.

A "temporary operative" is one who is engaged for work which is of an essentially temporary character.

An "apprentice" is a learner who is given a nominal allowance during the period of his training.

4. Every permanent and probationary operative without exception shall be provided with a departmental ticket showing his number, and on attendance each day, shall deliver up the ticket at the place provided.

Every "badli" shall be provided with a "badli" card, which shall be surrendered if he obtains permanent or probationary employment.

Every temporary operative shall be provided with a special ticket or a pass which he shall surrender at the place provided when entering the mill.

Every apprentice shall be provided with a card which shall be surrendered if he obtains permanent or probationary employment.

5. The periods and hours of work for all classes of operatives shall be posted up on a notice board at the time-keeper's office.

6. Notices specifying (a) the days observed by the mill as holidays and (b) pay days, shall be posted as required by the Factories Act and the Payment of Wages Act respectively.

7. Notices specifying the rates of wages payable to all classes of workers and for all classes of work shall be displayed in a conspicuous position in the departments in which the operatives concerned are actually working.

8. Any wages due to an operative but not paid on the usual pay day on account of their being unclaimed shall be paid by the Company on such unclaimed wage pay day in each week as may be notified to the workers and following the date on which a substantiated claim was presented by the operative or, on his behalf, by his legal representative provided that such claim is submitted within three years from the date on which the wages become due to the operative.

9. Shift working shall be regulated in accordance with the Factories Act. More than one shift may be worked in a department or departments or any section of a department at the discretion of the Company. If more than one shift is worked in the mill, operatives shall be liable to be transferred from one shift to another. Shift working may be discontinued after putting up a notice in the time-keeper's office. Notice of one month of discontinuance of any shift shall be given, provided, however, that it shall not be necessary to give one month's notice if as a result of the discontinuance of the shift no permanent employee is discharged. If as a result of discontinuance of shift working any permanent employees are likely to be discharged, they shall be discharged having regard to the length of their service in the mill, those with the shortest term of service being discharged first. If the shift is re-started, a week's notice thereof shall be given by posting a notice at the mill premises and the employees discharged as a result of discontinuance of the shift shall, if they present themselves at the time of re-starting of the shift, have preference in being re-employed, having regard to the length of their previous service in the mill, those with the longest term of service being re-employed first.

10. All operatives shall be at work in the mill at the times fixed and notified to them. Operatives attending late shall be liable to be shut out and treated as absent.

Any operative, who after presenting his ticket, card or pass, is found absent from his proper place or places of work during working hours without permission or without any sufficient reason, shall be liable to be treated as absent for the period of his absence.

If, however, he is so absent from the mill premises during working hours without permission, he shall be liable to be treated as absent for the whole day, in case his absence commences before the recess period, and for half a day in case his absence commences after the recess period.

If the operative is so absent from the mill premises with the permission of the head of the department, his wages for the period of absence shall be liable to be deducted.

The deductions from wages to be made for the periods of absence under this Standing Order shall be made in accordance with the provisions of the Payment of Wages Act.

11. Service for a total period of 12 months in a mill shall qualify an operative for a total period of one month's leave. Grant of such leave shall depend on the exigencies of the mill and shall be at the discretion of the Company.

Any operative who desires to obtain leave of absence shall apply to an officer or officers appointed for the purpose by the Company. It shall be the duty of such officer or officers to obtain the orders, on such application, of the authority appointed by the Company on two days in a week fixed for the purpose ; provided, that if the leave applied for is of an urgent nature, that is, to commence on the date of the application or within three days thereof, the orders of the authority empowered to grant leave shall be obtained without any delay. If the leave asked for is granted, a leave pass shall be issued to the operative. If, however, the leave is refused or postponed, the fact of such refusal or postponement and the reasons therefor shall be recorded in writing in a register to be maintained for the purpose, and if the operative so desires a copy of such entry in the register shall be supplied to him. If the operative after proceeding on leave desires an extension thereof he shall make an application for the purpose to the authority granting leave either in writing or orally or through any other person. In any case, a written reply either of the grant or refusal of extension of leave shall be sent to the operative if his address is available and if such reply is likely to reach him before the expiry of the leave originally granted to him.

If the operative remains absent beyond the period of leave originally granted or subsequently extended, he shall lose his lien on his appointment unless (1) he returns within eight days of the expiry of the leave and (2) gives explanation to the satisfaction of the authority granting leave of his inability to return before the expiry of leave. In case the operative loses his lien on the appointment, he shall be entitled to be kept on the "badli" list.

12. An operative may be granted casual leave of absence not exceeding 10 days in the aggregate in a calendar year. Such leave shall not be for more than three days at a time except in case of sickness. Such leave is intended to meet special circumstances which cannot be foreseen. Ordinarily, the previous permission of the head of the department shall be obtained before such leave is taken, but when this is not possible, the head of the department shall as soon as may be practicable be informed in writing of the absence from work and of the probable duration of such absence.

13. The number of holidays to be granted to the operatives and the days which shall be observed as holidays by the mill shall be regulated in accordance with the Factories Act and the custom or usage of the mill.

14. No operative shall enter or leave the mill premises except by the gate or gates appointed for the purpose.

15. All male operatives shall be liable on leaving the mill premises to be searched by the gateman and all female operatives shall be liable to be detained by the gateman for search by the female searcher, if acting without malice he suspects that any operative who is so detained is in wrongful possession of the property belonging to the Company ; provided that no search shall be made except in the presence of two other persons of the same sex as the suspected operative.

16. The Company may, at any time or times, in the event of a fire, catastrophe, breakdown of machinery, or stoppage of the power supply, epidemic, civil commotion or other cause, beyond the control of the Company, stop any machine or machines or department or departments, wholly or partially for any period or periods, without notice and without compensation in lieu of notice.

In the event of a stoppage of any machine or department under this Order during working hours, the operatives affected shall be notified by notices put upon notice boards in the department concerned and at the time-keeper's office, as soon as practicable, when work will be resumed and whether they are to remain or leave the mill. The period of detention in the mill shall not ordinarily exceed one hour after the commencement of the stoppage. If the period of detention does not exceed one hour, operatives so detained shall not be paid for the period of detention. If the period of detention in the mill exceeds one hour, operatives so detained shall be entitled to receive wages for the whole of the time during which they are detained in the mill as a result of the stoppage. In the case of pieceworkers, the average daily earnings for the previous month shall be taken to be the daily wages.

17. Any operative played off under Order 16 shall not be considered as dismissed from service, but as temporarily unemployed, and shall not be entitled to wages during such unemployment except to the extent mentioned in Order 16. Whenever practicable a reasonable notice shall be given of resumption of normal work and all operatives played off under Order 16, who present themselves for work, when the normal working is resumed, shall have prior right of reinstatement.

18. The Company may, in the event of a strike affecting either wholly or partially, any one or more department or departments of the mill, close down, either wholly or partially such department or departments and any other department or departments affected by such closing down, and for any period or periods. The fact of such closure shall be notified by notices put upon the notice board in the departments concerned and in the time-keeper's office as soon as practicable. The operatives concerned shall also be notified by a general notice prior to the resumption of work, as to when work will be resumed.

19. (a) The employment of any permanent operative may be terminated by fourteen days' notice or by payment of thirteen days' wages in lieu of notice. If he draws wages on a piece-rate basis, the thirteen days' wages shall be computed on the average daily earnings of such operative for the days actually worked during the previous wage period. The reasons for the termination of service shall be recorded in writing and shall be communicated to the operative, if he so desires at the time of discharge, unless such communication, in the opinion of the Manager, may directly or indirectly lay the Company and the Manager or the person signing the communication open to criminal or civil proceedings at the instance of the operative.

(b) Probationers other than those transferred from permanent posts in the mill, "badlis," temporary operatives and apprentices may leave, or be discharged from service without notice by an Officer not below the rank of the head of a department.

(c) Where the employment of any person is terminated by or on behalf of the mill, the wages earned by him shall be paid before the expiry of the second working day from the day on which his employment was terminated.

20. Any permanent operative desirous of leaving the Company's service shall give fourteen days' notice to the head of the department concerned. The wages due to such an operative must, if possible, be paid on the day the notice expires and in any case within two days after the expiry of the notice.

If any permanent operative leaves service without notice he shall be liable to be sued for damages.

21. The following acts or omissions shall be treated as misconduct :—

- (a) Wilful insubordination or disobedience whether alone or in combination with another or others of any lawful and reasonable order of a superior.
- (b) Striking work in contravention of the provisions of the Bombay Industrial Disputes Act, 1938.
- (c) Inciting other operatives to strike work in contravention of the provisions of the Bombay Industrial Disputes Act, 1938.
- (d) Theft, fraud or dishonesty in connection with the Company's business or property.
- (e) Taking or giving bribes or any illegal gratification whatsoever.
- (f) Habitual absence without leave or absence without leave for more than ten consecutive days.
- (g) Habitual late attendance.
- (h) Habitual breach of any Standing Orders.
- (i) Collection of any moneys within the mill premises for purposes not sanctioned by the Manager.
- (j) Engaging in trade within the mill premises.
- (k) Riotous or disorderly behaviour during working hours on mill premises or any act subversive of discipline.
- (l) Habitual negligence or neglect of work.
- (m) Habitual breach of any rules, or instructions for the maintenance and running of any department, or the maintenance of the cleanliness of any portion of the mill premises or mill compound.
- (n) Frequent repetition of any act of omission for which a fine may be imposed under the Payment of Wages Act.

22. (i) An operative may be suspended for a period not exceeding four days or dismissed without notice or any compensation in lieu of notice if he is found to be guilty of misconduct.

The order of suspension shall be in writing and may take effect immediately on communication thereof to the operative. Such order shall set out in detail the alleged misconduct and the operative shall be given an opportunity of explaining the circumstances alleged against him. If on enquiry the order is confirmed or modified, the operative shall be deemed to be absent from duty for the period of suspension and shall not be entitled to any remuneration for such period. If, however, the order is rescinded, the operative shall be deemed to be on duty during the full period of suspension and shall be entitled to the same wages as he would have received if he had not been suspended.

No order of dismissal shall be made unless the operative concerned is informed in writing of the alleged misconduct and is given an opportunity to explain the circumstances alleged against him.

In awarding punishment under this Standing Order the Manager shall take into account the gravity of the misconduct, the previous record, if any, of the operative and any other extenuating or aggravating circumstances that may exist.

(ii) A copy of the order made by the Manager shall be supplied to the operative concerned.

23. All complaints arising out of his employment including those relating to unfair treatment or wrongful exaction on the part of the employer or his agent or servant shall be submitted by an operative or on his behalf by a registered union of which he is a member or by the Government Labour Officer to the Manager or such other officer or officers as he may appoint. The Manager or such officer shall personally investigate the complaint at such times and places as he may fix and the complainant operative, registered union, or the Government Labour Officer shall have the right to be present at such investigation. Where the complainant alleges unfair treatment or wrongful exaction on the part of his employer or his agent or servant, a copy of the order finally made shall be supplied to the complainant if he asks for one. In other cases the decision of the investigating officer, and the action, if any, taken by him shall be intimated to the complainant.

Provided that complaints relating to—

- (1) assault or abuse by any person holding a supervisory position ; or
- (2) refusal of an application for urgent leave shall be enquired into without avoidable delay by the Manager or such other officer or officers as he may appoint.

24. Subject to the provisions of the Bombay Industrial Disputes Act, 1938, the decision of the Manager upon any question arising out of, in connection with, or incidental to these orders, shall be final, subject, however, to appeal to the Managing Agents and without prejudice to any right of an operative aggrieved by his or their decision to resort to legal proceedings in a Court of Law.

25. When any probationer or permanent operative is summarily dismissed, suspended, or discharged, or leaves the services of the mill, or is granted leave of absence, he shall, except in cases of general retrenchment, closing down of departments, strike or lock-out, be given a written order in the form prescribed by the Company or the Millowners' Association, Bombay, from time to time.

Every permanent employee shall be entitled to a service certificate at the time of leaving service, dismissal or discharge.

26. Each Overseer, Jobber or Muccadam shall personally be held responsible for the proper and faithful observance of the Standing Orders and of the special rules made under the Factories Act and posted in the mill, particularly regarding the employment and working of women and children under him.

27. A copy of these orders in English and also in the principal regional language of the local area in which the mill is situated shall be posted in the time-keeper's office and in all departments and in such other places in the mill premises as the Company may decide and shall be kept in a legible condition.

Provided that in establishments where more than 20 per cent. of the total number of operatives employed speak a language other than the principal regional language, such Standing Orders shall be printed also in that language.

Standing Orders for Clerks.

Standing orders, as finally settled by the Industrial Court under Section 26(6) of the Bombay Industrial Disputes Act, 1938, for Clerks in cotton textile mills in (i) City of Bombay ; (ii) Kurla Municipal Borough ; (iii) Revenue Limits of Gokak ; (iv) Poona City Municipal Borough ; Poona Suburban Municipal Borough and Poona Cantonment ; (v) Sholapur Municipal Borough ; (vi) Ahmedabad City Municipal Borough, Ahmedabad .

Cantonment and the Notified Area of Sabarmati ; (vii) Viramgaum Municipal District; (viii) Nadiad Municipal Borough and (ix) Surat Municipal Borough.

1. These Orders shall come into force on and from the 12th December 1939.
2. In these Orders, unless there is anything repugnant in the subject or context :
 - (a) "Employees" means clerks.
 - (b) "The Company" means.....Mills Co., Ltd.
 - (c) "The Manager" means the Company's Manager, or Acting Manager for the time being.
 - (d) The masculine includes the feminine.
3. Employees shall be classed as (1) Permanent and (2) Temporary.

A "permanent" employee is one whose appointment has been confirmed in writing by the Company.

A "temporary" employee is one whose appointment has not been confirmed in writing by the Company.

4. The periods and hours of work of all classes of employees shall be posted up on a notice board, provided that if any particular employee is required to work for a different period he shall be notified to that effect in advance.

5. Notices specifying (a) the days observed by the mill as holidays and (b) pay days, shall be posted up on a notice board, provided that if any particular employee is required to work on holidays he shall be personally notified to that effect in advance.

6. A register shall be maintained by the Manager specifying the wages and the scales of pay, if any, of all employees and the register shall remain open to inspection by the employees on two days in a month fixed for the purpose.

7. Service for a total period of 12 months in a mill shall qualify an employee, with or without pay, according to the terms of contract, custom or usage of the mill, for a total period of one month's leave. Grant of such leave shall depend on the exigencies of the mill and shall be at the discretion of the Company.

Any employee who desires to obtain leave of absence shall submit an application in writing to the Manager. A copy of the orders passed shall be given to the employee and if leave is refused or postponed the reasons for the refusal or postponement shall be recorded in writing. An employee shall lose his lien on his appointment if he fails to return on the expiry of any leave or any extension thereof which may have been granted to him. The Manager may, however, restore an employee's lien on his appointment if the employee gives an explanation to the satisfaction of the Company of his inability to return before the expiry of the leave.

8. An employee may be granted casual leave of absence not exceeding 10 days in the aggregate in a calendar year with or without pay according to the terms of contract, custom or usage of the mill. Such leave is intended to meet special circumstances such as sickness which cannot be foreseen. Ordinarily, the previous permission of the Manager shall be obtained before such leave is taken, but when this is not possible the Manager shall, as soon as may be practicable, be informed in writing of the absence from work and of the probable duration of such absence.

9. The number of holidays to be granted to the employees shall be regulated in accordance with the law for the time being in force and/or the custom or usage of the mill. If

an employee is required to work on a holiday, he shall be granted a substitute holiday on such other day as may be agreed upon between him and the Company.

10. The employment of any permanent employee may be terminated by one month's notice or one month's pay in lieu of notice unless provided otherwise in a specific agreement. The reasons for the termination of service shall be recorded in writing and shall be communicated to the employee, if he so desires, at the time of the discharge unless such communication, in the opinion of the Manager, may directly or indirectly lay the Company and the Manager or the person signing the communication open to criminal or civil proceedings at the instance of the employee.

The services of any temporary employee may be terminated without notice or pay in lieu of notice.

11. Any permanent employee desirous of leaving the Company's service shall give one month's notice in writing to the Manager unless he has a specific agreement providing for a longer or shorter notice.

If any permanent employee leaves the service of the Company without giving notice, he shall be liable to be sued for damages.

12. The following acts or omissions shall be treated as misconduct :—

- (a) Wilful insubordination or disobedience whether alone or in combination with another or others of any lawful and reasonable order of a superior.
- (b) Striking work in contravention of the provisions of the Bombay Industrial Disputes Act, 1938.
- (c) Inciting other operatives or employees to strike work in contravention of the provisions of the Bombay Industrial Disputes Act, 1938.
- (d) Theft, fraud or dishonesty in connection with the Company's business or property.
- (e) Taking or giving bribes or any illegal gratification whatsoever.
- (f) Habitual absence without leave or absence without leave for more than ten consecutive days.
- (g) Habitual late attendance.
- (h) Habitual breach of any Standing Orders.
- (i) Collection of moneys within the mill premises for purposes not sanctioned by the Manager.
- (j) Engaging in trade within the mill premises.
- (k) Drunkenness or riotous or disorderly behaviour within the mill premises or any act subversive of discipline.
- (l) Habitual negligence or neglect of work.
- (m) Habitual breach of any rules, or instructions for the maintenance and running of any department, or the maintenance of the cleanliness of any portion of the mill premises or mill compound.
- (n) Frequent repetition of any act or omission for which a fine may be imposed under the Payment of Wages Act.

13. (i) An employee may be suspended for a period not exceeding four days or dismissed without notice or any compensation in lieu of notice if he is found guilty of misconduct.

The order of suspension shall be in writing and may take effect immediately on communication thereof to the employee. Such order shall set out in detail the alleged misconduct and the employee shall be given an opportunity of explaining the circumstances alleged against him. If on enquiry the order is confirmed or modified, the employee shall be deemed to be absent from duty for the period of suspension and shall not be entitled to any remuneration for such period. If, however, the order is rescinded the employee shall be deemed to be on duty during the full period of suspension and shall be entitled to the same wages as he would have received if he had not been suspended.

No order of dismissal shall be made unless the employee concerned is informed in writing of the alleged misconduct and is given an opportunity to explain the circumstances alleged against him.

In awarding punishment under this Standing Order, the Manager shall take into account the gravity of misconduct, the previous record, if any, of the employee and any other extenuating or aggravating circumstances that may exist.

(ii) A copy of the order made by the Manager shall be supplied to the employee concerned.

14. All complaints arising out of his employment including those relating to unfair treatment or wrongful exaction on the part of the employer or his agent or servant shall be submitted by an employee to the Manager. The Manager shall personally investigate the complaint at such times and places as he may fix and the complainant shall have the right to be present at such investigation. Where the complainant alleges unfair treatment or wrongful exaction on the part of his employer or his agent or servant, a copy of the order finally made shall be supplied to the complainant if he asks for one. In other cases the decision of the Manager and the action, if any, taken by him shall be intimated to the complainant.

15. Subject to the provisions of the Bombay Industrial Disputes Act, 1938, the decision of the Manager upon any question arising out of, in connection with, or incidental to these orders, shall be final, subject, however, to appeal to the Managing Agents and without prejudice to any right of an employee aggrieved by his or their decision to resort to legal proceedings in a Court of Law.

16. When any permanent employee is summarily dismissed, suspended or discharged, or leaves the services of the Company, or is granted leave of absence, he shall, except in cases of general retrenchment, closing down of departments, strike or lock-out, be given a written order in the form prescribed by the Manager.

Permanent employees shall be entitled to a service certificate at the time of leaving service in every case other than that for which an employee has been dismissed for misconduct.

17. A copy of these Orders in English and also in the principal regional language of the local area in which the mill is situated shall be posted in the mill office.

APPENDIX 7.

SCHEME FOR THE ESTABLISHMENT OF EMPLOYMENT EXCHANGES.

Copy of letter No. L.O. 3964, dated the 4th September 1939, from the Commissioner of Labour, Bombay, to the Association.

I am directed to forward herewith an outline of the scheme for the establishment of employment exchanges in Bombay City and Ahmedabad prepared by the Labour Office and shall be glad if you will kindly favour me with any remarks which you may wish to make on it on or before 12th September 1939.

A SCHEME FOR THE ESTABLISHMENT OF EMPLOYMENT EXCHANGES.

The Royal Commission on Indian Labour drew pointed attention to the fact that in the mills and factories in India there is a large turnover of labour which leads to considerable inefficiency. They further urged the need of a proper control of the substitute labour appointed with a view to diminishing the power of the jobbers and of regularising employment. Little conscientious effort, has, however, been made in this direction except by the Bombay Millowners' Association who formulated a scheme of 'badli control' in the year 1935. In the *communiqué* issued by the Government on 17th August 1937 in which they outlined their policy in respect of industrial workers, specific mention was made of Government's intention to undertake registration of the employed as well as the unemployed and the hope was then expressed that the arrangement for registration would facilitate the setting up of employment exchanges in important industrial centres.

The establishment of employment exchanges is a novel experiment in this country and there is everything to be said, therefore, for the exercise of caution at the time of making a start. It is therefore proposed that in the first instance employment exchanges should be started only in Bombay and Ahmedabad and their scope restricted to cotton spinning and weaving mills only. Nor will they take over entirely the work of placements but will operate as a 'central control' and be complementary to the system of badli control started by the Bombay Millowners' Association in the year 1935 and now made almost universal throughout the Province in the cotton mill industry. Briefly speaking, the badli control system is as follows:—On the 1st day of each month the head of the department selects a fixed number of badlis, the number being based on the number of vacancies on the day following the pay day which is usually the day of maximum absenteeism. The selected badlis are given special badli cards. These badlis who hold cards are asked to present themselves at the mill gate every morning for work. The number of badlis required is then ascertained and the heads of departments select the badli labour from among the card holders who have presented themselves for work. The badli card holders may be employed in a similar occupation under any jobber in the same department. No new badlis are employed as long as the card holders are available. A separate register containing the names of badlis is maintained in which the day-to-day attendance of each badli is recorded. The day-to-day history of badlis, as shown by this register, facilitates the selection of badlis at the end of the month when fresh cards are issued.

It is proposed that without in any way interfering with the present 'badli control' system or in any way diminishing the right of mills to select their labour, only the work of the preparation of a list of those to whom badli cards should be issued should be taken over by the exchange. For this the exchange will open a general register for all adults between the ages of 18 and 55 who have had experience of work in a cotton mill in the City in which the exchange is located for a continuous period of at least three months and are out of work at the time of registration. The mills will be requested twice a month to notify to the exchange their badli requirements for the next month and soon after the requisition is received the exchange will send to the mill concerned about 25 per cent. more persons than the number of recruits required by the mill. The men selected by the exchange will be given a duplicate of their card maintained by the exchange. The actual selection of badlis and the issuing of badli cards will be done by the mill itself. The mills will, however, notify to the exchange the names of persons to whom badli cards are issued from those sent by the exchange.

The exchanges will be run in co-operation with the Bombay and Ahmedabad Millowners' Associations and registered and qualified trade unions in these two cities and will be located in buildings which are being constructed for industrial welfare.

The procedure for the registration and placing of applicants will be as follows:—

The manager of the exchange will interview the applicant and note down the particulars specified in Form A.* Unless the applicant is in a position to produce documentary

* Not printed.

evidence, such as a service card, discharge pass, etc., in respect of the facts stated by him regarding his previous employment and reasons for discharge, the manager will, on the basis of the information received, verify it from the mill concerned. After the manager is satisfied that the particulars given by the applicants are correct he will enter them in a card which will be filed for further reference. A copy of this card will be given to the worker after he has been registered. The employment exchange will keep a "live list" and a "dead list" of these cards, the former being the cards of applicants still wanting jobs and the latter of those who have found employment or whose names have been struck off the register. In the same manner the employers' notifications to the exchange of vacancies would be specified on the "order card" which would be filed in the "live list" remaining there until the vacancy was filled or cancelled. To fill a vacancy the exchange manager will submit applications from the names on the "live list" register. In making recommendations for filling vacancies a matter of some difficulty is as to what should be the guiding principle, whether seniority of registration, seniority as judged by the length of service or duration of unemployment. For instance, it is possible that a man may have registered for a period of two years, but his actual experience of work in a cotton mill may not exceed four months. On the other hand, there may be a person who may have registered for a period of six months only but may possess experience of work in a cotton mill for 15 years. It would appear necessary for the guidance of the manager that a fixed principle may be laid down in this matter. All things considered, it appears that seniority of registration should be the deciding factor in making a recommendation for filling up a vacancy, although at the beginning during the first month or two the order of registration may not be the sole determinant of priority. That does not, however, mean that if the employer requisitions the service of a person lower down in the list the manager of the exchange would be prevented from recommending such a person. In sending applicants the manager of the exchange will specifically disclaim responsibility for selecting suitable workmen and this would rest entirely with the employer who would be free to accept or reject any applicants sent to him.

Applicants would have to renew their registration every three months in order to continue on the "live register."

Every registered person must notify any change of address within a week of such a change.

Registration cards will be arranged in an alphabetical order according to occupations. It might have been advantageous also to arrange these cards according to mills but since this would involve the maintenance of thousands of different registers it is felt that this would be unnecessary at least in the beginning.

Copy of letter No. 3773/180, dated the 8th September 1939, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O. 3964, dated the 4/5th September 1939, received on the 6th, in which you request the Association to express an opinion on the outline of a scheme for the establishment of employment exchanges in Bombay City and Ahmedabad, prepared by the Labour Office, on or before the 12th September 1939.

I regret that, in the limited space of time available, it would not be possible for the Association to examine the proposal, and I am, therefore, directed to request that the time for the submission of the Association's views may kindly be extended at least until the 30th September 1939. If, however, such an extension is not possible. I am instructed to say that my Committee are opposed in principle to the establishment of any employment exchange in Bombay City, for reasons which have been fully explained in the written and oral evidence submitted by the Association to the Bombay Textile Labour Inquiry Committee.

Copy of letter No. L.O. 4148, dated the 15th September 1939, from the Commissioner of Labour, Bombay, to the Association.

With reference to your letter No. 3773/180 of 1939 dated the 8th September 1939 on the above subject, I beg to inform you that as desired the time limit for the submission of the views of your Association has been extended till the 30th of September 1939.

Copy of letter No. L.O. 4284, dated the 21st September 1939, from the Commissioner of Labour, Bombay, to the Association.

With reference to the correspondence ending with this office letter No. L.O. 4148, dated 15th September 1939 on the above subject, I am directed to suggest that before formally submitting the views of your Association your representatives might be so good as to meet me to discuss the scheme dealing with employment exchanges forwarded with this office letter No. L.O. 3964, dated 4th September 1939. The meeting may take place in my office at the Secretariat on Saturday, 23rd September 1939, at 11 a.m. I shall be glad if you will kindly send an early reply to this letter.

Copy of letter No. 3932/180, dated the 21st September 1939, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge with thanks the receipt of your letter No. L.O. 4284, dated the 21st September 1939. My Chairman is grateful for your suggestion and he feels that a joint discussion might serve a very useful purpose. Unfortunately, the Special Sub-Committee of the Association who are dealing with this subject are already committed to several other engagements on various matters connected with the Association and the present emergency and, in these circumstances, he regrets it will not be possible for the Sub-Committee to meet you either on the day suggested or on any day next week. My Chairman, however, would like to suggest that the Sub-Committee of the Association might be allowed to continue their study of the proposals framed by Government and to place their ideas in writing for the consideration of Government. If, on receipt of the Sub-Committee's considered views, Government feel that discussions on the scheme should take place, then my Chairman would be very happy to place himself at the disposal of Government.

Copy of letter No. 4287/180, dated the 12th October 1939, from the Association to the Commissioner of Labour, Bombay.

With reference to your letter No. L.O. 3964, dated the 5th September 1939, forwarding the outline of a scheme for the establishment of employment exchanges in Bombay City and Ahmedabad, and in continuation of the Association's letter No. 3932/180, dated the 21st September 1939, I am directed to inform you that the Committee of the Association have carefully considered the note compiled by the Government Labour Office on the subject.

From the first para of the note, it appears that the objects of the proposed employment exchanges are : (1) to check turnover of labour which leads to considerable inefficiency, (2) to control properly the substitute labour with a view to diminishing the power of jobbers and (3) to regularise employment. Government are doubtless aware of the measures taken by the Association during the last few years to curtail the powers of jobbers with regard to recruitment and dismissal of labour. The badli control system which was first introduced in member mills in 1935 and which has since been considerably improved has been one of the chief measures taken by the Association. The badli control system has already achieved very satisfactory results and amongst other things has enabled member mills to reduce the turnover of substitute labour ; has improved efficiency by affording badlis more regular work ; has excluded jobbers from engagement of workers and has provided a means of promoting efficient badlis to the status of permanent workers when vacancies occur. The power of engagement and dismissal of labour has been taken out of the hands of jobbers and has

been placed in the hands of the Departmental Heads and Mill Managers. Incidentally, the system has gradually reduced bribery and corruption and illegal gratification.

The note compiled by the Labour Office makes no mention of other measures which have been taken by the Association with the same laudable objects in view, and in order that a clearer picture of what the Association has done in the matter of improving recruitment, etc., may be obtained, a few of the more important measures introduced by the Association are mentioned below :

(a) *Jobbers' Cards* :—A complete record of the services and qualifications of all head jobbers, assistant head jobbers and weaving line jobbers, employed in all Bombay member mills is maintained at the Association's office. The general policy advocated by the Association is that workers from the lower ranks should be promoted to fill up vacancies amongst jobbers and if an outsider is appointed in any mill, his previous record and qualifications are looked into. Thus the Association has a record regarding personnel and employment as far as jobbers in Bombay member mills are concerned.

(b) *Workmen's Service Record Cards* :—The Association's recommendation *re.* Workmen's Service Record Cards has been adopted by 75 per cent. of member mills during the last twelve months. The cards contain all the essential data in respect of each individual permanent worker, such as, name, caste, religion, literacy, place of origin, length of service, working career, and after a year or two will be of great assistance in matters connected with the staffing of mills, promotion, leave, etc.

(c) *Service Certificates* :—Every worker whose employment is terminated on account of the closing down of night shift or retrenchment is granted a Service Certificate in a prescribed form.

(d) *Arrangements for securing employment for displaced workers* :—Whenever it has been found necessary for mills to close down a shift, a department, or a section of a department owing to trade depression, workers are selected for retrenchment according to their length of service and efficiency. As many displaced workers as can be employed as badli in the mill itself are then absorbed. The Association helps the remaining workers by offering badli work to them in other mills. All these retrenched workers are given service certificates and all member mills have been asked to give preference to such certificate holders over others when badli are required. In short, the possession of a service certificate gives workers far better chances of being absorbed in other mills than those who have had no permanent connection with the industry.

Having regard to what has been stated above, it may be stated without fear of contradiction, that no other centre of the cotton mill industry in the Province of Bombay has done as much as the Bombay mills in the matter of improving the method of recruitment and of regularising employment, and the steps taken by the Association have resulted in the effective elimination of the major abuses connected with recruitment of labour. My Committee are of the opinion that the procedure and the technique voluntarily evolved by the Association during the past years should not be disturbed and that the Bombay mills should be allowed to develop the measures they have initiated for recruitment of labour on their own lines.

As far as the Bombay City's cotton mill industry is concerned, my Committee fail to understand the utility of the proposed exchanges, as a means of providing mills with badli workers or the special assistance these exchanges will be able to render to unemployed cotton mill workers in Bombay that is not at present available to them. The institution of employment exchanges will not in any way help to remove any corruption and bribery that may still be lurking in the field of recruitment. My Committee are, therefore, of opinion that Bombay cotton mills should be left out of any scheme which Government may introduce and desire to say that if Government desire to make an experiment to ascertain the utility of an employment exchange system, the experiment should be made in an industry in which no measures similar to those referred to in the earlier part of this letter have been undertaken.

It may be pointed out that the Royal Commission on Labour did not recommend the establishment of Labour Exchanges. The Commission was of the opinion that :

“ In the present position of Indian industry, it is most unlikely that they would be in a position to offer an appreciable number of vacancies unless employers were compelled to recruit through them (Employment Exchanges). Such compulsion is possible in special cases such as, shipping, but so far as Industry generally is concerned, we do not regard it as practicable under present conditions. The maintenance by employers in a single industry and centre of a joint bureau for recruitment offers less practical difficulty. Such bureaux, not in the industrial centres but in the areas from which the workers are drawn, might have served a useful purpose in the past. We do not think that it would be wise to start them at a time when most factory owners can find sufficient labour at the gates.”

In para two of the note, it has been stated that the Bombay Millowners' Association's badli control system has been made almost universal throughout the Province in the cotton mill industry. In this connection, I should like to point out that it was only after long and persistent efforts on the part of the Association and the Labour and Technical Advisory (Managers) Sub-Committee of the Association that the working of the badli control scheme reached a satisfactory basis and it is, therefore, difficult to believe that other centres of the cotton mill industry are already working the system as successfully as in Bombay mills. The other measures referred to in this letter which supplement and assist the success of the badli control scheme in Bombay do not appear to have been introduced in other centres of the industry.

For the reasons outlined, my Committee are opposed to the establishment of employment exchanges for textile workers in Bombay City, as, in their considered opinion, the badli control scheme now in force renders them superfluous and unnecessary and do not in these circumstances consider that any useful purpose would be served in commenting on the details of the proposed scheme.

APPENDIX 8.

ESTABLISHMENT OF CHEAP GRAIN SHOPS IN MILLS.

Copy of letter No. 5079/198, dated the 12th December 1939, from the Association to all mills in Bombay and up-country members for information.

I enclose for the information of members a copy of a Press Note which was issued following a meeting of the General Committee of the Association held on Friday, the 8th December 1939. Members will be informed from time to time of the measures to be taken to meet the situation referred to in the Press Note.

As an immediate step, it is considered essential and recommended by the Committee of the Association that all member mills in Bombay should at once make preparations for the opening of shops in the mill compound for the sale on credit of foodstuffs and other necessities of life, at rates which would protect their workers' cost of living which has increased considerably owing to the higher retail prices being charged in the bazaar for all classes of foodstuffs. A detailed scheme is being framed for the guidance of members, and we hope to be able to place this in the hands of member mills in the course of the next few days. An important feature of the scheme will be the regulation of the prices at which mills will buy and sell foodgrains, etc.

It is particularly requested that mill managements should ensure that the shops when established should be under the control of a responsible mill officer.

A Government order published in accordance with the provisions of the Payment of Wages Act specifies that deductions may be made from wages for purchases from mill grain shops provided the following conditions are fulfilled :

- (a) No rent shall be charged ;
- (b) Prices shall be fixed so that the shop is conducted on a non-profit making basis ;
- (c) The selling prices of all goods shall be displayed in a conspicuous place in the shop ;
- (d) An Inspector shall have a right of entry and a right of inspection of the goods, premises, and records, and a right to take samples ;
- (e) The shop shall be maintained in a clean condition ;
- (f) All purchases shall be voluntary ;
- (g) The Chief Inspector of Factories shall have power to cancel the order, if any condition is not fulfilled.

PRESS NOTE.

The Millowners' Association, Bombay, have been closely watching the rise in the prices of foodstuffs and the necessaries of life since the outbreak of the war on September 3rd, 1939. Until recently, there had been no appreciable increase in the prices of essential foodstuffs, but during the last fortnight, there has been a very noticeable increase in prices, which, on investigation, would appear to have been more speculative than economic. The Association presume that Government will take the emergent action which is called for to stop speculation and profiteering. The whole position is being closely examined with the object of safeguarding the interests of the workers in the cotton mill industry, and it is expected that in the course of the next few days action will have been taken, which will adequately meet the needs of the situation.

APPENDIX 9.

DUST IN CARD ROOMS.

Copy of letter CESR No. 232, dated the 28th April 1939, from the Municipal Commissioner for the City of Bombay, to the Association.

I have the honour to forward herewith a copy of the Corporation Resolution No. 1201, dated the 20th March 1939, which requests me to invite the attention of the Bombay Mill-owners' Association and Government regarding the danger to the health of the operatives employed in the Carding Departments of Textile Mills, on account of dust and fluff and to request you to place this resolution before your Association and to communicate to me its decision at your early convenience.

Copy of Corporation Resolution No. 1201, dated 20th March 1939.

“That the Commissioner be requested to invite the attention of the Bombay Millowners' Association and Government to the prevailing danger to the

health of the operatives employed in the Carding Departments in the Textile Mills and to request them to consider the desirability of compelling the Millowners to instal Vacuum Stripping System as is being adopted in all civilized countries and in modern mills in Ahmedabad, Cawnpore and Madras or to take any other measures with a view to protecting the operatives from the danger of inhaling dust and fluff.”

Copy of letter No. F.I./5190, dated the 7th June 1939, from the Commissioner of Labour, Factory Department, Bombay, to the Association.

I have the honour to forward herewith a copy of letter No. CESR/232 of 28th April 1939 from the Municipal Commissioner for the City of Bombay together with a copy of the Corporation's Resolution regarding the danger to the health of cardroom operatives in textile mills from dust and fluff. I request that you will kindly favour me with the views of your Committee in the matter. I would also request you to let me know how many of the mills who are members of your Association have been provided with vacuum stripping arrangements.

Copy of letter No. CESR No. 232, dated the 28th April 1939, from the Municipal Commissioner for the City of Bombay, to the Secretary to the Government of Bombay, General Department.

I have the honour to forward herewith a copy of the Corporation Resolution No. 1201, dated the 20th March 1939 requesting me to invite the attention of the Bombay Millowners' Association and Government to the danger to the health of the operatives employed in the Carding Department of Textile Mills on account of dust and fluff. I should be glad if you would be so good as to let me know what action, if any, Government propose to take in the matter.

Copy of letters Nos. 2641/135 and 2642/135, dated the 20th June 1939, from the Association to the Municipal Commissioner for the City of Bombay, and the Commissioner of Labour, Bombay, respectively.

I am directed to acknowledge the receipt of your letter No. CESR 232/F.I.-5190, dated the 28th April/7th June 1939, with which was enclosed a copy of Corporation Resolution No. 1201, dated the 20th March 1939. Briefly stated, the Resolution calls attention of the Millowners' Association and Government to what is termed as "the prevailing danger to the health of the operatives" employed in the carding departments in textile mills, and requests them to consider the desirability of compelling the millowners to instal Vacuum Stripping System as is being adopted in all civilized countries.....or to take any other measures with a view to protecting the operatives from the danger of inhaling dust and fluff. In reply, I am to state that, while my Committee would at all times be willing to consider reasonable proposals for the improvement of the working conditions of their operatives, they feel they ought to point out certain incorrect assumptions which seem to have crept into the resolution. The resolution urges that vacuum stripping should be made compulsory, and points out that it has already been adopted in all civilized countries. So far as I am aware, nowhere has it been made compulsory. Apart from the question of expense, this device has not yet been proved to be an unqualified mechanical success and it is understood that in cases where it is already in existence, it has failed to bring about any substantial improvement in working conditions.

I am, however, to reiterate my Committee's desire to improve conditions wherever they are proved to be unhealthy, and investigations are being made by a special

sub-Committee to ascertain how this could best be done, and I shall write to you again when the sub-Committee's recommendations have been considered by my General Committee.

Copy of letters Nos. 5043/135 and 339/135, dated the 7th December 1939 and 18th January 1940, from the Association to the Commissioner of Labour, Bombay, and the Municipal Commissioner for the City of Bombay, respectively.

I am directed to acknowledge the receipt of your letter No. F.I./9933*/CESR 232*, dated the 5th December 1939/18th January 1940, and to say that exhaustive experiments were made by individual members of the Managers' Sub-Committee in their own mills over a period of 3 months with various types of masks, and the results of these tests were discussed at some length at a recent meeting of my General Committee held towards the end of November. Each type of mask tried, it appeared, had its own merits and demerits, and the Sub-Committee finally recommended that a practical solution of the problem in mills in which the workers objected to wearing Martindale and other types of protective masks would be to make available to men working in particularly dusty occupations, strips of sterilised lint and bandage cloth cut into lengths which would enable them to be tied at the back of the head. If such strips were used, provision would be made for changes on alternate days, and precaution would also be taken to ensure that workers did not use other workers' masks.

For ready reference, I quote below interesting extracts from reports received from individual members of the Sub-Committee :

- (1) "*Martindale Protective Masks.*—The lining is required to be changed very frequently. The clips do not hold up the lining tightly. The elastic adjustment is too fine for the type of workers who will be required to use these masks. One great disadvantage of this mask is that a lot of fluff settles between the edge of the lining and the rim of the metal which causes irritation to the wearer..... A double strip of mulmul 9"×30" with cotton wadding sewn in between two layers in the centre would be a great advance on the present method."
- (2) "We find that very satisfactory results have been achieved with willow mixing men and strippers, by the use of a Filter Pad of the bandage type made from gauze and lint supplied from the Mill Dispensaries. The lint is renewed every two days and the results are so satisfactory that we very strongly deprecate the idea of compelling mills to instal vacuum stripping apparatus. So much depends upon the nature of the cotton and the weight of cotton passed through each Card, that it is quite possible for mills without automatic stripping apparatus, but with a good blow room and fairly clean cotton, to have less dust than another mill employing vacuum strippers. Moreover, to-day with war conditions, it would be impossible to obtain the necessary plant for a long time to come."
- (3) "Masks were tried as a preventive measure against inhalation of dust. For one or two days the workers liked it and afterwards they were very reluctant to use them as the same were hampering free breathing."

The above are only a few extracts selected at random from the reports received from Mill Managers, but in all cases, where the operatives so desire, mills would be prepared to provide strips of sterilised lint and bandage cloth cut into lengths free of charge. Refills would also be supplied on alternate days. It must, however, be pointed out that the use of such devices would to a great extent depend upon the operatives' voluntary efforts, as compulsion in such matters by employers might easily be misunderstood.

* Not printed.

APPENDIX 10.

EMPLOYMENT OF CHILDREN IN INDUSTRIAL ESTABLISHMENTS.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act of the Indian Legislature received the assent of the Governor-General on the 8th April, 1939, and is hereby promulgated for general information :—

ACT No. XV OF 1939.

An Act to amend the Employment of Children Act, 1938.

Whereas it is expedient to amend the Employment of Children Act, 1938 for the purposes hereinafter appearing ; it is hereby enacted as follows :—

1. *Short title and commencement.*—(1) This Act may be called the Employment of Children (Amendment) Act, 1939.

(2) It shall come into force on the 1st day of October, 1939.

2. *Amendment of section 2 of Act XXVI of 1938.*—In section 2 of the Employment of Children Act, 1938 (hereinafter referred to as the said Act), after the words " In this Act " the letter and brackets " (a) " shall be inserted, and to the said section as so amended the following shall be added, namely :—

(b) " occupier " of a workshop means the person who has ultimate control over the affairs of the workshop ;

(c) " prescribed " means prescribed by rules made under this Act ;

(d) " workshop " means any premises (including the precincts thereof) wherein any industrial process is carried on, but does not include any premises to which the provisions of section 50 of the Factories Act, 1934, for the time being apply.

3. *Amendment of section 3.*—To section 3 of the said Act the following sub-section shall be added, namely :—

" (3) No child who has not completed his twelfth year shall be employed, or permitted to work, in any workshop wherein any of the processes set forth in the Schedule is carried on :

Provided that nothing in this sub-section shall apply to any workshop wherein any process is carried on by the occupier with the aid of his family only and without employing hired labour or to any school established by, or receiving assistance or recognition from, a Provincial Government."

4. *Insertion of new sections 3A, 3B and 3C.*—After section 3 of the said Act the following sections shall be inserted, namely :—

" 3A. *Power to amend the Schedule.*—The Provincial Government, after giving, by notification in the official *Gazette*, not less than three months' notice of its intention so to do,

may, by like notification, add any description of process to the Schedule, and thereupon the Schedule shall have force in the Province as if it has been enacted accordingly.

3B. *Notice to inspector before carrying on work in certain processes.*—Before work in any of the processes set forth in the Schedule is carried on in any workshop after the 1st day of October, 1939, the occupier shall send to the inspector, within whose local limits the workshop is situated, a written notice containing—

- (a) the name and situation of the workshop,
- (b) the name of the person in actual management of the workshop,
- (c) the address to which communications relating to the workshop should be sent, and
- (d) the nature of the processes to be carried on in the workshop.

3C. *Disputes as to age.*—If any question arises between an inspector and an employer as to whether any child has or has not completed his twelfth or fifteenth year, as the case may be, the question shall, in the absence of a certificate as to the age of such child granted by a prescribed medical authority, be referred by the inspector for decision to the prescribed medical authority.”

5. *Amendment of section 4.*—In section 4 of the said Act, after the word and figure “section 3” the words, letter and figure “or fails to give notice as required by section 3B” shall be inserted.

6. *Amendment of section 5.*—For sub-section (2) of section 5 of the said Act the following sub-section shall be substituted, namely :—

“(2) Every certificate as to the age of a child which has been granted by a prescribed medical authority shall, for the purposes of this Act, be conclusive evidence as to the age of the child to whom it relates.”

7. *Amendment of section 7.*—In clause (b) of sub-section (2) of section 7 of the said Act, for the words “the authorities” the words “the medical authorities” shall be substituted.

8. *Insertion of Schedule.*—To the said Act the following Schedule shall be added, namely :—

THE SCHEDULE.

(See sections 3, 3A and 3B.)

List of Processes.

- | | |
|--|--------------------------------|
| 1. Bidi-making. | 6. Mica-cutting and splitting. |
| 2. Carpet-weaving. | 7. Shellac manufacture. |
| 3. Cement manufacture, including bagging of cement. | 8. Soap manufacture. |
| 4. Cloth-printing, dyeing and weaving. | 9. Tanning. |
| 5. Manufacture of matches, explosives and fireworks. | 10. Wool cleaning.” |

APPENDIX 11.

BILL TO PROVIDE FOR THE REGISTRATION AND PROTECTION OF TRADE MARKS IN INDIA.

Copy of letter No. 5289/204, dated the 22nd December 1939, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed by the Committee of my Association to set forth below their considered views on the Bill to provide for the registration and protection of trade marks in India, and to request that these views may kindly be placed before Government and the Select Committee to whom the Bill has been referred for consideration and report.

Location of Register.—Clause 4(1) of the Bill provides for the establishment of a Trade Mark Registry in Calcutta. Clause 63(1) states that there shall be established in Bombay for the purpose of facilitating the registration of trade marks in respect of textile goods, a branch of the Trade Marks Registry in charge of a Deputy Registrar, who shall act under the direction of the Registrar. We do not find anywhere in the Bill provisions which would empower the Registrar to delegate his authority to the Deputy Registrar. This, we feel, is an unsatisfactory arrangement. In this connection, my Committee wish to reiterate the points made in their letter No. 3287/168, dated the 8th August 1938. Taking the classes of imported goods on which trade marks are generally used, Bombay must be held to be a more suitable centre than Calcutta for the location of the Trade Marks Register. In the case of textile goods, the case for the location of the headquarters of the Register in Bombay is overwhelmingly strong. The Bombay Presidency alone controls about 70 per cent. of the loomage available in this country, and the imports of cotton piecegoods into Bombay and Karachi are considerably in excess of the imports of piecegoods into Calcutta. This being the position, it follows from the point of view of the convenience of the general public and importers, that Calcutta offers no advantages over Bombay as a centre for the receipt of trade mark applications except that it happens to be the headquarters of the Patents and Designs Office. The combination of the two offices, namely, the Controller of Patents and Designs and the Registrar of Trade Marks, may be an administrative convenience and economy from the point of view of Government, but this advantage would be more than offset by the inconvenience and delay which would follow from the adoption of the arrangement laid down in the Bill. My Committee strongly feel that, even if Government are not inclined to move the headquarters of the General Registry from Calcutta to Bombay, the main Registry of Textile Marks at any rate should be maintained in Bombay. If this cannot be done, my Committee would urge that all applications for the registration of textile marks should be made through the Bombay Office, the Registrar in Calcutta being empowered to delegate his powers to the Deputy Registrar in Bombay so far as textile marks are concerned. Important advantages which might accrue from the adoption of this suggestion would be the expeditious disposal of applications for registration.

Appellate Authority.—Clause 75 of the Bill provides for an appeal to a High Court from any decision given by the Registrar under the Act. It is not clear whether the appeal referred to in this clause would lie with the High Court having jurisdiction over the centre in which the Trade Marks Registry is situated or to the High Court of the Province where the appellant resides. The position should, therefore, be made clear.

It is, however, thought that in the initial stages when the registering authority will be called upon to deal with a very large number of applications for registration of marks already in use, special arrangements should be made to deal expeditiously with the many appeals which may be expected to be made against the decisions of the registering authority. My Committee attach very great importance to this question and would like to place the following suggestions for the consideration of Government.

Suggestion (1).—All appeals from the registering authority should be dealt with by a Tribunal consisting of three High Court Judges drawn from the High Courts of Calcutta,

Madras and Bombay. When the problem of existing marks has been solved, the services of these Judges might be dispensed with and they might revert to their permanent appointments in the Provinces, and be specially delegated to deal with trade mark cases coming up before their respective High Courts. Such a Tribunal would be able to dispose of all the appeals as they come from the Registrar, and a bench of three Judges constantly deciding nothing but trade mark appeals would be able to deal with references far more rapidly than High Courts of the various Provinces.

If this suggestion does not meet with Government's approval, then we suggest that :

Suggestion (2).—The Court of Appeal for textile marks should be the High Court of Bombay, and that the Chief Justice be authorised to set aside one of the High Court Judges for the hearing of these appeals. Similarly, for general marks, the High Court at Calcutta should be authorised to hear appeals from the registering authority in Calcutta. If this suggestion is adopted, the Deputy Registrar in the case of textile marks in Bombay should be given powers under Section 74 to appear for the Registrar in the High Court of Bombay. In the Bill, as it stands, there is no such provision.

We most seriously advocate the acceptance of either the first or the second suggestion, but if Government find it impossible to accept either of them, we would suggest that Government should instruct all High Courts in India to appoint special benches to hear appeals against decisions of the Registrar. We would like to emphasise the grave results which might follow from Government refusing to alter the present Bill on the lines of suggestions (1) or (2), owing to different High Courts giving different judgments on similar cases. Conflicting judgments might reduce the advantages of registration to such extent as to deter applicants from sending in their marks for registration.

The next point which my Committee desire to raise is in connection with Clause 82 of the Bill, which enables India to enter into reciprocal arrangements with other countries for the mutual protection of trade marks, after the expiry of six months from the commencement of the Act. My Committee are not generally opposed to the principle underlying reciprocity in such matters provided due safeguards are available to old and well-established trade marks of this country, but they feel that the proper time to enter into reciprocal arrangements would be when the problem of registering *existing marks* has been completely solved in British India and in Indian States and when all the existing trade marks which are in the Register have acquired the full privileges of registered trade marks as laid down in Clause 24. In the circumstances, they suggest that Clause 82 be withdrawn for the time being on the understanding that there would be no objection to the Act being amended at the end of the period referred to for the incorporation of reciprocal arrangements.

If, however, Government consider that a period of ten years suggested by my Committee is too long and that it is not in the interests of this country to defer reciprocal arrangements till all the existing trade marks have acquired the full privileges of registered trade marks under Clause 24, then my Committee would suggest that Clause 82 should be held up at least till the existing trade marks have been transferred to the Governmental Registers and for the words " six months " in this clause, the words " five years " be inserted.

Turning to the detailed provisions of the Bill, my Committee have the following observations to make :—

Clause 6 (1) states that a trade mark shall not be registered unless it contains or consists of at least one of the essential particulars, which are set forth in the sub-clauses (a) to (e). My Committee would suggest a *proviso* to sub-clause (d) so as to make it clear where a word or words, which do not find a place in English dictionary, are accepted for registration, such word or words should be recorded in the Register in phonetic spelling in the Roman script.

Clauses 10 (2) and (3).—It is not clear under what circumstances the Registrar will recognise honest concurrent user or leave the parties to fight the issue out in a Court of Law. It is quite conceivable that unless the position is clearly defined in the Statute, the Registrar

would adopt what according to him is the least inconvenient method, of directing the parties to go to a Court.

Clause 14 (1) empowers the Registrar to accept an application for the registration of a trade mark subject to "such amendments, modifications and conditions if any as he may think fit." In this connection, I am to invite your attention to the following paragraph extracted from my letter dated the 8th August 1938 :—

"While my Committee do not object to the Registrar being given the power to impose limitations in regard to the types of goods on which a mark may be used, they are very strongly opposed to the Registrar being empowered to restrict the use of a trade mark to any particular portion of British India, and hold that registration of a mark should permit the use of that mark in any part of the country. A trade mark may not have been used in a particular part of the country at a particular time, but it would create enormous difficulties if the Registrar was to be placed in a position which would permit him to register a trade mark similar to one already in use in an adjacent territory.

It is, of course, quite conceivable that the owners of two marks may themselves agree to restrict the use of those marks to particular areas, but any such restriction should be a matter for arrangement between the parties directly concerned and certainly should not be left to the discretion of the Registrar."

My Committee do not resile from this view. They consider that if, as is contemplated, India is to enter into reciprocal arrangements with other countries, a territorial limitation on the lines indicated in the above extract would not only hamper such arrangements but would also make them practically impossible. In the circumstances, registration under the Act should, *prima facie*, be accepted as evidence of use or intention to use throughout India.

Clause 15 (1).—There seems to be a printer's error in the proviso to this clause. The reference should be to section 6 and not section 5.

My Committee would also like to reiterate their case for the publication of all trade marks *not* accepted for registration. Such publication, it is thought, would enable users of old established marks to take steps to prevent the use of "refused" marks.

Clauses 18 (1) and 15.—*Clause 18 (1)* lays down that the initial registration of a trade mark shall hold good for a period of ten years. *Clause 24* lays down that the original registration of a trade mark shall, after the expiry of ten years from the date of such original registration, be taken to be valid and conclusive in all legal proceedings under the Act. My Committee are of the opinion that a period of seven years is sufficient to establish a trade mark and they, therefore, suggest that *clause 24* should be amended so that full rights may accrue to a registered trade mark at the end of seven years. Similarly, they would have no objection to the duration of the original registration being reduced to seven years.

Clause 30 lays down that unregistered trade marks shall be transmissible or assignable as registered trade marks if and only if:

- (a) at the time of assignment or transmission, they are used in the same business as a registered trade mark; and
- (b) the registered trade mark is assigned or transmitted at the same time and to the same person as the unregistered trade mark; and
- (c) the unregistered trade mark relates only to goods in respect of which the registered trade mark is assigned or transmitted.

In other words, unregistered trade marks cannot be transmitted or assigned except in company with registered trade marks used on the same class of goods. This provision would appear to place an unnecessary handicap on unregistered trade marks. It should be noted that *clause 30* reads "An unregistered trade mark shall be assignableif (but

not otherwise)." The words within brackets are very important. Unregistered trade marks are at present assignable and transmissible, but this will not be possible in future. It is very likely that the position regarding existing trade marks will not be cleared up for some considerable period; in the meantime, if these provisions came into force, it would be a handicap to those firms who desire to assign their trade marks.

Clause 41 (4).—My Committee suggest that this clause be amended to read "The Registrar shall" instead of "The Registrar may."

Clause 42 (d) lays down that registration of a person as the registered user of a trade mark "may" be cancelled by the Registrar in respect of any goods in relation to which the trade mark is no longer used. My Committee suggest that the word "may" be changed into "shall."

Clause 64 lays down, *inter alia*, that the registration of letters and numerals or any combination thereof as trade marks shall be subject to such conditions and restrictions as may be prescribed. My Committee have no objection to this clause, but they desire to suggest the addition of a proviso which would make these conditions and restrictions only applicable to letters and numerals introduced after the commencement of the Act. In the case of letters, numerals and combinations thereof which are at present in existence, my Committee suggest that, if they have been used from a date prior to 25th February 1937, they should be deemed to have acquired distinctiveness, and be *prima facie* capable of registration.

Clause 66 (1) and Clause 66 (2).—Clause 66 (1) states that the Central Government "may" constitute one or more Advisory Committees of persons versed in the usages of the textile trade, and Clause 66 (2) lays down that the Registrar or the Deputy Registrar "may if it appears expedient so to do" consult any such Committees with respect to any circumstances peculiar to the textile trade arising from an application for the registration of a textile mark. The expressions included within quotations should be changed to "shall" to ensure that (a) an Advisory Committee is constituted, and (b) the Registrar or Deputy Registrar constantly consults them.

Clause 74 lays down that in any suit or other legal proceedings in which the relief sought includes alteration or rectification of the Register, the Registrar shall have the right to appear and be heard. My Committee suggest that the Registrar should be empowered to delegate his powers to the Deputy Registrar.

My Committee would also like to make a special provision in the Act which would require copies of the Trade Mark Register to be maintained in all Provincial Capitals.

Clause 84 seeks to enable intending applicants to deposit trade marks at the Patents Office prior to the commencement of the Act. While my Committee have no objection to this clause, they suggest that arrangements should also be made in advance of the introduction of the Act for dealing with the extremely difficult problem of existing marks.

APPENDIX 12.

POWER COSTS.

Copy of letter No. 2345/41, dated the 26th May 1939, from the Association to Messrs. Tata Hydro-Electric Agencies, Ltd., Bombay.

I am directed to request that the Bombay Mill Industry's claims for a reduction in power charges might again be placed before your Board for their early consideration. The actual revenue receipts from mills since the introduction of the T-3 Tariff on 1st April 1936 are believed to have considerably exceeded what could reasonably have been anticipated

when the T-3 rate was fixed. It is, of course, realised that the tests on comparative costs referred to in our previous correspondence have not yet been completed, but this is due to reasons beyond our control. Apart from the question of comparative costs of 'own' power and Hydro-Electric power, it has been and is our contention that some relief in rates to the Mill Industry is justified and overdue in view of the Hydro-Electric Agencies' declared policy of rate reduction to mills consistent with the Power Companies' financial position. As stated by Mr. Maloney at the joint meeting, which took place on the 6th of April 1938, apart from the comparative cost data, there was a case for an *immediate* reduction in rates. The Association appreciates the need for caution in such matters and the necessity of maintaining dividends at the levels suggested by Mr. Cussen at the conference, but there could be no doubt that the revenue anticipations and estimates from mills had been greatly exceeded and that a reasonable solution would be to share the benefits with the mills.

Similarly, in our letter of 8th June 1938, it was stated: "Our request to your Board was, and still is, for some immediate measure of relief, possibly in the form of a cash discount, pending final conclusions in regard to comparative costs" and that such discount should have retrospective effect.

The same point was again made in our letter dated the 16th June 1938. A reply to the Association's letters was received towards the end of June 1938. This reply dealt briefly with the reductions which had already been effected in power rates in mills; the contention of the Association that the Hydro Companies had received revenue far in excess of the anticipated income when the T-3 Tariff was introduced; the alleged benefits of purchased power *vis-a-vis* own power regarding flexibility in operation, etc.; the relative costs of purchased power in Bombay compared with other important centres in India; and the uncertain future of the Hydro Companies on account of the declared policy of Government and on account of the revision in rates which had taken place in respect of other consumers such as the Railways and the B. E. S. & T. Co., Ltd. The letter concluded with an assurance that it still remains the constant aim of the Hydro Companies to give the mills the benefit of every possible concession which they might find themselves in a position to make from time to time.

Dealing with these points seriatim:—

(1) *Reductions effected in power rates.*—It was indicated that the average power rate in mills had been reduced in a period of seven years from .605 to .403 of an anna per unit, and that in recent months, the average figure had been .394 of an anna per unit. It is incorrect to assume that mills have not sufficiently appreciated these reductions in rates, but I think it would be pertinent to indicate that the reductions which have been effected by the Hydro Companies have not reduced the total revenues from mills; that the average rate paid by mills on single shift is very much higher than the last mentioned rate, and that it was largely owing to the mill load that the Hydro Companies weathered very serious financial troubles in the early years of their existence.

(2) *The Association's contention that the Hydro Companies had received revenue far in excess of the anticipated income.*—In dealing with this point, the letter makes the mistaken assumption that the Association was under the impression that the increased revenues following the introduction of the T-3 Tariff were entirely due to double shift operation in certain mills. We have never taken up this position since it has all along been known that the mill load has been increased during recent years not only because a greater amount of night shift has been worked, but also because additional mills, which previously generated their own power, have now begun to purchase their requirements from you. What we do maintain is that when the T-3 Tariff was introduced, the anticipated mill load, and therefore the anticipated revenues, were considerably less than the actuals. It was indicated by your side during the last joint conference that the mill load would probably decrease in the year 1938-39, but in actual fact these adverse anticipations can hardly have been realised. Our general contention that, following the introduction of the T-3 Tariff, the revenue expectations have been exceeded is supported by the fact that on 1st April 1936, when the T-3 Tariff was introduced, there were, on single shift conversion, approximately 84,500 looms and 3.1 million spindles in operation in Bombay City and Island, but in the following three years there were on the average 91,500 looms and 3.7 million spindles working.

(3) *Alleged benefits of purchased power vis-a-vis 'own' power.*—This is a matter which does not arise at this juncture, but would be relevant if a comparison was being made between the relative costs of 'own' and purchased power. It might, however, be stated that our technicians do not agree with the contentions advanced in your letter.

(4) *Relative costs of purchased power in Bombay compared with other important centres in India.*—No figures are given in support of the statement advanced in your letter that the cost of power in Bombay is cheaper than other important industrial centres like Ahmedabad, Calcutta, Madras and Cawnpore. We have no precise information except in regard to Calcutta, but so far as that centre is concerned, a Bombay Managing Agency Firm, which was contemplating the erection of a cotton mill in the Calcutta Electric Supply area recently obtained particulars as to the running costs for a mill with a normal load of 2,000 KW and a monthly maximum demand not exceeding 2,150 KW and operating 25 days per month. At the existing coal prices, the cost per unit, the factory working 8, 16 and 24 hours per day with power supplied by the Calcutta Electric Supply Corporation, is stated to be .409, .324 and .298 of an anna per unit, respectively. These rates compare very favourably with the rates which would have to be paid by the same mill taking power from the Hydro-Electric Agencies Ltd. Bombay costs per unit for 8, 16 and 24 hours' operation would have been .477, .386 and .355 of an anna, respectively, which would mean that the saving to the mill at the Calcutta rate would amount to Rs. 1,722 per month on 8 hours' operation, Rs. 3,097 on 16 hours' operation and Rs. 4,297 on 24 hours' operation. It may also be stated that the Calcutta Electric Supply Corporation calculate the maximum demand figure over a period of one hour as compared with 15 minutes in the case of Bombay. The Supply Corporation also indicated that they would be prepared to consider an amendment of Clause 14 of their Standard Agreement to enable the factory to generate a portion of its own power in view of the fact that a certain quantity of steam would be essential for process work.

(5) *Uncertain future of the Hydro Companies.*—This was certainly an important consideration a year ago although it by no means disposed of the Association's contention "that discounts might have been granted with retrospective effect in view of the actual revenues from mills having considerably exceeded expectations during the two years following the introduction of the T-3 Tariff." The position to-day, however, is that the financial future of the Hydro Companies is understood to be very much more favourable than could have been anticipated when our last request for relief was submitted. We have not complete information on this subject, but we have been given to understand that the fears of additional taxation which could not be passed back to consumers, have now been removed for a period of five years; the contract with the Railway Companies has been fixed up, and though the rate per unit is gathered to be very low, it will not operate detrimentally on the total revenues of the Company; and in addition, an agreement for a long period has been entered into with the B. E. S. & T. Co., Ltd. which should result in substantially higher revenue from year to year during the period of the agreement owing to the rapidity with which the BEST load is increasing. The exact rate at which power is being supplied to-day to the B. E. S. & T. Co., Ltd. is not known to us, but it has been indicated that it is lower than the average rate which mills are now paying under the T-3 Tariff and very much lower than the rates paid by mills for single shift operation and this despite the fact that it is a more variable and less economic load than the mill load.

Taking all the relevant factors into consideration, my Committee trust that the Board of the Hydro Companies will now see their way clear to sanction a reasonable discount in cotton mill rates with substantial retrospective effect.

Copy of letter No. BH218/39, dated 16th August 1939, from Messrs. The Tata Hydro-Electric Agencies Ltd. to the Association.

I am directed to advise you that our Board of Directors have given very careful consideration to the question of rates for power supply to mills. A new rate schedule has been designed and it is to be known as our Rate Schedule T-4, copy of which is attached hereto. 75 additional copies will be forwarded to you within the next few days.

Briefly stated, the effect of the new tariff will be a reduction to our mill consumers of more than Rs. 3 lakhs per annum. Our Board, while fully appreciating the present situation of the mill industry in Bombay, regret they are not in a position to offer any further reduction. They would like to emphasise, however, that the schedule has been so designed that any improvement in the Load Factor of individual mills will automatically result in a further reduction of the cost of supply.

Schedule T-4 has been approved with effect from 1st August 1939. It does not take the place of the T-3 schedule, but is offered to our mill consumers as an alternative rate available to those consumers who advise us in writing that they are desirous of transferring to it for the unexpired periods of their existing contracts.

We shall be glad to have an opportunity to discuss this new rate with you at any time that suits your convenience.

SCHEDULE T-4.

Process Steam Rate.

(Approved by the Boards of the three Hydro-Electric Companies on 9th August 1939.)

Effective 1st August 1939.

Application of Schedule.—This schedule is applicable to the supply of electric power for industrial purposes wherein steam is an essential and indispensable prerequisite of the manufacturing process provided annual consumption shall not be less than 500,000 units.

This schedule is not applicable to consumers whose average monthly power factor is less than 85 per cent. lagging nor for stand-by or temporary service and the power received thereunder cannot be resold, shared with others, or otherwise disposed of.

Conditions of Supply.—Service under this schedule is subject to and will be supplied in accordance with the Company's "General Conditions and Technical Regulations."

RATE SCHEDULE.

Demand Charge :

Rs. 3-8-0 per month per kva of Demand which payment entitles consumer to use without additional charge :

50 units for each kva for the first 1,000 kva of Demand ;
 100 " " " " for the next 2,500 kva of Demand ;
 150 " " " " in excess of 3,500 kva of Demand.;

Plus

Energy Charge :

.300 anna per unit for the next 250 units per kva of Demand used during the month ;
 .250 " " " for all additional units used during the month.

KVA of Demand.—The "KVA of Demand" shall be the average Kilowatts supplied during the fifteen (15) minute period of maximum use within the billing month, divided by the average monthly lagging power factor as determined by the Company's meter or meters.

Prompt-Payment Discount.—A cash discount of 2 per cent. will be allowed on the consumer's monthly bill provided payment is received by the Company within ten days from the date of submission of Bill.

Minimum Monthly Bill.—The minimum monthly bill shall be the amount obtained by multiplying the Demand Charge by the KVA of Demand which shall in no case be less than 65 per cent. of the KVA supplied during the fifteen (15) minute period of maximum use during the eleven preceding months.

Copy of letter No. 3633/41, dated the 26th August 1939, from the Association to Messrs. Tata Hydro-Electric Agencies Ltd., Bombay.

I refer to your letter No. BH218/39 of the 16th August, covering your Rate Schedule T-4, which is offered to mills as from August 1st.

The Schedule has been placed before member mills for an expression of opinion. From the replies to hand up to the present, it would appear that the effect of the T-4 Tariff on a reasonably large mill would be a saving of about Rs. 225 per month on single shift working, but that such a mill would be charged Rs. 2,500 per month more than at present, if owing to poor trade or other conditions, the mills were silent.

If this is the Power Companies' final decision on the representations which the mills have placed before them during the past eighteen months, a representation which concluded with my letter of May 26th, 1939, then, I am instructed to say that in the view of my Chairman and in the view of those members of my Committee, who have been consulted in the short time available, the T-4 Tariff is totally inadequate to meet the case, and my Chairman will be compelled to suggest to his Committee the rejection of the proposals.

I will not again emphasise the vital assistance which the Textile Industry afforded to the Power Companies during the crucial early stages of the promotion of the original Hydro Electric undertaking. The position to-day is that the mills generally are on your supply system, it would be a matter of some difficulty and of substantial expenditure for the average mill to change over to its own power supply again. The real position accordingly is that the ordinary relations of seller and consumer hardly apply owing to the difficulty of a change over, and for this reason, our member mills are not in a position to negotiate with the Power Companies on anything like equal terms. Cotton mills in the City are, it is understood, taking up 55 per cent. of the power available with the Power Companies, but the conditions at which power is supplied to them are not even as favourable as those applicable to consumers whose total takings are much less than those of the Textile Industry. The Hydro Electric Companies are powerful public utility concerns, with a degree of monopoly which make it a reasonable proposition that Government should decide the rates chargeable to any large Industry, or at least this is my Chairman's view.

I am instructed to point out that my Committee as a whole have had no opportunity of considering the T-4 Tariff, but this letter is necessitated by the retrospective nature of the proposals, and the short time left before September 1st and the making up of your Bills for August.

There will be a meeting of my Committee next week and before my Chairman actually places his suggestions before the Committee, I am to enquire whether you would be prepared to join in a request that Government should appoint a Tribunal to assess whether the present rates should be reduced, and whether the conditions and terms of your Contracts are equitable or not.

In particular, I have in mind the lack of a Clause permitting a consumer mill to generate some part of its power while raising the necessary process steam.

The alternative would appear to be a reference to some Unofficial Tribunal, but the difficulty here would lie in obtaining suitably qualified personnel, and my Chairman feels that a reference to the local Government would probably be preferred by my Committee.

Copy of circular No. 3544/41, dated the 23rd August 1939, from the Association to all members of the Association in Bombay.

I enclose herewith for ready reference copy of a letter No. BH218/39, dated the 16th August 1939, received from Messrs. Tata Hydro-Electric Agencies Ltd. The new Tariff is at present under consideration by the Committee, and it is suggested that your acceptance of the revised rates be held over till the Schedule has been carefully considered by the Committee.

The Chairman would greatly appreciate it if you would kindly instruct your Engineering Department to work out figures showing the total power bill of your mill for a normal month and what it would have been in the same month under the T-4 Tariff. This information may kindly be forwarded to the Association as early as possible.

Copy of circular No. 3743/41, dated the 8th September 1939, from the Association to all members of the Association in Bombay.

Further to my letter No. 3544/41, dated the 23rd August 1939, I beg to inform you that it has now been ascertained that the power bills of individual mills for the month of August will be made out on the basis of the T-3 Tariff, but that any concessions in rates which may be granted by the Power Companies as a result of the negotiations which are now taking place between themselves and the Association will be given effect to from 1st of August 1939.

Copy of letter No. BH245/39, dated the 12th September 1939, from Messrs. Tata Hydro-Electric Agencies Ltd. to the Association.

Your letter No. 3633/41 of 26th August, with regard to our T-4 rate, has been considered by our Board of Directors.

The new rate does involve a higher charge per Kva than that provided for in T-3 and consequently a higher minimum charge should a mill be closed down. We must point out, however, that in addition to giving a reduction to all mills on the basis of present operations, the new rate makes available a further substantial reduction to mills that can improve their load factor. However, our Board are desirous of meeting you, and therefore we are authorised to advise you that in respect of any mill which accepts the T-4 schedule and subsequently is in the position of having to close down for causes beyond its control, the minimum charge payable for each complete calendar month of such closure will be no higher than that provided for under the T-3 schedule.

We are not prepared to join you in a request to Government to appoint a Tribunal to assess whether the present rates should be reduced because we do not think that the reference you suggest is a fair one, and furthermore such action would not furnish a satisfactory solution to the problem. In this connection, however, you will be interested to know that when the Electricity Advisory Committee, recently appointed by Government, studied our various rates they recommended a rate which would have meant an increase to many of our textile consumers and for the textile industry as a whole the rate would have involved an increase of more than Rs. 3 lakhs per annum as compared with our T-4 rate.

We have to advise you that our T-4 rate was designed as a result of a very careful power cost study and we feel that the rates available to our textile mill consumers are as low as we can quote and still receive a reasonable return on our investment even when we are fully loaded. In addition, our existing rates are fully competitive with independent prime movers. In fact, with prevailing conditions it should be a source of satisfaction to your members to know that there will be no increase in their power cost. So from the angle of competition, we are definitely of the opinion that our rates are fair and equitable.

The question of permitting the mills to generate a portion of their power requirements through the use of back-pressure turbines has had our careful consideration. We would appreciate an opportunity of discussing this matter with you, at which time we shall outline to you how far we can go to meet your request.

In our letter of August 16th, 1939, we advised you that T-4 was approved with effect from 1st August 1939. For our mill consumers who advise us in writing on or before September 30th, 1939, that they are desirous of transferring to the T-4 schedule for the unexpired periods of their existing contracts, we shall bill on the basis of T-4 with effect from August 1st, 1939.

We have always recognised and appreciated the importance of our power sales to the textile industry of Bombay, and we submit that our record clearly indicates that our mill consumers have had sympathetic consideration in the tangible form of continually reduced power costs.

Copy of letter No. 3859/41, dated the 18th September 1939, from the Association to Messrs. Tata Hydro-Electric Agencies Ltd., Bombay.

I am directed to acknowledge the receipt of your letter No. BH245/39, dated the 12th September 1939, and to say that the same has been placed before my Committee for their consideration. There is, however, one matter in respect of which my Committee would like to have additional information. In the second paragraph of your letter it is stated that in respect of any mill which accepts the T-4 schedule and subsequently is in the position of having to close down for causes beyond its control, the minimum charge payable for each complete calendar month of such closure will be no higher than that provided for under the T-3 schedule. It is not clear under what circumstances mills will be deemed to have been closed for reasons beyond their control. A mill may be closed on account of a strike or lock-out, trade depression and lack of orders, fire, epidemic, etc., etc., and we might be informed whether closure on account of the operation of any one of the above factors will be regarded as being due to reasons beyond our control. The point that my Committee desire to make is, where a mill is closed, the reasons for the closure should not have anything to do with the calculation of the minimum demand charges; otherwise disputes are likely to arise as to whether closure was really due to reasons beyond the control of the mill companies.

Copy of letter No. 3867/41, dated the 19th September 1939, from the Association to all members of the Association in Bombay.

Further to my letter No. 3743/41, dated the 8th September 1939, I enclose herewith for your information copy of a communication (No. BH245/39, dated the 12th September 1939) received from Messrs. The Tata Hydro Electric Agencies Ltd. The communication received from the Power Companies is being examined by the Committee of the Association, but no definite conclusions have been reached. In the circumstances, I am to suggest that individual mill's acceptance of the new Tariff need not be communicated to the Power Companies pending further intimation from the Association.

Copy of letter No. 3896/41, dated the 20th September 1939, from the Association to Messrs. Tata Hydro-Electric Agencies Ltd., Bombay.

With further reference to your letter No. BH245/39 of the 12th instant.

In the third paragraph on page 1 of your letter, you mention that the Electricity Advisory Committee appointed by Government recommended a rate for textile consumers which would have meant an increase on the present rates to the textile industry as a whole. Will you kindly inform us on what occasion this recommendation was made, and whether any publication of the proceedings of this Committee is available from which my Committee can understand the circumstances under which this recommendation has been made?

Will you also kindly let me know whether, during the discussions with the above-mentioned Advisory Committee, the question of permitting mills to generate a portion of their power requirements to the extent of providing their process steam, was discussed? As you know, the cost of generating process steam cannot be completely dissociated from the cost of power production in the case of a textile mill, and if the Local Government Advisory Committee expressed any view at all regarding the rates to be charged to cotton mills, it is important to us to know whether what has become familiarly known between us as the "back-pressure turbine question" was before that Committee.

Copy of letter No. BH257/39, dated the 22nd September 1939, from Messrs. Tata Hydro-Electric Agencies Ltd., to the Association.

We have for acknowledgment your letters Nos. 3859/41 of 18th September and 3896/41 of 20th September.

We are in agreement with the point which your Committee has made that where a mill is closed the reasons for the closure should not have anything to do with the calculation of the minimum payable to the Hydro-Electric Companies. This has always been the case in respect of our tariffs (except in case of fire which is covered in the Contract.) However, our Board were desirous of meeting the objection to the T-4 schedule in so far as it involved a higher minimum than in T-3 should any mill have to close down for a cause beyond its control. We appreciate there may be some difference of opinion on this point, and accordingly we are prepared to agree that, where a consumer accepts the T-4 schedule and subsequently is in the position of having to close down his mill, the minimum charge payable for each complete calendar month of such closure will be no higher than that provided for under the T-3 schedule.

In our letter of September 12th, we stated that when the Electricity Advisory Committee recently appointed by Government studied our various rates they recommended a rate which would have meant an increase to many of our textile consumers, and for the textile industry as a whole the rate would have involved an increase of more than Rs. 3 lakhs per annum as compared with our T-4 rate. The occasion for the recommendation arose out of the decision by Government to enquire into the charges for electrical energy levied by the various electrical undertakings in the Province of Bombay, and the Committee was asked to advise Government as to the maxima charges that the Companies should be permitted to levy. There was no publication of the proceedings of the Committee. We did not discuss with the Committee the question of permitting mills to generate a portion of their power requirements through the use of back-pressure turbines. We were not a party to the deliberations of the Committee. In fact, ultimately, the report submitted by the Committee was not used by Government in respect of the Hydro-Electric Companies.

In our letter of September 12th, we stated that we would appreciate an opportunity of discussing with you the question of permitting mills to generate a portion of their power requirements through the use of back-pressure turbines, at which time we would outline to you how far we can go to meet your request. As we have had no reply from you in regard to this suggestion, we feel that we should now inform you that our Board have decided to grant the concession to permit mills to generate a portion of their power requirements through the use of back-pressure turbines up to a maximum of 6 per cent. of the Contract Demand of any mill consumer. A consumer availing himself of this option would be required to demarcate that portion of his premises which would not be supplied power by us and which would be unconnected with our system.

In conclusion, we beg to refer to the statement contained in the penultimate paragraph of our letter to you of September 12th in which we said that our mill consumers who advise us in writing on or before September 30th, 1939, that they are desirous of transferring to the T-4 schedule for the unexpired periods of their existing contracts will be billed on the basis of T-4 with effect from August 1st, 1939.

Copy of letter No. 4034/41, dated the 28th September 1939, from the Association to Messrs. Tata Hydro-Electric Agencies Ltd., Bombay.

Further to my letter No. 3958/41, dated the 23rd September 1939,* I have to inform you that the Association has advised its members to accept the T-4 Tariff on the understanding that if the mill is closed through any cause whatever, the minimum charge payable for each complete calendar month of such closure will be no higher than that provided for under the T-3 schedule. I note that consumers who communicate to you their acceptance of the T-4 Tariff before the end of this month would have their bills for the month of August amended on the basis of the new Tariff.

The offer made in the penultimate paragraph of your letter is being considered by my Committee. It has been reported by members that one of the mill consumers of Bombay has been permitted to generate a portion of their power requirements through the use of back pressure turbines up to a maximum of 12 per cent. to 13 per cent. of their Contract Demand. Will you kindly inform me whether this report is correct, and if so, let me know the precise circumstances under which this special concession came to be granted to the particular consumer in question when all the other consumers are being offered only 6 per cent? As my Committee are meeting on Monday, the 2nd October, it would facilitate discussions if you could let me have your reply before the meeting if possible.

Copy of letter No. 4029/41, dated the 28th September 1939, from the Association to all members of the Association in Bombay.

Further to my letter No. 3867/41, dated the 19th September 1939, I enclose herewith for your information copy of a letter No. BH257/39, dated the 22nd September 1939 received from Messrs. Tata Hydro-Electric Agencies Ltd. There was one point arising from the letter dated the 12th September received from the Power Companies, which had to be taken up by the Association. In the second paragraph of the Power Companies' letter, it was stated that in respect of any mill which accepted the T-4 schedule and was subsequently in the position of having to close down *for causes beyond its control*, the minimum charge payable for each complete calendar month of such closure would be no higher than that provided for under the T-3 schedule. It was not clear under what circumstances mills would be deemed to have been closed for reasons *beyond their control*. A mill might have to be closed on account of a strike or lockout, trade depression, lack of orders, fire, epidemic, etc., etc., and the Association desired to be informed whether closure on account of the operation of any one of the above factors would be regarded as being due to reasons beyond the particular mill's control. The point which the Committee desired to make was, where a mill was closed, the reasons for the closure should not have anything to do with the calculation of the minimum demand charges.

This point has been dealt with in the letter dated the 22nd September received from the Power Companies (vide paragraph 2).

The Association has been informed that consumers, who desire to be put on the T-4 Tariff, should communicate their acceptance of the Tariff on or before the 30th September 1939. The Committee realise that the relief afforded to mills by these new terms is very small, and that considered as a result of eighteen months' negotiations with the Power Companies, it is unsatisfactory. At the same time, under the war conditions now prevailing, they feel that they have no option but to recommend acceptance of these rates for the time being. It is, therefore, suggested that the acceptance of individual mills of the T-4 Tariff may be communicated to the Power Companies *on or before the 30th September*. In their letter of acceptance, individual members might point out that they are accepting the T-4 Tariff on the understanding that if the mill is closed through any cause whatever, the minimum charge payable for each complete calendar month of such closure will be no higher than that provided for under the T-3 schedule.

* Not printed.

In response to the Association's repeated demand that mills should be permitted to generate a certain amount of their own power in order to assist with the cheaper generation of their process steam, the Power Companies have now offered to permit every mill to generate up to 6 per cent. of its contract demand figures by means of back pressure turbines. *This question is still under discussion with the Power Companies*, but, in the meantime, the Committee would be grateful if individual members would apply this figure of 6 per cent. to their own particular case, and let us know whether it is a practicable proposition or whether it is too small a percentage to be economically taken advantage of.

Copy of letter No. 4671/41, dated the 6th November 1939, from the Association to Messrs. The Tata Hydro-Electric Agencies Ltd., Bombay.

I am directed to refer to the recent correspondence which has passed between us on the question of the use of back pressure turbines by mills in Bombay taking supplies of electric power from the Tata Hydro-Electric Agencies. In your letter of 12th September, it was stated that the question of permitting mills to generate a portion of their power requirements through the use of back pressure turbines has had your careful consideration and that you would appreciate an opportunity of discussing this matter with the Association in order to outline how far you could go to meet our requirements in this direction. Certain other matters which had been dealt with in your letter of 12th September were the subject of correspondence in the week which followed the receipt of your letter, but the question of the use of back pressure turbines was not touched on in these letters. On September 22nd, you stated that, as you had no reply from the Association in regard to this particular question, you felt it necessary to inform us that your Board had decided to grant the concession to permit mills to generate a portion of their power requirements through the use of back pressure turbines up to a maximum of 6 per cent. of the Contract Demand of any mill consumer, but that, if any consumer availed himself of this option, he would be required to demarcate that portion of his premises which would not be supplied power by you and which would be unconnected with your system. Replying to your letter of the 22nd September on the 28th September, we stated that the offer relating to back pressure turbines would be considered at a meeting of the Committee to be held on the Monday following. It was decided at this meeting that member mills should be acquainted with the nature of the Hydro Companies' offer regarding back pressure turbines and that they should be asked whether the offer as made would, in their particular case, be of any practical use. Replies from almost all mills have now been received, and with the exception of two mills which already had a back pressure turbine clause in their agreements, it was stated that unless they were allowed to generate a very much larger percentage of their power requirements by the use of back pressure turbines, their installation would not prove a practical proposition. It was also pointed out in a number of replies received that whatever the percentage of the Contract finally permitted, it would be essential to permit connection to the main source of power supply. It was also stated that the use of back pressure turbines should be regulated on the principle that power should be permitted to be generated from process steam so as to allow full advantage and economy to be derived from the whole of the process steam available, and that the Hydro Companies should permit this in the interests of industrial economy. It was further pointed out that restrictions such as those suggested by the Hydro-Electric Companies were not imposed by other Power Supply Companies and that the Bombay Industry should not be singled out for penalization in this way. In the replies of the two mills referred to earlier in this paragraph, whose contracts, it is understood, provided for the generation of 400 H.P. by the use of back pressure turbines, it was stated that they were investigating the position carefully, but that without full particulars from turbine manufacturers, it was impossible to say whether they could make effective use of the back pressure turbine clause in their Contracts.

The new T-4 Tariff has been designated by you as a special process steam tariff. In the view of my Committee, the essential feature of the process steam tariff which is to be applied to an industry like the Cotton Mill Industry, which uses large quantities of steam in the various stages of cloth manufacture, ought to be that the combined cost of generating power and steam should be low enough to compensate for the non-use of back pressure turbines, and that, it is maintained, is not the case when the cost of power under the T-4 Tariff

plus the cost of process steam is applied to the average sized mill in Bombay. Failing this essential consideration being fulfilled, my Committee maintain that no restriction whatever should be placed by the Power Companies on the percentage of power permitted to be generated by the use of back pressure turbines.

Taking the above mentioned facts into consideration, I am directed to suggest that your Board may reconsider the terms of the concession they are prepared to offer in respect of back pressure turbines in order that it may be of some practical utility to mills. It is, of course, realised that the war emergency may, in any event, prevent mills from installing back pressure turbines in the near future, but even though this is the case, it is maintained that there is a very good case for an immediate revision in the terms of the offer made in your letter of the 22nd September.

Copy of letter No. BH299/39, dated the 15th November 1939, from Messrs. Tata Hydro-Electric Agencies Ltd. to the Association.

We have for acknowledgment your letter No. 4671/41 of 6th November. It is having the attention of our Board of Directors and in due course we shall communicate their reply to you.

Copy of letter No. BH326/39, dated the 9th December 1939, from Messrs. Tata Hydro-Electric Agencies Ltd. to the Association.

We beg to refer to your letter No. 4671/41 of 6th November and to our reply thereto BH299/39 of November 15th. The matter is still under consideration by our Board of Directors and we wish to assure you that we will communicate their decision to you as soon as possible.

Copy of letter No. BH353/39, dated the 29th December 1939, from Messrs. Tata Hydro-Electric Agencies Ltd. to the Association.

We have reference to correspondence ending with our letter BH/326/39 of December 9th, 1939. Our Board has very carefully considered the whole matter of concession to permit mills to generate a portion of their power requirements through the use of back-pressure turbines.

We must say to you quite frankly that it has never been our intention to permit mills on our standard process steam tariff to generate a portion of their power requirements paralleling it with our system.

We have advised you that the Bombay Dyeing and Manufacturing Co., Ltd. took supply from Tata Power for their Textile and Spring Mills reserving the right of generating a portion of their requirements. They have contended that they are entitled to parallel such supply with ours, a concession which was never contemplated during our negotiations with them.

It is our understanding that Members of your Association feel that the same concessions should be given to all mills.

Our Board have taken legal advice upon the matter, and the opinion of two eminent Counsel is that no other mill is entitled, as of right, to similar concessions unless such mill takes from us a corresponding supply under similar circumstances and that in cases where these concessions would be applicable, the amount must necessarily bear a relation to the contract demand.

It is apparent, therefore, that very few mills, if any, would be entitled to these concessions and then only those mills who are under agreement with the Tata Power Co., Ltd.

Furthermore, assuming the opinion of Counsel to be correct, the most that any mill would be entitled to would be that which we have already offered, namely, 6 per cent. of the contract demand.

Our Board, however, do not desire to view the position in any strict legal way by restricting these concessions to mills taking a corresponding supply in similar circumstances, and they will not only extend these concessions to such mills but also to all mills, and whether or not they are supplied by Messrs. Tata Power Co., Ltd. These concessions are being given in order that every mill on our supply will have the same right as that extended to the Bombay Dyeing and Manufacturing Co., Ltd. We must make it clear, however, that these concessions will cease to apply and will not be permitted on and after January 15th, 1944. After that date no mill consumer on our standard mill tariffs will be permitted, in its factory premises supplied by us, to generate a portion of its requirements through the use of back-pressure turbines or be permitted to parallel any supply which it may generate itself with that of our Companies.

It may be said that the foregoing concessions with the time limit will, in effect, mean nothing to any of the mills. We are all aware that such may very likely be the case. At the same time, it will be appreciated that the only reason why the concessions were ever considered by us was because of the position regarding the Bombay Dyeing and Manufacturing Co., Ltd.

While we are very definitely of the opinion that our T-4 tariff was competitive with private plant generation even before the commencement of the war, we feel sure that it must now be a source of satisfaction for your Members to be in the position of purchasing their electric power requirements at no increase in price when practically every other cost involved in the operation of the mills has increased so substantially.

Copy of letter No. BH3/40, dated the 2nd January 1940, from Messrs. Tata Hydro-Electric Agencies Ltd. to the Association.

We refer to our letter BH353/39 of December 29th, 1939 and desire to make it quite clear that the concessions we are offering to all mills to apply until the 15th January, 1944 are :—

- (1) The right to a mill to generate a portion of its electric power requirements through the use of a back-pressure turbine up to a maximum of 6 per cent. of its Contract Demand ;

and

- (2) The right to a mill which takes advantage of the above concession to parallel such supply with ours.

APPENDIX 13.

FUEL OIL SUPPLIES TO COTTON MILLS.

Copy of letter No. 4359/208, dated the 17th October 1939, from the Association to all mills in Bombay.

It has been brought to the notice of the Association by a number of member mills using furnace oil that the Burmah-Shell Oil Storage & Distributing Co. of India, Ltd., have informed them that the mill rate for furnace oil for 1940 has been fixed at Rs. 31.4-0 per ton

and that this rate is subject to all the stipulations mentioned in mill contracts and the supplementary agreements. It is further stated by the Oil Company that it is their intention to continue during 1940 to allow 2 per cent. cash discount for prompt payment under the same conditions as have been in force during the current year.

The rate which has been fixed was discussed at an informal conference with representatives of the Burmah-Shell Company on Monday, the 16th instant, in order to ascertain the reasons underlying the price rise compared with 1939. The higher price which has been fixed was stated to be in conformity with the rise in coal prices which was stated to have occurred recently. We submitted that we were unaware of any such rise in coal prices, but are constrained to advise mills to accept the new rate in view of the fact that the price fixed will remain in force over the whole of the year 1940 unless special action has to be taken owing to the war emergency clause despite any further rises which may arise during the year in coal prices.

In these circumstances, it is recommended that the price fixed for 1940 should be accepted; at the same time, we wish to make it clear that it cannot be assumed with certainty that the price will remain unchanged throughout the year in view of the war emergency clause.

Copy of letter No. 248/208, dated the 13th January 1940, from the Association to all mills in Bombay.

As you are possibly aware, a special Sub-Committee of the Association has recently had informal discussions with representatives of the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., regarding the increase of Rs. 3 recently notified to consumers in accordance with the war emergency clause in consumers' contracts. I am now writing to say that, for the time being at any rate, this additional charge is to be reduced from Rs. 3 to Rs. 2 per ton. A further communication will follow later when the conversations with the representatives of the fuel oil company have been completed.

APPENDIX 14.

FIRE INSURANCE RATES FOR COTTON MILLS.

Copy of letter No. 4450-F/9, dated the 26th June 1939, from the Bombay Fire Insurance Association to the Association.

I refer to recent discussions between representatives of your Association and of this Association and am directed to inform you that following our last meeting revised recommendations were sent by my Committee to London and these have now been approved by the Fire Offices' Committee (Foreign).

My Committee have pleasure in informing you that the following revisions will be effective from 1st July 1939, for new business and renewals only:—

Bombay Cotton Mills and Godowns Tariffs. -

Special Reduction.

Risks situated within the Municipal limits of Bombay increased to	50%
Risks situated elsewhere increased to	40%

*Bombay Mofussil Cotton Mills Tariff.**Special Reduction.*

For Sprinklered Mills <i>only</i> increased to	40%
For other Mills increased to	30%

*Bombay Mofussil Godowns Tariff.**Special Reduction.*

For all risks increased to	30%
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*Riot and Civil Commotion Tariff.**Section B.—Item 5.*

Rates reduced to :—	Column I.		Column II.	
	Bldgs.	Contents.	Bldgs.	Contents.
(a) Islands of Bombay and Salsette	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{4}$
(b) Mofussil	$\frac{3}{4}$	$\frac{3}{4}$	$1\frac{1}{8}$	$1\frac{1}{8}$

Mofussil Godowns Tariff.

The following alterations and increases in rates due to unfavourable experience will also become effective from 1st July 1939 :—

Section 1.

	<i>Not less than Annas per cent. per annum</i>	
	<i>Fire-proof.</i>	<i>Non-Fire- proof.</i>
Item (b) Increased to	6	12
Item (c) „	8	14
Item (d) „	10	20
Item (e) „	18	24
	—	18
	—	20
	—	36
	—	48

Items (h) and (i) deleted.

Add the following new Items :—

(b) (2) Non-hazardous stores including spare parts of machinery but excluding cotton and Dyeing and/or Bleaching substances, Dyes, Metal Oxides, Acids and Salts	3	$4\frac{1}{2}$
(c) (2) Hazardous Stores excluding cotton but including Dyeing and/or Bleaching substances, Dyes, Metal Oxides, Acids and Salts	6	9

Section 2.

						<i>Not less than Annas per cent. per annum</i>	
						<i>Fire-proof.</i>	<i>Non-Fire- proof.</i>
Item (b)	Increased to	..	..	..	..	6	10
Item (c)	..	..	..	..	..	8	14
Item (d)	..	..	..	..	..	10	18
Item (e)	..	..	..	..	..	18	22
						—	14
						—	16
						—	32
						—	48

Items (h) and (i) deleted.

Add the following new Items :—

(b) (2)	Non-hazardous stores including spare parts of machinery but excluding cotton and Dyeing and/or Bleaching substances, Dyes, Metal Oxides, Acids and Salts	3	4
(c) (2)	Hazardous Stores excluding cotton but including Dyeing and/or Bleaching substances, Dyes, Metal Oxides, Acids and Salts	6	8

*Bombay Agency Rules.**Brokers and Mofussil Agency Rules.*

The foregoing alterations in rates are subject to reductions in commission and brokerage applicable to the Bombay Cotton Mills and Godowns Tariffs, the Mofussil Cotton Mills and Godowns Tariffs and item 5 of Section B of the Riot and Civil Commotion Tariff as follows :—

Bombay Agents, Working and Non-Working, reduced to	12½%
Mofussil Agents, Sub-Agents and Brokers reduced to	7½%

A Special General Meeting is being called for the first week in July to consider the necessary amendments in the Rules which, when passed, will be made retrospective to 1st July 1939.

*Copy of letter No. 2862/149, dated the 4th July 1939, from the Association to the
Bombay Fire Insurance Association.*

I thank you for your letter No. 4450-F/9, dated the 26th June 1939, in which was set forth certain new rates and allowances which your Association proposed to give effect to from 1st July 1939. My Committee have carefully studied the new proposals, and while they feel that the rates are on the whole fair so far as Bombay City mills are concerned, cotton mill and cotton mill godowns in the mofussil seem to have been unfairly treated. For ready reference, I restate below the changes proposed in respect of mofussil cotton mills and mofussil cotton godowns :—

Mofussil Cotton Mill Tariff.

For Sprinklered Mills, the existing F. E. A. allowance of 15 per cent. has been increased to 40 per cent.

For non-Sprinklered Mills, the existing F. E. A. allowance of 15 per cent. has been increased to 30 per cent.

Mofussil Godowns Tariff.

The existing F. E. A. allowance of 15 per cent. has been raised to 30 per cent.

In the case of Mofussil Godowns Tariff, the following increases have been made in the rates :—

				<i>Not less than Annas per cent. per annum :</i>			
				<i>Fire-proof.</i>		<i>Non-Fire-proof.</i>	
				Increased		Increased	
				<i>From</i>	<i>To</i>	<i>From</i>	<i>To</i>
Item (b)	..	..	..	4½	6	9	12
Item (c)	..	..	..	6	8	10½	14
Item (d)	..	..	..	7½	10	15	20
Item (e)	..	..	..	12/13½	18	18	24
						12	18
						15	20
						27	36
						40	48

Section 2 :—

Item (b)	..	..	..	4½	6	7½	10
Item (c)	..	..	..	6	8	10½	14
Item (d)	..	..	..	7½	10	13½	18
Item (e)	..	..	..	12	18	16½	22
						9	14
						12	16
						24	32
						36	48

The position on the whole is that the smaller F. E. A. allowances granted to mofussil cotton mills and cotton mill godowns than in Bombay would be considerably offset by the increased rates which have been proposed in Sections 1 and 2 of the Mofussil Godowns Tariff. My Committee have not yet been able to ascertain the exact effect of the increased tariff rates in the case of mofussil godowns, but they would greatly appreciate it if you would kindly let them know the precise circumstances under which an increase in rates was deemed necessary in this part of the tariff. So far as my Committee are aware, there have been no serious fire losses in mofussil cotton godowns, but if the information of your Association is to the contrary, my Committee would be glad to receive figures showing the claims experience of your members.

Copy of letter No. 2868/149, dated the 6th July 1939, from the Association to all members of the Association.

I am directed to enclose herewith for your information copy of a letter dated the 26th June 1939, received from the Bombay Fire Insurance Association, setting forth the changes which they propose to make in the Fire Tariff from the date of the introduction of the new Insurance Act. I also enclose herewith for your information copy of a letter addressed by me to the Bombay Fire Insurance Association. It would greatly strengthen the hands of the Association if mills situated outside the Islands of Bombay and Salsette but within the territories to which the Bombay Fire Tariff is applicable could write in to their respective Insurance Companies in support of the Association's representation, and protesting against the proposed new rates.

The Association would greatly appreciate it if all members would furnish me in due course with figures showing the effect of the new Tariff.

Copy of letter No. 3002/149, dated the 13th July, 1939, from the Association to the Bombay Fire Insurance Association.

Further to my letter No. 2862/149, dated the 4th July 1939, I would invite your attention to the discussions which took place in the rooms of your Association on Thursday, the 15th ultimo. Your Chairman stated that the claims experience in respect of cotton mills and cotton godowns in the mofussil was extremely bad, and two or three instances of disastrous fires were cited. My Committee would greatly appreciate it if you could let them know whether in these cases the fire occurred in pucca godowns with baled cottons or in kutchha godowns with loose cottons. The point which my Committee desire to emphasize is that if these fires had originated in kutchha godowns, then there would be no justification for asking mills which have put up pucca godowns to pay higher rates than before.

An early reply is requested.

Extract from letter No. 4746/8, dated the 31st July 1939, from the Bombay Fire Insurance Association to the Association.

Mofussil Cotton Mill Tariff.—I now proceed to deal with your letter (Ref. No. 2862/149) dated the 4th July, and your letter (No. 3002/149) of the 13th idem wherein you refer to the recent Tariff alterations made in connection with mills in the mofussil.

My Committee desire me to correct the references in your earlier letter to an increase having been made in the F. E. A. allowance. You will see from the Tariff that it is not the allowance for fire extinguishing appliances that has been increased but the "Special Reduction."

My Committee would point out that the experience in respect of non-sprinklered mills in the mofussil has been far from good and the experience in respect of risks rateable under the Mofussil Godowns Tariff might almost be termed disastrous. A list* which is by no means comprehensive but which, we believe, includes most of the important losses that have occurred during 1937 and 1938 and up to June of 1939 is attached and you will observe that the total exceeds Rs. 12,00,000. From your letter of the 13th instant it appears that you are under the impression that the majority of these fires have occurred in kutchha godowns but a reference to the particulars on the attached sheet will show that this is far from the case. At the same time, my Committee would like you to appreciate that it would be impossible to adjust rates separately for each form of construction.

Copy of letter No. 3395/149, dated the 9th August 1939, from the Association to the Bombay Fire Insurance Association.

I thank you for your letter No. 4746/8, dated the 31st July 1939, which is receiving attention. With regard to the list of fires in mofussil cotton mills and cotton mill godowns kindly furnished by you, it would be of considerable assistance to my Committee in studying the figures supplied by you if the following particulars were made available in regard to each item of loss included in your list:—

- (a) whether cotton fully pressed, half pressed or loose ;
- (b) whether godowns fire proof or non-fireproof ;
- (c) whether godowns sprinklered or non-sprinklered ; and
- (d) in cases where two or three items have been lumped together, could separate figures be given to show the loss arising from each item ; for example, there is an item of Rs. 83,540 against the Ahmedabad Jubilee Mills under the head "cotton waste in compound and cotton in fully pressed bales in godown." We would like to have separate figures showing the loss arising from cotton waste in compound and cotton in godown.

* Not printed.

Copy of letter No. 4746/15, dated the 27th September 1939, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 3395/149 of the 9th ultimo and regret the delay in replying which has been due to extreme pressure of work all round.

My Committee have given careful consideration to your request and regret that they are unable to furnish you with detailed figures as these are submitted by our members in confidence and must therefore be kept private.

Copy of letter No. 4670/149, dated the 29th September 1939, from the Association to the Bombay Fire Insurance Association.

I thank you for your letter No. 4746/8, dated the 31st July 1939, and the statement showing the list of fires in cotton in mofussil mill godowns and/or compounds since 1937. You point out in your letter that the list, which is by no means comprehensive, includes most of the important losses that have occurred during 1937 and 1938, and upto the end of June 1939. The total of the losses shown in the list is slightly over Rs. 12 lakhs, but as pointed out in my letter No. 3395/149, dated the 9th August 1939, the information contained in the list is not sufficiently detailed to enable my Committee to come to definite conclusions. You, however, regret your inability to supply the information in the form required by the Association for the reason that "detailed figures as these are submitted by your members in confidence and must, therefore, be kept private." It was not for a moment suggested by my Committee that the names of the mills in which the accidents occurred should be supplied to the Association. What we wanted was that the accidents should be classified under the four broad heads shown in my letter dated the 9th August 1939. However, in view of the position taken up by your Association, my Committee have made a rough analysis of the information supplied by you with your letter dated the 31st July 1939, which, though incomplete, yields very interesting results. The total claim of Rs. 12 lakhs is made up of :—

	Rs.	a.	p.
(a) Losses on account of cotton stored in compound	2,40,513	15	0
(b) Losses on account of cotton in docras stored in fireproof and sprinklered godowns	57,552	8	8
(c) Losses on account of fully pressed cotton bales stored in non-fireproof godowns	1,39,659	8	0
(d) Losses on account of fully pressed cotton bales in sprinklered godowns	29,100	0	0
(e) Losses on account of fully pressed cotton bales in fireproof godowns	1,45,575	0	0
(f) Losses on account of fully pressed cotton bales in godowns ..	45,469	0	0
(g) Losses on account of fully pressed cotton bales in shed ..	19,000	0	0
(h) Losses on account of cotton waste in godowns	23,029	10	0
(i) Losses on account of cotton waste stored in shed	9,000	0	0
(j) Losses on account of cotton waste stored in fireproof godowns	5,766	0	0
(k) Unclassified risks, namely, risks which cannot be classified under any one of the above heads, as the information available in regard to these is not sufficiently detailed	4,87,877	14	10

The above figures, my Committee feel, at any rate prove that there is no case whatsoever for an increase in the rates in respect of fully pressed cotton bales stored in sprinklered godowns. My Committee further feel that it is surely in the interests of the Insurance Companies to encourage mofussil mills to store fully pressed cotton bales in sprinklered godowns, and there is no reason why mills with properly constructed and sprinklered godowns should pay for those who try to save pressing charges and will not build pucca godowns.

My Committee would greatly appreciate it if your Association would reconsider the case made out in my letter No. 2862/149, dated the 4th July 1939, in the light of this explanation.

Copy of letter No. 4746/20 dated the 3rd November 1939, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 4070/149 of the 29th September last and am directed to inform you that my Committee have gone carefully into the case you have put forward but regret they cannot see their way to accede to your request but would remind you that sprinklered godowns are already in receipt of a discount of 25 per cent.

Copy of letter No. 5005/149, dated the 4th December 1939, from the Association to the Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter dated the 3rd November 1939. My Committee regret to note that your Association cannot see their way to accede to the request contained in my letter No. 4070/149, dated the 29th September 1939. We are aware that sprinklered godowns are already in receipt of a discount of 25 per cent., but what was pointed out in my letter of the 29th September was that there appeared to be no justification for an increase in rates in the case of fireproof risks. My Committee desire to discuss this matter further with you, and it is thought that this might be done when the joint meeting referred to in my letter of the 21st November* takes place.

APPENDIX 15.

FIRE INSURANCE TARIFF OF COTTON MILLS : RATING OF DRYING DEPARTMENTS.

Extract from letter No. 4746/8, dated the 31st July 1939, from the Bombay Fire Insurance Association to the Association.

As arranged at the joint meeting of your representatives and our Sub-Committee held on 15th ultimo, our Sub-Committee visited four mills each containing a different type of drying plant and following the inspections a report was drawn up by the Association's Chief Inspector which has been carefully considered by the Sub-Committee.

The risks under discussion are now rateable under items 1, 2 and 3 of Section VI and it is proposed that these items should be deleted and replaced by items 1 to 5 as per the attached sheet. The revised rates represent a considerable concession in many cases and you will no doubt be pleased to observe that in so far as the drying of beams and cheeses is concerned, provided the machine is entirely enclosed with incombustible material and no cotton or yarn is stacked or hung within 10 feet thereof, the rate has been reduced from 4 as. per cent and 5 as. per cent. to 2½ as. per cent. and 3 as. per cent. Other items also will enjoy a reduction and it will be observed from N. B. 3 that certain machines will be allowed in Dyeing and

* Not printed.

Bleaching Departments without affecting the rate for the building or contents other than the drying machine and the yarn it contains.

If your members would prefer the reference to temperature omitted, my Committee would be willing to amalgamate items 2 and 3 charging 4 as. per cent. and 5 as. per cent. for Fireproof and Non-fireproof, respectively. No doubt you will advise me on this point in due course.

SECTION VI—SPECIAL RISKS.

	<i>Fireproof.</i> As. %	<i>Non- fireproof.</i> As. %
1. Drying by steam heat of Beams and/or Cheeses only with warranty that the drying machines are entirely enclosed with incombustible material	3	3½
2. Drying by steam heat of yarn in machines where the temperature is warranted not to exceed 180° F. and where no combustible material is used in the construction of the machine	3½	4½
3. Drying by steam heat of yarn where the temperature exceeds 180° F. but where no combustible material is used in the construction of the machine	4½	5½
4. Drying of cotton in Simplex Patent Drying Machines or other similar machines erected on sealed cement bases	6	7½
5. Drying of beams, cheeses, yarn and cotton by steam heat otherwise than in 1 to 4 supra	9	12

N.B. 2 (Applicable to items 1 to 5 incl.)

Unless a warranty is inserted to the effect that no cotton and/or yarn is stacked or hung within 10 feet of the machine or machines, the above rates must be loaded by	1	1½
--	---	----

N.B.—3.

Drying chambers or drying machines using steam heat and rateable under Sections 1, 2 and 3, in a dyeing and/or bleaching department, i.e., where essentially wet processes are taking place may be rated per se, without affecting the rates charged for the Dyeing and Bleaching Section.

Copy of letter No. 4551/167, dated the 31st October 1939, from the Association to the Bombay Fire Insurance Association.

I am directed to refer to pages 4 and 5 of your letter No. 4746/8, dated the 31st July 1939, dealing with certain proposals for the revision of the Fire Insurance Tariff in respect of yarn and cotton drying plants installed in cotton mills.

The proposals framed by you have been carefully examined by member mills which have installed drying plants, and it would appear that the new ratings proposed for this type of risk are on the whole satisfactory. A point has, however, been raised as to the precise effect of the revised proposals in the following case. A mill has a cheese drying machine in a separately built off part of its dyeing department. Yarn is dried in hanks on sticks above the cheese drying machine. In this event, your new proposals would presumably only affect

the insurance of the actual drying machine and the stock being dried in the machine, and would leave the rating of the remaining part of the department unaffected. Will you kindly let me know whether this interpretation is correct ?

As regards the query in the penultimate paragraph of your letter, members of the Association generally agree that items (2) and (3) might be retained as at present framed by you, and that no amalgamation of these two items is necessary so as to do away with the reference to temperature.

I shall be glad if you will kindly confirm that the revised proposals will have effect as from the date of your letter, viz., 31st July 1939.

Copy of letter No. 4746/21, dated the 16th December 1939, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 4551/167, of the 31st October last and am directed to inform you that in the case you cite the drying of yarn in hanks on sticks above the drying machine will affect the rating of the rest of the department because of the additional danger of spreading fire.

To meet this it is proposed to add the following to N. B. 3 :—

“ This provision does not apply when cotton and/or yarn is stacked or hung within 10 feet of the machine or machines. In such circumstances, the highest rate applicable must apply over the whole department.”

On receipt of your agreement to this, the proposals will be given effect to and will be brought into force from 31st October 1939, the date of your letter under reply.

Copy of letter No. 5286/167, dated the 23rd December 1939, from the Association to the Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter No. 4746/21, dated the 16th December, 1939, in connection with the amendment of Section VI—Special Risks—Buildings and/or Compartments used for dyeing and drying, and to say that my Committee have no objection to the additional note proposed by you provided the last sentence is changed to read somewhat as under :—

“ In such circumstances, the highest rate applicable must apply to the room in which the drying machines are situated.”

Copy of letter No. 4502/14, dated the 15th January 1940, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 5286/167, of the 23rd ultimo and am directed to inform you that the extra rate applicable to the room in which the drying machines are installed must apply to all communicating blocks.

In view of the above, the Committee have decided to alter the last sentence of the proposed addition to N. B. 3, to read as under :—

“In such circumstances the highest rate applicable must apply over the whole compartment in which the drying machine is situated and all compartments in communication therewith.”

On receipt of your agreement to this, the proposals will be given effect to.

Copy of letter No. 307/167, dated the 17th January 1940, from the Association to the Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter No. 4502/14, dated the 15th January 1940, and to say that my Committee agree to the modified wording proposed by you. The addition to N. B. 3 will thus read as under :—

“ This provision does not apply when cotton and/or yarn is stacked or hung within 10 feet of the machine or machines. In such circumstances the highest rate applicable must apply over the whole compartment in which the drying machine is situated and all compartments in communication therewith.”

I trust that the new schedule of rates for Dyeing Departments will be brought into effect as from 31st October 1939.

Copy of letter No. 4502/16, dated the 3rd February 1940, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 307/167, of the 17th ultimo and enclose, for your information, a copy of Circular T. C. No. 12 of to-day's date I have issued to members.

Copy of circular T. C. No. 12, dated the 3rd February 1940, from the Bombay Fire Insurance Association, to the Representatives of Fire Insurance Offices.

I am directed to request you to delete items 1, 2 and 3 appearing in Section VI of the above Tariff and to insert the following in lieu thereof :—

	<i>Buildings and/or Contents.</i>	
	<i>Fireproof.</i>	<i>Non-Fireproof.</i>
	<i>Not less per cent. per annum than</i>	
	<i>Annas.</i>	<i>Annas.</i>
1. Drying by steam heat of Beams and/or Cheeses only with warranty that the drying machines are entirely enclosed with incombustible material	3	3½
2. Drying by steam heat of yarn in machines where the temperature is warranted not to exceed 180° F. and where no combustible material is used in the construction of the machine	3½	4½
3. Drying by steam heat of yarn where the temperature exceeds 180° F. but where no combustible material is used in the construction of the machine	4½	5½
4. Drying of cotton in Simplex Patent Drying Machines or other similar machines erected on sealed cement bases	6	7½
5. Drying of beams, cheeses, yarn and cotton by steam heat otherwise than in 1 to 4 <i>supra</i>	9	12

The existing items 4 to 10 should be altered to read 6 to 12 respectively.

I am also directed to request you to insert the following N.B. 2 and N.B. 3 after N. B. 1, appearing in the above Section :—

N.B. 2.—(Applicable to items 1 to 5 inclusive.)

Unless a warranty is inserted to the effect that no cotton and/or yarn is stacked or hung within 10 feet of the machine or machines, the above rates must be loaded by	1	1½
--	---	----

N.B. 3.—

Drying chambers or drying machines using steam heat and rateable under Sections 1, 2 and 3, in a dyeing and/or bleaching department, i.e., where essentially wet processes are taking place may be rated *per se* without affecting the rates charged for the Dyeing and Bleaching Section. This provision does not apply when cotton and/or yarn is stacked or hung within 10 feet of the machine or machines. In such circumstances the highest rate applicable must apply over the whole compartment in which the drying machine is situated and all compartments in communication therewith.

The above alterations are effective as from 31st October 1939.

A revised tariff sheet giving effect to the above alterations is being printed and copies will be issued shortly.

APPENDIX 16.

FIRE INSURANCE RATES FOR WOOLLEN MILLS.

Copy of letter No. 2953/149, dated the 10th July 1939, from the Association to the Bombay Fire Insurance Association.

I am directed to invite your attention to your letter No. 4450-F/9, dated the 26th June 1939,* and to point out that the revised tariff rates mentioned by you would only be applicable to cotton and artificial silk mills. My Committee would like to know what the position is in regard to woollen mills situated within the Municipal limits of Bombay and elsewhere. My Committee understand that the claims experience of woollen mills has been extremely good, and in this view of the case, there appears to be a case for a substantial reduction in the insurance rates. My Committee would greatly appreciate it if you would kindly look into this matter and let me know what rates your Committee propose to fix in respect of woollen mill risks.

An early reply is requested.

Copy of letter No. 4746/3, dated the 13th July 1939, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 2953/149 of the 10th instant and am directed to inform you that my Committee examine the loss experience of all classes of risk from time to time and while they feel that no reduction in the rates for woollen mills can be recommended at present, they will in due course have the matter before them again.

Copy of letter No. 4633/149, dated the 4th November 1939, from the Association to the Bombay Fire Insurance Association.

I am directed to refer to your letter No. 4746/3, dated the 13th July 1939, in which you inform me that your Committee feel that no reduction in the rates for woollen mills can be recommended at present. It would have been of considerable assistance to my Committee in understanding your Association's point of view if an indication of the claims experience of your Association in connection with woollen mill risks had been given, or if adequate reasons had been set forth for rejecting the claim of the woollen mills for a reduction in tariff rates. Your letter only states that your Committee examine the loss experience of all classes of risk from time to time, etc. This seems to suggest that the claims experience

* (See Appendix 14.)

of woollen mill risks has been particularly unfortunate. If this is so, my Committee would like to be supplied with figures, or, if this is not feasible, information which would throw some light on the fire experience of this class of risk. If, however, the Insurance Association feel that the information required is of such a confidential nature that it cannot be furnished to us, then I am to urge the woollen mills' case for a reduction in tariff rates on the ground that, while wool is not so inflammable as cotton, the rates for cotton mill buildings and contents are in several instances very much lower than the rates charged for woollen mill buildings and contents. From the information available to the Association, the claims experience of woollen mills in Bombay and mofussil in the last ten years has been extremely good and there seem to be very good reasons for reviewing the position as regards woollen mills. My Committee would be glad if your Association would go into this matter again.

APPENDIX 17.

INSURANCE RATES FOR TRANSIT OF COTTON, COTTON YARN AND COTTON PIECEGOODS BY RAIL AND BY SEA.

*Copy of letter No. 3681/165, dated the 30th August 1939, from the Association
to the Bombay Underwriters' Association.*

The Committee of my Association understand that with effect from the 1st July 1939, your Association has increased the insurance rates for transit of cotton, cotton yarn and cotton piecegoods by rail and/or by sea. The position appears to be that the particular portion of the Tariff relating to transit insurance was not in operation prior to July 1939, and as a result insurance companies were at liberty to secure business at whatever rates they could obtain, and as a matter of fact, business was actually being booked at rates which were in some cases about 66½ per cent. lower than the Tariff rates. From 1st July 1939, when the new Insurance Act came into force, these rates appear to have been put up, and mills have been called upon to pay considerably higher rates of premium, the new rates being about 100 per cent. over the old rates in the case of railway transit rates and about 300 per cent. over the old rates in the case of transit rates by sea. My Committee are aware that a part of the disparity between the old and new rates may be due to the fact that the Insurance Agent passed back a good percentage of his commission to his customers, but that this is no longer possible under the new Act. As against this, the new Act permits the insurance companies to fix a rate of agency commission on such business which is even lower than the rate allowed to him under the old Act, and it has been urged that the difference which should have been passed on to the insured now goes really to the insurance companies. Perhaps, transit insurance business was, prior to July 1939, in view of private discounts and rebates which were being paid, being done at uneconomic rates, but that does not mean that the insurance companies should take advantage of the new Act and fix rates which are out of all proportion to those at which business has so far been regularly done. My Committee understand that while the transit insurance rate by sea in respect of cotton brought to India or conveyed from one Indian Port to another has been increased, the rates on cotton exported from India have been retained at the old levels. Another point which has been made is that cotton, oil and similar materials which are more risky than cotton piecegoods are being carried to foreign countries at 2½ annas per cent., while piecegoods sent from Bombay to Calcutta are being charged from 4 annas to 7 annas per cent. varying according to the warranties inserted in the cover. In these circumstances, my Committee would greatly appreciate it if your Association would look into this matter and set matters right.

*Copy of letter No. 285/2, dated the 13th September 1939, from the Bombay
Underwriters' Association to the Association.*

My Committee have for acknowledgment your letter of the 30th ultimo, Ref. 3681/165, for which they thank you. They note with considerable interest the contents of your letter

under reply and whilst appreciating the motives which have brought about its despatch, they feel that they are the best judges of what are adequate and economic rates for various classes of Marine Insurance as they have the evidence and collated experience of all their members to guide them.

It is true that since the 1st July rates have increased as a result of the introduction of our reforms which coincide with the new Government of India Insurance Act. In the past, the rates which have prevailed have been ridiculous and only brought about by the fact that the business was non-tariff and competition had reached the ridiculous and almost "business at any price" stage. Your Committee agree to this in your letter under reply and my Committee feel that you will also agree with them that they would be failing in their duties if they did not attempt, now they have the new Act to assist them, to again enforce upon their members economic rates.

As regards your remarks at the end of your page 2, it is admitted that business overseas is being done at present at rates in many cases lower than that on the Indian coast. Here the position is brought about by the fact that business overseas is subject to attack from overseas markets and, although the subject is being considered, to date my Committee have not found it possible to re-introduce an overseas tariff. Such is before them, however, and at the earliest opportunity, it will be introduced when overseas rates will greatly increase and will then be on a parity with Indian coastal rates.

When commenting on the coastal rates your Committee appear to have overlooked the fact that in the past 4 years there have been 5 total losses of steamers trading on the Indian coast and that the experience of Companies has accordingly not been profitable. In addition, they have had to face normal losses of sea water, and other additional risks insured against such as hook, oil, theft and pilferage, etc., and other risks insured against.

My Committee trust that your Association now appreciate and understand the position.

APPENDIX 18.

URBAN IMMOVEABLE PROPERTY TAX.

Copy of letter No. 1075/56, dated the 22nd February 1939, from the Association to the Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed to request you to draw the Government of Bombay's attention to my Committee's general views as to the detrimental effects, which certain of the proposals for new taxation will have upon the competitive capacity of the Cotton Mill Industry of the Bombay Province, and to urge that Government may be pleased to modify their taxation proposals so as to remove the possibility of any new handicaps being placed on the Industry. It is not the intention of my Committee in this letter to deal in detail with the desirability or otherwise of sacrificing such a very large proportion of the revenues realised from the excise duties on liquor, and beyond stating that we are strongly opposed to the tax on property and cloth, we shall confine ourselves to the repercussions of the proposed Urban Immoveable Property Tax and the proposed Sales Tax on manufactured cloth and silk and artificial silk yarn on cotton mills located in the Province, and particularly the mills situated in Bombay and Ahmedabad. The Urban Immoveable Property Tax is apparently to be applied not only to residential property, but to all properties which are now subject to property tax in specified urban municipal areas. My Committee believe that the application of this tax to industrial establishments could not have been intended by Government in view of the very definite statements made by the Finance Minister when introducing the Budget in the Legislative Assembly. In this connection, Government's attention is drawn to paragraph 19 of the Finance Minister's statement; speaking in the name of the Government of Bombay, he said: "The policy we

have deliberately adopted is one of active encouragement, support and protection to all big industries in our country in so far as it is in our power to extend these to them. Whether a Leftist, a Centrist, or a Rightist, every congressman accepts this policy wholeheartedly. Whether it is our labour legislation or taxation, or any other activity, it is our constant endeavour to see that our great industries receive all the assistance they are entitled to." This being the policy of the Congress and of the Congress Government, my Committee maintain that industrial establishments should, in equity, be exempted from the Urban Immoveable Property Tax, and that the Bombay Finance Act Amending Bill should be modified to give effect to such exemption.

In explaining the effect of the new taxation proposals, the Finance Minister stated :

" It will also mean a relief to those who have been unjustly taxed and a corresponding shifting of the burden from those who cannot to those who can bear the burden."

This statement does not appear to have been borne out so far as the application of the tax to the Cotton Textile Industry is concerned. Already, an enormous burden amounting to more than a crore of rupees per annum by way of additional wages has been imposed upon cotton mills of this Province as a result of the interim recommendations of the Textile Labour Inquiry Committee, and the ability of the Industry to continue to bear this additional burden is a problem which is agitating the minds of the vast number of persons directly or indirectly dependent on our Industry for a livelihood whether they be employers, wage earners, investors, distributors, suppliers, middlemen or growers of cotton. If the Urban Immoveable Property Tax is applied to the Mill Industry, it will mean an addition to the cost of manufacture of cotton piecegoods of approximately six lakhs of rupees per annum to Bombay City and Island mills alone ; mills in Ahmedabad will be similarly affected though my Committee are not in a position to indicate to Government what the exact cost to the Industry in that centre might be. This will be a direct additional burden which the Industry could under no circumstances pass on to the consumers of piecegoods. The tax would, in effect, become a first charge on any profits the Industry may make, and in the case of those mills who are unable to make ends meet owing to the severe competition they have to face from mills in other parts of India and abroad, it will become a tax on capital. My Committee would also like to stress the fact that the imposition of this tax on the Industry is unwarranted in view of the fact that it will neutralise to some extent the protection granted to the Industry by the Cotton Textile Industry Protection Act of 1934. In all these circumstances, my Committee would urge that if Government decide to go on with the Bill, a Clause to ensure the exemption of properties solely used for industrial purposes and tenements provided by industrial employers for their operatives should be inserted in the Bill.

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In so far as the equity of the new taxation and details of the Bill introduced to give effect to the new taxation proposals of Government are concerned, the Association's representative in the Assembly, Mr. S. D. Saklatvala, will at the appropriate time express the Association's point of view.

*Bombay Government Notification in the Finance Department, No. 9326/A, dated
the 17th April 1939.*

In exercise of the powers conferred by clause (b) of the first proviso to section 22 of the Bombay Finance Act, 1932 (Bombay II of 1932), the Government of Bombay is pleased to declare that in the following areas the Urban Immoveable Property Tax shall be levied and paid to the Provincial Government at the rate of five per cent. of the annual letting value, on the buildings and lands the annual letting value of which does not exceed Rs. 1,000:—

- (a) the limits of the municipal boroughs of Thana, Kurla, Bandra and Ahmedabad ;
- (b) the limits of the municipal districts of Vile Parle, Ghatkopar-Kirol and Juhu in the Bombay Suburban District ;

- (c) the notified areas of Malad, Kandivli, Borivli, Chembur and Mulund in the Bombay Suburban District, Bhayandar in the district of Thana and Sabarmati in the district of Ahmedabad, and
- (d) the limits of the Cantonment of Ahmedabad.

Draft Government Notification in the Finance Department, No. 9326/A, dated the 1st June 1939.

The following draft of a notification which it is proposed to issue in exercise of the powers conferred by section 29 of the Bombay Finance Act, 1932 (Bombay II of 1932), and of all other powers enabling the Government of Bombay in this behalf, is published as required by sub-section (3) of the said section 29 for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration by the Government of Bombay on or after the 15th June 1939.

2. Any objection or suggestion which may be received by the Secretary to the Government of Bombay, Finance Department, from any person with respect to the said draft before the date aforesaid will be considered by the Government of Bombay.

Draft Notification.

In exercise of the powers conferred by section 29 of the Bombay Finance Act, 1932 (Bombay II of 1932), and of all other powers enabling it in this behalf, the Government of Bombay is hereby pleased to make the following rule, namely :—

The Urban Immoveable Property Tax shall be remitted entirely in respect of the following :—

- (i) lands and buildings, in the City of Bombay, the annual letting value of which is less than Rs. 500 ; and
- (ii) lands and buildings, in the areas mentioned in section 20(ii), (iii), (iv) and (v) of the said Act, the annual letting value of which is less than Rs. 200.

Copy of letter No. 2455/56, dated the 3rd June 1939, from the Association to the Secretary to the Government of Bombay, Finance Department.

I am directed to invite a reference to Government Notification No. 9326/A, dated the 31st May 1939, published in Part IV-A of *the Bombay Government Gazette* dated the 1st June 1939. The Notification in question contains the draft of certain rules which the Government of Bombay propose to publish in exercise of the powers conferred on them by section 29 of the Bombay Finance Act, 1932, as amended by Act IV of 1939.

Section 29(1) of the Bombay Finance Act of 1939 states that "Government may make rules, etc.," but section 29(2) states that "such rules shall provide for the following matters....." The various matters which have to be covered by Rules are set forth in the sub-sections which follow, i.e., 29(2)(a) to 29(2)(e), but the Notification referred to in this letter only partially deals with section 29(2)(d) in so far as it concerns remissions and is silent about refunds.

That rules have to be framed specifying the amount of refunds due on account of closure, etc., is apparent from section 27 of Act IV of 1939 which lays down that, where any building or land assessed to the Urban Immoveable Property Tax has been vacant and unproductive of rent for any period of not less than sixty consecutive days, the Municipality concerned shall remit or refund such portion of the Urban Immoveable Property Tax as may be prescribed.

My Committee, therefore, desire to point out that the draft rules published fall short of the requirements of the Act and that, so far as vacant properties are concerned, they do not prescribe the amount of refund due. What they suggest is :

- (a) that mills which are silent should be regarded as vacant, though the machinery may be within the mills ; and
- (b) that the whole of the additional Property Tax paid in respect of such properties should be allowed by way of refund for vacancies exceeding sixty consecutive days.

My Committee suggest for the consideration of Government that the draft rules with the incorporation of additional provisions regarding vacancies be re-published for information before being finally adopted.

Notification by the Government of Bombay, Revenue Department, No. 1031/39, dated the 22nd November 1939, as amended by further Notification, dated the 21st February 1940.

In exercise of the powers conferred by section 29 of the Bombay Finance Act, 1932 (Bombay II of 1932), the Government of Bombay is hereby pleased to make the following rules in respect of the matters mentioned in clauses (c) and (d) of sub-section (2) of section 29 of the said Act, namely :—

- (1) All sums collected by any municipality on account of the Urban Immoveable Property Tax during one calendar week shall be paid by it into a Government treasury before the expiry of the following week.
- (2) Every municipality shall give remission or refund of the Urban Immoveable Property Tax admissible under section 27 of the said Act in respect of any building or land situated in the area within its limits in the same proportion as it gives remission or refund of the property tax leviable by it in respect of such building or land.

Explanation.—Nothing in this rule shall be construed as authorising the giving of a drawback admissible under sub-section (2) of section 158 of the City of Bombay Municipal Act, 1888, or under any Act relating to any other municipality or rules or by-laws thereunder.

APPENDIX 19.

BOMBAY SALES TAX ACT.

Copy of letter No. 1075/56, dated the 22nd February 1939, from the Association to the Secretary to the Government of Bombay, Finance Department.

I am directed to request you to draw the Government of Bombay's attention to my Committee's general views as to the detrimental effects, which certain of the proposals for new taxation will have upon the competitive capacity of the Cotton Mill Industry of the Bombay Province, and to urge that Government may be pleased to modify their taxation proposals so as to remove the possibility of any new handicaps being placed on the industry. It is not the intention of my Committee in this letter to deal in detail with the desirability or otherwise of sacrificing such a very large proportion of the revenues realised from the excise duties on liquor, and beyond stating that we are strongly opposed to the tax on property and cloth, we shall confine ourselves to the repercussions of the proposed Urban Immoveable Property Tax and the proposed Sales Tax on manufactured cloth and silk and artificial silk yarn, on cotton mills located in the Province, and particularly the mills situated in Bombay

and Ahmedabad. The Urban Immoveable Property Tax is apparently to be applied not only to residential property, but to all properties which are now subject to property tax in specified urban municipal areas. My Committee believe that the application of this tax to industrial establishments could not have been intended by Government in view of the very definite statements made by the Finance Minister when introducing the Budget in the Legislative Assembly. In this connection, Government's attention is drawn to paragraph 19 of the Finance Minister's statement ; speaking in the name of the Government of Bombay, he said : "The policy we have deliberately adopted is one of active encouragement, support and protection to all big industries in our country in so far as it is in our power to extend these to them. Whether a Leftist, a Centrist, or a Rightist, every Congressman accepts this policy wholeheartedly. Whether it is our labour legislation or taxation, or any other activity, it is our constant endeavour to see that our great industries receive all the assistance they are entitled to." This being the policy of the Congress and of the Congress Government, my Committee maintain that industrial establishments should, in equity, be exempted from the Urban Immoveable Property Tax, and that the Bombay Finance Act Amending Bill should be modified to give effect to such exemption.

In explaining the effect of the new taxation proposals, the Finance Minister stated :

"It will also mean a relief to those who have been unjustly taxed and a corresponding shifting of the burden from those who cannot to those who can bear the burden."

This statement does not appear to have been borne out so far as the application of the tax to the Cotton Textile Industry is concerned. Already, an enormous burden amounting to more than a crore of rupees per annum by way of additional wages has been imposed upon cotton mills of this Province as a result of the interim recommendations of the Textile Labour Inquiry Committee, and the ability of the Industry to continue to bear this additional burden is a problem which is agitating the minds of the vast number of persons directly or indirectly dependent on our Industry for a livelihood, whether they be employers, wage-earners, investors, distributors, suppliers, middlemen or growers of cotton. If the Urban Immoveable Property Tax is applied to the Mill Industry, it will mean an addition to the cost of manufacture of cotton piecegoods of approximately six lakhs of rupees per annum to Bombay City and Island mills alone ; mills in Ahmedabad will be similarly affected though my Committee are not in a position to indicate to Government what the exact cost to the Industry in that centre might be. This will be a direct additional burden which the Industry could under no circumstances pass on to the consumers of piecegoods. The tax would, in effect, become a first charge on any profits the Industry may make, and in the case of those mills who are unable to make ends meet owing to the severe competition they have to face from mills in other parts of India and abroad, it will become a tax on capital. My Committee would also like to stress the fact that the imposition of this tax on the Industry is unwarranted in view of the fact that it will neutralise to some extent the protection granted to the Industry by the Cotton Textile Industry Protection Act of 1934. In all these circumstances, my Committee would urge that if Government decide to go on with the Bill, a clause to ensure the exemption of properties solely used for industrial purposes and tenements provided by industrial employers for their operatives should be inserted in the Bill.

Sales Tax.—The Finance Minister in his Budget statement indicated that it is the intention of Government, some time later in the year, to impose a Sales Tax on mill made cloth and artificial silk and silk yarn at a rate not exceeding 6½ per cent. *ad valorem* which is expected to produce about Rs. 25 lakhs in a full year and that this tax would, in fact, be confined to the sale of these commodities for consumption in this Province. For the purpose of giving effect to this proposal and to the Sales Tax on petrol, a special Bill has been introduced called the "Bombay Sales Tax Bill 1939." In clause 3 of that Bill it is stated that the tax will be collected at such stage between their manufacture, production or import, as the case may be and their consumption, as may be prescribed, and a proviso to this clause states that the tax shall not be levied on the sale of any goods by a manufacturer, producer or importer except on retail sale of such goods. Apart from the question as to whether the imposition of such a heavy tax on a necessity of life is desirable, my Committee are opposed to the Bill in its present form since it does not specifically state how and at what stage between manufacture and consumption the tax is to be imposed. My Committee emphatically maintain

that to apply the new tax at any other point than at the point of actual retail sale would, in fact, convert it either wholly or partially into a tax on production or manufacture, and in that event, it might become *ultra vires* of the Government of India Act, and would, in any event, adversely affect the competitive capacity of the mill industry in Bombay *vis-a-vis* other Provinces. The Government of Bombay must be aware of the unjustified handicap which the Cotton Mill Industry of this country suffered for a period of nearly thirty years as a result of the cotton excise duties, and they will, therefore, appreciate the anxiety of the industry to be assured, in the Act itself, that the Sales Tax on cloth, if approved by the Assembly, cannot in any conceivable circumstances be passed back to the manufacturer to the detriment of the future progress of the Cotton Mill Industry on the prosperity of which the well-being of this Province depends to a large extent.

Another point on which the industry requires assurance is that, in the case of artificial silk yarn, which is largely used as a decorative medium in cotton fabrics—and which is not produced in India—double taxation is avoided.

Item No. 1 of the Schedule attached to the Sales Tax Bill, read in conjunction with explanatory paragraph 3, would appear to indicate that liability to this tax entirely depends on whether the oil, grease, or other lubricating substance "is ordinarily used for lubricating the internal machinery or motor vehicles." So far as my Committee are aware, a variety of lubricating oils and greases are on the market for use on motor vehicles, and the explanation, as it stands, would seem to render almost all the lubricating oils and greases used in industrial establishments liable to the tax proposed especially in view of the fact that the scope of the exemption granted in the second proviso to clause 3(1) of the Bill extends only to "sales" by manufacturers and not to "purchases" by manufacturers for the purpose of manufacture. In this view of the case, the Sales Tax, if imposed on lubricants and artificial silk yarn consumed in cotton mills, would directly increase the cost to the Industry of certain raw materials essential to their working, thereby raising the Industry's cost of manufacture, a consummation which, judging from the speech made by the Hon'ble the Finance Minister, the Government of Bombay do not desire to bring about. My Committee, therefore, request that steps should be taken to ensure, by suitable provisions in the Bill itself, that materials utilised by or essential or incidental to a process of manufacture shall not be subject to the new duties.

In so far as the equity of the new taxation and details of the Bill introduced to give effect to the new taxation proposals of Government are concerned, the Association's representative in the Assembly, Mr. S. D. Saklatvala, will at the appropriate time express the Association's point of view.

Government Notification in the Finance Department, No. 2847/33-A, dated the 22nd May 1939.

In exercise of the powers conferred by Sub-section (3) of Section 1 of the Bombay Sales Tax Act, 1939 (Bombay V of 1939), the Government of Bombay is pleased to direct that in respect of Item 2 in the Schedule thereto, namely, manufactured cloth including cloth made wholly or partially of artificial silk whether manufactured in the Province or imported in the Province, the provisions of Sections 2, 6, 7, 8, 9, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23, 25 and 26 of the said Act shall come into force on the 1st day of June 1939.

Copy of a Press Note issued by the Public Relations Officer on 13th May 1939.

The Government of Bombay have decided that the Bombay Sales Tax Act, so far as manufactured cloth is concerned, shall come into force with effect from 1st June 1939. In the first instance only the licensing provisions are proposed to be applied. Every trader in manufactured cloth, including wholesale and retail traders, commission agents, brokers and hawkers will be required to take out a licence within two months from 1st June 1939. Failure to take out a licence will constitute an offence under the Act.

Government desire to make it clear that the fact that all traders will be required to take out licences does not mean that all traders will eventually be made to pay a sales tax. It is the intention of Government to levy a tax only at one such stage in the marketing of cloth. The object of extending the licensing provisions to all traders is to collect statistics which at present are lacking and which are necessary to enable Government to evolve a practicable method of collecting a sales tax.

The draft rules governing the grant of licences have been published in the *Bombay Government Gazette* dated 11th May 1939 and copies may be seen in the offices of Collectors. Objections received on or before 25th May 1939 will be taken into consideration before the rules are finally sanctioned.

Copy of letter No. 2281/56, dated the 23rd May 1939, from the Association to the Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed by my Committee to refer to Government Notification* No. 3528/33-A, dated the 11th May 1939, published in the *Bombay Government Gazette*, dated the 11th May 1939, and to submit below for your consideration my Committee's observations on the draft Rules.

In a *Press Note* issued by the Public Relations Officer dealing with the Rules, it was stated: "The object of extending the licensing provisions to all traders is to collect statistics which at present are lacking and which are necessary to enable Government to evolve a practicable method of collecting a sales tax." For the purpose of carrying out this object, it is specified in Rule 14 that every trader shall, within thirty days of the grant of a licence to him, submit to the licensing authority a statement showing the gross value of the sales of manufactured cloth effected by him during the previous business year. The expression "gross value" has not been clearly defined, but my Committee would like to point out that Section 3(2) of the Act contemplates the levy of a duty not exceeding 6½ per cent. on the value of the sales of such goods, and this expression has a different significance from the term "gross value" since the latter would include such things as brokerage, commission, discounts, etc. My Committee would also like to make it clear in the Rules that the returns to be made in accordance with Rule 14 will only have to be made when the original licence is applied for since the Rule was framed explicitly for the purpose of assisting Government to evolve a practicable method of collecting the sales tax.

It is also not clear from the Rules what particular form of licence manufacturers would have to apply for, and this might also be made clear.

For the purpose of Rule 14, it would appear not to be necessary for manufacturers to submit any other information than that contained in the last published balance sheet, but if this is not the case, my Committee would like to be informed as to what other information would be required.

Copy of letter No. 2463/56, dated the 5th June 1939, from the Association to the Collector of Bombay, Bombay.

I am directed by the Committee of the Millowners' Association, Bombay, to address you in regard to certain matters which have arisen from the Bombay Manufactured Cloth Sales Tax (Licensing Provisions) Rules recently published in the *Bombay Government Gazette*. Section 6 of the Bombay Sales Tax Act, 1939, lays down that "every trader carrying on business in the sale or purchase of any kind of goods specified in the Schedule, shall, within two months of the date on which the Section comes into force obtain a licence from the Collector for carrying on such trade." The expression "trader" under Section 2(8) includes a manufacturer, a producer, or an importer, and a broker or commission agent. Section 6 of the Act read in conjunction with Section 2(8) would, therefore, seem to indicate

* Not printed.

that a 'manufacturer' has to take out a licence. My Committee have gone through the new Licensing Rules published by Government, but they do not see any special form of licence prescribed for "manufacturers." The Rules prescribe special forms of licence for wholesale merchants, retail merchants, brokers or commission agents and hawkers, but no mention appears to have been made of manufacturers. Form A which prescribes the application for the grant or renewal of a licence also refers to wholesale traders, retail traders, brokers or commission agents and hawkers and is silent about manufacturers. In the circumstances, my Committee would greatly appreciate it if you would kindly let them know :

- (a) whether manufacturers have to take out a licence ;
- (b) if so, in what particular form application for a licence has to be made ; and
- (c) in what particular form licence will be granted.

Another matter which arises from the Rules is in regard to Rule 14 which states that every trader shall, within thirty days of the grant of a licence to him, submit to the licensing authority a statement showing the gross value of the sales of manufactured cloth effected by him during the previous business year. The expression "gross value" has not been clearly defined, but my Committee would like to point out that Section 3(2) of the Act contemplates the levy of a duty not exceeding $6\frac{1}{2}$ per cent. of the value of the sales of such goods, and this expression has a different significance from the term "gross value," since the latter would include such things as brokerage, commission, discounts, etc. So far as Rule 14 is concerned, my Committee feel that detailed returns from manufacturers would not be necessary for information regarding sales is already available in their last published balance sheets.

Rule 15 provides certain penalties for contravening any of the provisions of the Act, and my Committee would, therefore, greatly appreciate it if a reply to this reference could be sent as early as possible.

Copy of letter No. 4025/11400-A, dated the 10th June 1939, from the Secretary to the Government of Bombay, Finance Department, Bombay, to the Association.

I am directed to refer to paragraphs 3 and 4 of your letter No. 2281/56, dated 23rd May 1939, and to state as follows:

- (1) As a manufacturer will sell his cloth as a wholesale trader and, in some cases, as a retail trader, it will be necessary for him to take out a licence in form B and/or C as the case may be.
- (2) It is understood that information in regard to sale of cloth is not given on an uniform basis in the balance sheets of all the mills. In some cases, sale of yarn, cloth and waste is lumped together. Government therefore cannot accept the information given in the balance sheets as satisfying the requirements of rule 14 of the Bombay Manufactured Cloth Sales Tax (Licensing Provisions) Rules 1939. A separate return as prescribed in the rule is to be furnished by every licensee.

Copy of circular No. 2565/56-A, dated the 15th June 1939, from the Association to all members of the Association having Mills and/or Cloth Shops in the Bombay Province.

I am directed to invite your attention to the provisions of the Bombay Sales Tax Act, 1939, and the Licensing Provisions Rules issued by the Government of Bombay thereunder.

Section 6(1) of the Act lays down that every trader carrying on business in the sale or purchase of manufactured cloth including cloth made wholly or partly of artificial silk, shall, within two months of the date on which this section comes into force, obtain a licence from the Collector for carrying on such trade. The expression "Trader" according to section 2(8) includes a manufacturer, a producer, or an importer and a broker or commission agent. In this connection, the particular attention of mills is drawn to the provisions of

Sections 6(2), 6(3), 6(4), 7(1), 7(2), 8 and 9 of the Act, and Rules 3, 4, 5, 14 and 15 of the Licensing Provisions. It has been ascertained that, for the purpose of taking out licences, cotton mills would be taken as wholesale traders, that is to say, in the applications for licence, they should ask for wholesale trader's licence. The Licensing Provisions came into operation on 1st June 1939, and under Section 6 of the Act every mill situated within the Province of Bombay would have to take out a licence *before 31st July 1939*. Applications for licence have to be submitted to the Collector of Bombay in the case of mills situated in the City of Bombay, and in the case of mills situated outside the City limits of Bombay to the Mamlatdar or Mahalkari of the taluka or mahal in which they are situated. Under the provisions of Rule 14, every mill has also to send to the Collector of Bombay, within 30 days of taking out a licence, a statement showing the gross value of the sales of manufactured cloth effected by it during the previous business year. The expression "previous business year" has been explained in the explanatory paragraph appended to Rule 14.

In this connection, I am to explain that, although cotton mills have been required to take out licences, it does not mean that mills will eventually be made to pay the sales tax. The second proviso to Section 3(1) of the Act specifically lays down that the sales tax shall not be levied on the sale of any goods by a manufacturer except on the retail sale of such goods. The return called for from mills under the provisions of Rule 14, it would appear, is to enable Government to evolve a practical method of collecting the sales tax.

If, after perusing the Act and the Rules, you have any difficulty in regard thereto, a representative may kindly be deputed to see me.

Copy of a Press Note issued by the Public Relations Officer on 4th December 1939.

The Governor of Bombay has decided, in consultation with his Advisers, not to proceed with the sales tax on manufactured cloth which was authorised by the Bombay Sales Tax Act, 1939.

When the Sales Tax Bill was under discussion in the Legislature, a number of representations were made to the effect that the piecegoods trade in this Province would be seriously affected by the proposed tax. It was urged that the wholesale markets in Bombay and Ahmedabad, which are the distributing centres for a large part of India, would be seriously disorganised by a wholesale tax, particularly because there was no simple method of obtaining refunds on export. With regard to a tax on retail sales, it was urged that it would be necessary for a large number of petty traders—some of whom might be illiterate—to maintain accounts and to submit them for examination to Government inspectors. The tax would thus be both irksome to the tax-payer and expensive to Government. For these reasons, alternative schemes were examined by Government. At the time the late Ministry resigned, however, no decision had been taken and the difficulties which would have to be met in enforcing this sales tax had been found to be considerable.

His Excellency considers that it is not in the best interests of the trade that it should be kept in suspense any longer on this issue, and has, therefore, decided that the decision not to proceed with the *ad valorem* sales tax on manufactured cloth should be made known.

APPENDIX 20.

DEPRECIATION ON MILL BUILDINGS AND MACHINERY.

Copy of letter No. 2852/137, dated the 4th July 1939, from the Association to the Secretary, The Central Board of Revenue, Simla.

The Committee of the Millowners' Association, Bombay, understand that the provisions of the Indian Income-tax (Amendment) Act of 1939 relating to the calculation of the annual depreciation allowance on the "written down" value basis will be given effect to as

and from 1st April 1940. In this connection, my Committee would like to invite your attention to the promise given by Government spokesmen when the Income-tax Bill was under discussion in the Assembly, and to enquire whether, and if so, when Government propose to consult the interests concerned before the new rates of depreciation consequent on the change from the actual cost basis to the written down value basis are fixed. The question of depreciation under the new basis has been engaging the attention of my Committee for some time, and certain tentative conclusions have been reached as a result of the discussions which they have had with machinery manufacturers. These tentative conclusions are set forth below for the information of Government, but my Committee would like to make it clear that they should, at the proper time, be given an opportunity of re-considering and amending, if necessary, the scales shown below :

Under the existing arrangements, an assessee is allowed the full cost of every item of his fixed assets in a specified number of years in equal annual instalments. The " useful " life of the plant or buildings dictates the rate of the allowance ; the longer the life of the plant the smaller the allowance. The assumed life of the various types of buildings, plant and machinery according to the rates specified in the Income-tax Rules has been carefully examined and found to be substantially correct. On these assets, however, depreciation at existing rates on the written down value method would not secure to the assessee an allowance amounting to even 50 per cent. of the original cost at the end of the useful life of such assets, and my Committee, therefore, desire to point out that the rates should be increased to allow the assessee a higher percentage of the original cost of his assets. Unless very high rates are allowed, it is only possible to approach 100 per cent. allowance over a very long period of years, which would be out of all relation to the useful life of such assets ; what my Committee, therefore, suggest is that the assessee should be allowed, in equity, about 90 per cent. of the original cost of his assets at the end of the assumed useful life of each item of plant and machinery. Bearing these considerations in mind, they suggest that the following rates of depreciation should be allowed in respect of each item of plant and machinery shown below. My Committee have submitted proposals only in regard to the assets in which they are interested :—

	Useful Life. Years.	Existing Rate.	Proposed Rate.	Percentage of original cost allowed to the assessee at the end of useful life under the pro- posed rate.
1(1). First class buildings	40	2½%	5%	87.15
2. Machinery, plant or furniture, general rate	20	5%	10%	87.84
2(a) (2). Dyeing and Bleaching Machinery	13(App.)	7½%	15%	87.9
2(c) (4) and (7). Motor Cars and Motor Lorries, etc.	5	{ 15% Cars. 20% Lorries. }	30%	83.19
3(b). Other Electrical Machinery .	13	7½%	15%	87.9

My Committee wish to emphasize at this stage that the application of the written down value system may give rise to certain practical difficulties ; for instance, when mills have changed hands, we know of instances in which, although the purchase price has usually been allocated to each class of asset, i.e., separate valuations have been put on the Land, Buildings and Machinery as groups to make up the total purchase price of the mill, no specific valuation has been made of the individual items of machinery, etc., making up each class of asset. This does not affect the calculation of the annual depreciation on each class of asset as a whole, but difficulties will arise when any machinery is sold or discarded, and the amount by which the written down value of the machinery exceeds the amount for which the machinery is actually sold or its scrap value is to be claimed as a loss in the year in which such machine is sold or discarded. This difference cannot then be ascertained, because the original cost of each specific item of the plant or machinery is not on record, and the written down value cannot, therefore, be arrived at by the simple mathematical calculation which is all that is required when the original cost and year of purchase are available.

Such problems as these cannot be disposed of by any hard and fast regulations, and my Committee, therefore, submit that they should be given an opportunity of discussing them fully with the authorities concerned before any specific regulations are published.

Copy of letter R. Dis. No. 27(6)-I.T./39, dated the 6th July 1939, from the First Secretary, Central Board of Revenue, Simla, to the Secretary, Federation of Indian Chambers of Commerce and Industry, New Delhi, forwarded to the Association with reference to its letter No. 2852/137, dated the 4th July 1939.

In reply to your letter No. F/987, dated the 6th June 1939, on the above subject, I am directed to say that the decision conveyed in my letter C.No. 27(6)-I.T./39, dated the 15th February 1939, had reference to the suggestion made in your letter No. F/276, dated the 9th February 1939, that sufficient time should be given to the interests concerned to consider the proposals of the Central Board of Revenue in respect of the rates of depreciation allowance. The Board has considered the suggestion made in your letter under reply, and has come to the conclusion that as the rates of depreciation have to be fixed after a detailed consideration of the facts relevant to each separate class of assets, and as the number of classes is large, an all-India conference to be held before any rates have been proposed by the Board would serve no useful purpose. The present intention, therefore, is to publish the rates proposed by the Central Board of Revenue for general consideration and for comments within a period of not less than two months. If, after considering the written comments on the proposed rates, it appears that oral discussion on particular rates would serve a useful purpose before the rates, as modified in the light of the written comments, are published in the form of a Rule under the Income-tax Act, an opportunity will be given to the interests concerned for such discussion, either at important centres such as Bombay and Calcutta or at an all-India conference. It is considered that the adoption of such a course would be in the best interests of all parties concerned and would fully implement the undertaking given by Sir James Grigg.

Copy of letter C/No. 27(15)-I.T./39, dated the 4th August 1939, from the first Secretary, Central Board of Revenue, Simla, to all Chambers of Commerce, and all Commissioners of Income-tax [including the Commissioner of Income-tax (Central), Bombay].

I am directed to invite your special attention to Board's Resolution No. 63—Income-tax, dated the 5th August 1939 (published in the *Gazette of India* of the same date) with which have been published the Central Board of Revenue's proposals regarding revised rates of depreciation allowance.

Copy of the Central Board of Revenue Resolution No. 63—Income-tax, dated the 5th August 1939.

The Indian Income-tax (Amendment) Act, 1939, has changed the basis for calculating depreciation on business assets from the "original cost" to the "written down value." In view of the difficulties involved in working out the rates and consulting the interests affected, it was specifically provided that the changes would not take effect earlier than the 1st day of April 1940. The Central Board of Revenue proposes to introduce the change with effect from the assessments for the year beginning on 1st April 1940 and the following tentative schedule of rates is published for general consideration and criticism.

2. The existing schedule of rates was first issued in the year 1919 and although from time to time it has been brought to the notice of the Board that many of the rates were generally excessive, it has been deemed undesirable to make changes at frequent intervals. The present occasion has, therefore, been utilised to review the position in detail and the rates now proposed follow to a large extent the rates prescribed for similar assets in the United Kingdom, where the written down value basis is in operation for almost all classes of assets. In no case is the proposed rate lower than the corresponding rate in the United Kingdom (excluding the special temporary additions to the United Kingdom rates).

3. The arrangement of the proposed schedule follows the existing schedule with a view to facilitating the calculation on the new basis. Although over-all rates for particular industries have been continued, assesses have the option of claiming the higher rates of depreciation for certain individual items such as motor-cars, office equipment, electrical machinery, etc., leaving the over-all rate to be applied to the remainder of the machinery and plant.

4. Criticisms of the proposed schedule and suggestions accompanied by the evidence on which they are based should be forwarded to the Central Board of Revenue within two months from the date of this Resolution. If after considering the written comments, it appears to the Board that oral discussion on particular rates would be useful, before the rates as modified in the light of the written comments are promulgated in the form of a rule under the Income-tax Act, an opportunity will be given to the interests concerned for such discussions either at important centres or at an all-India conference.

Proposed schedule of rates of depreciation for Income-tax assessments for the years 1940-41 onwards.

Class of buildings, machinery, plant or furniture.	Rate (percentage on written down value).
I. BUILDINGS—	
(1) First class substantial buildings of selected materials	1½
(2) Buildings of less substantial construction	3
(3) Purely temporary erections such as wooden structures	No rate is prescribed ; renewals will be allowed as revenue expenditure.
II. MACHINERY, PLANT OR FURNITURE—	
General rate	5
Special rates are sanctioned as under in the case of machinery, plant or furniture used in the following industries :—	
(1) Flour Mills	6½
Rice Mills	
Bone Mills	
Sugar Works	
Distilleries	
Ice Factories	
Aerating Gas Factories	
Match Factories	
(2) Paper Mills	7½
Strawboard Mills	
Ship-building and Engineering Works	
Iron and Brass Foundries	
Aluminium Factories	
Electrical Engineering Works	
Motor Car Repairing Works	
Galvanizing Works	
Patent Stone Works	
Oil Extraction Factories	
Chemical Works	
Soap and Candle Works	
Lime Works	
Saw Mills	
Dyeing and Bleaching Works	
Cement Works using rotary kilns	
Rod Mills	
(3) Brick Manufacture	7½
Tile-making industry	7½
(4) The manufacture of—	
(a) vegetable ghee	10
(b) optical instruments	
(c) coke, and	
(d) concrete pipes	
(5) Glass Factories	10
(6) Telephone Companies	7½
(7) Mines and Quarries	10
(8) Wire and Nail-making Mills	10
B. Furniture and plant in hotels and boarding houses	7½

Class of buildings, machinery, plant or furniture.	Rate (percentage on written down value).
II. MACHINERY, PLANT OR FURNITURE—<i>contd.</i>	
C. (1) Comptometers	} 10
Typewriters	
Tube-well boring plant	
Concrete pile driving machines	
Neopost Franking machines	10
(2) Sewing and knitting machines employed in hosiery factories ..	10
(3) Sewing machines for canvas or leather	12½
(4) Motor Cars	20
(5) Indigenous sugarcane crushers (Kohlus and Belans)	15
(6) Moulds used in the manufacture of concrete pipes	20
(7) Motor Taxis, motor lorries and motor buses	20
(8) Ropeway ropes and trestle sheaves and connected parts ..	25
D. Ropeway structures—	
(1) Trestle and station steel work	5
(2) Driving and tension gearing	7½
(3) Carriers	10
E. Salt Works—	
(1) Machinery, plant, locomotives, wagons and rolling stock ..	10
(2) Tugs, barges, motor launch and floating plant	5
(3) General plant and machinery used in engineering shops ..	7½
(4) Reservoirs, condensers, salt pans, delivery channels and piers, if constructed of masonry, concrete, cement, asphalt or similar materials	5
(<i>Note.</i> —Repairs to earth-works of the same kind will be allowed as revenue expenditure.)	
(5) Piers, quays and jetties constructed entirely or mainly of steel	5
(6) Piers, quays and jetties constructed entirely or mainly of wood	10
(7) Pipe lines for conveying brine if constructed of masonry, concrete, cement, asphalt or similar materials	10
III. ELECTRICAL MACHINERY—	
(a) Batteries	15
(b) Other electrical machinery, including electrical generators, motors (other than tramway motors), switchgear and instruments transformers and other stationary plant and wiring and fittings of electric light and fan installations	7½
(c) Underground cables and wires	3
(d) Over-head cables and wires	3
(e) X-Ray and Electro-therapeutic apparatus and accessories thereto	20
(f) Silk Manufacturing—weaving machinery worked by electric motors including winding machines, twisting frames, doubling machine, pirn winding machine, warping machine, looms, stentering machine and hydro-extractor	7½
(g) Air-conditioning machinery	7½
(h) Machinery used in the production of cinematograph films, namely— Recording equipment, reproducing equipment, developing machines, printing machines, editing machines, synchronisers and studio lights	15
IV. HYDRO-ELECTRIC CONCERNS—	
Hydraulic works, pipe-lines, sluices, and all other items not otherwise provided for in this statement	2½

Class of buildings, machinery, plant or furniture.	Rate (percentage on written down value).
V. ELECTRIC TRAMWAYS—	
Permanent way—	
(a) Not exceeding 50,000 car miles per mile of track per annum ..	7½
(b) Exceeding 50,000 and not exceeding 75,000 car miles per mile of track per annum	8½
(c) Exceeding 75,000 and not exceeding 125,000 car miles per mile of track per annum	10
Cars—car-tracks, car bodies, electrical equipment and motors	7
General plant, machinery and tools	
VI. MINERAL OIL CONCERNS—	
A. Refineries—	
(1) Boilers	10
(2) Prime-movers	5
(3) Process plant	7½
B. Field Operations—	
(1) Boilers	10
(2) Prime-movers	5
(3) Process plant	7½
Except for the following items—	
(1) Below ground	No rate is prescribed but renewals will be allowed against revenue.
(2) Above ground—	
(a) Portable boilers, drilling tools, well-head tank rigs, etc. ..	25
(b) Storage tanks	10
(c) Pipe lines—	
(i) Fixed boilers	10
(ii) Prime-movers	7½
(iii) Pipe-line	10
VII. SHIPS—	
(1) Ocean—	
(a) Steam	5
(b) Sail or tug	4
(2) Inland—	
(a) Steamers, Tug boats, Iron or steel flats for cargo, etc., and wooden cargo boats	5
(b) Motor launches	10
(c) Speed Boats*	15
* "Speed Boats" means a motor-driven boat with a high speed internal combustion engine capable of propelling the boat at a speed exceeding 15 miles per hour in still water and so designed that when running at speed it will plane—i.e., its bow will rise from the water.	
VIII. MINES AND QUARRIES—	
(1) Railway siding (excluding rails)†	5
(2) Shafting	5
(3) Tramways on the surface (excluding rails)†	10
IX. AEROPLANES—	
(1) Aircraft	30
(2) Aero-engines	40
(3) Aerial photographic apparatus	25

† Depreciation on rails used for tramways and sidings and in inclines where the rails are the property of the assessee, is allowed at 10 per cent., under Item 11 above (plant used in connection with mines and quarries.)

Copy of letter No. 4513/137, dated the 27th October 1939, from the Association to the Secretary, Central Board of Revenue, New Delhi.

I am directed by the Committee of the Millowners' Association, Bombay, to refer to the Central Board of Revenue's Resolution No. 63, dated 5th August 1939, which invites criticisms of the tentative schedule of rates of depreciation which the Board proposes should be applied to assessments commencing with the year 1940-41.

Since the representation submitted to you in my letter No. 2852/137, dated 4th July last, the subject of depreciation has been discussed at a conference held in Calcutta on the 6th October 1939, under the Chairmanship of Sir H. P. Mody at which the viewpoints of industrialists from various parts of the country were considered not only with regard to the Cotton Textile Industry, but also in respect of Jute, Woollen and other textiles. The unanimous conclusions reached at the conference were that the proper rates of depreciation were those which are set forth in the Schedule attached.* These rates, which follow very closely the suggestions made by the Association in July last, have my Committee's full support.

It is accepted generally that the rates allowed on the original cost, as laid down in Rule 8 of the Income-tax Rules, indicated the approximate life of each particular asset. In this connection, I would draw your attention to the following extract from my letter No. 2852/137, dated the 4th July 1939 :—

“ Under the existing arrangements, an assessee is allowed the full cost of every item of his fixed assets in a specified number of years in equal annual instalments. The “ useful ” life of the plant or buildings dictates the rate of the allowance ; the longer the life of the plant the smaller the allowance. The assumed life of the various types of buildings, plant and machinery according to the rates specified in the Income-tax Rules has been carefully examined and found to be substantially correct. On these assets, however, depreciation at existing rates on the written-down value method would not secure to the assessee an allowance amounting to even 50 per cent. of the original cost at the end of the useful life of such assets, and my Committee, therefore, desire to point out that the rates should be increased to allow the assessee a higher percentage of the original cost of his assets.”

In the Schedule now issued by the Central Board of Revenue, however, instead of the rates being increased (which is necessary as the percentage rates are to be applied on the written-down value) they are in the majority of cases either reduced or kept at the same figure as before. In respect of about 100 items for which rates are given in the proposed schedule, the position indicated is :

- (i) For 81 items, the old rates are maintained under the new method of calculating the depreciation allowance ;
- (ii) For 8 items, the old rates are reduced ;
- (iii) For 2 items, no depreciation is allowed and only renewals are to be allowed as revenue expenditure ; and
- (iv) For 9 items, they are increased.

In this connection, the Board of Revenue's attention is drawn to the assurance given by Mr. S. P. Chambers in the Indian Legislative Assembly that the intention was that for each class of asset the rate would be such as would reduce the value of the asset to its scrap value at the end of its life. Mr. Chambers went on to say that by its “ life ” he meant its real value. It appears to the Association that this assurance has been overlooked by the Central Board of Revenue in framing its suggested rates as published in the Resolution referred to above.

* Not printed.

It is stated in the Board's Resolution that the rates now proposed follow those prescribed for similar assets in the United Kingdom, and that in no case is the proposed rate lower than the corresponding rate in the United Kingdom, excluding the special addition of 20 per cent. to the United Kingdom rates. We maintain that the conditions prevailing in the United Kingdom and in India are not comparable, as there are many different factors, such as climatic conditions, technical skill of operative and maintenance staff, which undoubtedly tend to depreciate assets much more quickly in India than in the United Kingdom. For those reasons we consider that the United Kingdom rates are not applicable to India and must be subject to a general increase before the allowances can be regarded as satisfactory.

Obsolescence (General).—My Committee pointed out in their previous communication that in certain cases, owing to the inadequacy of records, it will not be possible always for assesses to verify by documentary evidence the original cost, less applied depreciation, on which claims for obsolescence can be based. A similar position will arise if the amount for which plant or machinery is sold exceeds the written-down value, and the surplus is to be brought in for taxation as a profit of the year in which the sale took place.

My Committee trust that the difficulties arising in such cases will be kept prominently in mind by the Central Board of Revenue, and point out that under the existing straight line method, for the purpose of adjusting the block accounts when fixed assets have been sold or discarded, the taxation authorities have accepted estimates of the original cost as supplied by the assesses.

Obsolescence on Buildings.—It would appear from Section 10(2) (vii) of the Act that no obsolescence allowance can be claimed in respect of buildings. This Association considers that such an allowance should be given, as buildings as well as plant and machinery, form an integral part of a Company's earning capacity. We would also urge that where temporary buildings have been demolished or discarded a full allowance for obsolescence arising therefrom should be allowed in tax assessments.

The word "obsolescence" is used in the foregoing paragraphs only for the sake of brevity, and our submissions refer to the definition given in the Amendment Act, that is, any amount by which the written-down value of a depreciating asset exceeds the amount for which such depreciating asset is actually sold or its scrap value.

It is a matter of vital importance to industry that a mutually satisfactory arrangement regarding the rates of depreciation to be allowed should be arrived at before the provisions of Section 10(2) (vi) of the Income-tax Act as now amended are brought into force, and this Association is very definitely of the opinion that the representations submitted by the various industrial interests should receive careful consideration by the Central Board of Revenue and that the rates should be determined in agreement with the industries concerned.

Finally, we understand that it is intended by the Legislature that, commencing with the year of assessment in which the new method of calculating depreciation is introduced, unabsorbed depreciation admissible from that date will be carried forward in the same manner as under the Act before amendment, and we submit that where an assessee has both losses and unabsorbed depreciation carried forward, it should be made clear that the losses are to be set off against any profits of subsequent years before any part of the depreciation allowance is applied.

Copy of Press Note dated, New Delhi, 6th December 1939.

The Central Board of Revenue, New Delhi, proposes to hold between January 15th and 31st, 1940, a series of discussions with representatives of Chambers of Commerce, Trade Associations and other interested organisations, on the income-tax depreciation rates, a tentative schedule for which had lately been published in the *Gazette of India* for general consideration. Various suggestions and criticisms have been received and considered. The Board is of opinion that oral discussion of particular rates with the interests concerned may be useful and these discussions are accordingly being arranged.

Chambers of Commerce, Trade Associations and other organisations wishing to send representatives to these discussions are required to send intimation to the Board on or before December 30th, 1939. As soon as these intimations are received, each body will be notified of the date and time fixed for discussion.

APPENDIX 21.

CONTROL OF FORWARD TRADING IN COTTON.

Copy of letter No. 3290/140, dated the 3rd August 1939, from the Association to the Secretary to the Government of Bombay, Finance Department.

I am directed to invite your attention to my letter No. 2837/147, dated the 4th July 1938, in which my Committee's views on the subject of controlling forward trading in stocks and shares and commodities in general, and cotton in particular, were set forth at length.

Referring to the state of affairs which existed in the cotton trade, Government in their letter No. 2902-D dated the 3rd May 1938, observed that the penalty of mere voidability attached to contracts made in contravention of the Bombay Cotton Contracts Act and the Rules made thereunder had been quite ineffective in the cotton market. It was further pointed out that there existed only one 'recognised' Association, namely, the East India Cotton Association, Ltd., and trading in this Association was subject to rules approved by Government. At the same time, Government stated, there were other associations which also claimed to deal in cotton, and in at least one of which a considerable amount of speculative business takes place. These associations, it would appear, were not subject to the control of Government, and the voidability of contracts was not a sufficiently strong penalty to make it a matter of urgency for these associations to apply to Government for recognition. The position, therefore, in the opinion of Government, was that, while the 'recognised' Association was subject to rules sanctioned by Government, there were other associations which were entirely unregulated, and Government had really no effective control over forward trading in Bombay. In the circumstances, Government indicated that they were considering the question as to whether it would not be possible to get the two main cotton associations merged into each other and also whether they should not arm themselves with powers to prosecute persons for forward dealing in cotton except through a 'recognised' association and for violating the rules of a 'recognised' association. In other words, Government appeared to be of the opinion that the actual means whereby the cotton trade could be effectively controlled was to bring it under the sole control of one association, and having decided which association should be recognised for the purpose, the penalty of illegality should be attached to contracts other than those entered into through the 'recognised' association.

Commenting on Government's proposals, the Committee of my Association stated that they were in favour of "uniformity of control" of cotton trade; nevertheless, they recognised that "unitary control" was an ideal to be aimed at, and preferred to achieve this ideal by voluntary agreement amongst all sections of the trade without resort to penal legislation. They further maintained that this unitary control may in time develop. Unitary control should, it was stated, spring from the desire and efforts of the trade itself, and the law should permit the formation and recognition of other associations in certain eventualities. If, however, it was the intention of Government to facilitate the control of trade by one association, then, my Committee pointed out, a pre-requisite would be a constitution which provided for the representation of all the interests concerned in such manner as would exclude the possibility of any particular section of the trade obtaining a controlling voice in the affairs of the 'recognised' association, and which guaranteed facilities for all traders for carrying on their legitimate business in buying, selling and hedging in all circumstances.

Since this letter was written, certain developments have taken place. An understanding was recently reached between the East India Cotton Association, Ltd., and the Shree Mahajan Association, and though the terms of this understanding have since been repudiated by the members of the latter organization, we understand that further efforts are likely to be made in the near future at the instance of Government to bring about a merger of these two Associations. If, as indicated in Government's letter dated the 3rd May 1938, this merger is only the first step towards the establishment of unitary control of forward trade in cotton, then it naturally follows that the next step would be an amendment of the Bombay Cotton Contracts Act on the lines already indicated by Government, which would make all contracts illegal other than those made through the "recognised" association. If this reading of the situation is correct, then my Committee wish to urge, with all the emphasis at their command, that no amendment of the Cotton Contracts Act should be undertaken unless the constitution and bye-laws of the East India Cotton Association, Ltd., which will probably be the only 'recognised' association charged with unitary control, have been suitably amended by a Committee of Enquiry with comprehensive terms of reference. This matter was dealt with at some length in our letters to Government and the East India Cotton Association, Ltd., in 1936.

My Committee pointed out in these letters that the existing constitution of the East India Cotton Association, Ltd., was unsatisfactory. One of the objects of the East India Cotton Association, Ltd., is to facilitate the ordinary marketing of cotton and to protect the interests of *bona fide* producers and users of actual cotton. This, it was pointed out, the East India Cotton Association, Ltd., would not be able to achieve so long as one particular section of the trade—and that the least concerned in dealings in actual cotton—has a preponderating voice in the management of the Association. Under the present system of voting at general meetings of the East India Cotton Association, Ltd. (one member one vote), the numerical strength of the brokers gives them a clear majority in all matters. Certain safeguards which have been provided in the constitution to prevent the majority section always imposing their will on the minority have been proved to be of no practical value whatsoever, the broker section circumventing these safeguards by demanding a poll and utilising their numerical superiority over other sections in turning the results of the poll to their advantage.

The terms of the amalgamation of the Shree Mahajan Association with the East India Cotton Association, Ltd., which was recently rejected by the former would, if accepted, have made matters even worse, for the 200 members of the Shree Mahajan Association who would have automatically become members of the East India Cotton Association, Ltd., might, in due course, attain their full voting rights, and thus swell the voting strength of brokers, making it even more difficult for *bona fide* buyers and sellers to carry out any proposals which, in their opinion, were calculated to improve trading conditions, but which did not happen to suit the brokers.

Incidentally, I am to point out that one of the terms of the reported amalgamation of the East India Cotton Association, Ltd., and the Shree Mahajan Association was that the members of the latter organization would be entitled to elect three Directors to the Board of the East India Cotton Association, Ltd., thus bringing the number of Directors representing brokers to 9 as against 4 each representing the Buyers' and Sellers' Panels, and one co-opted Director elected alternately from the Buyers' and Sellers' Panels. This, it is thought, will tip the scales still further in favour of the brokers unless the existing ratio of representation of the respective panels on the Board is maintained.

The second point made by the Committee was that the conditions of trade were far from being satisfactory. My Committee presume that unitary control with a penal clause will be associated with another clause which will restrict trading in futures to the trading ring only. While superficially this may seem sound, indiscriminate closing of the market on days other than the prescribed holidays would greatly inconvenience genuine traders and deny them the right of operating in the hedge market against purchases and sales of actual cotton. My Committee, therefore, are strongly of the opinion that on all days, which are not declared as public holidays on the East India Cotton Association calendar, trading between members should be permissible even though for some domestic or local reason the ring itself is closed. In the past, as Government are aware, the market has been indiscriminately

closed without due notice being given to the trade on days other than declared holidays, and my Committee feel they ought to point out that, in the interest of free and unrestricted trading, it is essential that the number of holidays should be decided upon at the commencement of each year, and that these holidays should be published as at present on the calendar of the East India Cotton Association, Ltd., and thereafter strictly adhered to under all circumstances, except perhaps for very weighty domestic reasons when my Committee would have no objection to the market being closed for about an hour. As regards the Ring Committee which controls trading in the forward ring, this body is at present elected by the General Body of the East India Cotton Association, Ltd., and not on the panel system, and because of the numerical superiority of the brokers, the Ring Committee from its inception has consisted exclusively of broker members who therefore have complete control over ring trading.

We do not feel it is necessary at this stage to go into the details of this aspect of the case. Nor does it appear to be necessary to restate at length the history of the various proposals for improving the trade submitted to the East India Cotton Association, Ltd. These matters have been fully set forth in the two joint letters addressed to the East India Cotton Association, Ltd., by the Bombay Chamber of Commerce and ourselves in September 1936, copies of which are enclosed herewith* for ready reference; but what we desire to point out is that we wish to be assured at this stage that neither the East India Cotton Association, Ltd., nor, for the matter of that, any other association, would be vested with powers to control the trade as "the only recognised association" under the Act unless its constitution and bye-laws have been amended to provide for the adequate representation of genuine trading interests on the administration and control of such organization and to ensure fair trading in all circumstances.

Another point which we desire to mention at this stage is that, if Government decided to introduce unitary control coupled with a penal clause, and if legislation to provide for such unitary control is confined to Bombay Province only, it might lead to the establishment of rival associations outside the Province, and particularly in Indian States, thus enabling traders outside the Province to trade indiscriminately and at the expense of the traders and merchants of the Province of Bombay. In this view of the case, it would seem that the present state of affairs could be more satisfactorily dealt with by introducing an all-India measure designed to regulate forward trading on a uniform basis throughout India on the lines of the United States of America Commodity Exchange Act which, it is understood, applies to and regulates forward trading throughout the United States of America.

Copy of letter No. 4480/140, dated the 25th October 1939 from the Association to the Secretary to the Government of Bombay, Finance Department.

A copy of certain amendments in the Articles and Bye-laws of the East India Cotton Association, Ltd., which the Board propose to place before a general meeting of the E. I. C. A. to be held on the 3rd November 1939, has been forwarded to my Association. In view of the preponderance of the voting power in the hands of the Brokers' Panel of the E. I. C. A., it is probable that the proposed amendments will be passed by a large majority of votes at the general meeting to which reference has already been made. My Association, however, wishes to make it perfectly clear that a very important section of the trade which deals in actual cotton is strongly opposed to the amendments which have been suggested. The view point of this Association was set out at length in a representation submitted to Government on the 3rd August 1939, and it is known that similar views have been expressed by other bodies connected with the trade in actual cotton.

So far, indeed, from agreeing with the proposed amendments which, inasmuch as they affect the question of the number of Directors would have the effect of aggravating the existing disparity between the representatives of the Buyers' Panel and the Brokers' Panel, my Association is firmly of the opinion that the panel system of representation should be reverted to also for the purpose of general meetings of the Trade. Whereas from 1922

* Not printed.

onwards there were 90 representatives (15 from each of 6 Panels) in whom the conduct of the Trade was vested, we propose that there should now be 75, made up of 25 representatives from each of the three Panels, namely, Buyers, Sellers and Brokers : and these three groups of representatives should each elect to the Board three Directors instead of the number as now provided for in the Articles as proposed to be altered at the meeting of 3rd November.

In all the circumstances of the case, it is urged that before any material amendments to the Articles and Bye-laws are assented to by Government, a Committee of Enquiry with comprehensive terms of reference should be set up to examine the constitution of the E.I.C.A. This course was urged as long ago as 1936 and, in the opinion of my Association, should be proceeded with in the immediate future. Pending this enquiry, my Association urges that no change be allowed by Government.

Copy of letter No. 4481/140, dated the 25th October 1939, from the Association to the East India Cotton Association, Ltd., Bombay.

A copy of certain amendments to the Articles and Bye-laws of the East India Cotton Association which the Board of that Association propose to place before a general meeting to be held on 3rd November 1939, has been forwarded to my Association. My Committee regret to have to inform you that they do not agree with the amendments proposed by the Board in the Articles. Their views on the constitution and working of the E. I. C. A. were set out at some length in a communication addressed to the Government of Bombay in August last of which I enclose a copy for ready reference. It is further understood that the views of the Buyers' Association and the Bombay Chamber of Commerce are, in many respects similar to those held by our Association. In these circumstances, my Committee have found it necessary once more to address Government in the matter in order to make it perfectly clear that a very large section of the traders in actual cotton are dissatisfied with the proposed amendments in the constitution and that they desire a reversion to the old panel system of voting at general meetings, and a constitution of the Board of Directors in which the number of representation of each of the Panels of Buyers and Sellers to the representation of the Brokers' Panel remains equal. I also enclose a copy of this second letter.

APPENDIX 22.

PROHIBITION OF OPTION TRADING IN COTTON.

BOMBAY ORDINANCE No. II OF 1939.

An Ordinance to prohibit options in cotton.

Whereas the Governor of Bombay is satisfied that circumstances exist which render it necessary for him to take immediate action for prohibiting options in cotton and certain other purposes hereinafter appearing ;

And whereas the Legislature of the Province is not in session ;

Now, therefore, in exercise of the powers conferred by section 88 of the Government of India Act, 1935, and in pursuance of the instructions from the Governor-General under proviso (b) to sub-section (1) of the said section, the Governor of Bombay is pleased to promulgate the following Ordinance :—

1. *Short title and extent.*—(1) This Ordinance may be called the Bombay Options in Cotton Prohibition Ordinance, 1939.

(2) It shall extend to the whole of the Province of Bombay.

2. *Definitions and interpretation.*—(1) In this Ordinance, words and expressions defined in the Bombay Cotton Contracts Act, 1932, shall have the meanings assigned to them in that Act.

(2) The provisions of the Bombay General Clauses Act, 1904, shall apply to the interpretation of this Ordinance.

3. *Application and operation of Bom. IV of 1932 in areas to which it did not apply and in which it did not operate.*—Notwithstanding anything contained in section 2 of the Bombay Cotton Contracts Act, 1932, hereinafter called the said Act, the Provincial Government may by notification in the Official Gazette direct that the provisions of the said Act shall apply to and come into operation in any area to which the said Act has not been applied or in which it has not come into operation before the date of this Ordinance, on such date as may be specified in the notification.

4. *Power of Provincial Government to make by-laws for recognised cotton association.*—Notwithstanding anything contained in section 6 of the said Act, the Provincial Government may, at any time, make for any recognised cotton association, any by-laws in respect of any of the matters specified in section 6 of the said Act and may also add to, vary or rescind any by-laws made by the Board of Directors of such association under the said section. By-laws or any addition, variation or rescission made by the Provincial Government under this section shall be published in the official Gazette.

5. *Options in cotton void.*—Notwithstanding anything contained in the said Act or in any other law for the time being in force, all options in cotton entered into after the date on which this Ordinance comes into force shall be void.

6. *Savings.*—Nothing in this Ordinance shall be deemed to affect :—

- (a) the terms and incidents of any option in cotton made or effected before the date on which this Ordinance comes into force ;
- (b) the validity, invalidity, effect or consequences of anything already done or suffered before the aforesaid date in regard to such options in cotton ;
- (c) any right, title, obligation or liability acquired, accrued or incurred in regard to such options in cotton before the aforesaid date ;
- (d) any remedy or proceeding in respect of such right, title, obligation or liability ;
- (e) anything done in the course of any proceeding pending in any court on the aforesaid date relating to such options in cotton ;

and any such remedy or proceeding may be enforced, instituted or continued, as the case may be, as if this Ordinance had not been passed.

Statement.

The behaviour of the cotton market in Bombay since the declaration of war has caused Government serious anxiety. It is evident that under the conditions under which cotton trade is carried on to-day, there are possibilities of violent fluctuations in prices and consequent crises in the market. Such fluctuations are also often greatly to the disadvantage of the producer in whose interests it is necessary to maintain a high but steady price. Government consider that the main factor responsible for the violence of fluctuations is the teji mandi or option business. The intention of this ordinance is to declare such business void. It is possible that this provision may put a stop to option contracts, but in case it does not, Government propose to bring forward legislation which would effectively stop options.

2. Under the Bombay Cotton Contracts Act, 1932, by-laws cannot be made by Government; they can only approve or disapprove of by-laws submitted by the Association or the Directors. It is also obligatory on Government to give by-laws preliminary notification before final sanction. In the abnormal conditions created by the war it may be necessary to issue by-laws urgently. It is proposed therefore to take power to impose by-laws on a recognised association on the authority of Government and without preliminary notification.

3. The Bombay Cotton Contracts Act, 1932, applies only to the City of Bombay and the Island of Salsette. Power has been taken to extend the Act to other parts of the Province. The provision regarding option business is made applicable to the whole Province forthwith.

BOMBAY, 22nd September 1939.

ROGER LUMLEY,
Governor of Bombay.

Copy of letter No. 4113/194, dated the 3rd October 1939, from the Association to the Government of Bombay, Finance Department.

I am directed by the Committee of the Millowners' Association, Bombay, to address you in connection with the Ordinance No. II of 1939, which was promulgated on the 22nd September 1939. The Ordinance prohibits options in cotton and also empowers Government to make by-laws for any recognised cotton association. In the statement included at the end of the Ordinance, it is stated that "under the Bombay Cotton Contracts Act, 1932, by-laws cannot be made by Government; they can only approve or disapprove of by-laws submitted by the Association or the Directors. It is also obligatory on Government to give by-laws preliminary notification before final sanction. In the abnormal conditions created by the war it may be necessary to issue by-laws urgently. It is proposed therefore to take power to impose by-laws on a recognised association on the authority of Government and without preliminary notification."

While my Committee are fully alive to the necessity of suppressing unhealthy speculations in cotton to the detriment of the grower and the *bona fide* users and exporters of cotton, they feel that the special powers assumed by Government, especially in the matter of issuing by-laws or changing or repealing existing by-laws should not be exercised without consulting the interests concerned. My Committee concede that circumstances may arise in which such consultations may not, in view of the urgency of the matter, be feasible, but it is pointed out that even such abnormal cases could be met by immediately bringing into being a consultative committee fully representative of all sections of the trade to advise Government in all matters concerning ready or forward trade in raw cotton.

My Committee note from Section 88(2) (a) of the Government of India Act, 1935, that the Ordinance shall cease to operate at the expiration of six weeks from the re-assembly of the Legislature. As the Bombay Legislative Assembly is now in session, my Committee earnestly suggest that the powers conferred on Government by Ordinance II should be utilized for dealing only with matters of essential urgency.

Copy of letter No. 4817/194, dated the 21st November 1939, from the Association to the Government of Bombay, Finance Department.

I am directed to refer you to the Association's letter No. 4113/194, which was addressed to you on the 3rd of October 1939, following the publication of Ordinance No. II, on the 22nd September 1939. The prohibition of trading in options was very warmly welcomed since it has long been the view of the Association that this type of speculation had, even under peace time conditions, a very disturbing and unhealthy effect on the cotton market. My Committee were in entire agreement with the comments made in the statement attached to

the Ordinance that the behaviour of the cotton market in Bombay since the declaration of war had caused serious anxiety, and that it was evident that under the conditions under which cotton trade is carried on to-day there are possibilities of violent fluctuations in prices and consequent crises in the market, and that violent fluctuations were often greatly to the disadvantage of the producer in whose interests it was necessary to maintain a high but steady price. Government then went on to say that, in their view, the main factor responsible for the violence of fluctuations was the 'teji mandi' or option business. Government's statement also indicated that they proposed to bring forward legislation which would effectively stop options. The *Bombay Government Gazette* of the 24th of October 1939, Part V, published the text of the Bill which the Government of Bombay proposed to introduce for amending the Bombay Cotton Contracts Act, and Section 4 of that Bill read as under :—

“Section 4.—After section 8 of the said Act, the following sections shall be added, namely :—

9. Notwithstanding anything contained in this Act or any other law for the time being in force all options in cotton entered into after the 22nd day of September 1939, shall be void.

10. Nothing in section 9 shall affect or be deemed to affect :—

- (a) the terms and incidents of any options in cotton made or effected before the 22nd day of September 1939 ;
- (b) the validity, invalidity, effect or consequences of anything already done or suffered before the aforesaid date in regard to such options in cotton ;
- (c) any right, title, obligation or liability acquired, accrued or incurred in regard to such options in cotton before the aforesaid date ;
- (d) any remedy or proceeding in respect of such right, title, obligation or liability ;
- (e) anything done in the course of any proceeding pending in any court on the aforesaid date relating to such options in cotton,

and any such remedy or proceeding may be enforced, instituted or continued, as the case may be, as if section 9 has not come into force.”

In the Statement of Objects and Reasons attached to the Bill, it was mentioned that it was essential in the interests of the cotton trade that the provisions of the Ordinance No. II should continue to be on the Statute Book, and that while the Bill took the form of amendments to the Bombay Cotton Contracts Act, there was, in substance, no difference between it and the Ordinance. Unfortunately, the Bill XXXIV lapsed when the Bombay Legislative Assembly was prorogued on 3rd November 1939, and Ordinance No. II also ceased to operate on that day. The position, therefore, to-day is that weekly and monthly options in cotton have again become permissible, and the evil of violent fluctuations to which His Excellency the Governor of Bombay referred in the Statement attached to the Ordinance are once more detrimentally affecting the cotton trade and will continue to do so as long as the war emergency continues. While my Association do not consider it advisable to interfere unduly with the rule-making powers of the Board of the East India Cotton Association, Ltd., they consider it absolutely essential that trading in options should be discontinued forthwith in order to create a healthy basis of trading in cotton, and in these circumstances, they would urge that a new Ordinance to deal effectively with the situation should be promulgated immediately and that, at the first opportunity, legislation should be introduced in the Provincial Assembly to give statutory effect to this prohibition of option trading at least for the duration of the war. My Committee also desire to suggest that a useful purpose might be served by giving a deputation from the Association an opportunity of meeting Sir Gilbert Wiles, K.C.I.E., C.S.I., Adviser to His Excellency the Governor, and discussing the situation.

BOMBAY ACT No. XXV OF 1939.

(First published, after having received the assent of the Governor-General in the "Bombay Government Gazette" on the 11th December, 1939.)

An Act to provide for the prohibition of options in cotton and for certain other purposes in the Province of Bombay.

Whereas it is expedient to prohibit options in cotton and to provide for certain other purposes hereinafter appearing ;

And Whereas the Governor of Bombay has assumed to himself under the Proclamation dated the 4th November 1939, issued by him under section 93 of the Government of India Act, 1935, all powers vested by or under the said Act in the Provincial Legislature ;

Now, therefore, in exercise of the said powers, the Governor of Bombay is pleased to make the following Act :—

1. *Short title and extent.* (1).—This Act may be called the Bombay Options in Cotton Prohibition Act, 1939.

(2) It shall extend to the whole of the Province of Bombay.

2. *Definitions.*—In this Act, words and expressions defined in the Bombay Cotton Contracts Act, 1932, shall have the meanings assigned to them in that Act.

3. *Power of Provincial Government to make by-laws for recognised cotton association.* (1).—Notwithstanding anything contained in section 6 of the Bombay Cotton Contracts Act, 1932 (hereinafter called "the said Act"), the Provincial Government may, at any time, make for any recognised cotton association, any by-laws in respect of any of the matters specified in section 6 of the said Act except those specified in clauses (a) and (l) of sub-section (2) of the said section and may also add to, vary or rescind any by-laws made by the Board of Directors of such association in regard to the said matters.

(2) The by-laws or any addition, variation or rescission made under sub-section (1) shall be published in the official *Gazette* and shall be subject to the condition of previous publication :

Provided that if the Provincial Government is of opinion that in the interest of trade, it is necessary to make or rescind any by-law or to make any addition to or variation in any by-law forthwith, the Provincial Government may dispense with the condition of previous publication.

4. *Options in cotton void.*—Notwithstanding anything contained in the said Act or in any other law for the time being in force, all options in cotton entered into after the date on which this Act comes into force shall be void.

5. *Savings.*—Nothing in this Act shall affect or be deemed to affect :—

- (a) the terms and incidents of any option in cotton made or effected before the date on which this Act comes into force ;
- (b) the validity, invalidity, effect or consequences of anything already done or suffered before the aforesaid date in regard to such options in cotton ;
- (c) any right, title, obligation or liability acquired, accrued or incurred in regard to such options in cotton before the aforesaid date ;

- (d) any remedy or proceeding in respect of such right, title, obligation or liability ;
 (e) anything done in the course of any proceeding pending in any court on the aforesaid date relating to such options in cotton

and any such remedy or proceeding may be enforced, instituted or continued, as the case may be, as if this Act had not been passed.

APPENDIX 23.

LABORATORY TESTS ON INDIAN COTTONS.

Copy of letter dated the 14th December, 1938, from Messrs. James Finlay & Co., Limited, to the Association.

We have before us the technological report on standard Indian cottons by the Technological Laboratory of the Indian Central Cotton Committee.

In this publication they give a report on 20 samples of Indian cottons. On going through those reports, we find that in practically every instance the tests have been carried out on samples received from the Government farm. It seems to us, therefore, that these reports are quite misleading, inasmuch as the Government farm cotton cannot be suggested for one minute as representative of the cotton grown in the districts concerned. It seems to us that to be of any value as a true and proper report on Indian cottons, the tests should be made on average samples drawn from the market. We suggest that the view of your Association might be ascertained, and if in agreement with the view now expressed, then the Indian Central Cotton Committee may be advised accordingly.

Copy of letter No. 5155/65, dated the 19th December, 1938, from the Association to Messrs. James Finlay & Co., Ltd.

With reference to your letter dated the 14th instant regarding the utility of the tests carried out by the Matunga Laboratory, I have since had an opportunity of discussing the matter with the Director, Dr. Nazir Ahmad, and he now writes to say that "your mill is perfectly right in saying that the tests reported upon in the Technological Reports on Standard Indian cottons are made upon samples grown in Government Farms. These tests are made in order to keep a severe check upon cotton grown from pure seed, which forms the fountain of all the seed of the improved varieties supplied through the Government Farms to the cultivators. It is necessary to know how the cotton kept in a pure condition retains its quality with a lapse of time. These tests furthermore give us information regarding the seasonal variation of these cottons when the effect of any adulteration of seed, etc., is eliminated by keeping the seed pure and growing it on the Government Farms. These objects are fully explained in the 'Introduction' to the Technological Reports on Standard Indian cottons.

In view of the fact, however, that these cottons are grown in small quantities in Government Farms, the Indian Central Cotton Committee made arrangements with the East India Cotton Association and the Millowners' Associations of Bombay and Ahmedabad some 8 years ago by which tests are also made in this Laboratory on trade varieties of Indian cottons. The samples received from the East India Cotton Association are selected with great care by no less an authoritative body than the Standards Committee of the said Association and are meant to be representative of the fair average quality of each cotton. The samples received in accordance with the arrangement between the Millowners' Associations and the Indian Central Cotton Committee are sent by the mills and may also be regarded as fairly representative of the commercial crop. The results of tests on these samples, which have been in progress since 1930, are reported upon in another bulletin entitled "Technological

Reports on Trade Varieties of Indian Cottons" and it is possible that your member mill may not have received copies of these reports.

The issue of this year's Technological Reports on Trade Varieties of Indian cottons was delayed owing to the delay in the receipt of some of the samples from the sources mentioned above. In view of this delay, which takes away somewhat from the value of these tests to the industry and trade, this question was recently considered by the Indian Central Cotton Committee at its meeting held in Lyallpur and arrangements have been made by which it is hoped that in the following years the samples will be received very early in the season and the reports will be issued as soon as possible. Furthermore, the list of cottons upon which these trade tests are made was also revised and brought up-to-date.

You will see from the above accounts that, in addition to making tests on the Standard Indian cottons for the reasons explained above, the Laboratory has been already making tests upon commercial cottons and in this respect is always willing to receive useful suggestions from the mills."

Would you please let me know whether you wish me to pursue the matter further in view of the comments made by the Director of the Matunga Laboratory ?

As regards the quality of Sind cotton, the purport of your letter has been circulated to all member mills, and if there is general agreement that the quality is rapidly deteriorating, the question will be taken up with the Indian Central Cotton Committee at the earliest opportunity.

*Copy of letter dated the 21st December 1938, from Messrs. James Finlay & Co., Ltd.
to the Association.*

We have to thank you for your letter No. 5155/65, of 19th instant, the contents of which have been noted with interest.

We note that samples of cotton are received from the East India Cotton Association, which are meant to be representative of the fair average quality of each cotton. In order that we may compare the difference between the quality of those samples and the quality of the samples grown in Government farms, might we ask you to request the Indian Central Cotton Committee Technological Laboratory if they would be good enough to draw up a small statement for the last 5 years showing the comparative results of samples Nos. 1, 2, 5, 16, 18 and 19, as enumerated in their 1938 Report.

We would tender our thanks in anticipation both to you and the Laboratory for this.

*Copy of letter dated the 17th January, 1939, from Messrs. James Finlay & Co., Ltd.,
to the Association.*

We would now refer to your letter No. 247/65,* of 11th instant with enclosure* which we have carefully perused. We would like to draw your attention to the very considerable difference in the Blow Room/Card Room loss and strength of yarn from the standard cotton and yarn from the trade samples.

The difference between the loss and strength is so great that it seems to us entirely misleading and useless to give the loss and strength of the standard sample of cotton when that cotton is not available to either consumers or shippers.

We particularly wanted the tests of Sample No. 5, *vide* our letter of 21st December. This sample represents Sind cotton, but the comparison has been omitted in the statement which you have been good enough to send us.

* Not printed.

Copy of letter No. 492/65, dated the 24th January, 1939, from the Association to Messrs. James Finlay & Co., Ltd., Bombay.

With reference to your letter dated the 17th instant, I understand that the reason for the non-inclusion of the results of tests on Sample No. 5, "Sind Sudhar" in the Comparison Statement is that the corresponding commercial variety has not so far been tested at the Technological Laboratory.

Copy of letter No. 1827/65, dated the 19th April 1939, from the Association to the Indian Central Cotton Committee, Bombay.

Following the publication of the Technological Reports on Standard Indian Cottons, 1938, in December last, a member mill wrote to the Association and asked as to whether it would be possible to set out side by side the results of the Matunga Technological Laboratory's tests on farm cottons and on samples of commercial crop. The Director of the Matunga Laboratory was subsequently addressed and he was good enough to supply a statement,* a copy of which is attached. It was also ascertained:—

- (a) The tests reported in the Technological reports on standard Indian cottons are made upon samples grown in Government farms.
- (b) These tests are made in order to keep a severe check upon cotton grown from pure seed, which forms the fountain of all the seed of the improved varieties supplied through the Government farms to the cultivators.
- (c) The quantities of standard cottons grown in Government farms are small.
- (d) The Technological Laboratory have also made arrangements to secure commercial samples, that is to say, samples representing the early arrivals of the chief varieties of Indian cotton in the Bombay and Ahmedabad markets through the Millowners' Associations and the East India Cotton Association, and tests made on these cottons are published regularly.

On receipt of the comparative statement, it was circulated to members of my Committee for information, and a number of very interesting comments and suggestions resulted. In the first place, it was agreed that the comparative statement brought out very vividly the great differences both in the spinning performance and card and blow room losses between farm cotton and commercial cotton of the same trade description and incidentally had the effect of bringing home to the manufacturer the need for adequate steps being taken by all parties concerned to reduce these differences. My Committee consider that a very useful purpose would be served if similar comparative statements were prepared and published every year.

Another suggestion made was that the Laboratory tests could not naturally be expected to give a true indication of the spinning performance of any particular cotton under commercial conditions, and it was suggested that it might be advisable to supplement laboratory tests on farm and commercial cottons by mill tests on 100-lb. samples. It is believed that tests of this character have been made by mills in Bombay for the Agricultural Department and an extension of this practice would, it is thought, be extremely helpful to all concerned. The tests conducted in the mills would, of course, have to be of a simpler character than those made at the Technological Laboratory and their exact nature could be decided on, if the suggestion meets with the approval of the Indian Central Cotton Committee, by the Director of the Laboratory in consultation with an expert Sub-Committee of Carders and Spinners. All that need be said at this stage is that my Committee think that the mill tests should be carried out with standard turns and speeds.

* Not printed.

Copy of letter No. 4630, dated the 20th April 1939, from the Indian Central Cotton Committee, Bombay, to the Association.

I am writing to acknowledge, with thanks, the receipt of your letter No. 1827/65, dated the 19th April, 1939. The subject of the variations between the results of tests on standard Indian cottons and trade varieties of the same cottons is on the agenda of the meeting of my Local Sub-Committee to be held tomorrow and I am glad to have your suggestions as I shall be able to place these before the Sub-Committee at the same time.

Copy of letter No. 5496, dated the 27th May 1939, from the Indian Central Cotton Committee, Bombay, to the Association.

In continuation of my letter No. 4630, dated the 20th April 1939, I have the honour to say that the question of the variations between the results of tests carried out at the Technological Laboratory on standard Indian cottons and those on trade varieties of the same cottons was considered by my Local Sub-Committee at its meeting held on the 21st and 22nd April last. The suggestions contained in your letter No. 1769/65-A, dated the 17th April 1939, were placed before the Sub-Committee at the same time and I now attach for your information a copy of the decisions arrived at.

Extract from the Minutes of the 122nd meeting of the Local Sub-Committee of the Indian Central Cotton Committee held on the 21st and 22nd April 1939.

SUBJECT 7.—Comparison of the results of tests on trade and standard varieties of Indian cottons.

(1) The Sub-Committee noted that the difference in blow room and card room loss between the standard Indian cottons and commercial samples of the same cottons was largely attributable to the special care taken in picking, storage and ginning of the samples of standard Indian cottons supplied by the Cotton Breeders, which had the additional great advantage of being "well-grown." In this connection, the circular issued by the Secretary to the various Directors of Agriculture, in consultation with the Vice-President, was approved.

(2) The Sub-Committee observed that the big differences in spinning performance and strength between the two samples of cottons were, in large measure, due to the mixing that takes place in the trade varieties. In Madras, for instance, there was practically no mixing in the case of Cambodia cotton, and the results of tests on standard and commercial samples of that cotton, therefore, did not show much variation.

It was noted that the general similarity between the blow room loss in the standard and trade samples of Cambodia was due not only to the purity of the seed but also to the fact that Cambodia possesses big bolls which open well and fully at maturity and enable ripe cotton to be picked clean and free from broken leaf and bracts.

(3) The Sub-Committee agreed that it would be useful if a comparative statement, setting out side by side the results of tests carried out at the Matunga Laboratory on standard cottons and commercial samples of the same varieties, were prepared and published every year.

(4) As regards the suggestion of the Bombay Millowners' Association that laboratory tests on farm and commercial cottons should be supplemented by mill tests on 100-lb. samples, it was suggested that the Association might be informed that the Committee, at its last meeting, had already decided, with a view to determining what allowance should be made for tests carried out at the Laboratory against similar tests conducted by mills, that the Director, Technological Laboratory, should purchase a bale each of Broach, 289F, Jayawant

and Oomras and carry out tests on them at the Laboratory, at the same time sending a 100-lb. sample of each cotton to two or three mills for similar tests for purposes of comparison.

The Sub-Committee agreed that the exact nature of these tests might be decided on by the Technological Laboratory in consultation with an expert Sub-Committee of Carders and Spinners.

(5) The Sub-Committee was of the opinion that a copy of the papers, together with a copy of the decisions thereon, should be forwarded to all Directors of Agriculture and to Rai Bahadur S. V. Kanungo, Indore State, for suggestions regarding the steps that might be taken to improve the position. It was suggested that their special attention should be drawn to the need for extension of the seed distribution arrangements to ensure adequate supply of pure seed for sowing purposes.

Copy of letter No. 2636/65-A, dated the 20th June 1939, from the Association to the Indian Central Cotton Committee.

I am directed to acknowledge the receipt of your letter No. 5496, dated the 27th May 1939. My Committee are pleased to note that the suggestions contained in my Committee's letter No. 1769/65-A, dated the 17th April 1939, have been adopted by your Committee.

In regard to sub-paragraph No. 4 of the extract referred to in your letter, however, it would appear that your Committee recommend that mill tests should be conducted only on Broach, 289-F, Jayawant and Oomras. In this connection, my Committee had suggested mill tests being taken on all cottons used in Indian mills. If, however, there are any practical difficulties in adopting our suggestion in its entirety, it is felt that, to start with, 4F should be added to the list proposed by your Committee and that other growths of Indian cottons should be gradually included in the list according to their importance.

Copy of letter No. 6/65A, dated the 2nd January 1940, from the Association to the Indian Central Cotton Committee.

I am directed to invite your attention to our previous correspondence ending with my letter No. 2636/65A, dated the 20th June 1939, and to let me know whether the tests referred to in the second paragraph of the letter have since been carried out. If so, it is considered that the results of such tests should be shown alongside the results of the tests on farm and trade samples carried on in the Laboratory itself.

Copy of letter No. 2274, dated the 5th January 1940, from the Indian Central Cotton Committee to the Association.

With reference to your letter No. 6/65A, dated the 2nd January 1940, I have the honour to say that the results of the comparative tests carried out on the four varieties of cotton, viz., Broach, 289F, Jayawant and Oomras, will be considered by the Technological Research Sub-Committee at its meeting to be held at Coimbatore on the 15th this month. A copy of the Report* of the Director, Technological Laboratory, on the subject, which will be considered by the Sub-Committee, is enclosed for your information. The suggestion contained in paragraph 2 of your letter No. 2636/65A, dated the 20th June 1939, will be considered by the Sub-Committee at the same time. I shall also draw the attention of the Sub-Committee to your suggestion that the results of such tests should be shown alongside the results of the tests on farm and trade samples carried on in the Laboratory itself.

* Not printed.

APPENDIX 24.

DETERIORATION IN THE SIND COTTON CROP.

Copy of letter dated the 14th December 1938 from Messrs. James Finlay & Co., Ltd., to the Association.

We have for several years been fairly large consumers of Sind cotton, and our experience has been that the crop in Sind is materially deteriorating each year. Five years ago, 289F was a good cotton of regular staple and good strength, but cotton of the quality got then is simply not procurable to-day.

When the Sukkur Barrage was opened, a good deal of publicity was given to the cotton policy that was intended to be pursued. How far that was carried out we have no opinion to offer, but to judge by results, the policy has been a complete failure, and it seems to us in a very short time what has occurred in other districts in India will have taken place in Sind, and that is a complete obliteration of the staple cotton.

We would request you to be good enough to ascertain the opinion of other members on this point, and if our view is shared by others, we would suggest for consideration that immediate action be taken, either through the Central India Cotton Committee, East India Cotton Association, or whatever body you may decide to address, to do anything that can be done to save the Sind crop.

Copy of letter No. 347/271, dated the 17th January 1939, from the Association to the Indian Central Cotton Committee.

One of our members managing four cotton mills writes :—

“ We have for several years been fairly large consumers of Sind cotton, and our experience has been that the crop in Sind is materially deteriorating each year. Five years ago, 289F was a good cotton of regular staple and good strength, but cotton of the quality got then is simply not procurable to-day.

When the Sukkur Barrage was opened, a good deal of publicity was given to the cotton policy that was intended to be pursued. How far that was carried out we have no opinion to offer, but to judge by results, the policy has been a complete failure, and it seems to us in a very short time what has occurred in other districts in India will have taken place in Sind, and that is a complete obliteration of the staple cotton.”

If the state of affairs disclosed in the above extracts—which has since been confirmed by 28 other large users of Sind cotton—is correct, then, there exists a very strong case for energetic action by the Indian Central Cotton Committee to maintain the quality of Sind cotton, and my Committee trust that the Indian Central Cotton Committee will give their serious attention to this question. If the specially grown varieties of Indian crop, and particularly Sind cotton, deteriorate in quality, the problem of marketing India's cotton crop may become even more difficult than it is at present.

Copy of letter No. 2960, dated the 27th January 1939, from the Indian Central Cotton Committee to the Association.

I have the honour to acknowledge the receipt of your letter No. 347/271, dated the 17th January 1939, on the above subject, and to state that it will be placed before my Local Sub-Committee for consideration at its next meeting. The decision of the Sub-Committee will be communicated to you in due course.

Copy of letter No. 4360, dated the 5th April 1939, from the Indian Central Cotton Committee to the Association.

In continuation of this office letter No. 2960, dated the 27th January 1939, I have the honour to say that your letter No. 347/271, dated the 17th January 1939, together with the remarks of the Director of Agriculture, Sind, was considered by my Local Sub-Committee at its meeting held on the 15th March 1939, and it was decided that the Sind Government should be requested to apply the provisions of the Cotton Ginning and Pressing Factories (Bombay Amendment) Act, 1936, for the licensing of gins and presses as early as possible, and to investigate the possibility of the introduction of a Cotton Control Act with a view to setting apart certain areas for the exclusive cultivation of long staple cottons.

It was also decided that the remarks of the Director of Agriculture, Sind, of which a copy is enclosed, should be forwarded to your Association.

The general view of the Sub-Committee was that if the consumers here and in Lancashire and the exporters were more discriminate in their purchases and appreciated good quality and paid a commensurate price for it, beneficial results might be obtained both in the matter of improvement in quality of the cotton and in the checking of deterioration.

The decision of my Committee is being communicated to the Government of Sind.

Copy of letter No. 421-Genl., dated the 8th March 1939, from the Director of Agriculture, Sind, to the Indian Central Cotton Committee.

With reference to your endorsement No. 2149, dated the 17th December 1938, and No. 2974, dated the 27th January 1939, calling for my remarks, I have the honour to forward herewith reports from the following sources:—

Secretary, Karachi Cotton Association, dated 10th January 1939.
Cotton Supervisor, Left Bank, Mirpurkhas, dated 23rd December 1938.
Cotton Supervisor, Right Bank, Dadu.

In my opinion there is no deterioration of pure Sind Sudhar cotton as will be seen from the reports of the Director, Technological Laboratory, at Matunga, who carries out tests each year. There is no doubt that there is some seasonal variation. The so-called deterioration is due to the following causes:—

- (a) K.T.'s and N.T.'s and other cottons of inferior quality are being passed off as Sind Sudhar cotton in the market.
- (b) Mixing of 4F cotton with Sind Sudhar and selling the mixture as pure Sind Sudhar cotton. It is reported that 20—30 per cent. 4F is being mixed with Sind Sudhar.

A very peculiar situation arose on the Right Bank during the ensuing season. In this area a superior type of 4F cotton known as 4F-98 is grown. It has longer staple than ordinary 4F and has doubtless been found to be the best material for mixing with Sind Sudhar cotton. It is said to slightly improve the colour of Sind Sudhar cotton. During this year, the ginning factories at Hyderabad (on the Left Bank) sent their representatives to the Right Bank areas (Dadu) to purchase 4F-98 at a special price for mixing with Sind Sudhar—N.T., K.T., etc. The ginning factory at Dadu who do not do mixing business could not compete with them in purchasing this cotton and were obliged to close their factory which is the only ginning factory in this area. They were, however, persuaded to buy at least a few thousand maunds in order to supply pure seed to the Agricultural Department for which they were given special compensation by the Department who purchased seed at a high price from

them. If this state of affairs continues there is every danger of the Sind crop deteriorating. The only measures which can be advocated to safeguard this situation are :—

- (1) To prevail upon the ginning factories to stop mixing business and to apply the Act for licensing of Gins and Presses.
- (2) To give bonus to the growers of pure Sind Sudhar and pure 4F-98 cottons and any other recognised varieties in the way of 4 annas per maund of pure seed supplied by them to the Agricultural Department. Such bonuses would amount to as under :—

Year.	Quantity of seed to be purchased.	Bonus Amount (Premium for seed at 4 annas per maund).
1939	80,000 maunds	Rs. 20,000
1940	110,000 "	Rs. 27,500
1941	140,000 "	Rs. 35,000
1942	170,000 "	Rs. 42,500
1943	200,000 "	Rs. 50,000
Total for 5 years ..		Rs. 1,75,000

- (3) Cotton Control Act and notification of scheduled areas for the exclusive cultivation of long stapled cotton varieties.

Hyderabad District with exception of Hala and Thar Parkar with exception of Umerkote and Pithoro Talukas can safely grow Sind Sudhar cotton or any other recognised variety of equal staple.

Dadu and Larkana Districts can grow 4F-98 cotton or any other cotton of the same staple or longer staple. It is now high time to consider the question of scheduled areas.

- (4) *Organised Marketing*: It is suggested that direct consumers of cotton may be induced to keep direct contact with growers and make direct purchases. Auction sales system may be introduced. Co-operative ginning and marketing of growers crop in pure condition should be encouraged.

All these measures have been fully dealt with in my note on present position of Indian cotton and proposals to cover entire main block of American cotton in Sind with Sind Sudhar submitted to the Indian Central Cotton Committee under my letter No. 421/Genl., dated the 27th February 1939.

Copy of letter No. 71, dated the 10th January 1939, from the Secretary, Karachi Cotton Association, Ltd., Karachi, to the Director of Agriculture, Sind.

With reference to your endorsement No. 359-I-B, dated the 21st December 1938, I am directed to inform you that in the opinion of my Association the Sind Cotton Crop has not been deteriorating as has been alleged by a member of the Bombay Millowners' Association in their letter, dated the 16th December 1938. Rather the crop of the last season (1937-38) was good.

No doubt, this season (1938-39) abnormal circumstances, e.g., climatic conditions have affected the crop adversely both as to yield and quality. Sprouting of old plants and very bad picking are also contributory causes of this deterioration.

My Association is glad to know, and hopes, that your Department take serious notice of these causes, and energetically take all possible steps to remove them.

Copy of letter No. 3274, dated the 23rd December 1938, from the Cotton Supervisor, Left Bank, Mirpurkhas, to the Director of Agriculture, Sind.

With reference to your endorsement No. 359-I-B, dated the 21st December 1938, regarding the deterioration of Sind Sudhar Cotton as reported by the Secretary, Millowners' Association, Bombay, I have the honour to submit as under :—

So long Sind Sudhar variety is ginned and sold in its pure form it maintains its quality and I feel it is in no way deteriorated as reported by the Secretary. I am of opinion that there are very few ginning factories in Sind which gin this cotton in pure form. Almost all factories carry on mixing to a certain extent with other inferior types of cotton, e.g., N.T., K.T. and 4F—unless this is stopped it is quite likely that the reputation which this cotton has will be lost for ever.

Besides mixing many other inferior types of cotton the seed of which are imported from the Punjab and are grown in Sind are sold under the name of Sind Sudhar cotton and as such the quality is inferior.

From the spinning tests carried out by the Director, Technological Laboratory, Bombay, it could easily be ascertained if the quality of Sind Sudhar Cotton has deteriorated during the last five years as reported by the Secretary, Millowners' Association, Bombay.

Copy of letter No. 559, dated the 8th March 1939, from the Cotton Supervisor, Right Bank, Dadu, to the Director of Agriculture, Sind, Karachi.

With reference to your personal instructions to-day, I have the honour to submit my remarks on the above subject as under :—

Improved strain of cotton evolved by the Department has not deteriorated in the least as will be quite clear from the analysis reports from the Technological Laboratory, Matunga. There is only seasonal change to a slight degree or due to incidence of pests in certain years.

The complaints received are due to indiscriminate mixing of various cottons to the extent of about 20 per cent. of inferior stuff like 4F-98 with Sind Sudhar. By doing this the ginner realises higher price for 4F-98 also and improves colour of Sind Sudhar. Similarly deterioration is caused by mixing of K.T's., N.T's., and other varieties imported from the Punjab and now commonly grown in Sind.

Because of this there was very heavy demand from Left Bank Factories for 4F-98 crop grown on the Right Bank. Thus the only running factory on the Right Bank at Dadu came to a close because it could realise hardly Rs. 40 on Broach for pure ginned 4F-98 whereas Hyderabad Factories by mixing with Sind Sudhar could realise Rs. 60 to Rs. 65 on Broach for 4F-98 as well.

To put a stop to this following is suggested :—

- (a) Multiplication of enough seed of improved strains to put a stop to importation of inferior undesirable seed from the Punjab.
- (b) Transport Act prohibiting seeds and *kapas* from travelling from one part to another.
- (c) Establishing well marked zones for particular improved strains each under one strain only.
- (d) Offering premia in the first few years for growing improved strains of cottons.

Copy of letter No. 2072/65, dated the 9th May 1939, from the Association to the Indian Central Cotton Committee.

I am directed to acknowledge the receipt of your letter No. 4360, dated the 5th April 1939. My Committee note that the Indian Central Cotton Committee have requested the Sind Government to apply the provisions of the Cotton Ginning and Pressing Factories (Bombay Amendment) Act of 1936 for the licensing of gins and presses as early as possible and to investigate the possibility of the introduction of a Cotton Control Act with a view to setting apart certain areas for the exclusive cultivation of long staple cottons. While my Committee greatly appreciate the action taken by the Indian Central Cotton Committee, they feel that the position is still unsatisfactory, for reports in the Press indicate the probability of effective action by the Sind Government being delayed to the detriment of all parties concerned in view of the strong opposition which the Ginning and Pressing Factory Owners in Sind are reported to be putting up. My Committee are, therefore, inclined to take a very grave view of the situation, and I am to suggest that the Indian Central Cotton Committee should take all possible steps to expedite the adoption of the two suggestions placed by them before the Sind Government.

Copy of letter No. 2084/65, dated the 10th May 1939, from the Association to the Chief Secretary to the Government of Sind, Karachi.

I am directed by my Committee to forward herewith for your information copies of the marginally noted correspondence on the above subject. It would appear from complaints received by the Association from its members that, though in several cases the parties concerned were prepared to pay full premiums, Sind Sudhar and other varieties of staple cotton grown in Sind were practically unobtainable in Bombay in a pure state. Mixing, it is reported, is taking place not only in the ginneries but also in the cotton fields. My Committee had addressed the Indian Central Cotton Committee in this matter, and now understand that, at their suggestion, your Government have under consideration certain proposals which, if adopted, would go a long way in making pure unmixed Sind cottons available to the trade. Our attention has, however, been drawn to recent newspaper reports which seem to indicate the probability of action by your Government being deferred in view of the opposition to these proposals from certain quarters. We have no precise information as to how matters stand at present, but we would like to urge with all the emphasis at our disposal that there exists a very strong case for energetic action being taken by your Government to maintain the quality of Sind cotton; if such specially grown varieties of Indian crop are allowed to deteriorate in quality, the problem of marketing India's cotton crop may even become more difficult than it is at present. In the circumstances, my Committee earnestly request your Government to give this matter their very early attention.

APPENDIX 25.

PROPOSED DRAFT BILL FOR SUBMISSION OF RETURNS OF CONSUMPTION OF IMPORTED COTTON IN MILLS IN BRITISH INDIA.

Copy of letter No. 6551, dated the 25th July 1939, from the Indian Central Cotton Committee to the Association.

I have the honour to say that, with a view to making the statistics of Indian mill consumption of cotton as complete as possible, my Committee has had under consideration for some time past the question of collecting statistics also of foreign cotton consumed in

mills in India. It is understood, that the object in view cannot be attained by amending the Indian Cotton Cess Act under which statistics of Indian cotton consumed in mills are at present collected, and that separate legislation would be required for the purpose. I now enclose the draft of a Bill which has been prepared in this connection, but before it is forwarded to the Government of India for consideration, my Committee would be glad to be favoured with the views of your Association regarding the general suitability of the Bill for the purpose in view.

DRAFT BILL.

A Bill to provide for ascertaining the consumption in cotton factories in British India of quantities of imported cotton.

Whereas it is expedient to ascertain the consumption in cotton factories in British India of imported cotton ; it is hereby enacted as follows :—

1. *Short title and extent.*—(1) This Act may be called the Imported Cotton Consumption Act, 1939.

(2) It extends to the whole of British India (including British Baluchistan, the Sonthal Parganas and Berar),

2. *Definitions.*—In this Act, unless there is anything repugnant in subject or context—

(a) “imported cotton” means raw cotton which has been ginned, whether baled or loose, produced outside India and imported into India ;

(b) “collector” means, in reference to cotton consumed in a mill in British India, the Collector of the district in which the mill is situated ; or any other officer appointed by the Central Government to perform the duties of a Collector under this Act ;

(c) “mill” means any place which is a factory as defined in section 2 of the Indian Factories Act, 1934, and in which cotton is converted into yarn or thread either for sale as such or for conversion into cotton goods specified in section 3 of the Cotton Duties Act, 1896 ;

(d) “owner,” in relation to any mill, includes the managing agent or other principal officer of the mill ;

(e) “prescribed” means prescribed by rules made under this Act.

3. *Delivery of monthly returns.*—(1) The owner of every mill shall prepare and deliver or cause to be prepared and delivered, to such authority as may be prescribed, on or before the seventh day of each month, a return stating the total quantity of imported cotton consumed or brought under process in the mill during the preceding month, together with such further information in regard thereto as may be prescribed, provided that no return shall be required in regard to the imported cotton consumed or brought under process before the 1st July 1939.

(2) Every such return shall be made in such form, and shall be verified in such manner, as may be prescribed.

4. *Power to inspect mills and take copies of records.*—(1) The Collector or any officer empowered by general or special order of the Central Government in this behalf shall have free access at all reasonable times during working hours to any mill or to any part of any mill and may at any time, with or without notice to the owner, examine and take copies of, or extracts from, the records of the mill for the purpose of testing the accuracy of any return

made under section 3, or of informing himself as to any particulars regarding which information is required for the purposes of this Act or any rules thereunder :

Provided that no officer not specially empowered by the Central Government in this behalf shall be entitled to inspect any record containing the description or formulæ of any trade process.

(2) All copies and extracts and all information acquired by any officer from an inspection of any mill under this section shall be treated as strictly confidential.

5. *Publications of returns.*—The Governor-General in Council may, from the returns delivered under section 3, cause to be compiled and published, in such form as he may direct, a statement showing for each month the quantity of imported cotton consumed or brought under process in the different mills in British India.

6. *Power to make rules.*—(1) The Governor-General in Council may, by notification in the *Gazette of India*, make rules consistent with this Act to carry out the purposes thereof.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

- (a) the form of return required under this Act, the particulars to be contained therein, and the manner in which the return shall be verified ;
- (b) the nature of records to be maintained by the owners of the *mills* ;
- (c) the powers and duties, in regard to the inspection of *mills* under this Act, of the officers authorised to make such inspection ; and
- (d) any other matter which may be or is to be prescribed.

7. *Penalties in a mill.*—(1) Any person who—

- (a) knowingly falsifies any record of consumption kept in a *mill*, or
- (b) being required to deliver a return under section 3, knowingly delivers a false return, or
- (c) omits to make any return required by section 3 or refuses to sign or complete the same, or
- (d) knowingly does any act, not otherwise punishable under this Act, in contravention of the provisions of any rule made under this Act, shall be punishable with fine which may extend to 250 rupees.

(2) Any person who discloses any particulars or other information acquired by him during the inspection of any *mill* under this Act to any person other than a superior officer without the previous sanction of the Central Government shall be punishable with imprisonment which may extend to six months and shall also be liable to fine :

Provided that nothing in this sub-section shall apply to the disclosure—

- (a) of any such particulars or information for the purpose of a prosecution under section 193 of the Indian Penal Code or under this Act, in respect of any return kept or record made for the purposes of this Act, or
- (b) of any such particulars or information to any person acting in the execution of any duty imposed upon him by this Act, where the disclosure is necessary for the purposes of this Act.

8. *Protection for acts done under this Act.*—No suit or other legal proceeding shall be instituted against any person in respect of anything which is in good faith done or intended to be done under this Act.

Copy of letter No. 3591/173, dated the 24th August 1939, from the Association to the Indian Central Cotton Committee.

I am directed to acknowledge the receipt of your letter No. 6551, dated the 25th July 1939, in which my Committee have been requested to express an opinion on the provisions of a draft Bill "to provide for ascertaining the consumption in cotton factories in British India of quantities of imported cotton." Section 3 (1) of the Bill lays down that a return in the prescribed form showing the total quantity of imported cotton consumed or brought under process in the mill, shall be submitted by the owner of every mill before the seventh of each month, and penalties are prescribed for the failure to submit these returns. The preamble to the Bill states: "whereas it is expedient to ascertain the consumption in cotton factories in British India of imported cotton;" no statement of objects and reasons has been appended to the Bill, and it cannot, therefore, be ascertained whether, as stated in the preamble, it is really expedient to secure the information referred to. In the circumstances, my Committee have considered the Bill on general grounds, and I am instructed to oppose it for the following reasons.

Firstly, legislation is unnecessary: if what is intended to ascertain is the quantity of foreign cotton consumed in Indian mills, then, I am to point out that fairly accurate statistics are at present available from the half-yearly census conducted by the Association on behalf of the International Federation of Master Cotton Spinners' and Manufacturers' Associations, and these figures, it may be pointed out, have been regularly made available to your Committee.

Secondly, if it is contended that figures collected on a voluntary basis need not necessarily be accurate for statistical purposes, then the reply to that is that even legislation on the proposed lines is not likely to serve the purpose for the reason that it cannot be made applicable to Indian States.

Thirdly, so far as my Committee are aware, such legislation has not been introduced even in a highly industrialised country like the United Kingdom; a fairly accurate idea of the trend of the consumption of foreign cotton in this country could be obtained from the import figures, and these figures could always be checked up against the half-yearly census results published by the International Federation. In this view of the case, my Committee do not see why the Textile Industry of this country should be asked to support legislation to provide for the compulsory submission of figures showing the quantities of foreign cotton consumed in individual mills. The existing system of collecting statistics by voluntary efforts has been found to have worked satisfactorily, and my Committee feel that those arrangements should continue.

APPENDIX 26.

STANDARDS FOR AFRICAN COTTON: LOWERING THE STANDARD OF THE A.R. KAMPALA BOX.

Copy of letter No. 1514/A/75, dated the 1st December 1939, from the East India Cotton Association, Ltd., to the Association.

I am directed to inform you that the Director of Agriculture, Entebbe, Uganda, communicated to this Association the following comments of the Lint Samples' Committee

on the opinions expressed by the Special Appeal Committee on African Cotton of the Association on the lint samples of African cotton representing 1937-38 season crop :—

“ We are informed that most of the shipments of A.R. Kampala last season suffered allowances. We are of the opinion that the Bombay A.R. Kampala Box has been getting gradually higher each year and that the standard should be brought down a little and the difference corrected.”

The Special Appeal Committee on African Cotton expressed their view that A.R. Kampala Box is not truly representative of the bulk of A.R. Kampala cotton as it comes, the box being too white in colour. The Standards Committee of the Association (one member dissenting) were not, however, inclined to agree with the view that the Bombay Standard of A.R. Kampala cotton was gradually getting higher, but were of the opinion that the quality of the crop was becoming lower. The dissenting member, however, was of the opinion that, after all, the standards should be representative of the bulk of the crop and that even assuming that the Kampala crop had deteriorated in quality in recent years, there is no reason why the A.R. Kampala standard should not be adjusted and made to synchronise with the crop as grown, rather than be left high on the theoretical basis of fixity of standards which every one knows is never possible in practice. He was also of the opinion that the change recommended being only in respect of colour and grade it would not appreciably deteriorate the intrinsic value of the contract.

In view of the above opinions regarding the A.R. Kampala Box, the Board have decided to invite the views of your Association on the suggestion made for lowering of the A.R. Kampala Standard. I am, therefore, to request you to communicate to me your Association's views thereon on or before 9th December 1939.

Copy of letter No. 5086/220, dated the 12th December 1939, from the Association to the East India Cotton Association, Ltd.

I am directed to acknowledge the receipt of your letter No. 1514/A/75, dated the 1st December 1939, in which you request my Committee to express an opinion on the desirability of lowering the standard of the A.R. Kampala Box.

The A.R. Kampala Box maintained by your Association, it is understood, is a standard for grade only and has nothing to do with the characteristics and staple of the cotton. From the information available to the Association, the Kampala cottons consumed in Bombay mills in the last year have satisfied the standard, and in this view of the case, there seems to be no case for lowering the standard of the A.R. Kampala Box.

Apart from this consideration, my Committee feel that, from the manufacturers' point of view, standards once fixed should be of a permanent character. The purchaser who contracts to buy Kampala at, say, Rs. 150 on Broach, has in mind a particular standard for which he is willing to pay the price, and it should not be open to the seller to deliver something which is, say, Rs. 10 to Rs. 20 off. Considerable amount of business is being done in African cotton on the basis of the A.R. standard well in advance of the arrival of the actual cotton crop, and it is only when the crop arrives in the market that one can judge the quality of the crop. It is, therefore, not advisable to change the standard from year to year.

In conclusion, my Committee desire to impress upon your Board the urgent need for trading in African cotton being remodelled on a new basis altogether, doing away with geographical distinctions on cotton and adopting the U.S.A. staple standard of $1\frac{1}{4}$ of an inch.

APPENDIX 27.

A.R. KAMPALA DELIVERY CONTRACTS.

Copy of letter No. 1339, dated the 21st November 1939, from the East India Cotton Association, Ltd., to the Association.

I am directed to forward herewith a joint letter, dated 4th November 1939, received from the Importers of Uganda Cotton suggesting that a separate contract for East African cotton based on c.i.f. principles be prescribed and to request you to let me know the views of your Committee on the suggestion made therein.

Copy of letter, dated the 4th November 1939, from Messrs. C. Parakh & Co. (India), Ltd., and 14 other members of the Association to the President, Board of Directors, The East India Cotton Association, Ltd.

" We, the undersigned Importers of African cotton, beg to submit before your Board the following :—

The outbreak of the present hostilities has made the East African Cotton Importers conscious of the exceptional risk they take in selling their cotton as they do at present.

Under the Bye-laws of the East India Cotton Association, Ltd., all contracts for forward delivery have to be on the official Contract Form of the delivery contract. This official Contract Form makes the seller responsible for delivering the Cotton in Bombay under any circumstances (Bye-law 80).

It appears that this official form was devised when all delivery contracts were for Indian cotton and when sales of foreign cotton in India were not anticipated, or were very insignificant. At the outbreak of the present emergency, East African Cotton merchants found that the war-risk premium had risen from 1/10 of 1 per cent. to 3 per cent. and that these rates were fluctuating from day to day. In fact, no Insurance Company would guarantee to provide the war-risk cover itself on any terms when the new crop African Cotton begins to move, say in March 1940.

The other difficulty experienced was that in spite of the yearly contracts made by the Steamship Companies with the East African Cotton Merchants, the Steamship Companies abrogated their contracts and suddenly raised the freight.

The third difficulty, which is still more serious, is that the Steamship Companies do not guarantee regular voyages as upto now, on account of their steamers being commandeered by Government.

It will be seen from the above that circumstances do arise absolutely beyond the control of the sellers which make the due fulfilment of the contract impossible.

The East African Cotton Merchants who sell their cotton for forward deliveries under the Bye-laws of the East India Cotton Association, Ltd., request the East India Cotton Association, Ltd., to recognise the changed conditions and to give the sellers of foreign cotton that protection against *force majeure* that other important cotton markets give.

The East African cotton importers are keen to deal in the Uganda cotton under the Bye-laws of the East India Cotton Association, Ltd., as has been the practice for the past several years. Therefore they feel that it is the duty of the East India Cotton Association, Ltd., to devise a separate contract form based on c.i.f. principles used in international trade, which would be used exclusively for forward sales of foreign cotton.

It is the considered and unanimous opinion of the importers of East African cotton that the following principles be accepted and consequential additions and changes be made in the delivery contract form to be used for East African cotton trade :—

1. The basis of the delivery contract for Uganda cotton should be made c.i.f. deleting the wording which gives the guarantee to deliver the cotton in Bombay. The essence of a c.i.f. contract is that it is fulfilled when the cotton is shipped and the seller has paid marine insurance and freight. Subject to this, the contract may provide for delivery of the cotton at a buyers' mill or at any other point in India. But in effecting this delivery, the seller would be merely acting as the agent of the buyer, the c.i.f. basis being continued.
2. Marine insurance (which does not cover war-risk) shall be provided by the seller with a first class company upto Bombay, covering particular average, risk of craft and jetty at port of shipment at 5 per cent. in excess of invoice cost, but an amount over this sum shall be for sellers' account in case of total loss only.
3. Any variation in the rate of ocean freight and marine war risk from that ruling on the date of contract to be on account and risk of the buyer.
4. Any increase or decrease of import duty is for account of the buyer.
5. All consequences of war, civil commotion, strike, quarantine, or other restrictions of *force majeure* are at the risk and for account of the buyers.
6. In case of ' On Call ' sales, the cotton should be called before shipment.

In justification of this urgent suggestion for a special form of c.i.f. contract for contract for foreign cotton sold under the Bye-laws of the East India Cotton Association, Ltd., we would point out that at present Indian Mills are buying all foreign cotton except East African Cotton, e.g., Californian, Sudan, Egyptian, etc., under the arbitration of the Liverpool Cotton Association, Ltd., and the various safeguards for the sellers which are proposed above are already operative under Liverpool Bye-laws. In fact, it would be no exaggeration to say that the terms and conditions under which East African cotton has been sold for so many years in India are exceptional, and expose Importers of African cotton to such risks in the present exceptional circumstances that they feel that the necessary changes in the Bye-laws should be made by an emergency ordinance by the Government of Bombay, under the recommendation of the East India Cotton Association, Ltd.

We trust your Board will be kind enough to give the matter its urgent and earnest attention it deserves, with a view to put the *bona fide* Uganda cotton trade on a more equitable basis.

Thanking you in anticipation, we remain."

Copy of letter No. 4855/218, dated the 24th November 1939, from the Association to the East India Cotton Association, Ltd.

I am writing to acknowledge the receipt of your letter No. 1339, dated the 21st November 1939, with which was enclosed a letter received from certain importers of Uganda cotton suggesting that a separate contract for East African cotton based on c.i.f. principles be prescribed and that the Bye-laws of the East India Cotton Association should be amended accordingly. The matter is of considerable importance and I am ascertaining the views of individual members of my Committee thereon, and I hope to be able to send you a considered reply to the proposal that has been put forward, in about ten days' time.

Copy of letter No. 5012/218, dated the 5th December 1939, from the Association to the East India Cotton Association, Ltd.

I am directed to acknowledge the receipt of your letter, dated the 21st November, with which was enclosed a copy of letter, dated the 4th November 1939, addressed to your Association by Messrs. C. Parakh & Co. (India), Ltd., and 14 others. Briefly stated, the writers of the letter in question point out that the existing A.R. Kampala *delivery* contract on which a large business in African cotton has been done in the past is a delivery contract which provides for the delivery of African cotton (equal to the A.R. Kampala box for grade, and staple 1 1/16" as ordinarily judged by the trade) within a specified time on a Bombay godown. Owing to war conditions, it transpires, the sellers of East African cotton find that it is dangerous to sell African cotton on this basis, and they, therefore, recommend that African cotton should in future be dealt with on c.i.f. terms, cash against documents and war risk on buyer's account, call being fixed before shipment.

The proposed amendment was considered by my Committee at a meeting held yesterday afternoon. So far as they are aware, there is nothing to stop individual buyers and sellers of African cotton from doing business on *purely* c.i.f. terms or on other terms mutually agreed upon to meet exceptional circumstances. What Messrs. C. Parakh & Co. (India), Ltd., and others, however, are now advocating is a mixture of delivery and c.i.f. contracts which seems to be entirely inequitable and unsound, as there is no justification for call cotton being fixed before shipment.

APPENDIX 28.

IMPORT DUTY ON RAW COTTON.

Copy of telegram addressed by the Millowners' Association, Bombay, to the Hon'ble the Finance Member to the Government of India on 1st March 1939 in connection with the Budget proposals.

" Millowners' Association, Bombay, desire record emphatic protest against increased duty on foreign cotton imports which will seriously raise Indian mills' costs of production. On present C. I. F. price Uganda Cotton duty represents a tax of 20 per cent.—an excessive duty, which will make things extremely difficult for Indian Industry particularly in regard to manufacture of yarns and piecegoods of medium and fine counts, since supplies of suitable cottons are not at present available in India. Effect of duty will be to encourage greater imports of yarn and piecegoods from Japan and Lancashire. In case of yarn, including wastage, duty on raw cotton alone will completely nullify existing duty, and in case cloth duty will give an indirect subsidy to competition from Japan and Lancashire to the extent of 10 per cent., and thus reduce protection accorded to Industry by Government as result Tariff Board's recommendation. Honourable Finance Member expressed hope that additional duty would encourage growth of long stapled cotton in India, but it will be many years before staple cottons can be grown in India in quantities required by home industry, and no immediate results as far as cultivation of longer staple cotton in India will materialize unless import duties on cotton piecegoods and yarns are correspondingly increased. If as is feared consumption of staple cotton by Indian Mills is reduced, the only effect of Government's present proposals would be to replace Indian mills' importations of foreign cotton by imports of an equally or greater amount of foreign cotton in shape of foreign cloth. Indian Mill Industry both in home and export markets is already penalized by heavy duties on machinery, millstores and dye-stuffs and more recently costs of production have been raised very materially owing to adoption of recommendations of various Provincial Wage Inquiry Committees. In Province of Bombay Industry is to be further handicapped by a sales tax of 6½ per cent. on cloth and a heavy impost on mill properties. Taken together burdens proposed by Government of India and Provincial Governments will, in view of Association, prove unbearable, and in these circumstances Association considers it essential to protest against an increased duty on raw cotton or any other taxation detrimentally affecting Industry's competitive capacity more particularly when after a very long period of depression Industry

was showing signs of recovery. Duty on raw cotton, in view of Association, goes contrary to principles laid down by Fiscal Commission being a tax on an essential raw material not available in India and will hamper diversification of production recommended by first Tariff Board. Association urge Government to agree receive deputation from Industry at an early date."

Speech delivered by Sir H. P. Mody, K.B.E., M.L.A., in the Legislative Assembly on 22nd March, 1939 in moving that Clause 4 of the Finance Bill, 1939, be deleted.

SIR H. P. MODY (Bombay Millowners' Association, Indian Commerce).

I beg to move:—

That clause 4 of the Bill be omitted and the subsequent clauses be renumbered accordingly.

I think as a rule no normally constituted person likes taxation but taxes are of two kinds and it depends upon whether we have to pay them or somebody else has to pay them. I was forcibly reminded of that yesterday by the speech of my Hon'ble friend the Leader of the European Group. He felt very cold towards this additional duty, which is going to inflict such a hardship on a very large industry which claims to be national in every sense of the word. He has no arguments in support of the attitude to which he has committed himself and his group. All he had to say was "Well, the budget must be balanced." I do not know whether my Hon'ble friend has for the time being assumed to himself the role of an additional, honorary, temporary, deputy Finance Member. I would like to tell him however that the thing goes a little further than he imagines. No tax is imposed, not even by my friend Sir James Grigg, for the mere fun of the thing. Taxes are imposed—at least we presume so—to balance the budget. Now, every time a tax is imposed in order to balance the budget, I want to know whether my friend the Leader of the European Group and those who are supporting him are going to lend their powerful weight to it. I have known them very often squealing, even when the Finance Member's object is not to make any particular section or individual squeal but merely to balance the budget. And now my friend comes forward and says without any further argument that the budget must be balanced, and therefore he would lend his support to this additional tax on cotton. I am afraid he will presently start discovering posthumous reasons for lending his support to the duty, but I want to pin him down to this, that when he spoke, he merely wanted the budget to be balanced. So much for the Leader of the European Group and his party.

I now come to my Hon'ble friend, the Finance Member. I do not find fault with the Finance Member for wanting to levy all sorts of taxes. To every Finance Member, a thing of duty is a joy for ever. However, even making all possible allowances for this natural inclination to tax everybody and anybody, I submit with great respect that he has got to go further than merely advancing the plea that he has to balance the budget, and that he has to justify every single piece of new taxation which he places for the approval of this House. He cannot merely shelter himself behind a financial plea. We on our part have got to see whether the particular proposals which he has placed before the House meet with our approval, or whether they are calculated instead to inflict a severe hardship upon any section of the public.

Now Sir, before I come to the arguments employed by my Hon'ble friend—and I will have something to say about his method of controversy—I will put all my contentions before the House. My first fundamental objection to this additional duty is that it is a tax on raw materials—which is fundamentally unsound. This duty was imposed at a time when I happened to be a Member of this House, and I took part in the discussion; it was imposed at a time when there was a severe financial stringency and it was sought to be justified largely on that ground. Of course the same argument with which a section of the House was sought to be tickled by my Hon'ble friend here was also sought to be tickled on that occasion, viz., the alleged interests of the agriculturist implicit in this duty on cotton. I shall expose the hollowness of that presently. But I want to remind my Hon'ble friend that in his speech yesterday

afternoon, which we all enjoyed so much, he quoted with great glee the Fiscal Commission's recommendation. He said that in order that an industry may be entitled to protection, it was necessary that the raw materials must be found in the country. Well, the raw materials are there. The Fiscal Commission never stated that even a portion of the raw materials could not be imported into the country. Cotton is the raw material of our industry and it is to be found in abundance in this country, and if it happens for very special reasons, that a portion of the supply has to be obtained from abroad, that is no argument for suggesting that the Fiscal Commission's first condition for protection has not been satisfied. Since my Hon'ble friend pays so much respect to the Fiscal Commission—this is the first time I have known him publicly to do it—since he professes so much respect for the Fiscal Commission's recommendations, why does he not quote the same Fiscal Commission's conclusion later on, that the raw materials of an industry ought not to be taxed at all? Perhaps, even the ingenuity of my Hon'ble friend will not be equal to explaining why he has quoted one portion and has not quoted another? (An Hon'ble Member: He must have it both ways). Now it is no use quoting economics and professors in support of it; it is no use saying that foreign cotton is imported unnecessarily into this country, and that if the millowners were not so cussed and stupid, they would not be doing so. What is the use of our trying to prove the unprovable? There is no comparable cotton in this country of the type imported from abroad. You have only to look up the official publications on this question, namely, the Central Cotton Committee's reports, and you will find that even their estimate of the cotton which can be used for fine types of cloth is an extremely modest amount of something like fifty thousand bales, and let me tell him that cotton is not to be judged merely by its staple, but by its strength also and those who are in the daily habit of using it may be expected to know whether a particular type is suitable or not. If they thought it was suitable, I would regard them as positive lunatics if they still imported cotton from abroad, paying a high premium and a heavy duty. We were advised to switch over from the coarse counts, of which there was a glut in the country, to the finer types of goods by a Tariff Board which was set up by the Government of India and of which Sir Frank Noyce was the President. That Tariff Board pointed out and with great justification that there was a need for switching over to the use of African and Egyptian cotton, with the result that there has been a most substantial development in the production of the finer types of goods. It is not we who have created the demand for the finer types: it was there, and all that we tried to do was to capture that part of the import trade which was supplying that demand, and I may say, Sir, that we have achieved a considerable measure of success in that. Then—and I am going over it as rapidly as I can—another argument against this additional duty is that it almost completely nullifies the protection given to the yarn industry, and it also neutralizes to a considerable extent the protection given to cloth. On the higher counts of yarn, the protection given to the industry is just five per cent. on British and six and a quarter per cent. on non-British goods. You have already got a half anna duty on cotton, which takes away as much as six per cent. and you are now seeking to impose an additional duty, with the result that without an inquiry by a Tariff Board, without any sort of justification, but merely as a financial measure, you are neutralizing the protection given. I say the implications of such a policy are positively dangerous, and what might happen is that, when protection has been granted after due and proper inquiry by a proper tribunal, and after consideration by both Government and this House, it is open, by such means, to Government to neutralize that protection. I need not say very much more because I do not need to carry conviction to this side of the House, and as far as the Hon'ble Finance Member is concerned, well, I did my best to teach him the business a couple of days ago when I led a deputation to him but I am afraid he has proved a most disappointing pupil (An Hon'ble Member—He is now in your pocket). Why is it that this duty has been imposed? The Finance Member seems to think that we are rolling in wealth. I do not know why it is that people should talk of our rolling in millions or why their cupidity should always be excited and directed against the unfortunate mill industry? Sir, if I believed in the transmigration of the soul or in another life, I would say that in a former existence the millowners must have been a set of wicked folks to have earned their present lot. My Hon'ble friend said that the industry is prosperous. It is true that in 1938 we made some money after, I do not know, how many years of bad and lean times. We made some money after years of depression and at once everybody's cupidity was excited, and the Finance Member comes along finally to put the last straw on the unfortunate camel's back! First of all, the wage increases came along. Taking one section of the industry alone, though it is the most important section, namely, the Bombay section, in wages alone we had to bear

something like Rs. 67 lacs increase in one year. Then there are various taxes which have been imposed by the Government of Bombay, and altogether even assuming that the prosperity of 1938 had continued into 1939, I say we could not possibly have afforded to bear this burden, because we shall be paying a crore more now in the way of taxation and wage increase. On the top of all that, my Hon'ble friend wants to increase the duty on cotton! A point was made by my Hon'ble friend Sir Cowasji Jehangir that the Finance Member had little to say because he had only five and half lines in support of this proposal. I do not myself remember how many, but I will give him ten. And the burden of what he said was that he wanted to balance the budget. Incidentally, in order to catch support from various intermediate sections of the House, he said that the cotton agriculturist might be benefited. That did not work, so he had to come out in the open when criticisms were made—unfortunately, I was not here to listen to him and to trip him up on the spot—and he is reported to have made five points. I shall now try and reply to them in the same terms in which my Hon'ble friend replies to questions in this House at question-time. Firstly, that the duty would mean a three per cent. increase on the cost of production: "Inaccurate and understated".

(b) Mills had profited greatly by the fact that the prices of cotton cloth had retired little from the peak of 1937 while the cost of raw cotton had dropped by 30 per cent.

He does not know what he is talking about.

(c) The Punjab-American cotton was fetching lower prices than ordinary cotton in India because the millowners were so busy importing cotton that they had no time to buy Indian varieties.

Rubbish.

(d) For counts up to 20s, there was no need of buying foreign cotton and India was capable of growing cotton for counts from 21s to 40s and Indian mills could perfectly well use Indian cotton up to 40s if they wanted.

More rubbish.

(e) The industry in spite of the 5% reduction made some years ago in the duty on Lancashire goods and increase in wages given as a result of the recent inquiry in Bombay, was making very substantial, if not high, profits."

He has got a lot to learn.

Well, Sir, the real trouble is that my Hon'ble friend does not understand what counts mean. He was told that there is some technical thing called "counts". It is no reflection upon his ability that he does not know what that means. As a matter of fact, a very big man for whom my Hon'ble friend has professed to me great admiration, Mr. Winston Churchill, was many years ago talking in the House of Commons about crores and crores of rupees. Some member asked him "What is a crore?" That completely floored Mr. Churchill. And if I did not have such a personal regard for my Hon'ble friend here, I should have tripped him up in an equally summary and effective manner. Sir. James Grigg's deductions seem to be becoming more and more ingenious. From one thing he deduces another and finally when he fails to present a clear picture before the House, he trots out the bogey of "big business". Let me advise my Hon'ble friend not to become too clever at deductions. He reminds me—I hope to be excused for becoming irrelevant and irreverent for a minute—of a school girl who determined the sex of 5 flies by observing that two were on the whisky bottle and three on the mirror! It was really clever the way in which the Finance Member put the case. He said that he was only concerned with balancing the budget. Then he let fall a casual observation "But it is possible that the agriculturist may be helped substantially by this protection which I am giving him." Why did he not positively affirm that it was so, instead of trotting it out as a side argument? It reminds me of Mark Anthony who, condemning Brutus all the while ended always by saying "But Brutus is an honourable man." He keeps on saying that he is only concerned with the

budgetary aspect of the matter, and at the same time misses no opportunity of also pointing out that the agriculturist will be benefited. I say that the agriculturist will not be benefited at all. Only as recently as July 1938 there was a debate in the Indian Central Cotton Committee with regard to the types of cotton which were being imported into this country, and naturally criticism fastened upon American cotton about which there may be a justifiable misconception. It has been urged that that type of cotton can easily be found in this country; the figures which were read out by the Chairman of the meeting of the Indian Central Cotton Committee showed that out of a total of 139,000 bales, there were only 1,700 bales of a count of one inch and under.

SIR JAMES GRIGG—One inch and over.

SIR H. P. MODY—No, Sir, he said one inch and under. I can produce the report. Unfortunately I have not got it here. Let me put it in another way. Only 1,700 bales there were which could by any stretch of imagination be regarded as being...

SIR JAMES GRIGG—I will see the report.

SIR H. P. MODY—All right, then I need not pursue the matter. Now, Sir, I do not know where I stand with the Finance Member. He has got an economic Bible of his own. I do not remember all the Ten Commandments of the Holy Bible, and I am conscious of a great many infirmities, but one of the Ten commandments is "Thou shalt not covet thy neighbour's wife." But the Finance Member's commandment seems to be "Thou shalt not covet thy neighbour's trade." He is only interested in the import trade. The moment the import trade is threatened either by an indigenous industry, or in any other way, he says he cannot allow it. Now, I am not one of those who believe in the doctrine of complete economic self-sufficiency. There must be an outward flow as well as an inward flow. But when the country has got all the materials and the labour and other advantages for the establishment of a particular industry, it is no argument against that industry to say that, if it produces more, it was likely to affect the import trade. That has to be so. You cannot develop except at the expense of somebody who was supplying the market before.

I shall now conclude. The whole position has been fully dealt with in the speeches on the Finance Bill, and therefore I need not quote figures and statistics. All that I want to say is something which I know is going to irritate the Hon'ble the Finance Member. He does not like anybody to suggest that he may have under-estimated the income or over-estimated the expenditure. Well, I shall drop that. I am not a financier and I cannot manage the Finance Member's job for him. All that I shall do is to make a sporting offer. I am prepared to underwrite his sugar duties for *four and a half crores*. Will he accept it?

SIR JAMES GRIGG—Which bank will give it?

SIR H. P. MODY—I will give the names of half a dozen banks which will give you four and a half crores. In any event, whether we are right or whether we are wrong, here is a matter of just fifty-five lakhs of rupees, and there are so many factors which are incalculable and indefinite, can the Finance Member definitely say that he is going to suffer a loss of 55 lakhs of rupees unless there is an additional duty? I say that he would be justified in taking the viewpoint of those who know something about what they are talking. Even if he is fully convinced that he was right and we were wrong, I would like him to consider that by the imposition of this additional duty of half an anna on cotton he is going to inflict a grave injury on a national industry. Sir I move.

MR. PRESIDENT (the Hon'ble Sir Abdur Rahim):

Amendment moved:

"That clause 4 of the Bill be omitted and the subsequent clauses be re-numbered accordingly."

Copy of telegram from the Association to the Honourable the Commerce Member, Government of India, New Delhi, dated 12th April 1939.

Further to Association's telegram even date Association desire draw Government's attention to fact that duty on imported cotton in conjunction with reduction in duties on British piecegoods brought about by operation Indo-British Trade Pact is placing an intolerable burden upon Indian Mill Industry and urge Government remove new cotton duty at earliest possible opportunity stop Pending removal Association urge that cotton yarn imports from all countries be limited by quotas and duties on all imported yarns be doubled and that in case of piecegoods a rebate be granted on exports equivalent to the full raw cotton duty plus import duty on machinery and mill stores.

Copy of letter No. 2568/75, dated the 14th June 1939, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

On 12th April 1939, the Association addressed the two under-quoted telegrams to the Honourable the Commerce Member :—

- (1) " Millowners' Association, Bombay, desire record their protest against Government's action in seeking to give effect to Indo-British trade agreement in so far as it affects Indian textile interests in spite of adverse verdict Indian Legislative Assembly."
- (2) " Further to Association's telegram even date Association desire draw Government's attention to fact that duty on imported cotton in conjunction with reduction in duties on British piecegoods brought about by operation Indo-British Trade Pact is placing an intolerable burden upon Indian Mill Industry and urge Government remove new cotton duty at earliest possible opportunity stop pending removal Association urge that cotton yarn imports from all countries be limited by quotas and duties on all imported yarns be doubled and that in case of piecegoods a rebate be granted on exports equivalent to the full raw cotton duty plus import duty on machinery and mill stores."

Upto the present no reply has been received to the Association's second telegram, and we would like to be informed whether the Industry may expect, in the near future, any relief on the lines indicated. During the last few months, there has been a very rapid deterioration in the position and prospects of the Indian Mill Industry, sales of Indian cloth and yarn have fallen away, and prices realised have dropped to an all time low level. At the same time, imports, and particularly yarn imports, from Japan have increased with the result that assistance for the Indian Industry has become very urgently necessary. In these circumstances, my Association wish to urge with all the emphasis at their command that the additional duty imposed on imported cotton by the Finance Act of 1939 be removed, more particularly since the Indian Mill Industry has now been further handicapped owing to the reduction in the import duties on United Kingdom cotton piecegoods following the adoption of the Indo-British Trade Agreement. When an all-India Deputation from the Indian Mill Industry waited upon the Honourable the Finance Member some months ago, it was made clear to him that, even if it ever became possible for India to grow cotton of the staples now being imported, many years must elapse before adequate supplies of such Indian grown cotton could become available. This statement has never been seriously challenged, and in these circumstances, the only remaining justification for the additional half-an-anna duty imposed on all imported cotton by the last Finance Act is the need for further revenue. The Central Legislative Assembly indicated in no uncertain fashion, when the debate on the Cotton Duty took place, that it was opposed to the duty and that the additional revenue which it was to bring in might be given up. My Committee urge that the serious financial position of the Industry definitely proves that it is incapable of bearing such a heavy tax upon an essential raw material, and in these circumstances, even if the Government of India do not receive the anticipated revenue from imported long staple cotton, the additional duty imposed by the Finance Act of 1939 should be suspended by an Ordinance without further delay.

APPENDIX 29.

COTTON WASTE CONTRACTS.

Copy of letter No. 536/191, dated the 25th January 1939, from the Association to the East India Cotton Waste Association.

Following the meeting which my Sub-Committee had with representatives of your Association on 10th January 1939, I made a full report to my General Committee on the discussions of the meeting, and I am now to communicate to you their decisions on the various points made by you :—

My Committee have no objection to merchants signing the Ready Contracts after the tender has been accepted by the seller, and they are prepared to recommend to members that merchants should not be compelled to sign the Ready Contract at the time of submission of the tender, but at the time of the submission of their deposit (*vide* clause (c) of Schedule II), it being understood that the date of the contract would be the date of the acceptance of the buyer's tender.

The next point raised by you was in connection with clause (i) of the Ready Contract which specifies that the wastes appropriated to the contract shall be held by the Company at the risk of the buyers from the date on which they were so appropriated. Your representatives pointed out that this clause was in contravention of the spirit of the agreement entered into between the two Associations and that, as it had been laid down in clause (d) of the contract that delivery was to be taken within 21 days of the date of the contract, the liability of the buyers should not commence until the 22nd day. My Committee are recommending the deletion of clause (i) from the contract.

Your representatives' next objection relates to clause (d) of the Ready Contract which specifies that the Company shall, at its sole discretion, and without any further intimation to the buyers be entitled to sell wastes of which delivery was not taken by the buyers. You contended that this clause was onerous and should be modified. My Committee are unable to accept your contention, but are prepared to agree that a recommendation should be sent out to all members suggesting that buyers should be notified between the 15th and the 21st day following the date of the contract as to their liabilities under the contract if delivery were not taken on or before the 21st day.

You suggested a minor alteration in clause (a) of the Ready Contract. This modification has been accepted by my Committee and the word "submitted" where it occurs in this clause will be altered to read "accepted."

You also suggested that contracts and tenders should be made available in Gujarati if merchants so desired. I am having a translation of the tender form made so that this request could be met by mills. It is, of course, understood that the actual tenders and contracts signed by the parties would be the English version.

I shall be glad to have a line from you in return confirming the above amendments.

Copy of letter No. 538/191, dated the 26th January 1939, from the Association to the East India Cotton Waste Association.

Further to my letter No. 536/191, dated the 25th January 1939, my attention was drawn by a memo received from your office to clauses (d) and (f) of the Standard Tender Forms issued by this Association. These two clauses read together, it was pointed out, might result in the successful tenderers being informed of the acceptance of their tenders more than two days after the last date for the submission of tender in the case of Ready Contracts,

and more than three days after the last date for the submission of tender in the case of Forward Contracts. In the circumstances, it was contended, the clauses in question contravened the agreement reached between the special Sub-Committee of the Association and representatives of your Association as long ago as January 1938. My Committee have gone into this matter, and I am desired to point out that the discrepancy mentioned by you arose through an oversight on the part of our staff, and, in any event, there was no desire on the part of my Committee to violate the terms of the agreement referred to above. The discrepancy has, however, been set right and members of the Association will be requested to ensure that successful tenderers are informed within two working days of the last day for submission of tenders in the case of Ready Contracts and that in the case of Forward Contracts, the information is given within three working days.

In view of the fact that the Tender and Contract Forms of several members of the Association have already been printed off, my Committee do not consider it necessary to insist upon the reprinting of these Forms, and they feel that our purpose would be served if members, irrespective of what was stated in the Tender Form, faithfully adhered to our agreement. When their present supply of Tender Forms and Contracts is exhausted, and before a fresh stock is obtained, the clauses in question will be amended to give effect to the agreement.

My Committee would be glad if your Association would bring to their notice cases, if any, in which the terms of the agreement referred to in this letter have not been observed by the seller.

Copy of circular No. 575/191, dated the 27th January 1939, from the Association to all members of the Association in the City and Island of Bombay.

With my letter No. 4322/191, dated the 18th October 1938, I sent you specimen copies of the tender forms and contracts for ready and forward transactions in waste, prepared by the Association, and enquired whether you would be willing to adopt them as and from 1st January 1939. From the replies received, it appeared that the standard tender forms and contracts framed by the Association were generally acceptable and, in a very large number of cases, the mills concerned had actually obtained a large supply of tender forms and contracts, incorporating all the suggestions made by the Association and had even issued them to their waste merchants.

It subsequently transpired that there were certain matters arising from the standard waste tender and contract forms on which the East India Cotton Waste Association desired to make personal representations to the Committee, and a Special Sub-Committee of the Association was, therefore, appointed to meet representatives of the Waste Association and report to the Committee. As to what happened at this meeting, I can do no better than quote in full from the report of the Sub-Committee :—

“ As regards the Forward Contract, no objections were raised by the Waste Association, but in regard to the Ready Contract, an objection was raised to the signing of a blank contract at the time of submission of the tender. This objection was not entirely unexpected, but the only purpose which the Association had in mind when it made the arrangement for signing at the time of submission of the tender was to save time and trouble, and to make the date of the contract actually coincide with the date of acceptance of the tender. After a very brief discussion, it was agreed to recommend to the Committee of the Association that merchants should not be asked to sign the contract at the time of submission of the tender but that they should be asked to sign at the time of the submission of their deposit (*vide* clause (c) of Schedule II). The date of the contract would, of course, be the date of the acceptance of a buyer's tender.

A further objection was raised to clause (i) of the Ready Contract which specifies that the wastes appropriated to the contract shall be held by the Company at the risk of the Buyers from the date on which they were so appropriated. The Buyers pointed out that this clause conflicted with the spirit of the agreement entered into between the two Associa-

tions and that, as it had been laid down in clause (d) of the contract that delivery was to be taken within 21 days of the date of the contract, the liability of the Buyers should not commence until the 22nd day. Our Sub-Committee were inclined to agree that liability should not commence until the 21st day, and it was, therefore, decided to recommend the deletion of clause (i) from the contract, more particularly as the interests of the mills would be covered fairly adequately by the provisions of clause (d). In any event, the cost of insurance would be very small and no real harm would be done by meeting the Buyers' views on this point.

Another objection was raised to clause (d) of the contract which specifies that the Company, after the 21st day, shall, at its sole discretion and without any further intimation to the Buyers, be entitled to sell wastes of which delivery was not taken by the Buyers. The Buyers maintained that this clause was very onerous and should be modified. Our Sub-Committee did not agree to any modification of the clause, but stated that they would be prepared to suggest to the General Committee of the Association that a recommendation should go out to all member mills that Buyers should be notified between the 15th and the 21st day following the date of the contract as to their liabilities under the contract if delivery were not taken by the 21st day.

In clause (a), it was agreed to recommend a minor modification suggested by the Waste Association. The modification would mean the alteration of the word "submitted" to the word "accepted." If the General Committee agree with the modification now suggested, the Waste Association will be informed accordingly.

In respect of current tenders, it was agreed that mills need not insist on the signing of blank contract as provided for in the printed form at the time of tender.

A further request from the Waste Association which might, it is thought, be complied with was that, where desired by the Buyers, the tender form and contract might be printed in Gujarati."

The position taken up by the Sub-Committee was fully endorsed by the General Committee at their meeting held on Monday, the 23rd January 1939, and I enclose herewith for your information copy of a letter (No. 536/191, dated the 25th January 1939) which has since been addressed to the Honorary Secretary of the East India Cotton Waste Association.

It was also understood that the standard tender forms drawn up by the Association failed to give effect to one of the terms of the agreement reached between this Association and representatives of the Waste Association (*vide* my letter No. 2976/191, dated the 13th July 1938, and enclosures) in the matter of the number of the days within which successful tenderers have to be informed by the Seller of the acceptance of their tenders. The Committee have also decided to set this matter right. For ready reference, I enclose herewith a copy of my letter No. 538/191, dated the 26th January 1939, addressed to the East India Cotton Waste Association which is self-explanatory.

For the information of those mills which have not yet printed off their contracts, I set forth below in detail the amendments which should be made in the tender forms and contracts prepared by the Association to give effect to the Committee's decisions :—

AMENDMENTS IN THE READY TENDER AND CONTRACT.

(To facilitate reference, I have given serial numbers to the various amendments and also inserted page numbers of the printed Standard Tender and Contract Forms, issued by the Association, where the various amendments detailed below have to be inserted.)

Under the head " Explanatory Notes for the Tenderers "—

Serial No. 1—Page 2.—Delete the following sub-clause 2 (c) :—

" (c) that the Contract given in Schedule II in duplicate is signed in the original as well as in the duplicate."

The Committee have agreed that tenderers for ready waste should not be compelled to sign the blank contracts at the time of the submission of the tender. The signature of the Buyer must, however, be obtained on both copies of the contract at the time the deposit referred to in clause (i) of the contract is paid. It must be noted that the date of the contract is the date on which the tender was accepted.

Serial No. 2—Page 2.—Clauses (1) and (2) of the “ Explanatory Notes for the Mill Company ” should be re-worded as below :—

- “ (1) The dates left blank in clause (d) of the Tender are filled in. It must be noted that the second date in this clause should coincide with the first date.
- (2) The date on which the sealed Tenders will be opened in clause (f) will be the date fixed as the last day for the submission of tenders.”

It might be explained that the idea underlying these two amendments is to provide for the successful tenderer being informed of the acceptance of his tender within two working days of the last day fixed for the submission of tenders. This can be brought about by examining tenders on the last day for the submission of tenders, or, if for any reason it is not possible to do so, then, in such case, particular care has to be taken to ensure that the formality of opening the tenders and informing the successful tenderers is completed *within two working days of the last day for the submission of tenders.*

Serial No. 3—Page 2.—Clause (7) should be re-worded as below :—

- “ (7) The date of the Contract is the date on which the tender was accepted by the Company.”

The second part of clause (f) on page 3 should be similarly amended.

Serial No. 4—Page 3.—*Waste Tender Form—Ready Delivery.*—Clauses (d) and (f).—The amendments have already been referred to (*vide* amendment Serial No. 2).

Serial No. 5—Page 3.—*Clause (i).*—Delete the words “ at the time of the submission of his offer ” occurring in the second and third lines of this clause. The point has already been explained (*vide* Serial No. 1).

Serial No. 6—Page 3.—*Clause (j)* : For the words “ before the second date referred to in clause (d),” insert “ at any time after submission.”

Serial No. 7—Page 4.—*Declaration by the Tenderer.*—Delete the words “ and return herewith the Contract duly signed in duplicate ” at the end of the first para of the declaration.

Serial No. 8—Page 6 and Page 8.—In clause (a) of the “ Terms and Conditions ” of the Contract, delete the last word “ submitted ” and insert the word “ accepted.”

Serial No. 9—Page 7 and Page 9.—Delete clause (i) which reads as under :—

- “ (i) The wastes sold under this Contract shall be held by the Company at the Buyers’ risk from the date of the commencement of this Contract.”

TENDER FORMS AND CONTRACTS FOR “ FORWARD DELIVERY.”

The only amendments necessary in forward tender forms and contracts are those referred to in Serial Nos. 1, 2, 3, 4, 5, 6, 7 and 9.

It may, however, be noted that, in case of forward tenders, successful tenderers have to be informed of the acceptance of their tender within *three working days* of the last day for the submission of tenders.

Summarising the whole position, the various clauses of the Tender Form and Contract amended as above, will read as under :—

Tender Forms for Ready Transactions.—Clause 2 (c) of the “ Explanatory Notes for the Tenderers ” will be deleted.

Clause (1) of the “ Explanatory Notes for the Mill Company ” will read as under :—

“ (1) The dates left blank in clause (d) of the Tender are filled in. It must be noted that the second date in this clause should coincide with the first date.”

Clause (2) of the “ Explanatory Notes for the Mill Company ” will read as under :—

“ (2) The date on which the sealed Tenders will be opened in clause (f) will be the date fixed as the last day for the submission of tenders.”

Clause (7) of the “ Explanatory Notes for the Mill Company ” will read as under :—

“ (7) The date of the Contract is the date on which the tender was accepted by the Company.”

Waste Tender for Ready Delivery.—The second paragraph of clause (f) of the “ Conditions of Tender ” will read as under :—

“ The Contract shall be deemed to have been entered into on the date on which the tender was accepted by the Company.”

Clause (i) will read as under :—

“ (i) Every tenderer shall sign the Company's Standard Contract Form for Ready Waste annexed to the Tender as Schedule II, and shall make up the deposit referred to in clause (c) of that Contract within 24 hours of the receipt by him of intimation of acceptance of his Tender by the Company.”

Clause (j) will read as under :—

“ (j) Failure to make up deposit as required in clause (c) of the Standard Contract, or withdrawal of Tender by the tenderer at any time after submission of the Tender Form shall render the earnest money lodged with the Tender liable to be forfeited by the Company.”

The first paragraph of the “ Declaration by the Tenderer ” will read as under :—

“ We have read the terms and conditions of Tender and agree to abide by them.
We offer to purchase the waste specified in Schedule I at the rates mentioned by us.”

Ready Contract.—Clause (a) of the “ Terms and Conditions ” will read as under :—

“ (a) The wastes sold under this Contract having been made available for inspection, no objection regarding quality or condition shall be entertained after the date on which the Buyers' Tender was accepted.”

Clause (i) will be deleted, and the following clauses will be re-numbered accordingly :—

Please note that clauses (a) and (i) of the duplicate contract have also to be amended accordingly.

Tender Forms for Forward Delivery.—Clause 2 (c) of the “ Explanatory Notes for the Tenderers ” will be deleted.

Clauses (1) and (2) of the "Explanatory Notes for the Mill Company" will read as under :—

"(1) The dates left blank in clause (d) of the Tender are filled in. It must be noted that the second date in this clause should coincide with the first date.

(2) The date on which the sealed Tenders will be opened in clause (f) will be the date fixed as the last day for the submission of tenders."

Clause (7) of the "Explanatory Notes for the Mill Company" will read as under :—

"(7) The date of the Contract is the date on which the tender was accepted by the Company."

Forward Delivery Waste Tenders.—The second paragraph of clause (f) of "Conditions of Tender" will read as under :—

"The Contract shall be deemed to have been entered into on the date on which the tender was accepted by the Company."

Clause (i) will read as under :—

"(i) Every tenderer shall sign the Company's Standard Contract Form for Forward Waste annexed to the Tender as Schedule II, and shall make up the deposit referred to in clause (c) of that Contract within 24 hours of the receipt by him of intimation of acceptance of his Tender by the Company."

Clause (j) of the "Conditions of Tender" will read as under :—

"(j) Failure to make up deposit as required in clause (c) of the Standard Contract, or withdrawal of Tender by the tenderer at any time after submission of the Tender Form shall render the earnest money lodged with the Tender liable to be forfeited by the Company."

The first paragraph of the "Declaration by the Tenderer" will read as under :—

"We have read the terms and conditions of Tender and agree to abide by them. We offer to purchase the waste specified in Schedule I at the rates mentioned by us."

Forward Waste Contracts.—Clause (i) of the "Terms and Conditions" will be deleted, and the following sub-clauses will be re-numbered accordingly, the same alterations being made in the duplicate.

With reference to clause (d) of the Ready Contract which specifies that the Company, after the 21st day, shall, at its sole discretion and without any further intimation to the Buyers, be entitled to sell wastes of which delivery was not taken by the Buyers, the Association has agreed to recommend that Buyers should be notified, between the 15th and 21st day following the date of the contract, as to their liabilities under the contract if delivery were not taken by the 21st day. In the circumstances, I am to request that, in the case of all forward contracts, Buyers should be notified between the 15th and 21st day as recommended by the Committee.

It is not necessary to re-print the stock of the tender forms and contracts already obtained by mills; it would be enough if, apart from what was specifically laid down in the contract, mills generally gave effect to the above decisions. When the existing stock of tender forms and contracts has been exhausted, it is thought that fresh supplies may be obtained with all the corrections incorporated in print.

With reference to the suggestion made by the East India Cotton Waste Association regarding the printing of the tender and contract forms in Gujarati, the Committee have decided to issue an authorised Gujarati version of the tender form, copies of which will be supplied to you later. It must, however, be pointed out that the Buyers' signature should be obtained on the English copy and that, in case of doubt, the English copy must be accepted as the basis.

If there are any difficulties about the amendments suggested in the letter, it is requested that a representative be deputed to this office to see the undersigned.

APPENDIX 30.

INDO-BRITISH TRADE AGREEMENT.

Extract from Trade Agreement between His Majesty's Government in the United Kingdom and the Government of India, 1939.

1. *Article 10.*—In this Article—

The expression "cotton year" means a year beginning on the 1st January.

The expression "cotton piecegoods year" means a year beginning on the 1st April.

A cotton piecegoods year and the cotton year in which that cotton piecegoods year begins are referred to as "corresponding"; and the expression "the following cotton piecegoods year" means in relation to a cotton year the cotton piecegoods year beginning on the 1st April next after the end of that cotton year.

The word "yard" means a linear yard.

The word "bale" means the weight of lint cotton contained in the standard Indian bale of gross weight 400 lbs. and nett weight 392 lbs.

The expression "United Kingdom cotton piecegoods" means fabrics manufactured in the United Kingdom of the kinds which, at the date of the signature of this Agreement, were assessable to duty on import into British India under item 48 (3) or item 48 (9) of the First Schedule to the Indian Tariff Act, 1934, at the rates applicable to fabrics of British manufacture.

The expression "Indian raw cotton" means raw cotton grown in India.

2. His Majesty's Government in the United Kingdom undertake that they will continue to use all possible efforts in co-operation with commercial interests to stimulate the consumption of Indian cotton in all possible ways, including technical research, commercial investigation, market liaison, and industrial propaganda. They have taken note that it is the desire of cotton growers in India that as much as possible of their production of short and fair staple varieties of cotton should be absorbed in the United Kingdom. They have also taken note, and invite the Government of India to take note, that the Lancashire Indian Cotton Committee, set up by His Majesty's Government in the United Kingdom to stimulate the consumption of Indian cotton, have expressed their sympathy with that desire and their intention to take all practicable steps to assist in its fulfilment. It is recognised that the fulfilment of the foregoing objectives largely depends on the continued pursuit by all interests concerned in India of the policy of improving the quality and staple of Indian cotton exported to the United Kingdom by all practicable means.

3. From the entry into force of this Agreement the customs duties charged on imports into India of United Kingdom cotton piecegoods shall not, save as provided in paragraphs 5 and 7, exceed the following rates, hereinafter referred to as the basic rates, namely :—

(a) Printed goods	..	..	..	..	17½ per cent. <i>ad valorem</i> .
(b) Grey goods	..	..	..	..	15 per cent. <i>ad valorem</i> or 2 annas 7½ pies per lb., whichever is higher.
(c) Other goods	..	..	..	..	15 per cent. <i>ad valorem</i> .

4. If in any cotton piecegoods year the total quantity of United Kingdom cotton piecegoods imported into India does not exceed 350 million yards the duties charged on imports of such goods into India after the end of that year and until the end of any cotton piecegoods year in which the total quantity of such goods imported into India exceeds 425 million yards shall not exceed the basic rates reduced by 2½ per cent. *ad valorem*, and a proportionate reduction shall apply to the alternative specific duty on United Kingdom grey cotton piecegoods.

5. If in any cotton piecegoods year the total quantity of United Kingdom cotton piecegoods imported into India exceeds 500 million yards, the duties charged on imports of such goods into India in the following cotton piecegoods year may be increased above the basic rates to such rates as may be deemed necessary for the purpose of restricting imports of such goods during the year to the "maximum yardage figure" for the preceding cotton piecegoods year, but shall be reduced to the basic rates (or, where the provisions of paragraph 4 are applicable, in accordance with those provisions) after the end of any cotton piecegoods year in which the total quantity of such imports into India has not exceeded 425 million yards.

The expression "maximum yardage figure" for any cotton piecegoods year means 500 million yards, or, for a year corresponding to a cotton year in which there is a deficiency, as defined in paragraph 6, 500 million yards reduced by the appropriate figure in accordance with the provisions of paragraph 6.

6. For the purpose of determining the appropriate rates of duty to be charged on United Kingdom cotton piecegoods under this Article, the quantity of United Kingdom cotton piecegoods actually imported into India in any cotton piecegoods year corresponding to a cotton year in which there is a deficiency shall be deemed to have been increased by 25 million yards for every 50,000 bales of the deficiency or for any part thereof, provided that the deficiency does not exceed 100,000 bales in the cotton year ending 31st December, 1939, and 150,000 bales in any subsequent cotton year.

The word "deficiency" means the amount by which imports of Indian raw cotton into the United Kingdom fall below the following quantities :—

For the cotton year ending 31st December 1939	..	..	..	500,000 bales.
For the cotton year ending 31st December 1940	..	..	..	550,000 ,,
For every subsequent cotton year	..	..	..	600,000 ,,

7. Notwithstanding anything contained in the preceding paragraphs if the imports of Indian raw cotton into the United Kingdom fall below 400,000 bales in the cotton year ending 31st December 1939, or in the cotton year ending 31st December 1940, and 450,000 bales in any other cotton year, the duties charged on imports of United Kingdom cotton piecegoods into India in the following cotton piecegoods year may be increased above the basic rates to such extent as the Government of India may, after consultation with His Majesty's Government in the United Kingdom, determine.

8. (1) If in any cotton year the quantity of Indian raw cotton imported into the United Kingdom exceeds 750,000 bales, the rate of duty charged on United Kingdom printed

cotton piecegoods imported into India in the following cotton piecegoods year shall not exceed the duty charged in that year on other United Kingdom cotton piecegoods imported into India.

(2) If in any cotton piecegoods year in which a reduction in duty on the United Kingdom printed cotton piecegoods takes effect under the provisions of this paragraph, or in any following cotton piecegoods year in which the same reduction remains in force, the quantity of United Kingdom printed cotton piecegoods imported into India is in excess of the quantity of such goods so imported in the cotton piecegoods year immediately preceding that in which the said reduction first took effect, such excess up to a quantity of 25 million yards shall not be taken into account for the purposes of determining whether or not the figure of 425 million yards specified in paragraph 4 of this Article or the figure of 500 million yards specified in paragraph 5 of this Article has been exceeded.

9. For the purpose of calculating imports in any cotton year or cotton piecegoods year under this Article there shall be deducted the amount of re-exports from the United Kingdom of Indian raw cotton in that year and the amount of re-exports from India of United Kingdom cotton piecegoods in that year.

10. Any alteration of the duties charged on United Kingdom cotton piecegoods imported into India which falls due to be made under the provisions of this Article shall come into effect not later than the 17th April of the cotton piecegoods year to which it relates, and the relative provisions of this Article shall be deemed to have been duly fulfilled if such alteration takes effect on or before that date.

*Extracts from the Legislative Assembly Debate on the Indo-British Trade Agreement :
New Delhi, 28th March 1939.*

SIR H. P. MODY (Bombay Millowners' Association) : Mr. President, well deserved tributes were paid in the course of the debate yesterday to my friend Sir Muhammad Zafrulla Khan, and I desire to endorse them. I do so the more wholeheartedly as I find myself unable to be in complete agreement with him. My Honourable friend has laboured hard in the interests of India, and I think we can say that India could not have had an abler or more earnest advocate of her rights and interests.

Sir, in view particularly of what I am going to say, I would like to observe that I am as strong as ever in favour of an understanding with the United Kingdom. The enormous value of the trade of each to the other cannot be exaggerated, and I think it can also be said that an understanding which is to the mutual advantage of the two countries would have a great political value as well. With this observation, Sir, I would proceed to a consideration of the agreement with every desire to assess to the fullest the benefit it seeks to confer.

I am sorry to have to say, however, that a dispassionate consideration of the agreement has been rendered somewhat difficult by the procedure which the Government of India chose to adopt in dealing with this issue. It was said in the course of the debate yesterday that the Government deliberately chose as their advisers some of the most eminent leaders of commerce and industry in this country. They knew that these leaders were determined opponents of the Ottawa Pact, and they should have realised the full implications of their choice, and they should also have appreciated that when they selected such eminent leaders they more or less made it difficult for themselves at the final stage to depart from the advice tendered by these gentlemen. Therefore, Sir, it becomes a little difficult for us to discard the advice which has been tendered by men chosen by the Government themselves. I do not suggest, Sir, that non-official advisers can ever arrogate to themselves the authority to determine issues. That determination must rest with the Government, but I do repeat that it becomes very difficult when non-official advisers chosen by the Government have put forward a strong case for that case to be neglected by other sections.

Now, Sir, looking at the picture of the trade agreement as it affects the import and export trade, what is the position ? The position is that India retains in the United Kingdom

market all the preferences which she is enjoying, and, in some cases these preferences have been strengthened. The result is that India will enjoy in the United Kingdom market preferences in respect of as much as 82 per cent. in value of the articles she exports to Great Britain. On the other side the advantages enjoyed by the United Kingdom in this market have been curtailed, and from a figure of over 18 crores of rupees, the values have been brought down to less than 8 crores. I am free to admit, and I admit it quite willingly, that, so far as this aspect of the case is concerned, the agreement is of advantage to India. I am not prepared to say that the agreement is not of advantage to the United Kingdom as well, and here I say, Sir, that it seems to me to be a very great pity that the non-official advisers should have insisted upon retaining all the preferences if their contention were correct that a very great many of them have merely an insurance value and that quite a few are preferences which are enjoyed in common with other parts of the Empire countries, and it seems to me also a matter of pity, applying my own mind to these things, that the preferences enjoyed by the United Kingdom in this market should have been sought to be curtailed so drastically. It does not help India very much if Great Britain's place in several commodities is taken up by the foreign exporter. And in this connection let us not forget that the situation, so far as our trade with foreign countries is concerned, has been rendered difficult by the exchange restrictions which prevail in most countries. However, Sir, I would say that the agreement as a whole, so far as this aspect is concerned is favourable to India and not unfavourable to Great Britain. Unfortunately, the Board of Trade took up the position, and they were enabled to do so by the tactics adopted by us, that some *quid pro quo* for the very substantial advantages which Great Britain was supposed to be conferring on India, should be obtained for British interests, and that is where Lancashire came in. The Board of Trade said, "We are retaining all your preferences, you are curtailing most of ours, therefore, give us a *quid pro quo*," and that brought the fundamental part of the agreement before us.

What is that agreement? The agreement is this, that in place of the existing duty of 20 per cent. on most goods and 25 per cent. on printed goods, the basic duty on Lancashire imports should be 15 per cent. and $17\frac{1}{2}$ per cent. If in any year Lancashire fails to send to India, say, 350 million yards, then the basic duty is to be reduced by $2\frac{1}{2}$ per cent. to $12\frac{1}{2}$ per cent. On the other side, Lancashire assures India of an offtake of 500,000 to 600,000 cotton bales. In this connection I want it to be clearly appreciated that it is not the guarantee of a particular quantity of cotton that Lancashire is offering us; she gives a sort of assurance that she would be consuming the quantities indicated in the agreement, and that if she does not, certain penalties will follow. I shall presently show what might easily happen under a condition of this character which does not amount to a definite guarantee. Now, take the facts as they are. Lancashire imports have gone down in this country continually for a variety of reasons until they touched in the last fiscal year for which we have figures the low water mark of 266 million yards. From certain figures given by my Honourable friend the Commerce Member yesterday it would appear that this year's imports may not exceed even 200 million yards. Now, take the probabilities of the case. In the fiscal year 1939-40, it is quite conceivable that with a basic duty of 15 per cent. Lancashire may not be able to send into our markets more than 350 million yards. I am making an allowance of as much as 150 million yards in one year. What then happens? In the year following, the duties are to be reduced to $12\frac{1}{2}$ per cent. On the other side, what is the position with regard to cotton? The position as I see it is that, provided Lancashire is willing to pay the penalties, she need not consume more than 400,000 bales in the first two years and more than 450,000 bales in the final year of the agreement. This, Sir, will be the position which will emerge.

MR. M. A. JINNAH (Bombay City : Muhammadan Urban) : What is the penalty.

SIR H. P. MODY : The penalty is that for every 50,000 bales or part thereof short of the stipulated quantities in the agreement, Lancashire's sendings are to be rated up by 25 million yards.

MR. M. A. JINNAH : Who will benefit by it?

SIR H. P. MODY : That I shall presently show. I desire it to be clearly understood that I am not over-stating the case, but I am, from such experience as I have, putting before the House what I regard as the probabilities of the matter. What might happen then would

be this. That Lancashire could send in the piecegoods year 1939-40 as much as 450 million yards at a basic duty of 15 per cent., and in return for that she need not buy more than 400,000 bales. I have calculated this out and I shall be glad if my Honourable friend will take a note of this and contradict me if he can. If, however, as I am almost certain, her sendings to this country are below 350 millions, then the next year's duty would be $12\frac{1}{2}$ per cent., and the position would be that she can send up to 350 million yards at $12\frac{1}{2}$ per cent. duty and even then she need not take more than 400,000 bales. And in the final year the position will be that Lancashire can continue to send up to 350 million yards at $12\frac{1}{2}$ per cent. if she takes just 450,000 bales of cotton. Apart from this, there is a consideration vital to those who are interested in the cultivation of cotton. What Lancashire has agreed to take is the sort of cotton for which there is a considerable market in this and other countries. My Honourable friend the Commerce Member gave yesterday a figure which seemed to suggest that well over 60 per cent. of Lancashire's takings of Indian cotton were of the type for which we were wanting a market. I am afraid that the basic staple is not $7/8$ inch, but the short and fair staple which is below $7/8$ inch. And I want to point out in this connection, that while we were up in Simla—and we were also dragged into this business as advisers to the non-official advisers—while we were up at Simla all the representatives of the cotton interests put forward a demand that a substantial quantity of what Lancashire would take should be of the short and fair staple variety. While I quite recognise the difficulties of Lancashire—I appreciate to the full the efforts which they have made in the last few years to implement their undertaking given at Ottawa and the undertaking they gave in the Pact to which I was a party—that they would try to take as much of Indian cotton as possible, the position remains that from the point of view of India, if the cotton cultivator is to be substantially benefited, it would only be if what is called the surplus for which Japan happens to be the only principal consumer, is taken in substantial quantities by Lancashire. I just wish to add that from the figures given by the Honourable the Commerce Member himself, it appears that taking the average of a period of six years—we are not taking the peak years in respect of Lancashire—taking the average of as long a period as five or six years, Lancashire's takings of Indian cotton have been over 400,000 bales. The position then is that with a substantial reduction in the duty which may easily amount to as much as $7\frac{1}{2}$ per cent. Lancashire's takings of Indian cotton would not be, either in quantity or in types, of a character such as would confer any special advantages on the Indian cultivator. The position of the industry would remain still the same difficult one as it has been all these years. Next time when an Indo-Japanese trade agreement is being negotiated, Japan would hold out, as she has done with effect all these years, and say, "we are not going to buy Indian cotton unless you are prepared to give room in your country for a substantial quantity of our exports of piecegoods." We are left unfortunately in that position that we cannot have in our hand an answer to Japan and say, "All right, Don't take so much cotton. We do not want to admit your stuff, we have got another customer who is of considerable value to us." We are not in a position to say that.

A great deal was said about what the industry should do and several Members tried to teach us our duty. First of all, they pointed out that the industry was in a flourishing condition, that it had made enormous profits, and that it was paying very substantial dividends. Sir, the only word I would apply to that would be 'bunkum' but I do not want in a speech of this character to introduce an aggressive note. I will only say this that those who argue in this fashion do not know what they are talking about. Speaking for much the largest section of the industry which I have represented for so many years and with which I am so intimately connected, the figures of the last 10 years will show that on the capital sunk in the industry we have not been able to pay a dividend of even one per cent., and as for the managing agents' so-called fat commissions, I can produce figures—I have produced them on other occasions—which will show what enormous sacrifices they have had to make in order to keep the industry alive in the lean years. And Sir, what are we asking? We are not asking for any exaggerated degree of protection. We are content to leave the decision in the hands of a Tariff Board, the Government of India and the Legislature. What has happened all these years? Have we by any sort of influence either with the one party or the other been able to obtain protection which is of an exaggerated character? First of all, it has been most grudgingly given. Inordinate delays have taken place in listening to the grievances of the textile industry and when an examination takes place by a body constituted by the Government of India and consisting of men selected by themselves, then the Government of India apply their own mind and come forward with their own recommendations.

This House has no right to tell the Government of India that what they may be giving is inadequate. It has got to accept what the Government proposes or reject it. On the last occasion, and that was not very long ago, the Tariff Board consisted of Sir Alexander Murray, Diwan Bahadur Ramaswami Mudaliar and Mr. Fazal Rahimtoola. That Tariff Board recommended a protection of 20 per cent. We are willing to go before another Tariff Board and let there be a thorough examination of the position *vis-a-vis* both Lancashire and Japan. Lancashire had the advantage on the last occasion of appearing before the Tariff Board and putting its whole case before it. Therefore it comes to this, that the protection we have had given has been fully justified by an elaborate inquiry and if thereafter there has to be any sacrifice let this sacrifice be of a reasonable character. In this connection let me read what my Association passed in the way of a Resolution as recently as September 1938 :—

“The Agreement inasmuch as it envisages a substantial reduction in duties and a substantial increase in imports from Lancashire necessarily must be detrimental to the Indian textile industry which is in none too healthy a condition. Also, the proposals placed before us fall far short of the demand unanimously put forward by the non-official advisers in regard to the offtake of cotton. Still, if it is found that the agreement as a whole is demonstrably in the larger interests of India, Bombay Millowners would be prepared to consider a sacrifice of their interests.”

But, Sir, what is the sacrifice demanded of us—it is that the basic duty should be 15 per cent., and that in certain very conceivable circumstances it should be 12½ per cent. As against that what do we have to pay ? The handicaps imposed upon us amount to 8 per cent. through the two cotton duties which were imposed one after another, 5 per cent. through wage increases and provincial taxes which have been imposed upon us in the last 12 months, and from 2 to 3 per cent. in duties on stores, machinery, etc. I am understating and not overstating the case. I do not believe in overstatement. The position then will be that not only is there no protection but there is not even a duty of one per cent. left and when the import duty becomes 12½ per cent., the industry is actually making a present of 2½ per cent., instead of having any duty, either revenue or protective. That, Sir, is the position and I am asking my friends who have argued against the case which I represent whether they think that every other interest should be protected so far as this agreement is concerned, and the textile industry is not to be taken into consideration at all. My Honourable friend Mr. Manu Subedar pointed out yesterday as well as on previous occasions that we are the best customers of the Indian cultivators. We bought three million bales in the last year for which statistics are available (An Honourable Member : The cultivators are your best customers.). In that case, there is a regular *quid pro quo*. It cannot be said that the cultivator buys all the cloth that the manufacturer produces and the manufacturer does nothing in return. As I said, we bought three million bales. We are giving employment to hundreds of thousands of people and supporting the hundreds of thousands more who are dependent upon them. We are also making it possible for a great many small trades and industries to exist because of our being there. I say, Sir, that this industry is entitled to every consideration, whether individually or in relation to any trade agreement that may be negotiated. And I would add one word. Let it be clearly understood that while protection to a certain extent involves the sacrifice of the consumers' interests, a stage arises, as it has arisen in our industry for quite a long time now, when the consumer gets his own back when through the development of the industry behind the shelter of protection, production keeps on expanding, and there is internal competition. That stage was reached long ago, and I ask anybody to prove before me that the consumer to-day is paying over much for the cloth that we produce. The profits made by the industry, not merely in Bombay but in other parts of India, taken on an average, would show how much we are trying to exploit the consumer. Sir, for all these reasons, while I am as keen as before that an understanding should be reached between Great Britain and India, which I regard as of very considerable value to both countries, I cannot possibly accept an agreement which involves so much sacrifice to a national industry and which is not compensated by equal advantages to other interests which are equally important, namely, the cotton interests who depend so much upon foreign markets for the consumption of their produce.

SIR SYED RAZA ALI : Am I to understand that the millowners are getting not more than one per cent. on the total amount sunk ? Is that a true statement of facts ?

SIR H. P. MODY : It is an absolutely true statement of facts. I shall give a table to my friend and I shall pay the fees of any chartered accountant whom he may employ to look into the figures. The dividends paid during the last ten years on the capital sunk in the industry have not amounted to one per cent.

SIR SYED RAZA ALI : I wish I were a millowner.

SIR H. P. MODY : You would be very sorry for yourself.

Copy of telegram, dated the 12th April 1939, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

Millowners' Association, Bombay, desire record their protest against Government's action in seeking to give effect to Indo-British Trade Agreement in so far as it affects Indian textile interests in spite of adverse verdict Indian Legislative Assembly.

APPENDIX 31.

REVISION OF THE INDO-JAPANESE TRADE AGREEMENT.

Copy of letter No. 312/T(6), dated the 22nd March 1939, from the Secretary to the Government of India, Commerce Department, New Delhi, to the Association.

I am directed to invite the attention of your Association to the fact that the Convention and Protocol regarding the commercial relations between India and Japan which were signed on the 12th October 1937 will, subject to due notice of denunciation, cease to be effective after the 31st of March 1940, and to say that the Central Government have now under consideration the desirability of renewing the Convention and Protocol either as they stand, or in a modified form, or of negotiating an entirely new Agreement. They would, therefore, welcome the opinion of your Association in the light of the experience of the existing Agreement, as to the lines on which modification or amendment appears desirable. I am to say that the Central Government will be greatly obliged if the reply of your Association is received before the end of April 1939. It is intended thereafter to call together a representative body of advisers, and to lay the replies received in answer to this letter with other material, before them.

Copy of letter No. 1973/131, dated the 28th April 1939, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. 312-T(6)/39, dated the 22nd March 1939, in which the Association's attention is directed to the fact that the Convention and Protocol regarding the Commercial Relations between India and Japan will, subject to due notice of termination, cease to be effective after 31st March 1940 and that Government would welcome the Association's opinion as to the lines on which modifications or amendments of the Convention and Protocol appear to be desirable.

2. In reply to a similar letter received from Government in 1936, the Association considered it advisable to draw Government's attention to the significant difference which existed between the Convention and Protocol under which the Protocol automatically came to an end in 1937, whereas the Convention would continue in operation after that date if notice of desire to terminate it had not been given by India or Japan by the end of September 1936. The position to-day is similar to what it was in 1937, and it is urged that Government should bear in mind the desirability of giving notice of their wish to discontinue the Convention, which gives Japan most-favoured-nation treatment in respect of the whole of her trade with India, unless Japan's plenipotentiaries are prepared to consider the reasonable demands of India for a Protocol more favourable to India. The reason for again putting forward this

point of view is that the Protocol, as at present framed, has not succeeded in one of its main objects, namely, the maintenance of raw cotton exports to Japan (*vide* figures given below), while, on the other hand, the continuance of the most-favoured-nation treatment has enabled Japan to maintain her miscellaneous export trade to India. My Association considers it essential that the Government of India should be able to set off Japan's guaranteed takings of Indian cotton against the total miscellaneous trade which Japan has with this country.

Statement showing the takings of Indian raw cotton by Japan from 1934.

(Figures in millions of bales of 400 lbs.)

1934	..	..	..	1.8
1935	..	..	..	1.7
1936	..	..	..	2.2
1937	..	..	..	1.9
1938	..	..	..	1.2

3. Another direction in which the Protocol has failed to achieve what was expected is in the matter of the price level. It was frequently maintained during previous discussions that the very fact that imports had been limited would tend to stimulate price levels of Japanese goods because the incentive to cut down prices in order to obtain a larger share of the Indian market would disappear. Our actual experience has been very unhappy in this respect, and except for a short period during the Sino-Japanese conflict, prices have remained at exceptionally low levels even when the fall in the price of cotton is taken into consideration. In these circumstances, the Association considers it essential that specific undertaking should be obtained to prevent any undue depression in selling values in future.

4. Provided the above general considerations are borne in mind, the Association's view is that while the Convention itself might be continued, the scope and terms of the Protocol should be considerably modified. In arriving at this conclusion, the Association has been influenced by the very great changes which have occurred in matters affecting the Indian cotton grower and the Indian mill industry during the last year or two.

5. In the first place, a concentrated effort is now being made to replace cotton by synthetic materials in so far as Japanese home consumption of textiles is concerned. This policy combined with the efforts made to replace Indian cotton by cotton grown in Manchuria and in certain provinces of China now under Japanese domination has detrimentally affected Japan's purchases from India during the last year or two with the result that the balance of trade which used to be heavily in favour of India is now tending to be adverse to India. (The last ten years' figures are quoted below for ready reference.)

Statement showing the values of the export and import trade between India and Japan from 1928-29.

Year.	British India's exports to Japan.	Japan's exports to British India.	Balance of trade favourable to India.	Balance of trade unfavourable to India.
		(In crores of Rupees.)		
1928-29	34.4	17.6	16.8	....
1929-30	32.2	23.5	8.7	....
1930-31	23.7	14.5	9.2	....
1931-32	13.9	13.3	0.6	....
1932-33	13.9	20.4	....	6.5
1933-34	12.6	16.3	....	3.7
1934-35	24.6	20.8	3.8	....
1935-36	21.9	21.8	0.1	....
1936-37	30.1	21.3	8.8	.. .
1937-38	18.1	22.2	....	4.1
1938-39 (11 months) ..	13.2	14.0	....	0.8

6. A second consideration which we have been compelled to bear in mind has been the increase in the Indian cotton mill industry's cost of manufacture owing to the increases in wages and taxation. Wages have been increased from 10 to 15 per cent. in various parts of the country, and an additional duty of half an anna per lb. has been levied on all imports of raw cotton. In addition, Provincial Governments have also imposed additional taxation on the industry. The incidence of the additional taxation varies from Province to Province, but it can be stated that the effective protection which the cotton industry had against Japan in 1937 has been reduced by about 10 per cent. in the case of piecegoods, and that any safeguards which the Indian spinning industry might have had against Japan have been completely nullified in those classes of yarns which she exports to India.

7. A third important factor influencing our views in regard to the Protocol has been the control which Japan now exercises over that portion of China where the cotton mill industry is located. This control is a source of potential, but very real, danger to the Indian mill industry, and unless it is adequately guarded against, Japanese interests will be in a position to circumvent the spirit of any agreement which may be entered into as a result of the forthcoming negotiations. Bearing these factors in mind, my Association has to make the following suggestions in regard to the terms of the Protocol :

8. *Scope of the Protocol.*—The scope of the Protocol should be widened by providing for a limitation of imports of cotton yarn. My Association suggests that the quota for yarn should be based on the average imports in the last five years as set out in the Indian Import Trade Statistics. Any such quota should be divided into yarns of 50s and under and yarns over 50s. In this connection, the attention of the Government of India is drawn to the very heavy imports of yarn during the last few months :—

	JAPAN.		CHINA.	
	1937-38.	1938-39.	1937-38.	1938-39.
		(In thousands	of lbs.).	
October	1,696.4	2,297.9	....	1,351.1
November	1,823.3	2,064.6	....	1,098.8
December	948.5	2,926.6	....	888.0
January	1,724.6	3,111.7	....	539.2
February	1,011.5	2,838.2	156.8	1,082.4
March	1,077.3	Not available.	452.4	Not available.

9. At the present time, a number of very important cotton manufactures imported from Japan are not considered as piecegoods for purposes of the quota, and this being the case, it is urged that a separate quota should be fixed based on the average importations of the last five years of cotton manufactures and cotton goods made from woven or knitted cotton fabric not at present counted against the quota. Such a quota might advisably be fixed on a poundage in preference to a yardage basis.

10. *Rates of Duty.*—In paragraph 6, we have outlined some of the main reasons why we consider it essential that the duties on piecegoods and yarn should be raised substantially. It has been indicated that as a result of additional taxation and increase in wages, the Indian mill industry's effective protection has been reduced by about 10 per cent. against the types of piecegoods and yarns which are at present being imported from abroad. On the top of this, information has just come to hand that American exports of cotton will probably be subsidised to the extent of 2 cents per lb., and this will still further cripple those Indian mills which during recent years have developed their production of medium and medium

fine classes of piecegoods and yarns. In addition, the general effect of the subsidy will be to enable Japan and the United Kingdom to export cotton piecegoods and yarns to India even more cheaply than at present, and unless the bounty is fully offset by countervailing duties on imported piecegoods and yarns, the price levels of cloth and yarn made by Indian mills from Indian cotton are bound to be adversely affected.

11. *Extent of the Piecegoods Quota.*—The Association has always regarded the maximum limit of 400 million yards allotted to Japan as excessive, and when the last Agreement was under negotiation, the Association put up a strong case for its reduction. The Government of India, however, retained the same maximum limit after making allowance for the piecegoods exports to Burma. The time has now arrived for substantially reducing the figure, more particularly in view of the Indo-British Trade Agreement which the Government of India have decided to enforce in spite of the verdict of the Legislative Assembly and the country and which will permit of much larger imports from Lancashire. Similarly, the quota figure should be inclusive of any re-exports over India's land frontiers for the reason that when the original quota limits were fixed, a misconception existed regarding the relative values of the land re-export trade and direct imports through Indian State Ports. Alternatively, the quota for British India should be reduced by approximately 50 million yards per annum.

12. *Basis of the Quota.*—As suggested during the last discussions, the Association would like to see the basis of the quota changed from linear yardage to square yardage owing to the increasing quantities of wider width greys now being imported from Japan. Information at the disposal of the Association shows that the great bulk of the importations of grey piecegoods are considerably more than 36" in width. An alteration as is now suggested was asked for by the Unofficial Advisers from Madras during the last discussions, and the fears which were then entertained have now been substantially confirmed.

13. *Offtake of Indian Cotton.*—The present Protocol is to some extent defective in that it does not ensure a guaranteed offtake of Indian cotton by Japan, and we suggest that the new Protocol should provide for a guaranteed minimum offtake taking into consideration the purchases of Indian cotton by Japan in the last three years.

14. As to the spinning side of the industry, it is realised that it cannot adequately be safeguarded against external competition by limiting imports from Japan alone owing to the probability of very much greater imports from China. In these circumstances, my Association would urge that the situation might be met by quantitative limitation of imports of cotton yarn from all countries, more particularly since the control of the manufacturing industry of the two countries is largely in Japanese hands and exports from one country can very easily be substituted by exports from the other.

15. When the existing Indo-Japanese Trade Agreement was being negotiated in 1937, the attention of the Government of India was drawn to the serious position in which many of the smaller industries of this country had been placed owing to severe competition from Japan. This matter was eventually excluded from the scope of the official negotiations which resulted in the present Convention and Protocol, but early in June 1937, Government placed an Officer on special duty to examine the case of these minor industries for special assistance. The Special Officer subsequently carried out a preliminary investigation, but, in November, Government announced the suspension of the enquiry in view of the unsettled conditions in the Far East since the commencement of the enquiry and the steady rise in the prices of Japanese imports into India. Government stated that the need for special measures of assistance to Indian industries, in view of Japanese competition, had become less pressing, but indicated that they would watch the situation carefully and would be prepared to give special attention to the needs of any industry that might be adversely affected. My Association strongly feels that the case of the minor industries for special help should be reviewed by Government as early as possible after the conclusion of the new Convention and Protocol.

16. It is noted that, at a later date, Government intend to call together a representative body of advisers and lay before them the replies received to Government's communication

and other materials, and I am desired to express the hope that representation commensurate with its stake in the country will be accorded to the Association in any panel of advisers.

Copy of letter No. 312/T(6), dated the 22nd June 1939, from the Secretary to the Government of India, Department of Commerce, Simla, to the Association.

I am directed to communicate for the information of your Association that it is expected that discussions between representatives of the Government of India and of the Government of Japan in regard to the continuation or modification of the existing Trade Agreement between the two countries are likely to commence shortly and to say that the Government of India would be glad if your Association would nominate 2 of its members to serve as unofficial advisers to Government during the course of the negotiations.

2. I am further to say that the Government of India would be glad to have a preliminary discussion of the problems likely to arise in the course of the negotiations before such negotiations commence and I am to suggest that the unofficial advisers to Government should assemble in Simla on Monday the 17th July. On receipt of information as to the names of the advisers nominated by your Association further details as to the time and place of meeting will be forwarded directly to the nominees.

Copy of letter No. 2843/131, dated the 4th July 1939, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your confidential letter No 312-T(6)/39, dated the 22nd June 1939, requesting my Association to nominate two representatives to serve as Unofficial Advisers to Government during the course of the forthcoming trade discussions between representatives of the Government of India and of the Government of Japan. In reply, I am desired by my Committee to point out that, if only two names were submitted, difficulties might arise in the event of one or both of them not being available at any stage of the negotiations. They, therefore, request that they may be allowed to appoint two representatives from a panel of four, whose names are given below :—

- (1) Sir H. P. Mody, K.B.E., M.L.A.,
C/o Messrs. Tata Sons, Ltd.,
Bombay House, Bruce Street, Fort,
Bombay.
- (2) Sir Chunilal V. Mehta, K.C.S.I.,
C/o Messrs. Chunilal V. Mehta & Co.,
Queen's Mansion, Prescott Road, Fort,
Bombay.
- (3) Mr. Dharamsey Mulraj Khatau,
C/o Messrs. Khatau Makanji & Co.,
2B, Ballard Pier, Laxmi Building, Fort,
Bombay.
- (4) Mr. T. V. Baddeley,
C/o Messrs. Forbes, Forbes, Campbell & Co., Ltd.,
Forbes Building, Home Street, Fort,
Bombay.

This arrangement, I am desired to point out, would ensure the attendance of two representatives of the Association at all stages of the negotiations.

Copy of letter No. 4929/131, dated the 28th November 1939, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

The Committee of my Association note from Press reports that the negotiations which have been taking place between the Government of India and representatives of the Government of Japan have now reached a very advanced stage. There is no indication as to whether and, if so, when Government propose to call in and consult the Unofficial Advisers in this matter, but I am to point out that, on the previous occasion, consultations with Unofficial Advisers actually took place only when all the details of the Protocol had been practically fixed up with the Japanese Delegation. My Committee are anxious that, on the present occasion, this should not occur and that an early opportunity should be given to representatives of Indian Industrial and Commercial Organizations to place their viewpoints before Government on the issues arising out of their discussions with the Japanese Delegation before Government take any final decisions in this matter.

My Committee would greatly appreciate an indication from Government as to what they propose to do in this matter.

Copy of letter No. 312-T(18), dated the 7th December 1939, from the Under-Secretary to the Government of India, New Delhi, to the Association.

In reply to your letter No. 4929/131 of 1939, dated the 28th November 1939, I am directed to enclose for the information of the Committee of the Association an extract from the proceedings of a meeting at Bombay between the Hon'ble the Commerce Member and the Committee of the Indian Merchants' Chamber, Bombay, on the 2nd November 1939, at which the procedure to be followed in the matter of consultation between the Government of India and the non-official advisers in connection with the Indo-Japanese Trade Negotiations was discussed.

2. It will be observed from the reply given by the Hon'ble the Commerce Member that it is not the intention of Government to exclude non-official advisers altogether from consultation or to place a *fait accompli* before them, but to invite some of them for consultation if and when necessary.

Extract from the proceedings of a meeting at Bombay between the Hon'ble the Commerce Member and the Committee of the Indian Merchants' Chamber, Bombay, on the 2nd November 1939.

Summary of the reply given by the Hon'ble the Commerce Member.

In regard to conduct of the Indo-Japanese trade negotiations, the precedent that had been established in connection with the previous negotiations was being followed. He acknowledged the assistance received from the non-official advisers in this matter and observed that, while it would not be possible to keep contact with the panel of advisers continuously, he noted the suggestion made by the Committee to have a sub-committee of the non-official advisers permanently sitting at Delhi to be available for consultation by the official delegate and said that owing to various reasons which he need not state, he was unable to accept the suggestion. But it was possible that from time to time Government might invite a few advisers to meet the Government delegate and to have their views on the progress made or on definite aspects which might necessitate such consultation. It was not the intention of Government, the Hon'ble Member assured, to place *fait accompli* before the advisers.

QUOTA ON YARN.

Copy of letter No. 4017/131, dated the 26th September 1939, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed by the Committee of the Millowners' Association, Bombay, to enclose herewith, for the information of Government, a statement showing the total quantities of

cotton yarn imported from Japan into British India from the year 1928. My Committee feel that Government's attention should be drawn to the trend of Japanese imports into India. At the rate at which Japan has been importing cotton yarn in this year, her total imports for the completed year 1939 are likely to exceed substantially her sendings to India in any single year from 1928, the first complete year after the imposition of the minimum specific duty of Ans. 1½ on yarn.

My Committee also feel that they should point out that the very outstanding increase in the Japanese imports of grey singles and grey folded yarns in 1939 is due to the fact that the increase in the duty on raw cotton has conferred a direct advantage to Japanese manufacturers in medium and fine count yarns with the result that Japanese manufacturers have in the year under review been finding it possible to undersell Indian mills in these counts.

Imports of Cotton Yarn into British India from Japan.

(Figures in thousands of lbs.)

	1928.	1929.	1930.	1931.	1932.	1933.	1934.	1935.	1936.	1937.	1938.	Jan./ June 1939.
Grey Singles	2,215	2,418	2,942	547	6,568	4,647	2,038	5,114	4,898	1,160	2,434	5,074
Coloured Singles	54	80	4	..	..	4	13	9	16	1	26	51
White Bleached	313	592	494	445	650	490	847	1,098	1,045	603	453	231
Grey Folded	606	2,272	1,061	273	2,862	1,049	1,289	2,145	2,634	3,647	3,627	4,122
Coloured Folded	2	12	17	..	..	9	..	18	43	2	18	18
Mercerised	3,516	5,561	3,569	4,425	7,317	5,192	6,419	9,870	10,532	8,661	9,868	7,241
Unspecified .. ..	..	..	4	2	13	3	3	5	2	1	1	..
TOTAL: COTTON YARN ..	6,707	10,943	8,030	5,692	17,410	11,393	10,618	18,254	19,171	14,075	16,447	16,761

Copy of letter No. 4869/131, dated the 24th November 1939, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

In the Association's representation dated the 28th April 1939, setting out the directions in which the Protocol attached to the above Convention should be modified, it was stated that the scope of the Protocol should be widened by providing for a quota on imports of cotton yarn; it was suggested that the quota for yarn should be based on the average imports of the last five years as set out in the Indian Import Trade Statistics, and that the quota should be divided into yarns of 50s and under and yarns over 50s. The attention of the Government of India was also drawn to the heavy imports of yarn from Japan during the preceding months. The bare statement contained in the Association's representation possibly did not convey to Government the absolutely essential importance of steps being taken to ensure that the Indian Mill Industry's capacity to extend and develop her production of fine count yarns should be adequately fostered. As Government are aware, the Association has always held that the spinning section of the Industry has been inadequately protected against external competition, particularly against Japanese competition, and the position in regard to fine yarns has been greatly worsened following the imposition of a duty of half an anna per lb. on raw cotton in 1931 and an addition of a further half an anna per lb. in March 1939. When the Deputation from the Indian Mill Industry waited on the Hon'ble Sir James Grigg early this year following notification of Government's intention to increase the duty on raw cotton from half an anna per lb. to one anna per lb., the extremely adverse effects that the duty would have upon spinners of fine count yarns were placed before the Finance Member, and he appeared to appreciate the dangers which would probably follow from the raising of the duty as far as medium and fine count yarns were concerned. It is understood that Sir H. P. Mody, who led the Millowners' Deputation to Sir James Grigg, submitted a note to Sir James in which he advocated a limitation of cotton yarn imports on the basis of the average imports for the last four or five years, and Sir James promised that Government would give the suggestion their very serious consideration. It had been hoped that as a result of the case put forward at the conference to which reference has been made, and the facts submitted

later on by Sir H. P. Mody, that the Government of India would have taken steps to alleviate the position of the Spinning Industry in the directions indicated, but the duty of one anna per lb. on all imported cotton has been retained, and no quota limitation has been imposed on imported yarn.

The chief danger to the Indian Mill Industry in the matter of yarn imports has always been Japan and to a lesser extent China, and the essential facts of the situation will be realised by the Government of India from the following table setting out the figures of imports during the last five completed financial years and the first five months of the present year. The table gives separate figures of yarn of counts 50s and below and yarns over 50s :—

Imports of yarn of counts 50s and under :

	Japan.	China.
	(In thousands of lbs.).	
1934-35	3,221	8,782
1935-36	9,500	9,441
1936-37	4,681	1,123
1937-38	2,207	470
1938-39	7,231	6,787
1939-40 (5 Months) ..	3,340	59

Imports of yarn of counts over 50s :

	Japan.	China.
	(In thousands of lbs.).	
1934-35	8,110	3,984
1935-36	11,803	3,978
1936-37	11,049	3,870
1937-38	12,435	153
1938-39	13,938	3,800
1939-40 (5 Months) ..	9,662	572

If the figures of importations of yarns of over 50s counts are studied, the seriousness of the situation becomes at once apparent. It will be noted that despite the handicaps imposed by the Sino-Japanese war, importations of yarns over 50s increased from a figure of 8 million lbs. in the year 1934-35 to 14 million lbs. in 1938-39. The record figure of 1938-39 will, however, be greatly exceeded in the year 1939-40 if the present rate of importations continues. In the first five months of 1939-40 for which figures are available, the importations of yarn of over 50s count from Japan exceeded 9½ million lbs., and this very steep rise in 1939-40 was, it is submitted, largely due to the further handicap placed on the fine spinning industry in India by the additional duty on imported raw cotton, an eventuality which was foreseen and put forward at the March conference with the Finance Member. It is submitted that a quota limitation on imports of yarn from all countries such as was suggested by the Mill Industry's representatives at that conference, represents the direction in which the Spinning Industry's future can be most fully protected, but since no action has been taken by the Government of India to impose a quantitative limitation of imports from all countries, it is submitted that the opportunity provided by the present Indo-Japanese Trade Negotiations should be availed of to deal effectively with the Indian Industry's most serious competitor.

My Committee are aware that it has been suggested in certain quarters that yarn is outside the scope of the present Convention and Protocol. My Committee respectfully beg to disagree with this view, and would point out that yarn is as important an element of our manufacture as piecegoods, and there is nothing either in the Convention or in any understanding with Japan which precludes cotton yarn from the scope of the Trade Negotiations between the two countries.

APPENDIX 32.

JAPANESE QUOTA : RE-EXPORTS OF JAPANESE PIECEGOODS FROM
BURMA TO INDIA.

*Copy of telegram, dated the 9th June 1939, from the Association to the Secretary to the
Government of India, Department of Commerce, Simla.*

Committee Millowners' Association understand 7½ million yards of Japanese cotton piecegoods were imported into British Indian ports from Burma in 1938-39 against 3½ million yards in previous year stop It appears these imports are not included in British Indian quota with the result that to the extent of her re-exports from Burma to British India Japan is allowed to exceed her British Indian quota stop Bulk of Japan's re-exports from Burma to British India consists of printed goods and in this classification Indian mills are finding it extremely difficult to meet Japanese competition stop Japan is already known to have exceeded quota allotted to her in British India in printed goods in former years and additional imports from Burma only make matters worse and show Japan making efforts to circumvent the quota stop It is therefore requested that instructions be issued to Collectors of Customs through Central Board of Revenue to include Japanese cotton piecegoods re-exports from Burma to British Indian ports in the British Indian quota.

*Copy of letter No. 2529/148, dated the 10th June 1939, from the Association to the Secretary
to the Government of India, Department of Commerce, Simla.*

I am directed to confirm having wired to you yesterday as under :—

“ Committee Millowners Association understand 7½ million yards of Japanese cotton piecegoods were imported into British Indian Ports from Burma in 1938-39 against 3½ million yards in previous year stop It appears these imports are not included in British Indian quota with the result that to the extent of her re-exports from Burma to British India Japan is allowed to exceed her British Indian quota stop Bulk of Japan's re-exports from Burma to British India consists of printed goods and in this classification Indian Mills are finding it extremely difficult to meet Japanese competition stop Japan is already known to have exceeded quota allotted to her in British India in printed goods in former years and additional imports from Burma only make matters worse and show Japan making efforts to circumvent the quota stop It is therefore requested that instructions be issued to Collectors of Customs through Central Board of Revenue to include Japanese cotton piecegoods re-exports from Burma to British Indian Ports in the British Indian quota.”

For ready reference, I subjoin a tabular statement setting out the imports of various categories of cotton piecegoods into British India from Burma in the last two completed financial years 1937-38 and 1938-39 :—

	1937-38.	1938-39.
	Yds.	Yds.
Plain grey goods	37,850	43,516
Bordered grey goods	22,000	5,500
Bleached goods	87,895	629,392
Printed goods	2,631,444	5,894,273
Dyed goods	740,036	442,393
Woven coloured goods	145,641	202,620
	3,664,866	7,217,694

Copy of letter No. 312-T(15), dated the 1st July 1939, from the Under-Secretary to the Government of India, Department of Commerce, to the Association.

With reference to your telegram dated the 9th June 1939, on the above subject, I am directed to say that the exclusion of re-exports from Burma from the Indian quota is in accordance with the terms of the Protocol of 1937 regarding Commercial Relations between India and Japan and the provisions of the India and Burma (Trade Regulation) Order, 1937, the combined effect of which is to create a position similar to that which would have existed if there had been a single quota for India and Burma.

2. The point raised by the Association has, however, been noted and will receive consideration if the Agreements come up for revision.

APPENDIX 33.

IMPORT DUTIES ON INDIAN COTTON PIECEGOODS AND YARN IN KASHMIR AND JAMMU.

Copy of letter No. 430/40, dated the 20th January 1939, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

The Committee of the Association understand that (Customs) Notification No. 6 of 1938 issued by the Government of His Highness the Maharaja of Kashmir and Jammu provides for the levy of the following rates of duties on Indian Textile Manufactures on their entry into Kashmir and Jammu.

Item No.	Name of article.	Rate of duty on articles of British Indian manufacture.
46	Raw Silk (excluding Silk waste and noils, and silk cocoons) ..	25 per cent. <i>ad valorem</i> plus 14 annas per lb.
46(1)	Silk waste and noils	25 per cent. <i>ad valorem</i> .
27	(Special Tariff)—Woollen yarn and twist and yarn for weaving including knitting wool	7½ per cent. <i>ad valorem</i> .
48	Fabrics, not otherwise specified containing more than 90 per cent. of silk including such fabrics embroidered with artificial silk—	
	(a) Pongee	50 per cent. <i>ad valorem</i> plus Rs. 1 per lb.
	(b) Fuji, Boski and corded (excluding white cord)	50 per cent. <i>ad valorem</i> plus Re. 1-8 per lb.
	(c) Other sorts	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb.
48(1)	Fabrics not otherwise specified containing more than 90 per cent. Art Silk	30 per cent. <i>ad valorem</i> or 2½ annas per sq. yd. whichever is higher.
48(2)	Woollen fabrics not otherwise specified containing more than 90 per cent. of wool excluding felt and fabrics made of shoddy or waste wool	25 per cent. <i>ad valorem</i> .
8(c)	(Special Schedule)—Cotton piecegoods and following articles of cotton manufacture.—	
	Bed sheets, bedspreads, bolster cases, counterpanes, table-cloths, tray cloths, bed covers, table cover, dusters in rolls or pieces, glass cloths, handkerchiefs, napkins, pillow-cases, scarves, shirts, shawls, sacks, towels in rolls or pieces, umbrella coverings, newar, cotton tape, cotton azarbands (waist-strings), cotton lamp wicks, pyjamas and trousers	10 per cent. <i>ad valorem</i> .
48(4)	Fabrics not otherwise specified containing more than 10 per cent. but not more than 90 per cent., silk.—	
	(a) Containing more than 50 per cent. of silk or artificial silk or both	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb.
	(b) Containing more than 50 per cent. of silk or of artificial silk or of both :—	
	(i) Containing more than 10 per cent. of artificial silk ..	50 per cent. <i>ad valorem</i> or Re. 1-8 per lb. (whichever is higher.)
	(ii) Containing no artificial silk or not more than 10 per cent. art silk	50 per cent. <i>ad valorem</i> .

Item No.	Name of article.	Rate of duty on articles of British Indian manufacture.
48(5)	Fabrics not otherwise specified containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. art silk.— (a) Containing 50 per cent. or more cotton	30 per cent. <i>ad valorem</i> or 2 annas per sq. yard whichever is higher.
	(b) Containing no cotton or containing less than 50 per cent. cotton	30 per cent. <i>ad valorem</i> or 2½ annas per sq. yard whichever is higher.
48(6)	Fabrics not otherwise specified containing not more than 10 per cent. silk or 10 per cent. art silk but containing more than 10 per cent. but not more than 90 per cent. wool.. .. .	25 per cent. <i>ad valorem</i> .
48(7)	Fabrics not otherwise specified containing not more than 10 per cent. silk, or 10 per cent. art silk, or 10 per cent. wool but containing more than 50 per cent. cotton, and not more than 90 per cent. cotton.. .. .	25 per cent. <i>ad valorem</i> .
48(8)	Fabrics not otherwise specified containing not more than 10 per cent. silk, or 10 per cent. art silk or 10 per cent. wool or 50 per cent. cotton	25 per cent. <i>ad valorem</i> .
48(9)	The following cotton fabrics, namely sateens, including Italians of sateen weave, velvets and velveteens and embroidered all-overs	25 per cent. <i>ad valorem</i> .
48(10)	Fabrics containing gold or silver thread	50 per cent. <i>ad valorem</i> .
52	(Special Schedule)—Suiting cloth which does not contain more than 15 per cent. silk or 30 per cent. art silk or 15 per cent. wool.. .. .	15 per cent. <i>ad valorem</i> .
49	Textile manufactures, the following articles when made wholly or mainly of any of the fabrics specified in item Nos. 48, 48(1), 48(4), 48(5), 48(7), 48(9) or 48(10).— Bed sheets, bedspreads, bolster cases, counterpanes, table-cloths, tray cloths, bed covers, table covers, dusters, glass cloths, handkerchiefs, napkins, pillow cases, pillow-slips, scarves, shirts, shawls, sacks, towels, and umbrella coverings	The <i>ad valorem</i> rates of duty applicable to the fabrics of which the article is wholly or mainly manufactured.
49(1)	Fents being <i>bona fide</i> remnants of piecegoods or other fabrics.— (a) Cotton fents not exceeding 4 yards in length	10 per cent. <i>ad valorem</i> .
	(b) Of materials liable to duty under item 48, 48(1), 48(4) or 48(5) not exceeding 2½ yards in length	25 per cent. <i>ad valorem</i> .
	(c) Of other materials not exceeding 4 yards in length	25 per cent. <i>ad valorem</i> .
49(2)	Ribbons	40 per cent. <i>ad valorem</i> .
49(3)	Blankets and rugs (other than floor rugs, excluding blankets and rugs made wholly or mainly from art silk)	25 per cent. <i>ad valorem</i> .
49(3)	Woollen carpets, floor rugs, shawls and other manufactures of wool, not otherwise specified, including felt	25 per cent. <i>ad valorem</i> .
51	Socks and stockings made wholly or mainly from silk or artificial silk	40 per cent. <i>ad valorem</i> .
51(1)	Woollen hosiery and woollen knitted apparel containing not less than 15 per cent. of wool by weight	25 per cent. <i>ad valorem</i> .
51(2)	Cotton knitted apparel, including apparel made of cotton interlocking material, cotton undervests, knitted or woven and cotton socks and stockings.— (a) of a weight not exceeding 4 lbs. per dozen	25 per cent. <i>ad valorem</i> or 12 annas per lb. whichever is higher.
	(b) of a weight exceeding 4 lbs. per dozen	25 per cent. <i>ad valorem</i> or 10 annas per lb. whichever is higher.
51(3)	Cotton knitted fabrics	50 per cent. <i>ad valorem</i> or 12 annas per lb. whichever is higher.
52	Apparel, hosiery, haberdashery, millinery and drapery not otherwise specified	25 per cent. <i>ad valorem</i> .
53	(Special Schedule)—Cotton pullovers and slipovers	25 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher.
53	(General Schedule)—Textile manufactures not otherwise specified	25 per cent. <i>ad valorem</i> .

It is understood that foreign textile manufactures are imported into the State under Customs Drawback Certificates, and in fact no duty is chargeable on such imports. This obviously places Indian manufactures at a disadvantage in competing with foreign manufactures in the markets of Kashmir and Jammu. As Government are aware, cotton piecegoods constitute the only item of exports of Indian merchandise to Kashmir. On the other hand, the major portion of the produce of this State is consumed in British India; woollen and silk manufactures, carpets, silverwares, fruits, wood and woodwork, etc. from Kashmir find a ready market in British India, and all these articles are admitted into British India free of any duty. Hundreds of bales of raw shawl cloth and woollen yarn of foreign origin which are freely imported into the State, are re-exported to British India after being dyed and embroidered, for sale in British Indian markets, and the drawback obtained in respect of these goods when they were originally imported, is retained by the importer in the State, and the finished goods which re-enter British India are subject to no duties whatsoever.

The position, therefore, is very unsatisfactory, and my Committee request that the Government of India might take the matter up with the State Authorities with a view to securing the admission of Indian goods into Kashmir free of duty.

The following figures of sendings of Indian cotton piecegoods and yarn to Kashmir clearly bring out the importance of the Kashmir and Jammu markets to the Indian Cotton Mill Industry, and my Committee would greatly appreciate it if something could be done to set matters right as early as possible as it is understood that the duties referred to above are at present being collected by the State Authorities :—

	1935-36.	1936-37.	1937-38.	1938-39 (5 months)
Cotton Twist and Yarn (Mds.) ..	3,085	2,205	3,514	2,034
Piecegoods (Bales)	32,131	34,125	38,236	17,197
Piecegoods (Boxes)	431	889	240	62

Copy of letter No. 117-T(1), dated the 11th April 1939, from the Under-Secretary to the Government of India, Department of Commerce, to the Association.

I am directed to refer to your letter, No. 430/40 of 1939, dated the 20th January 1939, on the above subject. In reply I am to invite attention to pages 229-30 of the Indian Sea Customs Manual (Third Edition) wherein the procedure followed in respect of assessment to duty of goods imported by sea at British Indian ports for transmission to Kashmir is fully explained. It will be observed that customs duty at British Indian tariff rates is levied on all goods liable to such duty and this is ultimately refunded to the Kashmir State Treasury and not the importer of the goods in question. Imports from India into Kashmir, on the other hand, are assessed to duty in some cases at tariff rates equivalent to the British Indian rates of duty and in the other cases at special tariff rates, which are in most cases lower than those in force in British India. These special rates are applicable to cotton twist and yarn and cotton piecegoods in the exports of which your Association is primarily interested. In the circumstances the Government of India do not think that any useful purpose will be served by requesting the Government of Kashmir to abolish the duties on imports of Indian origin.

Copy of letter No. 1930/40, dated the 26th April 1939, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. 117-T(1)/39, dated the 11th April 1939. Government point out that customs duties at British Indian tariff rates are levied on all goods liable to such duties, and these are ultimately refunded to the State and not the importer of the goods in question. Imports from British India into Kashmir, Government further add, are assessed to duty in some cases at tariff rates equivalent to the British Indian rates of duty and in other cases at special rates, which are in most cases lower than those in force in British India. In these circumstances, Government suggest no useful

purpose would be served by requesting the Government of Kashmir to abolish the duties on imports of Indian origin.

My Committee are very grateful for the information and explanation kindly made available to them by Government, but they feel that the position which exists to-day is very unsatisfactory from the point of view of both the Government of India and the Indian Cotton Textile Industry. As pointed out by my Committee in my last letter, a fair proportion of imported cotton goods, in respect of which a refund of duty has already been allowed to the State, comes back to British India after having undergone various processes, such as bleaching, dyeing, printing, embroidering, etc. in the State. No duty is charged in respect of such goods and this results in a loss of revenue to British India. The situation is also unsatisfactory from the point of view of the Indian Industry because the margin of protection accorded to Indian cotton manufactures in British India is not available in Kashmir State, the duty levied on such manufactures in the State operating to reduce it, and business which might pass to the Indian Mill Industry thus goes to Japanese manufacturers. My Committee have very carefully considered the matter, and if their reading of the situation is correct, there seems to be no reason why the State should not be willing to consider the case of the Indian Cotton Textile Industry favourably, if, as is reported, the manufactures and produce of the State are allowed into British India free of duty. In view of the growing importance of the trade with Kashmir, my Committee would greatly appreciate it if Government would take this matter up with the authorities of the State.

Copy of letter No. 117-T(1), dated the 14th July 1939, from the Under-Secretary to the Government of India, Department of Commerce, to the Association.

I am directed to refer to your letter, No. 1930/40 of 1939, dated the 26th April 1939, on the above subject, and to say that the points made therein, which raise complicated issues, are receiving the consideration of the Government of India.

APPENDIX 34.

EGYPTIAN TARIFF ON COTTON TEXTILES.

Copy of letter No. 3-C(5)/39, dated the 6th April 1939, from the Under-Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

In continuation of this Department letter No. 4-C(16)/38, dated the 16th December 1938, I am directed to say that it has not been possible to secure any reduction in the Egyptian tariff duties on cotton textile goods but the Government of India are informed that the Egyptian Government propose to introduce a quota system in respect of imports of cotton textiles into Egypt and that for 1939, they have fixed a total global quota of 140 million square metres. This quota is to be allocated to the various countries on the basis of their takings of Egyptian raw cotton during the cotton year 1935-36, 1936-37 and 1937-38, and on this basis, India will be allotted a quota of 7,616,000 square metres calculated at 5.44 per cent. of the total global quota.

2. The necessary legislation instituting the quota system and regulations governing the application thereof are still under consideration of the Egyptian authorities. It is however understood that their intention is that the control of quotas should be placed in the hands of the exporting countries concerned and for this purpose the latter will be asked to nominate a body or bodies to issue certificates of origin for cotton piecegoods exported to Egypt. These certificates will be required, *inter alia*, to state that the goods in question were spun, woven and finished in India.

3. The Government of India consider that the Millowners' Association, Bombay, will be the most suitable body to issue the required certificates of origin and they will be glad to be informed whether the Association is agreeable to undertake this work. I am to request that the reply to this letter may be sent by telegram.

Copy of letter No. 1718/89, dated the 12th April 1939, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 3-C(5)/39, dated the 6th April 1939, and to confirm having telegraphed to you as under :—

“ Reference Government letter dated sixth. Association prepared issue certificates of origin if permission available to levy reasonable certification fees. If however Government desire such certificates to be issued free, please wire whether and if so what financial assistance may be expected from Government in maintaining the requisite staff and office.”

The acceptance contained in the above telegram is, as you will appreciate, a provisional acceptance in the absence of full information as to the charges which the Association will be permitted to levy, the nature of the certificates of origin which the Association will be expected to issue and the nature of the check and verification which the Association will be expected to exercise. We should also like to be informed whether the Association is to be the only authority for the issue of certificates of origin in connection with the exports of cotton piecegoods to Egypt or whether an authority is to be appointed at each of the chief ports in India. Speaking off-hand, we would say that practically the whole of the piecegoods exports to Egypt must emanate from the Port of Bombay and most of them will be the products of mills located within the Province of Bombay, but it would perhaps be advisable to ascertain from the Port authorities at Calcutta, Madras and Karachi whether, in recent years, any piecegoods consignments have been sent to Egypt through those Ports. We would also like to be informed as to when the Association may be expected to take over this duty of issuing certificates and whether certificates of origin will also have to be issued in respect of cotton yarn exports and exports of cotton and artificial silk piecegoods, etc., etc.

Copy of letter No. 3-C(5)/39, dated the 16th May 1939, from the Under-Secretary to the Government of India, Department of Commerce, Simla, to the Association.

With reference to the correspondence ending with your letter No. 1718/89 of 1939, dated the 12th April 1939, I am directed to say that the Government of India have no objection to a small fee being levied by your Association for the issue of certificates of origin in respect of cotton textiles exported to Egypt under the proposed quota system. In this connection I am to suggest that unless the Association consider that the actual expenditure is not likely to be covered by it, a fee of Rs. 5 per certificate may be levied which is the rate charged by the Bengal and Bombay Chambers of Commerce for authentication of certificates of origin.

2. As regards the points raised in your letter mentioned above, I am to communicate the following observations of the Government of India.

(i) *Nature of certificate to be issued and of check and verification to be exercised.*—As already stated in para. 2 of this Department letter No. 3-C(5)/39, dated the 6th April 1939, the Egyptian authorities are framing a set of regulations to govern the application of the proposed quota system and such regulations will, no doubt, indicate the requirements of the Egyptian Government in the matter of certificates of origin. It will thus be possible only after the receipt of the text of those regulations to determine the exact nature of the check and verification which your Association will be expected to exercise in connection with these certificates. One thing is, however, certain, viz., that the certificates should clearly indicate that the goods in question were spun, woven and finished in India.

(ii) *Authority to issue certificates of origin.*—The intention of the Government of India is to authorise your Association only to issue the required certificates. The statistics of export by sea of cotton piecegoods from the different provinces of British India to Egypt during the two official years 1937-38 and 1938-39 indicate that the goods were almost entirely shipped from the port of Bombay and there is, therefore, no necessity to make arrangements at any other port of India for the issue of the certificates of origin in question.

(iii) *Date from which certificates are to be issued.*—The certificates will be required to be issued after the proposed quota system comes into force. The Government of India will send a further communication to you as soon as intimation is received that the Egyptian law on the subject has been finally passed.

(iv) *Classes of goods for which certificates will be required.* The information available with the Government of India indicates that the quota system will be applied to *pure* cotton piecegoods only, though the Egyptian Government may reserve the right to include in the quotas cotton textiles mixed with other materials and ready-made cotton goods. It thus appears that, at the outset, the certificates will have to be issued in respect of pure cotton piecegoods only.

Copy of letter No. 2254/89, dated the 22nd May 1939, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am in receipt of your letter No. 3-C (5)/39, dated the 16th May 1939, which deals with the duties which the Association will be required to undertake in connection with the grant of certificates of origin for exports of cotton piecegoods from this country to Egypt. Until more is known regarding the requirements of the Egyptian Government in the matter of certificates of origin, it is not possible for me to express an opinion as to whether the Association will be in a position to issue certificates at the fee suggested. A great deal will depend on the type of verification needed. At the same time, it would seem that the fee might be varied according to the value of particular consignments. Further instructions and information are therefore awaited with interest.

APPENDIX 35.

REVISION OF THE PRODUCTION AND IMPORT STATISTICS OF COTTON PIECEGOODS AND YARN.

Copy of letter No. 10702, dated the 7th July 1938, from the Director-General of Commercial Intelligence and Statistics to the Association.

I have the honour to say that in connection with the question of the revision of classification of production and import statistics of cotton manufactures, the Government of India appointed a Special Officer in March 1935 with instructions to prepare a skeleton scheme of classification in a form so as to allow for expansion of the Indian industry into new lines which are at present covered only by imports and to facilitate comparison between the two sets of statistics in respect of the main heads of classification. The enclosed memorandum* summarises the results of the investigations embodied in the report submitted to Government. The report is still under examination. The provisional conclusions arrived at so far are noted in Appendix I of the memorandum along with the existing scheme of classification and that recommended by the Special Officer. I shall be much obliged if you will have the proposals contained therein examined by the Committee of your Association and favour me with their views at your earliest convenience.

* Not printed.

Copy of letter No. 569/201, dated the 27th January 1939, from the Association to the Director-General of Commercial Intelligence and Statistics.

I am directed to acknowledge the receipt of your letter No. 10702, dated the 7th July 1938, in which you request my Committee to express an opinion on certain proposals made by the Special Officer appointed by Government in March 1935 to revise the existing trade classifications of cotton piecegoods and yarn in the Production and Import Statistics. The proposals of the Special Officer have since been carefully examined by my Committee, and I enclose herewith for the consideration of Government a statement* which sets forth the amendments which, my Committee tentatively propose, should be made in the scheme drawn up by the Special Officer. The amendments proposed by my Committee do not seek to alter substantially the main superstructure of the scheme prepared by the Special Officer ; suggestions for re-alignment and re-grouping of many of the items constituting the different tables have, however, been made keeping in view :—

- (a) the desirability of preventing the recording of the same item in two or more statistical tables ;
- (b) the requirements of the trade ; and
- (c) the simplification of the work of the mill staff.

2. My Committee desire to point out that, so far as they are aware, in no country in the world are Production Statistics of the Cotton Textile Industry collected and published so frequently, regularly and elaborately as in India, and while my Committee recognize that their tentative suggestions involve the collection of more detailed Production Statistics than at present, they hold that the publication of the Statistics should be strictly limited to broad summaries or abstracts only, the details being made available to the Indian Industry *alone* for its confidential information.

3. The Cotton Industry (Statistics) Act of 1926 provides for the collection of statistics of production of cotton goods only, i.e., cotton yarn, wholly or partly composed of cotton fibres and cotton fabrics, woven, knitted or otherwise manufactured, wholly or partly, from cotton yarn, in any establishment where cotton yarn is spun by machinery or where cotton goods are woven, knitted or otherwise manufactured. That is to say, the Act is not applicable to bleaching, dyeing and printing establishments which are not attached to cotton spinning and weaving mills and to establishments engaged in the manufacture of fabrics containing silk, rayon or staple fibre both in the warp and weft and to establishments engaged in the production of made-up goods on a large scale. In the circumstances, it is considered that an amendment of the Act will be necessary to secure the submission of returns from these establishments which are at present outside the scope of the Act.

My Committee desire to point out once again that the suggestions they have made are of a very tentative character ; they would, however, have no objection to having these suggestions examined and commented upon at the instance of Government by other commercial and industrial organizations of this country, if Government would give us an opportunity of re-examining the whole problem in the light of the observations and criticisms received from the organizations consulted, and discussing the matter with you if necessary with a view to find out whether, and if so in what respects, the suggestions now made require modifications.

Copy of letter No. 1-C (24)/39, dated the 8th August 1939, from the Additional Deputy Secretary to the Government of India, Department of Commerce, to the Association.

I am directed to say that the Government of India have had under consideration the question of proceeding with the last stage of the enquiry pertaining to the revision of the classification of the production and import statistics of cotton manufactures. In July 1938

* Not printed

they called for the views of the trade interests concerned on the recommendations contained in a report submitted to Government by the special officer appointed in March 1935 with instructions to prepare a skeleton scheme of classification. The comments of the commercial bodies consulted have been received and a copy of your Association's letter to the Director-General of Commercial Intelligence and Statistics No. 569/201, dated the 27th January 1939, has also been forwarded by that officer to the Government of India.

2. I am to observe that in paragraph 2 of your Association's letter mentioned above the view is expressed that detailed production statistics should not be published but should be made available to the Indian cotton textile industry *alone* for its confidential information. The Government of India are doubtful whether, if they agree to the proposition that the detailed statistics are not to be published, they will be justified in compiling them merely for the special purpose mentioned. If the trade wish to have the statistics for their own use only, it is open to them to compile the statistics for themselves. It is possible that they apprehend that if they undertook this compilation the figures would not be complete because some mills might refrain from supplying the necessary details. But if that is likely to be the case, it seems difficult for the Government of India to apply compulsion to such mills merely to secure the compilation of figures which would not be available to the general public.

3. As is well known to your Association, the origin of the whole enquiry regarding reclassification was the desire to compile production statistics which could be compared in detail with the statistics of imports, and the Government of India have throughout proceeded on the understanding that the figures compiled would be the basis of their published statistics. They would, therefore, like to have the fuller views of your Association as to whether the enquiry, so far as it relates to production statistics, should not now be brought to a close and occasion taken only to improve the import and export trade statistics where they are susceptible of such improvement.

4. I am to request the favour of an early reply to this letter.

Copy of letter No. 3804/201, dated the 12th September 1939, from the Association to the Secretary to the Government of India, Department of Commerce.

I am directed to acknowledge the receipt of your letter No. 1-C (24)/39, dated the 8th August 1939.

My Committee have carefully considered the point raised in the second paragraph of your letter, and I am desired to state that the Association would have no objection to the details of the production statistics recommended by the Association being published by Government. I am to point out that my Committee agree to the publication of detailed production statistics on the assumption that import statistics will be compiled and published by Government on the basis of the detailed recommendations made by the Association.

APPENDIX 36.

CONTROL OF CLOTH PRICES.

Notification by the Government of India, Department of Commerce, No. 20, dated the 8th September 1939, as amended on 16th September 1939.

In exercise of the powers conferred by sub-section (4) of section 2 of the Defence of India Ordinance, 1939, the Central Government is pleased to direct that the powers conferred on it by sub-rule (2) of rule 81 of the Defence of India Rules to provide for controlling the

prices at which articles or things may be sold, shall be exercisable also by any Provincial Government (including a Chief Commissioner) subject to the following conditions :—

- (a) The power shall only be exercised in respect of necessaries such as medical supplies, foodstuffs, salt, kerosene oil, and *the cheaper qualities of cotton cloth*.
- (b) Imported commodities, other than medical supplies, salt and kerosene oil, shall not be brought within the scope of the orders without the previous sanction of the Central Government.
- (c) The orders shall be applicable to prices at each of the following stages : sale by producer or importer, each stage of wholesale trade and the point of retail sale.
- (d) The maximum price fixed for sales at any of the above stages shall not be less than a figure 10 per cent. above the ruling price at the same stage on 1st September 1939.

Copy of telegram, dated the 18th September 1939, from the Association to Sir H. P. Mody (the Association's representative in the Indian Legislative Assembly), Simla.

Kindly represent immediately to Commerce Department the great undesirability of Provincial Governments dealing with limitations on cloth prices stop Indian Chamber, Calcutta, telegraph us that Bengal has fixed ten per cent. over September first for some classes of cotton cloth stop This advance does not even take into account fact that all mills were working at loss much less allow of increased prices cotton stores stop The results of such a step will be most undesirable and it is in interests of cotton grower, handloom weaver and labouring classes that reasonable increases in price levels should take place.

Copy of telegram, dated the 26th September 1939, from Sir H. P. Mody to the Hon'ble Sir Ramaswami Mudaliar, Commerce Member, Simla.

Reference our discussions cloth control. Contemplated fresh notification has not yet been issued by your department. Meanwhile C. P. Government has also included yarn up to twentys count in list of essential commodities. This emphasizes danger of divergent actions on part of Provincial Governments and necessity of Government of India retaining powers to secure fair and uniform treatment to industry.

Notification by the Government of India, Department of Commerce, No. 20-W(1)/39, dated the 29th September, 1939.

In exercise of the powers conferred by sub-section (4) of section 2 of the Defence of India Ordinance, 1939, the Central Government is pleased to direct that the following further amendment shall be made in the notification of the Government of India in the Department of Commerce, No. 20, dated the 8th September 1939, namely :—

For condition (d) in the said notification as amended by the notification of the Government of India in the Department of Commerce, No. 20-W(1)/39, dated the 16th September 1939, the following condition shall be substituted, namely :—

- (d) (i) In the case of goods produced in British India :—

The maximum price fixed for sales by the producer shall be so calculated from time to time as to allow for all factors, such as a rise in the cost of raw materials or mill stores, which may have increased the cost of production and shall in any case not be less than a figure 10 per cent. above the ruling price charged by producers on 1st September 1939 ;

The maximum price fixed for sales at the wholesale and retail stages shall not be less than a figure exceeding the ruling price at the same stage on 1st September 1939, by the amount by which the price charged by the producer is allowed by the Provincial Government in whose jurisdiction the producer carries on his business to exceed the ruling price charged by producers on the said date and shall in any case not be less than a figure 10 per cent. above the ruling price at the same stage of distribution on the said date.

(ii) In the case of imported goods :—

The maximum price fixed for sales by the importer shall be so calculated from time to time as not to be less than the sum of (a) the current cost to the importer of similar goods, and (b) the amount by which the importer's selling rate on 1st September 1939 exceeded the cost to importers prevailing on that date, and shall in any case not be less than a figure 10 per cent. above the ruling price charged by importers on that date ;

The maximum price fixed for sales at the wholesale and retail stages shall not be less than a figure exceeding the ruling price at the same stage on 1st September 1939 by the amount by which the price charged by the importer is allowed by the Provincial Government in whose jurisdiction the importer carries on his business to exceed the ruling price charged by importers on the said date and shall in any case not be less than a figure 10 per cent. above the ruling price at the same stage of distribution on the said date.

Copy of telegram, dated 3rd October 1939, from the Association to the Secretary to the Government of India, Department of Commerce.

Committee Millowners' Association thank Government for latest notification laying down directions for guidance of Provincial Governments in matter of cloth control stop Committee request Government to examine action taken in Bengal and C. P. and to take suitable steps for securing fair and uniform treatment in respect of cloth controlled in any centre and not to permit yarn and other manufactures not covered by original Ordinance to be included in list of essential commodities.

Copy of letter No. 4250/182, dated the 11th October 1939, from the Association to all members of the Association.

Rule 81(2) of the Defence of India Rules, 1939, empowers the Central Government, among other things, to control the prices at which articles or things of any description whatsoever may be sold. This power was subsequently delegated to Provincial Governments, subject to the following conditions :—

(a) The power shall only be exercised in respect of necessaries such as medical supplies, foodstuffs, salt, kerosene oil and the cheaper qualities of cotton cloth.

(b) Imported commodities, other than medical supplies, salt and kerosene oil, shall not be brought within the scope of the orders without the previous sanction of the Central Government.

(c) The orders shall be applicable to prices at each of the following stages : sale by producer or importer, each stage of wholesale trade and the point of retail sale.

(d) (i) In the case of goods produced in British India :—

The maximum price fixed for sales by the producer shall be so calculated from time to time as to allow for all factors, such as a rise in the cost of raw materials or millstores, which may have increased the cost of production and shall in any case not be less than a figure 10 per cent. above the ruling price charged by producers on 1st September 1939 ;

The maximum price fixed for sales at the wholesale and retail stages shall not be less than a figure exceeding the ruling price at the same stage on 1st September 1939, by the amount by which the price charged by the producer is allowed by the Provincial Government in whose jurisdiction the producer carries on his business to exceed the ruling price charged by producers on the said date and shall in any case not be less than a figure 10 per cent. above the ruling price at the same stage of distribution on the said date.

(ii) In the case of imported goods :—

The maximum price fixed for sales by the importer shall be so calculated from time to time as not to be less than the sum of (a) the current cost to the importer of similar goods, and (b) the amount by which the importer's selling rate on 1st September 1939 exceeded the cost to importers prevailing on that date, and shall in any case not be less than a figure 10 per cent. above the ruling price charged by importers on that date ;

The maximum price fixed for sales at the wholesale and retail stages shall not be less than a figure exceeding the ruling price at the same stage on 1st September 1939 by the amount by which the price charged by the importer is allowed by the Provincial Government in whose jurisdiction the importer carries on his business to exceed the ruling price charged by importers on the said date and shall in any case not be less than a figure 10 per cent. above the ruling price at the same stage of distribution on the said date.

It will be noted that "cheaper qualities of cloth" have been specified as one of the necessaries of life in respect of which control of prices might be exercised.

Soon after this delegation of power by the Central Government, various Provincial Governments issued public warnings against war-time profiteering, and in certain instances, unilateral action was taken limiting the prices of necessities, including coarse cloth. For example, the Government of Bengal allowed a rise of 15 per cent. over the prices prevailing on September 1st for cotton cloths of counts upto 16s and 25 per cent. for cloths made of warp above 16s to 20s counts, the price of cloth made of warp above 20s being left uncontrolled for the time being. The Government of the Central Provinces and Berar, on the other hand, notified "coarse cloth of Indian manufacture and yarn up to 20s count" as an "essential commodity," and fixed the maximum increase in price for such articles at 10 per cent. over the rates prevailing on September 1st, 1939.

The inadvisability of un-co-ordinated Provincial action in a matter such as the control of cloth prices, without due regard to the steep rise which has taken place since the outbreak of war in the prices of raw cotton, millstores and accessories, chemicals and dyes, and a host of other items constituting the essential raw materials of the Industry, has been strongly pressed by the Association on the attention of the Government of India ; and it is understood that a conference of Provincial Government representatives will shortly be convened for the purpose of concerting measures to secure uniformity of policy and action throughout the country in the matter of price control. In the meantime, member mills will be glad to learn that the Government of the Central Provinces and Berar have, on representations from cotton industrialists in that Province, now cancelled "coarse cloth of Indian manufacture and yarn up to 20s count" from the list of essential commodities in respect of which their scheme of price control is in operation.

*Copy of telegram, dated the 17th October 1939, from the Association to the Government of India,
Department of Commerce, Simla.*

Further to Association's telegram 3rd October thanking Government for Notification laying down directions for guidance Provincial Governments in matter cloth control and requesting examination action taken in Bengal and C. P. My Association desire their views regarding control cloth prices might be brought notice Economic Resources Board and conference with representatives of Provincial Governments convened for 18th to 20th October. Association strongly of opinion that neither necessary nor desirable to control mill

or handloom cloth or yarn prices at this juncture and that any such control would be likely to hamper legitimate trade and retard very necessary recovery raw cotton prices. Position is productive capacity and internal competition Indian Mill Industry is so great that no unjustifiable rise in prices is possible. At the outbreak of war Indian cloth and yarn prices had fallen to lowest levels for twenty years and grey cloth prices were much below cost of manufacture. Position in respect of yarn prices was similar. Despite war emergency grey cloth prices to-day lower than twelve months ago, although cotton one anna higher and cost of all classes of millstuffs risen enormously. Control cloth and yarn prices would be unreasonable particularly if based upon immediate pre-war price levels. If despite foregoing considerations and despite the inevitable adverse effect on prices of shorter stapled Indian cotton Economic Resources Board and conference consider coarse cloth to be a necessity of which selling prices should be controlled, Association represent desirability of uniform all-India action and urge advisability of prices being fixed from time to time in consultation with experts appointed by this Association which represent fifty per cent. of cotton spindles and looms working in India. Association similarly consider it desirable that any action apart from price control concerning cotton cloth and yarn should only be taken after consultation and in agreement with experts appointed by this Association.

Notification by the Government of India, Department of Commerce, No. 501/S and I.—War (4)/39, dated the 18th November 1939.

In exercise of the powers conferred by sub-section (4) of section 2 of the Defence of India Act, 1939 (XXXV of 1939), the Central Government is pleased to direct that the following further amendment shall be made in the notification of the Government of India in the Department of Commerce, No. 20, dated the 8th September 1939, namely:—

In condition (a) in the said notification, for the words "the cheaper qualities of cloth," the words "cotton cloth woven from yarn of counts not exceeding 20s in the warp or the weft" shall be substituted.

Copy of telegram, dated the 28th November 1939, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

Government notification eighth September as amended twenty-ninth September and recent notification eighteenth November regarding price control cotton cloth woven from yarns counts not exceeding 20s in warp or weft have received Association's careful consideration stop Association would point out that owing severe trade depression and heavy stocks cloth prices realised by mills on September first did not even cover cost of production leaving aside any provision for depreciation or profit stop Association therefore submit that prices obtaining on September first constitute an unfair basis for price control and would suggest that the basis of price control should be price of cotton on first September plus cost of manufacture plus depreciation plus a reasonable profit on capital invested which corresponds to basis adopted by Tariff Boards for estimation of a fair selling price stop If such a standard were adopted then the basic price on first September for standard grey longcloth would be approximately nine annas per pound and not the price actually prevailing on that date stop Price of Broach cotton on first September was Rs. 160 to-day's price Rs. 255 which would mean taking into consideration only rise in price of cotton that fair price of standard grey longcloth should be in the vicinity of eleven annas per pound stop Amendment specified by Government in latest notification will bring bulk of cloth produced in Bombay and up-country mills within scope of price control and this will adversely affect offtake Bengal Oomras and similar growths Indian cotton which will not spin over 20s stop Association of opinion that at present no restriction of price of cloth is necessary or desirable stop If however Government still decide control cloth prices then Association suggest that as during last war Government should appoint special officer with sufficient knowledge of cloth manufacture to control prices fairly stop Association submit that any price control which would not secure fair selling prices to industry would be arbitrary and unfair stop Association further of opinion that regulation cloth prices according to count alone is illogical unless consideration given

to reed and pick which in the case of 20s yarn vary enormously stop Association would welcome full discussion of the matter with Honourable Commerce Member when he next visits Bombay so as to ensure that fair basis is arrived at if Government insist on price control for cloth stop Pending such consultation Association respectfully suggest Government should stay any control by Provincial Governments stop Finally if control is to be established, Association maintain that prices should be fixed by Central Government and not by Provincial Governments.

APPENDIX 37.

RENT ENQUIRY COMMITTEE.

Copy of letter No. 3333/34-16311-E, dated the 15th September 1939, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

I am directed to invite attention to the recommendation No. 119 (c) (iii), Chapter X of the Report of the Rent Enquiry Committee, Volume I, viz., that employers of 1,000 persons and more should be requested to bear the responsibility of housing at least 25 per cent. of their employees, and to request that the views of your Association on the recommendation may be communicated to Government.

Copy of letter No. 4425/92-A, dated the 21st October 1939, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department, Bombay.

I am directed by the Committee of the Millowners' Association, Bombay, to acknowledge the receipt of your letter No. 3333/34-16311-E, dated the 15th ultimo, requesting them to express an opinion on a recommendation made in Vol. I, page 39, paragraph 87 of the Rent Enquiry Committee Report.

2. The recommendation in question, my Committee feel, should be examined in conjunction with certain other statements made in the Report in the same and/or other Chapters. On page 10, paragraph 25, of the Report, the Enquiry Committee express the view that there is a shortage of accommodation in the City of Bombay. They estimate that about 50,000 people would be unprovided for, though, as far as we are aware, there is no evidence as to what portion of these are mill workers. In paragraph 84 of their Report, the Enquiry Committee state that a measure of rent restriction on the lines suggested by them in Chapter VI will no doubt bring relief to the tenant classes, but that this measure by itself can only serve as a palliative and cannot offer a lasting solution of the problem of housing. The real solution, in the opinion of the Enquiry Committee, "lies in providing adequate, satisfactory and cheap dwelling for the people—paragraph 85." The Enquiry Committee were apparently, for reasons mentioned by them in this paragraph, unwilling to let private agencies supply this requirement, and they, therefore, suggested that "the responsibility for housing the population of the City should be laid on the civic authority, namely, the Municipality." In the following paragraph (paragraph 86), the Enquiry Committee state that "while the main responsibility for housing the people in general should fall on the Municipality, there are in the City other important public bodies with large resources like Government, the Port Trust and the Railways, who should also be required to participate in the housing programme of the City." It is not quite clear here whether the Enquiry Committee sought to transfer the responsibility to Government and the other public bodies by virtue of their being public bodies or on account of the financial resources available to them, but in the succeeding paragraph (paragraph 87), the Enquiry Committee have come to an amazing conclusion—which is entirely irreconcilable with the doctrine laid down by them in paragraph 89—and state that factory employers—(who, it may be pointed out, are neither a public body nor have large resources available)—who employ a thousand people or more should provide housing accommodation for at least 25 per cent. of

their employees at reasonable rents. The only argument which the Enquiry Committee appear to have advanced in support of this conclusion is that "it is because of the existence of these factories that a large population is drawn as workers to Bombay from villages." There is no indication in the Report as to how the Enquiry Committee arrived at the figure of 25 per cent., but the minutes of evidence tendered show that this figure was suggested by certain officers of the Bombay Municipality who gave evidence before the Enquiry Committee. This argument is as fallacious as it is unconvincing, for it should not be forgotten that the establishment of the Cotton Textile Industry in the City of Bombay has not only attracted a large body of workers in the City but has also been responsible for the establishment of several associated, subsidiary and minor trades and occupations, all contributing to the size, greatness, wealth and prosperity of the City. The truth of this observation was recognized by the Noyce Tariff Board, who said that the prosperity of Bombay is bound up with the fortunes of the Cotton Mill Industry. Cotton mill employers of labour pay the highest wages in the country. Cotton mill employers pay the Municipal dues just like any other property owners. As a matter of fact, the Cotton Textile Industry has always been asked to carry a heavier tax burden than the ordinary tax-payer. To quote only one instance to show how industries are being taxed in Bombay : factories and other large employers of labour together contribute half the revenues of the Water Works Department, though they consume only one-sixth of the total water brought into Bombay, and they should not in fairness be saddled with the responsibility of housing their workers.

3. Turning to the Enquiry Committee's recommendation itself, my Committee cannot accept the principle that it is the duty of the employer to house his workmen. Nowhere in the world, so far as my Committee are aware, has that principle been conceded. It is surprising that having conceded the responsibility of the Municipality in the matter of housing the citizen, the Enquiry Committee should for no valid reasons have flouted that principle by passing that responsibility on to the employers of labour on very flimsy pretexts.

4. Even the Royal Commission on Labour who went exhaustively into this matter, stated that it was the duty of the State and the Municipality to house the workers. In this connection, attention is directed to pages 285 to 287 of the Report of the Royal Commission on Labour. The Royal Commission, as Government will admit, went more exhaustively into this question and examined an infinitely greater number of witnesses, and without meaning any disrespect to the eminent persons who served on the Rent Enquiry Committee, the Commission's words are entitled to great consideration and weight.

5. It has nowhere been definitely established that there is a shortage of accommodation for working classes in Bombay. My Committee understand that a large number of Development Department Chawls at Worli and elsewhere have been lying vacant for a very long time in spite of the concessional rates at which rooms are available. We would have very much liked the Enquiry Committee to enquire whether the 50,000 persons, who, it is stated in paragraph 25 of their Report, are without accommodation, could have been accommodated in the vacant blocks of the Development Department Chawls, the Improvement Trust and the tenements built by private landlords. No such investigation seems to have been made, and my Committee are, therefore, entitled to assume that the shortage of accommodation referred to by the Enquiry Committee exists only in name.

6. On page 18, paragraph 45 of the Report, the Enquiry Committee refer to the accommodation already provided by cotton mill employers to their workers, but they do not appear to have made any direct reference to the huge contributions to the tune of Rs. 1½ crores made by the Cotton Mill Industry to the industrial housing schemes of the Government of Bombay in the period 1921 to 1934. A town duty on raw cotton at the rate of Re. 1 per bale was introduced in 1921 to reimburse the loss which would be incurred by Government in putting up 50,000 tenements for industrial workers. The housing scheme was abandoned when only 16,000 tenements had been constructed, but the Industry continued to pay the town duty at the full rate of a rupee till 1934, though mills were all along losing money.

7. My Committee have been considering whether the proposition put forward by the Enquiry Committee, apart from the position taken up by the Industry and lack of funds, is

feasible, practicable and desirable. In the first instance, the question arises whether vacant lands are available in the vicinity of every mill. Secondly, whether the operatives would occupy housing if provided by employers. So far as my Committee are aware, these two questions do not appear to have been examined by the Enquiry Committee, but to the best of our knowledge and information, the answer to these questions must be in the negative. The mill area of the early nineties has now become a residential-cum-mill area as a result of the building boom of the last few years. We notice that one or two of the witnesses who gave evidence before the Rent Enquiry Committee have referred rather light heartedly to vacant plots available in the north of the City in the Matunga-Sion area. The very same witnesses have admitted in their evidence that the vacancies in the Development Department Chawls are due to the fact that they are not within the easy reach of factories. In the circumstances, it will be no exaggeration to say that industrial tenements if put up in the north of the City particularly in the Matunga-Sion area would fare no better than the Development Department chawls. From the information at our disposal, though the chawls at present provided by employers are generally cleaner, better lighted and available at a lower rent, operatives as a rule prefer to reside in chawls put up by private landlords. Their leaders have repeatedly warned them against residing in employers' chawls, and if in spite of all that we have said Government themselves decided to launch further housing schemes, they would be doing so at the risk of serious damage to the finances of the Province.

8. The Cotton Textile Industry of Bombay has already put up 5,000 tenements through its own voluntary efforts. Such schemes necessarily call for a very large initial investment, which most mills in Bombay cannot at present afford even if suitable land was made available. A number of important witnesses who gave evidence before the Inquiry Committee appear to have stressed the desirability of a Government subsidy to promote housing schemes, but for some inexplicable reason, the Enquiry Committee omitted to make any reference to this suggestion when making their recommendations. Years of unremunerative trading conditions have almost completely exhausted the accumulated reserves of the Industry, and what adventitious profits individual mills may have made occasionally have not even been sufficient to cover full depreciation or to provide for the minimum requirements of the mill in the shape of renewals of plant and machinery, let alone reasonable dividends for shareholders.

9. My Committee's criticisms on the Enquiry Committee's recommendation referred to them for opinion may be summarised as under :—

- (i) The Enquiry Committee have not adduced valid reasons for fastening the responsibility for housing their workmen on employers. The liability of employers to provide housing accommodation for their workmen has not been conceded in any part of the world ; even the Royal Commission on labour in India pointed out that the responsibility for housing should rest on the State and the civic authorities.
- (ii) My Committee do not concede that there is a shortage of housing accommodation for mill operatives. There may be overcrowding in certain parts of the City, but this can be set right by initiating measures for popularising chawls put up by the Development Department and the Bombay Port Trust, Improvement Trust, etc., which are now lying vacant.
- (iii) Even voluntary schemes by employers to house their workmen suffer on account of :
 - (a) lack of finance ;
 - (b) lack of building space near the mills, and
 - (c) workpeople's preference for chawls put up by private landlords to those put up by their own employers.

APPENDIX 38.

BOMBAY ECONOMIC AND INDUSTRIAL SURVEY COMMITTEE.

RELATIONS BETWEEN THE HANDLOOM INDUSTRY AND THE MILL INDUSTRY.

Copy of letter, dated the 29th May 1939, from the Bombay Economic and Industrial Survey Committee to the Association.

You know that the Government of Bombay have appointed this Committee for enquiring into the position of small scale and cottage industries in the Province and determining what their place should be in the provincial economy with reference to large scale industries as also agriculture. Handloom weaving is obviously the largest cottage industry of the Province and the Committee, having studied the relevant data collected on the subject by their office, feel that they would be benefited by a discussion with your representatives on the subject of the relations between the handloom industry and the mill industry before proceeding to formulate their own recommendations regarding such regulation of these relations as the Committee might think desirable. The Committee will be thankful therefore if you could send them your views on the points mentioned below on which they would like to examine your representatives :

1. Have the products of the Indian mill industry replaced in any measure those of the handloom weaving industry during the last 20 years ? Has the mill industry, during this period, begun manufacturing articles which were hitherto manufactured only by handloom weavers ? Can any quantitative estimate be given of the extent to which the mill industry has thus made inroads into the handloom weavers' market ?

2. What quantities of yarn have the mills in India been selling within India during the last 20 years ? Please give the figures by different counts. Do the mills find an increase in the demand for their yarn or a decrease ? In what particular counts of yarn have these trends been noticed and what do you think is the cause of the same ?

3. Do you think that the handloom industry can survive in the Indian economic structure and continue to give employment to as many persons as it has been giving employment to-day ? Or do you think that that section of the handloom industry which is making certain standard articles is bound to disappear by the force of competition of machine-made cloth—either indigenous, mill or imported ? If so, what are the varieties in the manufacture of which the handloom weaver is at a disadvantage as compared with the mill industry ? Can you suggest any measures which will enable the handloom weaving industry to continue supplying their standard varieties in competition with the corresponding mill made varieties ?

4. Are there in your opinion any special markets for the handloom weaver where he enjoys a competitive advantage against the mill industry ? If so kindly name the articles in the manufacture of which he is at a special advantage. What do you think is the proportion of handloom weavers in the Province who are engaged in manufacturing such special articles ? Is the mill industry also engaged in meeting a part of the demand for such articles ? What, in your opinion, would be an approximate value of the total annual demand for these articles ?

5. If you agree that the majority of handloom weavers are engaged to-day in making standard articles in the manufacture of which they are at a competitive disadvantage with the mill industry and the manufacture of which they are able to sustain only by a progressive lowering of their standard of life, is it feasible to improve their lot in this connection or should their position be looked upon as bereft of hope ? If not, what kind of assistance do you think should be given to the handloom weaver to enable him to survive ? Do you think that the grant of marketing and financial assistance to handloom weavers would enable them to compete on equal terms with mill products and enable them to obtain an adequate wage ?

If not, do you think a subsidy should be given to them from the provincial revenues so that they will be able to compete with mill products ? If you agree, what sources do you suggest for obtaining the funds necessary for this purpose ? Or alternatively would the textile industry have any objection to the suggestion for a statutory division of the market between the handloom industry and the mill industry, the handloom industry being allowed to make certain types of standard articles and the mill industry being forbidden from making those types ? The types may be defined either by the count of yarn used or the kind of articles made. If you do not agree to any of these suggestions, what suggestions do you make for enabling the handloom industry to survive in the Province ? Can you suggest any other method of regulating the relations between these two important branches of the Indian textile industry as will result in the survival of the handloom weaving industry.

6. What are the different things which your industry has to import for the purpose of making its final products ? Please give details for the last five years. Apart from raw cotton, what are the difficulties that the industry meets with in obtaining these different commodities in India ? Is there any possible method for the industry to arrange for the making of these commodities within the country itself ? Can you suggest if State aid could be helpful in enabling you to get these things made in India ? If so what is the kind of State help you think should be given for this purpose ?

The Committee proposes to examine your representatives in the week commencing Friday the 30th June on a date that may be suitable to you. In order to give the Members of the Committee enough time to read your written replies to these queries, I shall be grateful if you will kindly send in the same to me by the 20th of June at the latest. I also enclose herewith a copy of the terms of reference of the Committee for your information.

Terms of Reference :—(1) To examine the present position of small industries in the Province and to report on their place in the provincial economy in relation to agriculture and large industries.

(2) To survey the work done by the Government of Bombay in the realm of economic development within the Province during the last 17 years, with special reference to agriculture, large industries and small industries.

(3) To report on the measures which Government can undertake to promote economic development within the Province and to suggest methods for financing the same.

(4) And finally to make such other recommendations as pertain to State policy with regard to economic development within the Province.

Copy of letter No. 2730/122 dated the 26th June 1939, from the Association to the Bombay Economic and Industrial Survey Committee.

I am directed to acknowledge the receipt of your letter dated the 29th May 1939, and to set forth below the views of my Committee on the various points raised by you. For ready reference, I have reproduced below your letter paragraph by paragraph and our answers thereto :—

Paragraph 1.—Have the products of the Indian mill industry replaced in any measure those of the handloom weaving industry during the last 20 years ? Has the mill industry, during this period, begun manufacturing articles which were hitherto manufactured only by handloom weavers ? Can any quantitative estimate be given of the extent to which the mill industry has thus made inroads into the handloom weavers' market ?

*Answer :—*We have no precise information as to whether, and if so, to what extent the products of the Indian cotton mill industry have replaced those of the handloom weaving industry, but taking into consideration the figures of yarn made available to the Indian handloom industry from year to year it is perhaps reasonable to infer that the two industries have existed side by side without hurting each other.

Each industry has a definite field of utility. The handloom weaving industry has advantages when :—

- (a) weaving from hand-spun yarn ;
- (b) weaving fancies and specialities which cannot be economically produced by power looms ; and
- (c) weaving fabrics which, on account of the very limited local demand, the variety of patterns, shortness of length, etc., will not ordinarily be produced by the mill industry ;

and its future would, therefore, depend, to a very great extent, on the extent to which it confines itself to the manufacture of goods in respect of which it enjoys special advantages.

Paragraph 2.—What quantities of yarn have the mills in India been selling within India during the last 20 years. Please give the figures by different counts. Do the mills find an increase in the demand for their yarn or a decrease ? In what particular counts of yarn have those trends been noticed and what do you think is the cause of the same ?

*Answer :—*In Appendix I* will be found a statement showing the estimated total quantities of cotton yarn available for consumption to the handloom industry year by year in the period 1918-19 to 1937-38. It may be taken that between 80 and 90 per cent. of the total yarn available to the handloom industry is from the Indian mill industry. We regret we have no information about the detailed counts of these yarns, and so far as we are aware, no authoritative information can be supplied under this head unless special returns are taken out from individual cotton mills. We ourselves had suggested to the Government of India the desirability of collecting special statistics showing the production of reeled yarn by counts, but so far nothing appears to have been done. We are, however, informed that the bulk of the yarn supplied by the Indian mill industry to the handloom industry is confined to counts 20s and below. This does not mean that the production of the handloom industry consists only of coarse count goods. The handloom industry in the Madras Province is reported to be producing fine count fabrics from fine count cotton yarns sold by the Indian mill industry and cotton and art. silk yarn imported from abroad.

In addition to cotton yarn, the handloom industry is also reported to be consuming the great bulk of the art. silk yarn imported into this country. Appendix II* shows the figures of art. silk yarn imported into India in the last ten years. Art. silk yarn is used by cotton mills only for producing decorative effects on woven fabrics, and it is estimated that the cotton mill industry's total consumption of artificial silk yarn would not exceed 15 to 20 per cent. of the total quantity imported.

As will be seen from the figures given in Appendix I*, the total quantity of cotton yarn made available to the handloom industry in the last six years shows very little variation, but our difficulty is that these sales have had to be made at extremely low prices.

Paragraph 3.—Do you think that the handloom industry can survive in the Indian economic structure and continue to give employment to as many persons as it has been giving employment to-day ? Or do you think that that section of the handloom industry which is making certain standard articles is bound to disappear by the force of competition of machine-made cloth either indigenous, mill or imported ? If so, what are the varieties in the manufacture of which the handloom weaver is at a disadvantage as compared with the mill industry ? Can you suggest any measures which will enable the handloom weaving industry to continue supplying their standard varieties in competition with the corresponding mill-made varieties ?

*Answer :—*The figures given by us in Appendix I* show that handlooms will continue to play an important part in the Indian economic structure, but a lot would depend upon the extent to which the handloom industry confines itself to the manufacture of goods in respect of which it enjoys special advantages. We agree that the prices, which the handloom industry has been able to obtain for its manufactures, have, in common with the Indian mill industry, been below fair selling prices, and in our opinion, therefore, the future of the handloom industry would also depend to a very great extent on the amount of protection available to it against imported cotton piecegoods.

* Not printed.

It has, however, recently come to our notice that certain special styles of plain artificial silk susies produced on handlooms are being marketed at prices which, in our view, are very much below our cost of production. This, it appears, has been possible on account of the special assistance made available to the handloom industry of particular Provinces by the Provincial Governments concerned.

We understand that the success of the handloom industry is largely dependent upon favourable economic conditions of the locality in which this trade is carried on and also on the good crops of the year. If there are adverse economic conditions such as shortage of rain, flood havoc and consequent distress, then it is perhaps the hand-weaver who will be the first victim as his goods will not find a ready sale.

We do not think that the Indian handloom industry has anything to fear from the Indian mill industry, but if adequate protection is not available against foreign imports, there is a possibility of the monopolistic position and special advantages which the handloom industry at present enjoys in certain special lines being completely destroyed by foreign imports. Certain types of Lungis, Sarongs, Handkerchiefs and Scarves are examples of the special lines in which the handloom weavers of the East Coast of India have a monopoly. Their products find a ready market not only within the country but also in Ceylon, Singapore and Straits Settlements. In this instance, therefore, there exists a case for not only an adequate protective duty in India, but also an export bounty to keep up the competitive position of these goods in the respective markets to which they are exported against those of Japan and other countries.

Paragraph 4.—Are there in your opinion any special markets for the handloom weaver where he enjoys a competitive advantage against the mill industry? If so, kindly name the articles in the manufacture of which he is at a special advantage. What do you think is the proportion of handloom weavers in the Province who are engaged in manufacturing such special articles? Is the mill industry also engaged in meeting a part of the demand for such articles? What, in your opinion, would be an approximate value of the total annual demand for these articles?

Answer:—This question has been partly answered in previous paragraphs, but we would like to add that there are certain specialised lines of hand-woven cloth such as Saries, Scarves, etc., which the power looms in the factories cannot produce on an economical basis. Moreover, the handloom weaver has an advantage of being able to introduce very economically into the fabrics he weaves, a variety of intricate and attractive patterns which the power looms are not yet in a position to do, and, as we have already explained, the handloom weaver should, in his own interests, concentrate on the production of such sorts rather than on those lines which cannot be produced by him as cheaply as in cotton mills. We have no figures available showing the total value of goods produced on handlooms, but we understand that the Directors of Industries would be able to furnish your Committee with the total value of the goods produced in their respective Provinces.

Paragraph 5.—If you agree that the majority of handloom weavers are engaged to-day in making standard articles in the manufacture of which they are at a competitive disadvantage with the mill industry and the manufacture of which they are able to sustain only by a progressive lowering of their standard of life, is it feasible to improve their lot in this connection or should their position be looked upon as bereft of hope? If not, what kind of assistance do you think should be given to the handloom weaver to enable him to survive? Do you think that the grant of marketing and financial assistance to handloom weavers would enable them to obtain an adequate wage? If not, do you think a subsidy should be given to them from the provincial revenues so that they will be able to compete with mill products? If you agree, what sources do you suggest for obtaining the funds necessary for this purpose? Or alternatively would the textile industry have any objection to the suggestion for a statutory division of the market between the handloom industry and the mill industry, the handloom industry being allowed to make certain types of standard articles and the mill industry being forbidden from making those types? The types may be defined either by the count of yarn used or the kind of article made. If you do not agree to any of these suggestions, what suggestions do you make for enabling the handloom industry to survive in the Province? Can you suggest any other method of regulating the relations between these two important branches of the Indian textile industry as will result in the survival of the handloom weaving industry?

Answer:—We have already referred to the necessity of giving adequate protection to the Indian mill industry and the Indian handloom industry. In addition, we recommend that the following measures might also be taken to assist the handloom weavers:—

(a) Establishment of co-operative banks or similar institutions to finance.

(b) Establishment of large-scale bleaching, dyeing and finishing factories, where the fabrics woven by the handloom weaver could be finished at reasonable rates.

(c) Establishment of an organisation or organisations which would be responsible for the marketing of the handloom industry's manufactures cutting out as far as possible the middleman's profits.

(d) Establishment of trade schools in handloom weaving centres which would impart scientific instructions to the handloom weavers and their children. These institutions should also be responsible for introducing the latest labour saving devices in handloom weaving for increasing daily output.

(e) Establishment of an institution which would be responsible for collecting information regarding the markets in India and abroad and also give technical information to the handloom weavers as to what to produce and what not to produce.

We are not in favour of a statutory division of the market between the handloom industry and the mill industry. We are not also in favour of excluding the mill industry from the manufacture of certain sorts. The practical difficulties inherent in a proposal of this character have already been brought out fully in paragraph 177 of the Matthai Tariff Board Report and we have nothing to add thereto.

Paragraph 6.—What are the different things which your industry has to import for the purpose of making its final products? Please give details for the last five years. Apart from raw cotton, what are the difficulties that the industry meets with in obtaining these different commodities in India? Is there any possible method for the industry to arrange for the making of these commodities within the country itself? Can you suggest if State aid could be helpful in enabling you to get these things made in India? If so, what is the kind of State help you think should be given for this purpose.

Answer :—As regards this paragraph, my Committee can do no better than send for the confidential information of the Economic and Industrial Survey Committee copy of a letter* which they sent to the Government of India, Defence Department, in response to an enquiry made by them.

Oral Evidence :—A special Sub-Committee has been appointed to submit oral evidence on the points raised in this note, if necessary, and I would be glad if you would let me know at least a week in advance as to when the Enquiry Committee desire to take their evidence.

APPENDIX 39.

PROPOSED SUBSTITUTION OF HAND-GINNEED COTTON FOR MACHINE-GINNEED COTTON.

Copy of letter, dated the 9th August 1939, from the Bombay Economic and Industrial Survey Committee to the Association.

A suggestion has been placed before the Committee that hand ginning of cotton should be promoted in order to increase the employment available to the rural population and thereby raise their income. It is suggested that hand-ginned cotton should be substituted for the existing machine-ginned cotton, if necessary, by legislation.

I shall be grateful if you will kindly communicate to my Committee whether it is possible for hand-ginned cotton to be substituted for machine-ginned cotton in your mills and if it is technically possible, what difference it would make from your point of view. In view of the fact that my Committee is to report before the end of September and that they will have to consider this question before the end of this month, I shall be grateful if you will kindly send me your reply urgently.

* Not printed.

Copy of letter No. 3592/122 dated the 24th August 1939, from the Association to the Bombay Economic and Industrial Survey Committee.

I am directed to acknowledge the receipt of your letter dated the 9th instant in which you request the Association to express an opinion on the possibility of machine-ginned cotton being substituted by hand-ginned cotton in cotton mills. The suggestion seems to be that if there are no technical difficulties, hand ginning of cotton should be substituted in the Bombay Province for the existing machine ginning of cotton, if necessary, by legislation.

On the question as to whether it is possible to substitute hand-ginned cotton for machine-ginned cotton in cotton mills, I am desired to point out that my Committee are agreed that there are no technical difficulties except perhaps that hand-ginned cotton is less clean than machine-ginned cotton and is mixed with seed and leaf, and the use of such cotton on a large scale would result in a greater percentage of blow room loss, and some deterioration in the quality of yarn produced.

Where machine ginning is resorted to, the seed, which is an important and valuable by-product, remains intact and is easily collected for sale, but in the case of hand ginning the seed is largely left in the lint cotton, and to this extent there is not only an economic loss of wealth to the grower, but a positive disadvantage to the manufacturer. The loss of value is definite as the spinner calculates the weight of seed he thinks has been left in the cotton, and reduces the price he is prepared to offer accordingly. The seed taken out by the mill machinery is thrown away.

Hand ginning on a large scale would result in a heavy depreciation in value of the whole cotton crop of the Province, and in our opinion, the grower will lose more on his crop value than he will save in the ginning cost.

Turning to the question of initiating legislation on this matter, my Committee would like to place before your Committee certain considerations of a practical character.

A careful enquiry into the number of hand gins available in the Province would have to be undertaken before even considering legislation to secure the substitution of hand-ginned cotton for machine ginned. So far as our information goes, hand ginning is resorted to only in certain of the western districts of the Province, and we do not think it would be practicable to gin by hand anything like the total cotton crop, in the time available.

My Committee understand that one of the disabilities from which hand gins suffer is the lack of pressing facilities. It is not practicable to install expensive presses in every centre and before hand-ginned cotton could be despatched to consuming centres, it would have to be carried long distances to the presses.

Under the rules of the East India Cotton Association, hand-ginned cotton is not at present accepted against delivery contracts, unless specified at the time of purchase, and in the case of a hedge contract, it is not tenderable at all. In these circumstances, if legislation is introduced, the rules of the East India Cotton Association would require to be amended.

It is very doubtful whether oversea buyers would be interested in Bombay hand-ginned cotton unless at prices considerably lower than those at which other machine-ginned cottons are available.

APPENDIX 40.

NATIONAL PLANNING COMMITTEE.

Copy of letter dated the 5th January 1939 from the National Planning Committee to the Association.

I enclose under a separate cover a copy of the Questionnaire issued by the National Planning Committee. While doing so, I wish to draw your attention particularly to the explanatory memorandum attached to the Questionnaire.

It is not absolutely necessary that every question contained in the Questionnaire should be answered. By limiting your answers to those questions regarding which you have definite suggestions to make or information to supply, you will facilitate the task of our office.

Whenever replies relate to a public document, it would suffice if reference is made to such material, and a copy attached as appendix, if such document is not easily accessible to the public.

It is necessary for our work to have more than one copy of your reply. You are, therefore, particularly requested to supply us with at least three copies of your reply.

The reply to the Questionnaire must reach the office before February 28, 1939.

Questionnaire on National Planning for India

The sub-joined Questionnaire* has been issued in order to collect material data, and obtain helpful suggestions, necessary for the preparation of a comprehensive Plan for the economic development of India. It is addressed, mainly, to Provincial Governments, Indian States, Organisations of Trades, Industries, Commerce, Labour and Agricultural interests, firms and corporations, as well as to individuals, who have devoted thought and study to the general question of an all-round national planning for the economic regeneration of the country. While material data are needed to provide the basis for Plan, opinions and suggestions from interested organisations or experienced individuals are expected to prove helpful to the National Planning Committee in formulating a comprehensive Plan for the economic development of India, with due regard to its social reactions.

It is not absolutely necessary that every Government, organisation, or individual addressed should answer every question contained in the Questionnaire. Only those questions may be answered by the persons and bodies mentioned above which may interest them, and in which they may have definite suggestions to make or information to supply. In answering these questions, however, it would be needless repetition, if those answering the Questionnaire were to build up the body of their answers out of authoritative documents easily accessible to anyone inquiring into such matters. Such sources of information, for example, as the periodical Census Reports, or the Reports of the Royal Commissions on Agriculture, Industries, or Irrigation; or of the Banking Inquiry Committee, the Fiscal Commission, the Railway-Road Competition Committee, etc., need only be referred to rather than textually quoted. Only new or additional material bearing on these matters which have been collected by, or become available to, the various Provincial and State Governments and organisations or individuals concerned, or the summary of any action taken, or measures adopted since any of these matters had been officially investigated into and reported upon, may be added.

The object of a comprehensive National Planning is to improve the well-being of the community, principally by intensifying the economic development of the community concerned on an all-round basis, in an ordered, systematic manner, so as to observe a due proportion between the various forms of producing new wealth, its equitable distribution amongst the members of the community, and to secure such adjustment between the interests of Producers and Consumers, individuals and the community collectively, the present and succeeding generations, as to maintain a proper balance between these several interests. In order to achieve this, it would be necessary to define clearly certain leading conceptions included in the Questionnaire, to lay down the standard or degree of development expected, as also the basic purpose of planning as a whole. The Questionnaire has, in several places, included, wherever the Committee felt it necessary to add, a definition of the principal terms not as officially accepted formulæ, but rather as a convenient means to focus and concretise ideas, and so help those answering the Questionnaire to make their answers more concise and precise. The standard of achievement, and the period within which that achievement is to be made, may, for the sake of illustration, be laid down as at least to double the present standard of living, including not only the absolute necessities, but also the amenities of civilized existence, to

* Not printed.

be achieved in a definite period of 5 (or 10) years at most. Emphasis may differ in the different stages of a planned scheme being worked out according to the differing urgency of the different activities comprised in planning, but the main aim will remain unaffected. In view of the vastness of the problem, and the heavy handicaps imposed upon the Indian people by the existing Constitution, the solution of the problem of National Planning and Development would naturally require more time than in another community where the power and authority of the people is not so narrowly circumscribed. But some clear objective like the one mentioned above is necessary to measure the scale of achievement desired, and so to enable a concrete Plan to be achieved in a prescribed period in every direction being formulated, with due correlation as between the various sections of the Plan considered as a whole.

The Questionnaire does not, naturally, refer to any particular industries, though groups of mutually connected industries have been mentioned. But this has been done more by way of illustration than with a view to restrict the Governments, organisations or individuals answering the Questionnaire. It may be quite possible that investigation into the conditions and means of establishing or developing particular industries in the country may need special investigation, either by a Sub-Committee of the Planning Committee, or by experienced individuals specially concerned with particular industries or activities. But even at the present stage those answering this Questionnaire or any section of it need not feel themselves precluded from answering with reference to the particular industries, aspects or activities included in a comprehensive Plan.

Copy of letter No. 2410/35 dated the 31st May 1939, from the Association, to the Hon. Secretary, National Planning Committee, Bombay.

I am directed to acknowledge the receipt of your letter dated the 5th January 1939, and to forward herewith three copies of the Association's answers to the Questionnaire issued by the National Planning Committee. I regret that owing to the preoccupations of my Committee, it was not possible to send the Association's replies earlier.

Answers to the Questionnaire issued by the National Planning Committee.

The National Planning Committee have indicated in their Explanatory Memorandum that it is not absolutely necessary for an Association such as ours to answer every question in the Questionnaire and that similarly it is unnecessary to submit particulars which are available to the Committee in Government statistical publications and reports, and in the answers which follow, the Association has endeavoured to confine itself to matters in which it might be expected to have special views to offer. A number of other questions will, however, be touched upon, in a general way, with the idea of acquainting the Planning Committee with the broad viewpoint of the Association as an important component part of the national economy of this country.

CHAPTER I.—OBJECTIVES AND REQUIREMENTS OF NATIONAL ECONOMIC PLANNING.

The Association has no detailed views to offer as to what constitutes an adequate standard of living. This appears to be a matter for determination by nutritional experts working in conjunction with economists and statisticians, but we should like to suggest that it is unnecessary, for the time being at any rate, for the experts to attempt anything more than the determination of an adequate standard of living for adult unskilled workers in industry and agriculture. We would also like to suggest that the standard of living should be on a national as distinct from a provincial basis by which we mean that the constitution of the standard should be the same for all provinces, though we realize that the money equivalent of the standard would vary in different localities according to the commodity prices ruling in those localities.

As regards the steps which could be taken to attain that standard, we can only say that the most urgent problem before the Government of the country is to increase the purchasing power of the tiller of the soil whose net income to-day is very much less than that of the industrial worker. We realize that in all countries the income of the agricultural worker is lower than that of the industrial worker, but the disparity in other countries is by no means so marked as it is in India. We feel that the problem of reaching adequate standards of living in the country as a whole will largely settle itself if the lot of the agricultural workers could be improved. The means to be taken to achieve the end in view are primarily the task of agricultural experts, though we do agree that the development of suitable handicrafts and trades which might be followed by the agriculturist during the time when he cannot find useful employment on the land would assist in bringing about a better balanced national economy. It is, however, most important that the agriculturist's spare-time occupations should be carefully thought out and that any Government assistance which might be necessary should be confined to those handicrafts, trades and occupations which stand a reasonable chance of providing an adequate return in competition with the products of modern large-scale industries. In our own particular industry, for example, it would appear to us most undesirable to encourage such occupations as hand spinning, since the price at which such yarn could be produced must necessarily be higher than the prices which would have to be paid for the better, more regular and stronger yarn produced in large-scale power-driven plants. In weaving, there is considerable scope for the handloom worker, and handloom weaving does appear to provide a suitable subsidiary occupation for the agriculturist, but here again the class of goods which he should be encouraged to produce should not, in the interest of the country, be goods which can and always would be more economically manufactured under a system of mass production.

Having determined the subsidiary handicrafts, trades and occupations which agriculturists in particular localities might be encouraged to follow, the next problem would be to devise more adequate marketing arrangements. Something in this direction is already being accomplished by the Departments of Industries in the various provinces as far as handloom weaving, printing and dyeing industries are concerned, and the experience of the officers in control of these marketing arrangements would probably be helpful in developing suitable marketing arrangements for other classes of products. India's Trade Commissioners abroad might also be encouraged to popularize the demands for Indian handicraft production suited for sale in the territories in which they operate and make reports regarding the potentialities for the sale of specialities now being produced or capable of being produced by Indian cottage industries.

CHAPTER II—CENSUS OF PRODUCTION.

A great deal of information regarding the Indian cotton spinning and weaving industry is available in the various statistical publications of the Government of India and in the Reports of the Tariff Boards which investigated the industry's case for protection in 1926, 1932 and 1935. As far as the total production of the industry is concerned, we cannot do better than refer to the "Monthly Statistics of Cotton Spinning and Weaving" published by the Government of India. To supplement this information, we are forwarding to the Committee a copy of the Association's Annual Mill Statement and the Association's last Annual Report. The Mill Statement contains particulars regarding the paid-up capital of the industry as a whole, the number of spindles and looms erected, the number of persons employed on day shift, the amount of cotton consumed and the progress of the industry for the last forty-four years.

The Annual Report contains very valuable statistical information on a wide range of subjects in connection with the production and consumption of cotton piecegoods and yarn in the country, and the Association would be in a position to supplement the information contained in these publications on any matter in which the Planning Committee are particularly interested.

As far as statistics regarding raw cotton are concerned, the attention of the Committee is directed to the annual reports and the various statistical publications of the East India

Cotton Association Ltd. Other information regarding the types and quantities of particular varieties of cotton grown in India and the work being done to improve the quality, staple and outturn of Indian cotton is available in the reports and statistical publications of the Indian Central Cotton Committee.

Question 12.—What are the industries concerned with the production of

- (a) consumption goods,
- (b) luxury goods,
- (c) services goods needed for public utility services, now being conducted in your Province.

To what extent is there room for further development of any such industry for (a) the local market, (b) the all-India market, and (c) for export abroad.

Answer.—This question asks for information as to the extent to which there is room for further development of industries. In so far as the Indian cotton mill industry is concerned, the position is that there is only a limited field for further development as far as the Indian market is concerned until the purchasing power of the agriculturist has been permanently and considerably increased. The cotton mills of India to-day are supplying more than 80 per cent. of the requirements of the Indian market excluding handwoven goods and the great bulk of the handloom weaving industry's requirements in the way of yarn. Even if the purchasing power of the ryot could be improved, no further extensions of plant would be necessary since the additional demand could be met by the existing plant by an increase in the amount of shift working. As far as the export market is concerned, the potentialities for expansion are difficult to estimate, but hitherto the Indian mill industry has had great difficulties in selling its products in other parts of the world in competition with the manufactures of England and Japan, particularly the latter. In certain parts of the British Empire, competition against Japan has been aided to a certain extent by the preferential duties in force for Empire manufactures, but in other parts of the Empire the preferences granted to India have been insufficient to permit of effective competition, and in other cases development has been hampered owing to the fact that British goods are allowed entry on far more favourable terms than India. South Africa, Canada and Australia are cases in point. Another general handicap to the expansion of our export trade is the duties which the industry has to pay on imports of raw cotton, dye-stuffs, various classes of mill stores and machinery. The industry would be considerably assisted in its efforts to obtain markets abroad if a rebate equivalent to these duties were allowed on goods exported.

Question 10.—How far is your Province a deficit or surplus Province, or self-sufficient in the matter of

- (a)
- (b) what industries are there for which (i) raw materials are available locally or (ii) have to be imported from outside.
- (c)
- (d)

Answer.—As far as the cotton industry is concerned, the bulk of the raw cotton used is grown within the country, but owing to natural disadvantages, it has hitherto not been found possible to grow economically sufficient quantities of cotton in India to supply the industry's present needs in respect of cottons of more than 1" staple length. Even in the case of 1" staple, the available supplies do not meet the industry's needs, and in so far as longer staples are concerned, cultivation on a large scale may never become an economic proposition, and if the industry is to maintain its position in the home market in respect of fine count cloth, large imports from abroad will continue to be necessary, and no artificial impediments should be imposed to prevent the entry of such cottons into the country. At the same time, India is to-day growing more than the home industry requires of short staples, and this surplus has in the past found a fairly ready market abroad and particularly in Japan,

but there are many indications that the demand for this type of cotton from overseas will not be so great in the future, and in these circumstances, it would seem desirable for the Planning Committee, in collaboration with the Indian Central Cotton Committee, to investigate in detail the potentialities for increasing the out-turn of medium staple cottons and the desirability of placing some restrictions on the acreage now devoted to the growth of short staple cotton.

Subsidiary raw materials which the mill industry requires cover a wide range of mill stores, machinery accessories, dye-stuffs, chemicals, oils and fuel. Some of these are to be found or could be manufactured in India itself whilst others must be imported from abroad. The detailed views of the Association on this subject will be found in a representation submitted some time ago to the Government of India, a copy* of which is enclosed for the confidential use of the Planning Committee. As far as dyestuffs and chemicals are concerned, it is the general view of the Association that many of them could be manufactured with advantage in India and that there is a very good case for the establishment, with some State assistance, of a heavy chemical industry which in most other countries is considered an essential key industry. Further information as to the exact potentialities for the manufacture of certain types of chemicals and dye-stuffs might, it is thought, be obtained by utilizing the services of the Department of Chemical Technology of the University of Bombay and any similar research institutes attached to other Universities.

CHAPTER III—RAW MATERIALS NEED FOR NATIONAL PLANNING OF INDUSTRIES.

Question 19.—What possibility is there to develop the production of new or additional raw materials, whether available within the Province, or imported from the neighbouring provinces, or States or from foreign countries ?

Answer.—Please refer to our answer to question 10 in which we have referred to the desirability of developing the production of cotton of longer staple than is grown at present in India.

CHAPTER IV—OTHER REQUIREMENTS OF INDUSTRIAL DEVELOPMENT.

Question 28.—What are the handicaps as regards the proper development of the various kinds of industries in your Province, relating to working up the raw materials into finished products of agriculture, forest, mines, animal resources, and "process" industries in regard to:

- (a) Capital,
- (b) Skilled workers,
- (c) Adequate labour supply,
- (d) Marketing and other respects,
- (e) Transport.

Answer.—As far as the cotton mill industry is concerned, two of the important handicaps to development have not been mentioned under the heads (a) to (e). We refer to the import duty at present levied on machinery and essential mill stores and the duty on raw cotton. In most other countries, these handicaps to development have not been considered necessary or desirable. The effect of these duties on essential raw materials of the industry has been offset to some extent, as far as the home market is concerned, by import duties on imported piecegoods, but the industry is at a decided disadvantage when competing for markets abroad.

We feel that this is the place where a reference should be made to certain other factors affecting the industry's competitive capacity and its future prospects. We would refer to the new taxation imposed on the industry by the Central and Provincial Governments and the detrimental effects which are likely to occur owing to the coming into force of the new Indo-

* Not printed.

British Trade Agreement. As the Planning Committee are aware, an additional duty of half an anna per lb. has been imposed on imported raw cotton despite the fact that similar raw material is not available in this country. The effect of this tax on cotton will be that, in the qualities of cloth and counts of yarn manufactured in Indian mills which compete with imported cloth and yarn, the Indian mill industry will be at a new and further disadvantage to the extent of 3 to 4 per cent. in the case of cloth and 6 to 7 per cent. in the case of yarn. The Immoveable Property Tax imposed by the Local Government will add about Rs. 7 lakhs to the industry's costs of manufacture. The Sales Tax imposed by the Local Government is intended to raise a sum of Rs. 25 lakhs per annum, but the amount of this duty which will be borne by the industry is somewhat indefinite. The wage increases given effect to as a result of the Interim Recommendations of the Textile Labour Inquiry Committee meant an addition to the manufacturing cost of about Rs. 67 lakhs per annum to the City and Island mills. Even assuming that none of the Sales tax is passed back to the manufacturer and that the whole tax is borne by the consumer, the additional burdens on the industry resulting from the wage increases and the Property Tax will represent a burden which will be approximately equal to 5 per cent. of the cost of the finished material in the case of cloth and a higher figure in the case of yarn. The minimum effect of the Indo-British Trade Pact will be a reduction of 5 per cent. in the import duty on piecegoods, and if imports are less than 350 million yards in 1939-40, there will be a further reduction of 2½ per cent. in the year 1940-41. The total reduction in the industry's protection in the case of cloth and yarn against imports from the United Kingdom in 1939-40 will be as under :—

Protection reduced by cotton duty	4%
Protection reduced on account of additions to wages and Property Tax	5%
Reduction in the import duty on United Kingdom cotton piecegoods	5%
Total benefit to United Kingdom cotton piecegoods as compared with December 1937	14%

In fact, Indian mills will have no protection against United Kingdom because the industry already pays half an anna import duty on raw cotton (equivalent to 4 per cent. on average cloth prices) and 10 per cent. import duty on the bulk of its stores, machinery and dyestuffs representing 2 to 3½ per cent. tax on the cost of manufacture.

In the case of Japan, the competitive position of Indian weaving mills since 1937 has been worsened by at least 9 per cent. without taking into calculation the adverse effects which may follow from the proposed 2 cents. per lb. bounty on cotton exports now being considered by the United States Government.

In the case of spinning mills, the position is even worse than in the case of weaving factories because the import duties against England and Japan respectively are only 5 per cent. and 6½ per cent. and the new duties on raw cotton added to the original duties more than counterbalance the small import duties on imported yarns even without taking into account the adverse effects of the additions to wages and the burdens imposed by the Immoveable Property Tax.

Question 28(b).—As regards skilled workers, our difficulties have been largely overcome, but skilled technicians from abroad will continue to be necessary for some time to come to ensure the industry's continued development in the manufacture of finished goods, and particularly printed goods.

Question 28(c).—As regards labour supply, supplies of man power are more than adequate, but the bulk of the supply available, particularly in rural areas, is largely unskilled and illiterate. The result is that compared with other countries the out-turn per operative is very small and total labour costs are high. In addition, the wages which have to be paid are very greatly out of relationship to the wages paid to agricultural labour. We agree that

there must be some disparity between industrial and agricultural wages, but in other countries the disparity is nothing like so great as in India.

Question 28(d).—The system of marketing in vogue in the cotton mill industry is long established, and as far as Bombay is concerned, it is believed to be adequate. The cost is understood to compare not unfavourably with the cost of marketing yarn and piecegoods in other countries.

As regards the export market, Indian mills have for many years found it difficult to compete effectively against other textile manufacturing countries, one of the reasons being that the cost of the finished article has substantially increased owing to the duty of one anna per lb. on its raw material equivalent at to-day's prices to something like 12 per cent. in the case of long staple Egyptian cotton and 20 per cent. in the case of East Africans. The industry is further handicapped in its export trade as a result of the relatively heavy import duties which it has to pay on machinery which it uses and the great bulk of the mill stores, dye-stuffs and chemicals which it imports. In Bombay City and Island, the industry has to pay extremely heavy charges for water, and these charges are particularly onerous in the case of the printing, bleaching and dyeing industry, and have in the past proved to be a considerable handicap to development. In so far as power is concerned, the charges per unit are understood to compare unfavourably with power charges in the United Kingdom and Japan.

Question 28(e).—*Transport.*—Rail transport charges on raw cotton, yarn and piecegoods are exceptionally high in relation to the value of the products sold, and the industry has for many years had difficulties in obtaining any concessions from the railway companies unless an alternative method of transport existed. The Association feels that there is scope for a substantial reduction in rail freights on its raw materials and its finished products and trusts that the Planning Committee will be in a position to investigate this matter in detail.

A further handicap which the industry has had to suffer has resulted from labour's persistent opposition to even the most modest forms of rationalisation. The reduction of costs of manufacture is one of the vital needs of the industry to-day if it is to be placed in a position to compete against Japan and China in the home and export markets, and unless a reorientation of labour's attitude to rationalisation can be achieved, the textile industry in many of the more important centres in which it is located will be unable to expand or develop.

Question 33.—What policy or line of action has been adopted by you for attracting on suitable terms foreign technicians or experts in regard to particular industries? What conditions and restrictions, if any, would your Government desire to apply in regard to the importation of such foreign technicians, scientists or experts?

Answer.—Although this question is apparently intended for Provincial Governments, my Association would like to suggest that in so far as private enterprises are concerned, Government should in no way interfere regarding the utilization of the services of foreign technicians, scientists or experts. India is still in its infancy industrially, and there is naturally a lack of trained technicians, scientists and experts of various kinds, and it would, in the Association's view, be a retrograde step to impose any restrictions whatsoever on the employment of non-Indian scientists and technicians. It is natural to expect that foreign experts who have to be paid high salaries would not be employed by private enterprise unless they were essential, nor would they continue to be employed longer than necessary.

Question 34.—What is the experience in your Province of the efficiency of available industrial Labour? To what extent do the conditions of work and employment of industrial Labour safeguard on the one hand the worker against undue exploitation, and on the other, the community collectively against inefficiency in Labour?

Answer.—As far as the cotton textile industry of this Province is concerned, a great deal of information on this subject will be found in the various Tariff Board Reports and in the Report of the Royal Commission on Labour. In brief, it may be said that labour is adequately protected against exploitation by the Factories Act, Payment of Wages Act, Industrial Disputes Act and the Bombay Trade Disputes Conciliation Act and other various enact-

ments. As regards wages, the position of the cotton textile workers in the Province compares favourably with that of other industrial workers in vocations which require the same amount of work and skill.

We have referred to the efficiency of labour in our answer to question 28(c).

Question 35.—How far in your Province are (a) the existing equipment in large-scale industry, and (b) the actual forms of the organisation and management of such industries sufficient to guarantee a fair degree of industrial efficiency in output, quality, etc. ?

Answer.—The attention of the Planning Committee is directed to the Tariff Board Reports dealing with the cotton textile industry. As regards mechanical equipment, we would say with regard to the cotton textile industry of this Province that it is reasonably well equipped and managed.

Question 38.—Are there any industries established in your Province conducted directly by foreign capital, recognised and registered in India as Joint Stock companies, or affiliated to a nominally Indian concern, e.g., by adding the words 'India Ltd.' ?

What steps would you suggest to prevent this growing menace of '(India) Ltd.' and what remedies do you suggest and what effective steps you would advise us to take that swadeshi industries as defined by the Congress may grow up in your Province ?

Answer.—We are not aware that the menace referred to in this question exists in the cotton textile industry of the Province.

Question 39.—Are there any industrial concerns in your Province operating as part of an international combine regulating that industry or as mere off-shoots if not branches of foreign industrial enterprise. What steps would you adopt to regulate and control the working of such concerns in the best interests of the Province ? Would you suggest an all India legislation on this point, and if so, on what lines ?

Answer.—We are not aware of the exact position, but it would seem that certain distributing agencies for oils, chemicals and dye-stuffs used by the mill industry do operate as part of international combines. We are not, however, in a position to suggest whether any legislation is needed to regulate their activities. The dye-stuffs used by the industry are at present very largely supplied by the Havero Trading Co. (now Chemdyes) and Imperial Chemicals, and while these firms have served the industry efficiently in the past, it would seem desirable that steps should be taken to foster indigenous dye-stuffs and chemicals industries.

Question 40.—Do you notice any tendency amongst the large-scale industries in your Province combining with corresponding establishments of the same industry within the Province, or within the country, so as to make a substantial monopoly of that industry in hands of that combine ? What are the consequences in regard to prices to the consumer within the country, labour conditions, industrial equipment and technique in regard to such industries ?

Answer.—No such tendency has been observed in the Indian cotton textile industry.

CHAPTER VII—MARKETING AND COMMERCE.

Question 67.—What is the market for the products of cottage industries, small-scale industries and large-scale mechanised modern industry in your Province ? What room is there for the development of the existing local market for the consumption of the raw materials, as well as for that of the finished products made from the raw materials.

Answer.—As far as the Bombay cotton mill industry is concerned, its market is an all-India market, and it is more than capable of supplying the needs of the Province. Extensive developments are not considered likely in the near future in the industry itself, but there

is possibly scope for the development of subsidiary industries for the reason that a great proportion of the stores and spare parts required by the industry are at present imported from abroad. A resume of the potentialities in this direction was given in a representation to the Government of India some months ago (see answer to question 10(b) and enclosure). In so far as the development of the existing local market for the consumption of Indian raw cotton is concerned, it is suggested that the Indian Central Cotton Committee and the East India Cotton Association Ltd. might be consulted.

Question 69.—How far is the existing middle-man participating in the processes just named likely to cause an excessive burden upon the primary producer, as well as on the consumer ?

Answer.—*Cost of distribution.*—Please see our answer to question 28(d).

Question 74.—How far is it possible within your Province to regulate all prices of all necessities of life produced or sold in the Province in such a manner as to assure a pre-determined degree of a profit margin to the primary producer ? Do you consider it desirable to have such a policy ?

Answer.—The Association can only express an opinion in so far as cotton manufactures are concerned. The Association does not consider that regulation of prices is necessary except perhaps in case of national emergency such as might be brought about by a major war. Internal and external competition are, and have been for many years, more than adequate to keep down prices of cotton manufactures in India to reasonable levels.

Question 76.—In the absence of any control of the currency and credit system of the country in the hands of the responsible Provincial Governments, how far would it be possible for Provincial Governments to introduce a system of internal barter, so as to reduce the importance of the cash nexus in the settlement of any trading transaction in the Province, and thereby avoid the influence of outside factors affecting the general price level.

Answer.—The Association is strongly opposed to the introduction of a system of internal barter with the object of reducing the importance of the cash nexus in the settlement of trading transactions within the Province. One of the more important reasons for this view is that it would tend to stifle private enterprise.

Question 85.—What are the handicaps or impediments in the way of a proper development of the internal trade in the Province, of its inter-provincial trade and of its foreign trade in respect of (a) financing, (b) transport, (c) relative stability of the price level, and (d) a proper marketing organisation. In what way are these handicaps capable of being removed or remedied ?

Answer.—Please refer to our answer to question 28.

Question 87.—To what extent would the regulation of the foreign and overseas trade of India by such means as specified Trade Treaties with our principal customers in the world benefit your Province ?

Answer.—Speaking generally, the Association is in favour of a regulation of the foreign and overseas trade of India by means of specific Trade Treaties on the bilateral principle, such treaties being on a fully reciprocal basis.

Question 88.—How would a system of imperial preference affect the economic condition and the local, Indian and foreign trade, of your Province ?

Answer.—It is not possible to express an opinion on Imperial Preference in the abstract. Every scheme of preference would have to be examined on its merits.

Question 90.—In what way would the trade of your Province, local, Indian and foreign, be affected by the modification of the principle of private enterprise, in all branches of production and consumption of goods and services.

Answer.—In general, the Association is opposed to any undue State interference in industry, and considers that as far as the cotton mill industry is concerned, private ownership and private enterprise should continue to be encouraged in preference to state ownership.

CHAPTER VIII—TRANSPORT FACILITIES.

Question 100(a).—Have you had any occasion to make any representation on behalf of the Provincial or any commercial or industrial organisation within the Province in regard to (a) policy and incidence of railway rates ?

Answer.—The Association has on a number of occasions made representations to the railway authorities regarding freight rates on cotton yarn and piecegoods.

Question 101.—What is the cost of transport by road, rail or water on these various means or forms of transport in the Province as compared to one another ? How has the cost of transport affected the development of industries in your Province ?

Answer.—In general, it may be said that as far as cotton yarn and piecegoods are concerned, transport by road is cheaper than transport by rail over short distances. From port to port, transport by sea is cheaper than by rail, although considerable railway freight reductions have been made to encourage rail transport of this description during the last decade. As far as coastwise traffic is concerned, shipment by Dhow is cheaper than by steamer for short and medium distances, but against this greater cheapness must be set off the time factor and the less risk of water and other damages by steamer.

Question 102.—What means, agents or organisations are there for controlling, in the public interest, the cost of transport or the rates, freights, fares charged by the various agencies for the transport of passengers and goods? How should these be developed if they are lacking at present ?

Question 113.—How far is it possible by Government enterprise to develop, organise and co-ordinate all forms of transport, with a view to the most economical and efficient organisation and working of that service within the Province ?

Answer.—The attention of the Planning Committee is drawn to the marked paragraphs in enclosure.*

CHAPTER IX—CONDITIONS AND FIELD FOR EMPLOYMENT.

Question 116.—To what extent would it be possible to widen the field of employment in the process of developing the Province as indicated above, in regard to establishing, or developing the new industries, improving agriculture, exploiting forest resources, developing transport services ; marketing of finished products, and the development of all other accessories, such as Banking, Insurance, Transport, Health, Education and the general welfare of the community ?

Answer.—Please see our answer to question 10(b) and enclosure.*

Question 117.—What are the average rates of wages or income in the Province for

- (a) wage earners employed in industrial, commercial or transport services,
- (b) agriculturists with or without any land of their own,
- (c) tenants of agricultural land holding from larger land owners,
- (d) those employed in private administrative or public services such as Public Education, Public Health, Communications, etc.?

* Not printed.

Answer.—As far as the mill industry of Bombay is concerned, the approximate earnings for various occupations as they existed in 1934 will be found in the Bombay Wage Census Report, 1934 (Third Report). Since that time, wages in Bombay City and Island have been increased owing to the putting into effect of the Interim Recommendations of the Textile Labour Inquiry Committee. In 1938-39, wages in the Bombay City and Island cotton mills were approximately 12½ per cent. higher than in 1934 in unrationalised occupations and in addition individual earnings have been added to by rationalisation.

Question 119.—To what extent is industrial labour organised in your Province and how far have such organisations succeeded in improving the conditions of such labour in general? How far have such organisations been recognized for making effective bargaining with workers and maintaining industrial peace and harmony?

Answer.—Industrial labour in the City and Island of Bombay and in the rest of the Province with the exception of Ahmedabad is largely influenced by or under the control of unions or labour leaders with communistic tendencies, and the subversive activities of these persons and organisations have caused both employers and employees enormous losses during the last ten or twelve years. For further information on this subject, the Planning Committee is referred to the Report of the Court of Inquiry, 1929, to the Government White Paper following that Report and the Association's evidence before the Bombay Disturbances Enquiry Committee, 1938. It is possible that the position may improve following the enactment of the Bombay Industrial Disputes Act, 1938, the principle of which has been supported by the Association, but it is as yet too early to say anything very definite in this connection.

On the subject of recognition, the attention of the Planning Committee is drawn to the representation submitted by the Association to the Government of Bombay on the 15th October 1937 regarding recognition of trade unions (*vide* enclosure V*).

Question 120.—To what extent industrial disputes resulted in your Province in the loss of working days and of new wealth in consequence? What machinery is there to prevent such disputes or to minimise the loss and damage to the workers as well as to the wealth of the Province resulting from such disputes? How far is it possible in the interests of Planned Economy, to insist on a system of compulsory arbitration enforceable on both parties by means of appropriate sanctions.

Answer.—The position regarding the loss of working days owing to industrial disputes in the Bombay textile industry is set out in enclosure VI.*

Until further experience has been gained of the working of the Bombay Industrial Disputes Act, 1938, it is difficult to say whether a system of compulsory arbitration enforceable on employers and employees will become either a workable or a desirable proposition.

Question 126.—What organisation is there for prompt and effective finding of employment for those needing and qualified for it?

Answer.—The Association provides special facilities under its 'Badli control' scheme. Full particulars relating to the working of this system are given in the attached note (*vide* enclosure VII*).

CHAPTER XI—FINANCE.

Question 139.—In the event of the Provincial Government or any local Body, working in partnership with private enterprise, any provincial industry, utility, or service, what should be the terms and conditions of such partnership especially in regard to:—

- (a) general supervision over the conduct and management of the concern,
- (b) treatment of labour,
- (c) interests of consumers,

* Not printed.

- (d) provision of reserves,
- (e) sharing of profits and
- (f) eventual acquisition of the entire enterprise by Government.

Answer.—The Association can only offer general views on this question since, as far as we are aware, there has been no direct state aid given to the cotton mill industry of the Province. In so far as the six sub-heads are concerned, the Association's views are :—

- (a) That there should be as little interference as possible by the State in so far as general supervision is concerned, but Government should exercise a close scrutiny over the company's accounts and should exercise control over the appointment of auditors.
- (b) No special provisions appear to be necessary since it might be assumed that conditions of work would be regulated in accordance with the Province's Factory and labour legislation.
- (c) The interests of the consumers should be protected by ensuring that the state-aided concern is not placed in a monopolistic position.
- (d) Government might, it is thought, insist on a limitation of dividends until the loan from Government has been paid off in full.
- (e) We do not consider it advisable that Government should share in the profits made by a financially assisted concern, but the interest on any money loaned by Government should be a first charge on the profits after statutory depreciation has been met.
- (f) We do not think it advisable, at any rate in the case of ordinary industrial enterprises, that a Provincial Government should eventually acquire and run what were previously Government assisted enterprises. On the other hand, we would suggest that Government interest in the concern should eventually be taken over by the original promoters and the general public.

CHAPTER XIII—INDUSTRIAL AND COMMERCIAL STATISTICS.

Question 146.—What are the means available in your Province for the collection, compilation and publication of any economic information relating to industries, agriculture, commerce, transport, banking, etc. concerning the Province of your own ?

Question 147.—How far are the statistical material, reports and bulletins published by the Central Government relating to your Province accurate and up-to-date, as well as of direct interest and service to active industrialists, agriculturists and business men in your Province ?

Question 148.—Are there any organisations of Trade, Commerce, Industry or Labour as well as of Agricultural interests, which collect, compile and disseminate statistics and information relating to these respective interests ? What steps do you suggest to improve, develop and popularise such information ?

Answer.—As far as the cotton mill industry is concerned, fairly complete statistics are already available. The monthly and annual statistics of Sea-borne Trade contain information as to the values and quantities of cotton, yarn and piecegoods imported into and exported from India. Certain improvements in these statistics are necessary and have been the subject of correspondence with the Government of India and the Director-General of Commercial Intelligence and Statistics. A certain amount of information is also published in the Indian Trade Journal regarding cotton, cloth and yarn prices and movements by rail, etc., and these statistics are of considerable interest to the trade. Government also compile and publish monthly statistics of production, but the value of these figures is not as great as it could be owing to the fact that the statistics are published very much too late and have certain other minor defects. The May statistics include figures of stocks in hand with mills, but here again late publication decreases the utility of the figures. In addition to the information published

by Government, valuable statistics relating to raw cotton under a great number of heads is available in the publications of the East India Cotton Association Ltd. and the Indian Central Cotton Committee, whilst our own Association makes available to its members information regarding cloth and yarn prices, stocks, spindle and loom activity, state of trade in various markets, etc.

Other local associations of millowners are also understood to be compiling for the use of their members statistics under a wide variety of heads.

Question 149.—What material or facilities are available within the Province relating to Technological information concerning new discoveries, Patents or Inventions which relate to Industrial Processes, Business organisation, Agricultural methods and improvements and their like. What means do you suggest to make such information if available widely popular.

Answer.—Trade Journals and bulletins containing information relating to the various trades of the world are regularly sold at reasonable prices in this country and other information of the same description can be, and is being, obtained from non-Indian sources as and when necessary.

Question 150.—What steps are necessary to co-ordinate the information mentioned in the preceding question relating to your Province, and the corresponding information affecting the whole of the country ?

Answer.—No particular steps are necessary so far as the cotton textile industry is concerned except that libraries, technical institutions and reading rooms in mill centres should, it is thought, be encouraged to purchase and make available the literature and statistics concerning the cotton textile industry, since it is so readily accessible.

CHAPTER XIV—ADMINISTRATION.

Question 152.—What administrative organisation has been set up in your Province to control, regulate, supervise, or in other way to foster and promote the industrial and commercial activities and the general economic life within the Province ?

Answer.—A number of important organisations have been promoted for the purpose of controlling, regulating, supervising and/or fostering the cotton and cotton mill industry. The sphere of activities of these organisations cover a very wide field as may be judged from the rules and regulations or articles of association of the Indian Central Cotton Committee, the East India Cotton Association Ltd., the Millowners' Association, Bombay, the Ahmedabad Millowners' Association, etc.

Question 153.—What steps should be adopted to establish an all-India Industrial or Economic Council for the promotion of control, supervision, and regulation of all-India industries, and the economic relations as between the States and Provinces arising out of the Programme of Planned Development, so as to maintain a uniform rate of even progress simultaneously on all fronts, avoid friction, and make the working of the Planned Programme, of local as well as National development, effective ?

Answer.—Speaking generally, the Association considers it advisable that some central organisation of an all-India character should be brought into being for the objects specified in the question as also for the purpose of co-ordinating industrial and labour legislation.

Question 154.—What should be the constitution and functions of such an All-India Council of Economic Development, whether purely advisory or partially executive ? How far and in what way could such an institution be made responsible to safeguard the co-operation between States and Provinces and the various classes and interests within ?

Answer.—The functions of an all-India Industrial or Economic Council of the type referred to in the previous question should, it is thought, be purely advisory in the first instance. As to its constitution, a great deal would depend upon the final plan decided upon.

CHAPTER XV—INTERNATIONAL ECONOMIC RELATIONS.

Question 159.—What are the ways in which any unfair, undesirable or uneconomical competition between Provinces in the production of the same forms of material wealth seeking consumption in mutual markets, be avoided ?

Answer.—Speaking generally, undesirable and uneconomic competition between Provinces in the field of industrial production could be greatly minimised provided similar industrial units worked under the same laws and conditions of work and for the same number of hours per day, and provided also that, at the same time, the disparities which exist between the remuneration given for the same quantities of work done were removed or minimised.

CHAPTER XVI—MISCELLANEOUS.

Question 162.—What measures have been adopted for securing a guaranteed standard of quality in the industrial and agricultural product within the Province, as well as of the processes and raw materials required in the prosecution of a Planned Programme of National Development ?

Answer.—A certain amount of standardisation of quality of output has already been brought about in the cotton textile industry owing to the reputation built up for particular types of goods, but there has been no such thing as pre-planned standardisation, and it is doubtful whether that type of standardisation would be desirable in so far as the products of the Indian mill industry are concerned. It is, of course, essential that consumers shall be protected to the extent that length, width and/or weight of the cloth or yarn which they buy is what it purports to be, and a number of suggestions have been put forward by this Association from time to time regarding the provisions of the Indian Merchandise Marks Act, details of which can be supplied to the Planning Committee if they so desire.

Question 163.—How far is it advisable to depend upon imported raw materials for the development of industries within the country for which there is a considerable local market, and which are necessary to the very existence of the nation ?

Answer.—While it is desirable to encourage the use of Indian raw materials as far as possible, no restrictions of any kind should be placed upon the use of raw materials of a kind, type or quality which cannot be grown or produced economically in India. We would in fact go further and say that if India wishes to export a surplus agricultural product, she must be prepared to accept payment for those exports, in part at least, by raw materials drawn from other countries and also be prepared to build up manufacturing industries which can utilize these imported raw materials or semi-manufactured goods to the greatest advantage.

Copy of letter No. VI/1/1654, dated the 19th October 1939, from the Joint Honorary Secretary, Housing Sub-Committee, National Planning Committee, Bombay, to the Association.

I enclose herewith the questionnaire* of the Housing Sub-Committee of the National Planning Committee. I shall thank you to kindly bring it to the notice of your members interested in this questionnaire and to favour me with their replies to some or all of the questions by the 15th November 1939.

The Sub-Committee will also like you to communicate the authorized views of your Association on the different questions raised in the questionnaire.

Copy of letter No. 4792/35, dated the 21st November 1939, from the Association to the Joint Honorary Secretary, Housing Sub-Committee, National Planning Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. VI/1/1654, dated the 19th October 1939, requesting my Committee to furnish written answers to a questionnaire issued

* Not printed.

by your Sub-Committee. While my Committee greatly appreciate your courtesy in consulting them in this matter, they regret that they do not possess either the practical experience or the expert knowledge which is so very essential in answering a questionnaire of the type issued by your Sub-Committee. They, however, desire me to send for the information of your Committee a note* on the oral evidence submitted by the Association's representatives to the Bombay Rent Inquiry Committee who recently issued their report. I am also sending you a copy of my letter† dated the 21st October 1939, addressed to the Government of Bombay in which the Association's views on one of the most important recommendations of the Inquiry Committee have been set forth at some length.

Copy of letter No. 4-5/1603, dated the 13th September 1939, from the Joint Secretary, National Planning Committee, Bombay, to the Association.

I am sending herewith a copy of the Questionnaire* prepared by the Insurance Sub-Committee of the National Planning Committee. As you may be aware, the Questionnaire is intended to clarify the terms of reference, and to collect also material data on specific points, which I trust you will be so good as to collect and forward at your earliest convenience. The Chairman desires that the same be obtained within three weeks from date, that is to say, by the 5th of November 1939, at the latest. I trust you will find the time sufficient for the purpose.

Hoping to receive your reply at an early date, and thanking you in anticipation.

Copy of letter No. 4936/35, dated the 29th November 1939, from the Association to the Joint Secretary, Insurance Sub-Committee, National Planning Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 4-5/1603, dated the 13th September 1939, in which you request my Committee to express an opinion on the various points raised in your Sub-Committee's Questionnaire. The Questionnaire has been carefully examined by my Committee, and while they greatly appreciate your courtesy in referring the matter to them, they regret that the Association has not the technical experience or knowledge which is so very essential in giving detailed replies to the Questionnaire. My Committee would, however, answer questions 2, 10 and 12 as under :—

Question 2.—How far is the habit or custom or system of taking out insurance to provide :—

- (a) Life insurance and annuity contracts covering for insurance in the event of premature death, endowments for retirement, endowments to secure costs of marriage or higher education of children.
- (b) Fire insurance.
- (c) Marine insurance.
- (d) Burglary, robbery and theft insurance.
- (e) Other property insurance such as—earthquake, business interruption, riot and civil commotion, plate glass, title insurance and credit insurance.
- (f) Disability (accident and health) insurance.
- (g) Consequential loss or third party damages.
- (h) Fidelity and surety bonds.
- (i) Automobile Insurance,

common in your part of the country? Please supply figures distinguishing various forms, classes and tables of insurance.

* Not printed. † (See pages 263/265 of this Report.)

To what extent do you think there is room for introducing new forms of insurance business ?

Answer.—It is customary for mills which are members of this Association to insure their properties against fire risk and riot and civil commotion risks. In addition, the motor vehicles used by members are also insured against accident and third party risks. The workers employed in member mills are also insured against workmen's compensation risk, and the Association has established a Mutual Insurance Company which undertakes this type of insurance on behalf of member mills. Member mills also insure in many instances against loss of profits.

Question 10.—How far do you consider it advisable to introduce the principle of compulsory insurance in respect of unemployment, sickness and other contingencies ? If you accept this principle, what are the ways for giving effect to it ?

Answer.—The Association does not favour the introduction of any schemes of insurance of this character, but if they are introduced, the scope should not be limited to particular industries and should be on an all-India basis and the general principles governing insurance of these types should be on the lines adopted in the United Kingdom, i.e., premium payable should be shared proportionately by the State, the Employers and the Employees.

Question 12.—In order to cover the entire ground of insurance, how far do you think it would be feasible to organise the insurance system as a public utility enterprise owned and conducted by the State ?

Answer.—The Association in general considers it inadvisable for the State to own or conduct insurance business. It would prefer that the insurance field should be left to private enterprise and that the international character of many types of insurance should not be interfered with. Insurance business in India as at present conducted is in the nature of a public utility service. The Association does not consider that the general or private interests of the insuring public would be any better served by organising insurance as a State enterprise. The Association is very doubtful whether it would be feasible for the State to organise insurance, and it is opposed to any attempt being made in this direction.

APPENDIX 41.

TESTING HOUSE FOR ARTIFICIAL SILK YARN.

Copy of letter No. HLA/MM/1474/39, dated the 6th June 1939, from Messrs. Courtaulds (India) Ltd. to the Association.

I have pleasure in advising you that Messrs. B. I. S. F. A. have now recognised the Indian Central Cotton Committee's Technological Laboratory at Matunga as the authorised B. I. S. F. A. Neutral Testing House for India to test Artificial Silk Yarns in accordance with B. I. S. F. A. Rules when requested by customers.

May I take this opportunity to thank your Committee and your goodself for the considerable work and assistance you have given us towards obtaining this recognition.

Copy of circular No. 2535/91, dated the 12th June 1939, from the Association to all members of the Association.

Towards the end of 1937, the Association was informed that frequent misunderstandings arose between Mill Companies and Merchant Suppliers on the question of short weights in deliveries of artificial silk yarns. This misunderstanding, it would appear, arose

by your Sub-Committee. While my Committee greatly appreciate your courtesy in consulting them in this matter, they regret that they do not possess either the practical experience or the expert knowledge which is so very essential in answering a questionnaire of the type issued by your Sub-Committee. They, however, desire me to send for the information of your Committee a note* on the oral evidence submitted by the Association's representatives to the Bombay Rent Inquiry Committee who recently issued their report. I am also sending you a copy of my letter† dated the 21st October 1939, addressed to the Government of Bombay in which the Association's views on one of the most important recommendations of the Inquiry Committee have been set forth at some length.

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- (d) Burglary, robbery and theft insurance.
- (e) Other property insurance such as—earthquake, business interruption, riot and civil commotion, plate glass, title insurance and credit insurance.
- (f) Disability (accident and health) insurance.
- (g) Consequential loss or third party damages.
- (h) Fidelity and surety bonds.
- (i) Automobile Insurance,

common in your part of the country? Please supply figures distinguishing various forms, classes and tables of insurance.

* Not printed. † (See pages 263/265 of this Report.)

It will be seen that as against 329 hands in the U.S.A. mill the Indian mill had to employ 970, or nearly thrice as many, hands for the same number of spindles and looms. The advantages of relatively lower wages per head, in comparison to the western countries are almost completely neutralised by the much larger number of workers employed in Indian mills, who find it especially difficult to compete with Japanese mills in which the wages per head are nearly the same while the output of work per person is very much higher.

This discrepancy in the number of workers, though noticeable in most departments of a mill, is most striking in the weaving section. The average number of looms attended to by a weaver in India is only two, though in some mills four looms per person are being operated. In Japan, on the other hand, according to Pearse the average number of looms per weaver was 5.5 in 1930, while since then this number has increased very considerably. Thus, according to the report of an American Delegation, who visited Japan in 1937, in one mill each girl was running 25 looms, while in another mill, the number of looms per person varied from 15 for the beginners to 30 for the experienced weavers. These figures most probably relate to the automatic looms, which in 1933 numbered 16,700 or some 20 per cent. of the total looms in Japan. For the ordinary looms the work assignment in Japan may be put down as 8 to 10 looms per person, which represents a very considerable advantage over the Indian conditions of 2 or at the most 4 looms per weaver.

It is partly by the adoption of these improvements in the efficiency of their workers that the Japanese Mills have succeeded in reducing their costs and increasing their total output as well as exports to foreign countries. An idea of the economies effected in weaving alone in this way may be had from the fact that in 1925 when the number of looms in Japan stood at 68,160, the total number of hands employed in the weaving section was 55,726. By 1936, when the number of looms had mounted to 95,813, the total number of hands was brought down to 38,459 : Thus, by virtue of efficient organization, an increase in the number of machines had been accompanied by a decrease in the number of their operatives resulting in considerable economies. It is estimated that in 4 years alone, between 1929 and 1933, the labour costs were reduced by 48 per cent. while the level of output remained practically unchanged.

It should be noted in this connection that this remarkable increase in the number of looms per person was not effected at the cost of speed and production. On the contrary, the tendency in the weaving departments of the Japanese mills has been to run the looms at high speeds and aim at a high level of efficiency. Thus, the average production per loom has increased from 53.5 yds. in 1912 to 65 yds. in 1929 and an efficiency of 93 per cent. has been attained. As a result of these improvements, Japanese mills have been able to increase production per person and to reduce labour cost per lb. of material to such an extent as to place them in a position of vantage with respect to other mills. Sometime back the comparative figures for Great Britain, Japan and India were as follows :—

	Productivity (lbs. per worker hour).	Labour cost (pence per lb.)
Great Britain	4.5	2.20
Japan	3.1	0.53
India	1.0	2.43

These figures show that there is considerable room for increase in output and economy in costs in the Indian mills, and that if it were possible to carry out these improvements, not only it would strengthen their position economically *vis-a-vis* their competitors, but it would also help to increase appreciably intake of Indian cottons.

The Japanese experience has shown conclusively that the most promising field for increasing the production per person and reducing the costs per lb. of material lies in the weaving department. Independent observers in other countries have also come to the same conclusion. It has been shown that under the conditions prevailing in Lancashire, if all the recent improvements such as single process system, elimination of roving frame, high draft system in the speed frames and the ring frame, high speed winding, etc., which involve a large outlay of capital are introduced in a mill, a saving of 3/16d. per lb. may be expected. On the other hand, if each weaver could attend to 10 looms instead of the present 3½ a clear

saving of 0.6d. per yard will follow without any extra outlay on new machinery. If we apply these considerations to the Indian mills, which produce over 3,000 million yards of cloth every year, we get an idea of the large savings if one weaver could look after 6 to 8 looms. It would, therefore, be distinctly desirable to enquire closely into the conditions which may enable one weaver to attend to more looms than at present. These conditions fall under two major heads, namely, (a) those relating to machinery and (b) those relating to labour. In this note we are concerned only with conditions relating to machinery, which will be discussed below in some detail, and a scheme will be outlined for achieving the above-mentioned purpose.

The number of looms which may be attended to by a weaver depends to a large extent upon the number of warp breakages. If the breakages are too frequent, it is beyond the capacity of any worker to cope with more than a few looms. The first requisite, therefore, for enabling a weaver to look after more looms is to provide him with a yarn which will not register more than a small number of breakages per loom per day. Such a yarn should be characterised by :

1. Adequate mean strength.
2. Good elasticity.
3. Elimination of weak places in winding.
4. Additional strength by sizing.

As regards mean strength and elasticity, it has to be admitted that in several Indian mills, the tendency still prevails to employ a 'just good enough' mixing for a special yarn and to attain the necessary strength by inserting a high degree of twist in it. This method may impart the necessary strength, but it lowers production, makes the yarn more irregular in strength and, what is worse, renders it less permeable to the sizing mixture, which is, therefore, unable to improve, to the full extent, the strength and elasticity of the yarn. Thus, a very small visible saving in the mixing is offset by a large accumulative loss in the subsequent stages. The first problem, therefore, on which systematic work is necessary is to spin Indian cottons with medium twists, producing soft, full bodied and elastic yarns which should be thoroughly studied for their physical properties.

The next stage is the study of the winding operation. The elimination of weak places in this process has an important bearing on the number of warp breakages in the loom. It would, therefore, be necessary to compare the efficiency of ordinary with high speed winding and to study the optimum speeds for both types for the different yarns.

The next stage on which work should be systematically and intensively carried out is the determination of the optimum conditions of sizing and the best sizing mixture for the different Indian cottons. The importance of work on sizing will be realised from the fact that according to an estimate only one-third of the breakages in the loom are due to knots, slubs, etc., while the remaining two-thirds are due to other causes. Among these other causes, the nature of the sizing mixture and the conditions prevailing during the sizing operation play a very important part. In a recent conference of scientific and textile workers Harold M. Chase stressed the supreme importance of intensifying work on sizing problems in the following words :—

“ Failure to design a satisfactory sizing mixture spells disaster.

I feel certain that it is possible to produce from starch an almost perfect sizing material, provided however that its application under varying conditions is thoroughly understood and subject to reasonably perfect control. It is along these lines that research is needed.

One of the first essentials will be to segregate both slasher and looms close to the laboratory so that all conditions such as speed of operation, speed of stirring, conditions of cooking, temperature, humidity, etc., can be controlled with an exactness comparable with laboratory control.

The cost to the individual operator is small compared with the benefits which are sure to result.”

That the mills and research organisations in America are alive to the desirability of carrying out systematic work on sizing problems is shown by the reports on the results of some of these investigations appearing in the textile journals. Thus, in the August and October 1938 issues of the "Textile World" W. L. Bentley has described the results of an extensive series of experiments on the sizing mixtures in relation to the properties of the sized rayon yarns. In the first paper he has given results of sizing tests made with reference to the wiriness of the yarns, suitability of the size, resistance to chafing, tensile strength, effect of humidity, use of plasticizer and effect of solvents. In the second paper he has discussed results relating to permanent stretch of the yarn, elasticity, fatigue of rayon, effect of temperature on the size. He has investigated these effects with respect to six different size mixtures and found results of special interest and value to the mills. These results, of course, pertain to viscose and acetate yarns, but similar investigations with respect to cotton yarns have also yielded equally valuable results. Thus, in a recent investigation it was found that upon treating yarn with different size mixtures its strength varied from 175 lbs. to 210 lbs. while its elasticity ranged from 3.78 to 4.53. These ranges show the extent to which the composition of the size mixture can influence the strength and elasticity of the yarns. The importance which the progressive mills attach to their sizing mixtures may be judged from the fact that in one of the mills in U.S.A. its research staff studied the effects of *over two hundred* size mixtures on the properties of yarn. The results of the work done by the individual mills, however, remain their exclusive property, and most mills are very secretive about it. Furthermore, as has been pointed out by a research worker, heaving size mixings of a fairly high cost have been built up in individual mills by the rule of thumb, and while they may have given satisfaction in specific cases, it is highly probable that in many cases the same results could have been obtained at much lower costs. All these considerations, therefore, lead to the conclusion that *systematic work* on the effect of different size mixtures on the strength and elasticity of the yarns and the penetrability of the size into the yarn spun with medium twists should be investigated in a thorough manner.

Alongside of work on different sizing mixtures, it is necessary to study the influence of sizing conditions, with special reference to temperature and viscosity of the size mixture in order to find out the optimum conditions which would give the most satisfactory results with different types of yarns. One mill which undertook such work recently published the results of its tests. It found that, with proper temperature controls attached to the size kettle, the size box and the cylinders, it was able to secure a decrease in steam consumption, a reduction in the amount of size used, less frequent shedding and a *reduction to the extent of 26 per cent.* in the number of warp breakages in the looms. It will, therefore, be seen that the conditions under which yarn is sized have a powerful bearing upon the number of warp breakages, which in its turn, determines the number of looms which can be conveniently attended to by one weaver. Consequently a systematic study of the effect of sizing conditions is also necessary to prepare the ground for increasing the work assignment in the weaving section of a mill.

The lines of investigation indicated above should place sufficient technical data in the hands of the mills to enable them to prepare stronger, more elastic and more evenly sized yarns. This, in its turn, would enable one weaver to look after more looms than at present, resulting in savings and a reduction in the price of cloth which should push up the consumption of cotton by the mills. This, however, is not the only advantage of work along the proposed lines. Even if, for non-technical reasons, the weaver does not look after more looms with the better quality yarns, the following advantages are bound to follow:—

1. The looms can be run with greater efficiency and at higher speeds than at present. The employer would, therefore, get more production, which would enable him to reduce his overhead charge and thus lower the price of cloth.
2. As a result of higher production, the weaver would earn higher wages.
3. As a result of fewer warp breakages the weaver would be subjected to less physical strain.
4. As the cumulative result of the foregoing causes, the quality of the Indian cloth would improve, thereby enhancing its reputation and competing capacity in the home and foreign markets.

The investigations which are capable of yielding so many advantages are worthy of our serious consideration. It is, however, necessary that these investigations should be undertaken at an institution where sufficient facilities in the way of equipment and trained staff are already available and where the results obtained can be published in scientific journals or circulated in the form of reports to all mills. The Technological Laboratory of the Indian Central Cotton Committee satisfies all these conditions pre-eminently. It possesses a complete range of testing instruments and a trained staff who have been engaged for years on research and routine testing on cotton ; it has a complete plant upto spinning of yarn under controlled conditions of humidity and temperature. If the proposed investigations are carried out at the Technological Laboratory, provision would be necessary only for some additional equipment and buildings and the small extra staff required for working the machines. No provision is required for any equipment of staff up to the spinning point, nor for the testing staff, these two items representing a considerable saving if the scheme is carried out in the Technological Laboratory. The detailed estimates for the additional equipment, building, staff, etc., are given in the *Appendix*, from which it will be seen that the estimated capital expenditure will be about Rs. 97,000 while the working costs of the scheme would be about Rs. 14,000 per annum. In view of the importance and far-reaching results of the proposed scheme, it is earnestly hoped that the mills would give it their enthusiastic approval and support and signify it by offering to contribute a fair share of the capital and working costs of the scheme.

APPENDIX.

COST OF SCHEME.

I. Capital Expenditure :

	£	s.	d.
1. Ring Winding machine, 60 spindles	75	0	0
2. Pirn „ „ 20 „	63	0	0
3. Warping machine	79	0	0
4. Slasher Sizing machine	570	0	0
5. Drawing in machine	17	10	0
6. High Speed Winding machine	225	0	0
7. High Speed Warping machine	410	0	0
8. Hot Air Sizing machine	850	0	0
9. 20 Looms	640	0	0
	2,929	10	0

@ Rs. 13-8 per £ = Rs.

39,548

Plus duty, freight, etc., @ 25%

9,887

49,435

10. Motors for driving the machines

6,000

11. Wiring, pirns, bobbins, beams, etc.

5,000

Total

96,685

II. Working Expenses (annual) :

		Rs.
One Weaving Master at Rs. 250 p.m.	3,000	3,000
One Sizing Superintendent at Rs. 250 p.m.	3,000	3,000
Five Weavers at Rs. 45 p.m. per head	2,700	2,700
Two Sizing operatives at Rs. 60 p.m. per head	1,440	1,440
Two Drawing and Warping operatives at Rs. 35 p.m. per head	840	840
Two coolies at Rs. 20 p.m. per head	480	480
Sizing materials, etc.	2,000	2,000
	13,460	13,460

Copy of letter No. 2861/255, dated the 5th July 1939, from the Association to the Indian Central Cotton Committee.

I am directed to acknowledge the receipt of your letter No. 5733, dated the 7th June 1939, in which you enquire whether my Association would be prepared to contribute towards the cost of a scheme for investigating the conditions under which one Indian weaver may be able to look after at least eight looms, which has been drawn up by your Committee. In this connection, I am desired to draw your attention to a communication addressed to you from this Association on 23rd November 1938, in which the Association's views on the practical utility of an experiment of this character were set forth at length. My Committee are still of the opinion that any research work on the lines indicated in the enclosure to your letter is not likely to have the same value from a practical point of view as tests and experiments which are constantly being made under actual mill conditions. The scheme put forward also appears to be uneconomical in character, and, as explained in our communication already referred to, the results are likely to be of doubtful utility to the trade. In this view of the case, my Committee regret their inability to recommend a contribution to the cost of the scheme.

The representative of the Association on the Indian Central Cotton Committee is in agreement with this view.

Copy of letter No. 7010, dated the 17th August 1939, from the Indian Central Cotton Committee to the Association.

I have the honour to invite reference to your letter No 2861/255, dated the 5th July 1939, and to say that my Committee at its meeting held on the 4th August 1939 considered the above scheme and decided, in view of the replies received from Millowners' Associations and individual mills, that the proposal be dropped.

APPENDIX 43.

BOMBAY LIFTS ACT.

Copy of letter No. 533/47, dated the 25th January 1939, from the Association to the Secretary to the Government of Bombay, Legal Department.

The attention of my Committee has been drawn to Bill No. XLVII of 1938 to provide for the regulation of the construction, maintenance and working of lifts, etc., published in the *Bombay Government Gazette* under Rule 18 of the Bombay Legislative Assembly Rules. In the statement of Objects and Reasons appended to the Bill, it is pointed out :

“The object of the proposed legislation is to require the owners of premises containing lifts to maintain the lifts in safe working order and for this purpose to take power to regulate the construction, maintenance and working of lifts, and all machinery and apparatus pertaining thereto in the manner proposed in the Bill in the Province of Bombay.”

Under clause 4 of the Bill, every owner of a place intending to install a lift or in which a lift has been installed at the date of the commencement of this Act shall apply for a licence. Clause 6 provides that no lift shall be worked except under and in conformity with the terms of the licence granted in respect of same. Under clause 9, the Provincial Government are empowered to make rules regarding the terms and conditions subject to which and the fees on payment of which and the form in which the licence may be granted for operation of a lift under clause 6.

The Bill has been carefully considered by my Committee, and while they are in agreement with the principle underlying the measure, namely, the desirability of providing for the regulation of the construction, maintenance and working of lifts and all machinery and apparatus pertaining thereto in the Province of Bombay, they feel that there exists a very strong case for limiting the application of the legislation to passenger lifts in houses, shops and offices since the Indian Factories Act makes effective provision for the inspection and regulation of lifts in factories.

As Government are aware, the Indian Factories Act, 1934, which is applicable to industrial establishments, provides for the adequate fencing of every hoist or lift, hoist-well or lift-well and every trap-door or similar opening near which any person may have to work or pass and the rules made under the Act also provide for the regular examination of all hoist ropes and chains by a competent person nominated by the Manager to ensure that they are in a safe condition. A record of the examination is maintained by the Manager with dates and remarks under his signature in the Inspection Book in accordance with Rule 5, and this book is examined by the Factory Inspectors during their periodical visits to the establishments covered by the Factories Act. In these circumstances, it appears unreasonable to suggest that establishments which are already covered by the Indian Factories Act should be required to take out licences for operating their lifts and hoists and to pay for such licences.

The number of hoist accident cases in all factories in the Bombay Presidency were as under in the last five years :

<i>Year.</i>	<i>Fatal.</i>	<i>Serious.</i>	<i>Minor.</i>	<i>Total.</i>
1933	..	7	1	8
1934	1	7	4	12
1935	..	4	3	7
1936	..	3	3	6
1937	1	6	..	7

The above figures show that hoist accidents in industrial establishments are not, by any means, so numerous as to necessitate special legislation. Accidents due to the failure to maintain lifts in proper working order are far from common in cotton mills as is shown by the records of the Millowners' Mutual Insurance Association Ltd. The accident statistics available with this Association show that there have been only 3 serious hoist accidents within the last 14 years, for which compensation has had to be paid. In these circumstances, my Committee would respectfully suggest that the operation of the proposed Bill be limited to lifts installed in private buildings and offices where there is at present no provision for their effective supervision and control.

APPENDIX 44.

BILL TO CONSOLIDATE AND AMEND THE LAW RELATING TO ARBITRATION IN BRITISH INDIA.

Copy of letter No. 2386/4-B, dated the 22nd August 1939, from the Secretary to the Government of Bombay, Home Department, to the Association.

I am directed to forward herewith copies of the Indian Arbitration Bill* with a Statement of Objects and Reasons and Notes on Clauses, which was published in the *Gazette of India*, dated the 22nd July 1939 and to request that you will be so good as to move the

* Not printed.

Bombay Millowners' Association to favour this Government, with their views on the provisions of the Bill and in particular on the proposals contained in clauses 17, 18, 32, 33 and 35 of the Bill. The views of the Association will be forwarded by this Government to the Central Government.

The views may kindly be sent in triplicate, by the 1st October 1939.

Copy of letter No. 4209/186, dated the 9th October 1939, from the Association to the Secretary to the Government of Bombay, Home Department.

I am directed to acknowledge the receipt of your letter No. 2386/4-B dated the 22nd August 1939 requesting my Committee to express an opinion on the provisions of the above Bill which was published in the *Gazette of India* dated 22nd July 1939. The Bill has been carefully examined by my Committee in conjunction with the Association's Solicitors and, on the whole, appears to have been framed upon right lines. There are, however, a few minor criticisms which my Committee desire to urge, and these are set forth in the following paragraphs.

At the outset, my Committee desire to point out that the Bill does not appear to contain any provisions as to where an arbitration is to be held. This is not perhaps an important issue at the present time when the existing Arbitration Act applies only to Presidency Towns and in a restricted manner to certain other cities in India, but as the new Act will be made applicable to the whole of British India, certain difficulties may arise if the position is not made clear. Supposing, for example, that Mill 'A' in Sholapur has an arbitration clause in a contract with a dealer in Dera Ismail Khan. The dealer in this case might appoint an arbitrator resident in Rawalpindi. In this event, the mill would also have to appoint an arbitrator at Rawalpindi and all witnesses may have to be sent up to Rawalpindi, in the absence of special powers to grant a commission.

Another point which my Committee desire to raise is that an arbitrator does not appear to have the power to issue an order for a commission to examine witnesses. The absence of such powers, we feel, might work to the detriment of one of the parties who might find it inconvenient and extremely costly to bring all his witnesses from a distant place to where the proceedings are held. It is not also clear whether the power to administer interrogatories conferred on arbitrators under Clause 13(d) covers this point. Interrogatories are usually administered by one party in a suit to the other, but there is nothing to show that the arbitrators have the right to interrogate parties before them or even third parties who are not present. If, as my Committee hold it should, the section empowers arbitrators to interrogate third parties who are not present, then the position should be made quite clear.

Turning to the detailed provisions of the Bill :

Clause 13(b) empowers the arbitrators to state a special case for the opinion of the Court on any question of law involved. It does not, however, make it clear whether the arbitrator is bound to state a case or whether it is in his discretion to do so or not. The corresponding section of the British Act provides that the arbitrators or umpire may, and shall if so directed by the Court, state any question of law arising in the course of the reference or an award or any part of an award in the form of a special case. It would appear that Clause 13(b) might be amended to enable the party whose request to the arbitrators to state a case for the opinion of the Court has been turned down by the arbitrators, to apply to the Court and get an order to that effect. Such an amendment, it is thought, would serve a useful purpose.

Clause 29—The 1899 Act empowers the arbitrators to enlarge the time for making the award, but under Clause 29 of the Bill, this power is proposed to be taken away. In this connection, my Committee desire to point out that arbitration agreements often fix a short period for making the award, which may legitimately require enlargement. If, as contemplated in this clause, only the Court has the power to enlarge the time, the necessity of applying to the Court may arise more often. It would, therefore, appear that the power to enlarge the time might remain with the arbitrators.

Clause 47 appears to provide that no arbitration award obtained otherwise than under the provisions of this Bill shall be enforceable. As Government are aware, several industrial and commercial organizations of this country have been for a fairly long time holding arbitrations under their own rules. These rules which follow the provisions of the 1899 Act, supplemented by provisions not inconsistent with that Act, have been perfected after long practical experience and have worked very satisfactorily. It is pointed out, however, that the provisions of *Clause 47* as it stands might render it impossible for such organizations to provide anything additional to, or different from, the provisions of the Bill. My Committee are not certain whether this is the intention; in any event, it is thought that a sub-clause should be added to make it clear that *Clause 47* will not override the provisions of arbitration agreements or sets of arbitration rules which are additional to or not inconsistent with the new Act.

My Committee have very carefully examined the provisions of *Clauses 32, 33 and 35*. In their opinion, where there is an agreement to refer disputes to arbitration, the only recourse a party should be allowed in Courts is to file a suit *before* appointing his arbitrator and for the other party to persuade the Court that it is not unreasonable that arbitration should proceed. It is submitted that once the arbitrators have been seized of a case, no proceedings should be allowed in the Courts except under the provisions of *Clause 17*, or by a suit in a Court having jurisdiction over the place where the arbitrators are sitting. Once a decree on the award in the arbitration proceedings has been obtained, no suit should be allowed. It is these additional proceedings which the Civil Justice Committee severely condemned, and it seems that every obstacle should be placed in the way of either party trying to defer the obtaining of an award or to upset one so long as the arbitration is being properly conducted by the arbitrators. It is pointed out that the parties have themselves agreed to what is considered a cheap and rapid remedy for the decision of their disputes, and in this view of the matter, everything possible should be done to discourage filing of suits in Courts to delay the remedy. My Committee are inclined to the view that in the absence of very cogent reasons to the contrary, these three clauses should be drastically revised.

Before concluding this letter, my Committee desire me to convey their sincere thanks to Government for the extension of time granted for the submission of this representation.

APPENDIX 45.

CODE OF CIVIL PROCEDURE : ATTACHMENT OF SALARIES AND WAGES.

Copy of circular No. 2252/115 dated the 23rd May 1939, from the Association to all members of the Association.

I am directed to inform you that section 60 (1) (h) of the Code of Civil Procedure, 1908, as amended by the Second Amendment Act of 1937 reads as under :—

“ 60. (1). The following property is liable to attachment and sale in execution of a decree.

Provided that the following particulars shall not be liable to such attachment or sale, namely,—

* * * * *

(h) the wages of labourers and domestic servants, whether payable in money or in kind ; and salary, to the extent of the first hundred rupees and one-half of the remainder of such salary.”

It will, therefore, be seen that the wages of mill operatives, so long as they do not exceed Rs. 100 per month, cannot be attached, and mills would be justified in refusing to

accept orders for attachment. In the case of employees who are in receipt of salaries exceeding Rs. 100, immunity is granted to the extent of Rs. 100 and one half of the remainder of such salary, that is to say, if the employee's salary is Rs. 150, the amount liable to be attached is Rs. 25 per month.

I shall be glad if you will kindly bring this circular to the notice of your mill managers as it is understood that orders for attachment in execution of a decree are being accepted by them in contravention of the provisions of Section 60(1) (h).

Copy of letter No. 2339/115 dated the 26th May 1939, from the Association to Messrs. Craigie, Blunt & Caroe, Bombay.

I enclose herewith for your information a copy of my circular dated the 23rd May 1939 to all members of the Association explaining the provisions of the Code of Civil Procedure (Second Amendment) Act of 1937. Following the issue of this circular, enquiries have been received by me as to (a) whether the 1937 Act referred to would affect cases in which legal proceedings were instituted before the introduction of that Act ; and (b) whether the 1937 Act would be applicable to prohibitory orders issued by Small Causes Courts and orders issued by the Collector of Bombay on employers to deduct a portion of an employee's salary in payment of a debt due under a decree or a debt due to a co-operative society.

In reply to these enquiries, I propose to send out another circular marked "A"* and shall be glad if you will kindly let me know whether, in your opinion, it correctly explains the position. If not, will you kindly make such alterations as may be necessary and send the draft back to me as early as possible?

Copy of letter dated the 30th May 1939, from Messrs. Craigie, Blunt & Caroe, Bombay, to the Association.

We are in receipt of your letter No. 2339/115 of the 26th instant.

We have referred to the Code of Civil Procedure (Second Amendment) Act 1937 and beg to observe as follows :—

1. This Act has amended sub-Section (1) of Section 60 of the Civil Procedure Code, and, so far as concerns the questions now under consideration, the amendments to be considered are those which have been made under Clauses (h) (i) and (1) of sub-Section (1) and in the Explanation at the end of the sub-Section.

Under the sub-Section before amendment Clause (h) dealt with the allowances (less than salary) of any public officer while absent from duty, Clause (i) dealt with the salary or allowances of a public officer on duty, and Clause (1) dealt with the wages of labourers and domestic servants whether payable in money or in kind.

Under the old Clause (1) the wages of labourers were wholly exempt from attachment.

The amending Act has reshuffled the clauses.

Clause (i) now deals with the salary of a public officer and Clause (1) now deals with the allowances of the public officer.

Then Clause (h) now reads as follows :—

(h) "The wages of labourers and domestic servants whether payable in money or in kind ; and salary, to the extent of the first hundred rupees and one half the remainder of such salary."

* Not printed.

Then the existing Explanation has been renumbered as Explanation 1 and the following words have been added to it :—

“ and in the case of salary other than the salary of a public Officer or a servant of a Railway Company or local authority the attachable portion thereof is exempt from attachment until it is actually payable.”

Finally a further Explanation has been added as follows :—

“ Explanation 2.—In clauses (h) and (i) ‘ salary ’ means the total monthly emoluments, excluding any allowance declared exempt from attachment under the provisions of clause (1) derived by a person from his employment whether on duty or on leave.”

You will observe that prior to the amendment of the sub-Section the wages of labourers and domestic servants whether payable in money or in kind were wholly exempt from attachment. ‘ Labourer ’ means a person who earns his daily bread by personal manual labour or any occupation which requires little or no art, skill or previous education.

We do not consider that the amendments have altered the position as to labourers.

The two sentences in the new clause (h) must, we think, be read independently and the first sentence down to the semicolon after the words ‘ in kind ’ has the effect of exempting wholly (as heretofore) the wages of labourers or domestic servants.

On the other hand the exemption granted by the second sentence of the new clause (h) extends only to the first hundred rupees of salary and one-half the remainder of such salary.

This provision however relating to salary has effected a great extension of exemption by reason of the fact that it applies to all salaries whereas the old clause (i) applied only to salaries of a public officer and certain others.

The fact that the second sentence of the new clause (h) applies to all salaries is borne out by the words added to Explanation 1 and by the wording of Explanation 2.

The result in our opinion is that the wages of labourers and domestic servants (whether payable in money or kind) remain wholly exempt from attachment and salaries of other persons are exempt to the extent of the first hundred rupees and one-half the remainder.

2. With regard to the query which has been raised as to whether the amendments have effect in respect of any proceedings arising out of any suit instituted before the 1st June 1937, the answer is in the negative. This is by reason of Section 3 of the Amending Act which expressly so provides.

3. With regard to the query whether the amendments apply in regard to the prohibitory orders issued by Small Causes Courts, the answer is in the affirmative. The Act applies to all attachments issuing under the Civil Procedure Code.

4. With regard to orders issued by the Collector of Bombay for the deduction of salary in payment of a debt due to the Co-operative Society, the amendments do not in our opinion affect such orders. Such orders are not issued under the Civil Procedure Code, but in virtue of the procedure for recovery of land revenue which is made applicable to the recovery of the sum due to Government by a member of a registered Society as provided in Section 44 of the Co-operative Societies Act, 1912.

In view of the above opinion it appeared to us that your proposed draft letter would require certain amendments and we enclose a fresh draft letter* accordingly.

* Not printed.

Copy of letter No. 2408/115, dated the 31st May 1939, from the Association to all members of the Association.

Further to my circular letter No. 2252/115, dated the 23rd May 1939, various members of the Association have raised queries on the position as a result of which it has been thought desirable to obtain legal advice.

As a result, I am advised that the effect of the amendments is as follows :—

(a) The wages of labourers and domestic servants are wholly exempt from attachment under the Civil Procedure Code.

A labourer for this purpose is one who earns his daily bread by personal manual labour or any occupation which requires little or no art, skill or previous education.

(b) The salaries of all other persons are exempt from attachment under the Civil Procedure Code to the extent of the first hundred rupees and one-half the remainder of such salary.

(c) The amendments do not have effect in respect of any proceedings arising out of any suit instituted before the 1st June 1937.

(d) The amendments apply to all proceedings arising out of a suit instituted on or after the 1st June 1937, where the attachment proceedings are subject to the Civil Procedure Code, whether issued by a Court of Small Causes or any other Court.

(e) The amendments do not apply to an Order by the Collector for deduction from wages or salaries in respect of the amount due to Government Co-operative Societies, such order not being made under the Civil Procedure Code.

APPENDIX 46.

APPRENTICE SCHEME OF THE GOVERNMENT OF BOMBAY.

Copy of letter No. 1533, dated the 28th April 1939, from the Director of Industries, Bombay, to the Association.

As a result of the joint conference held recently at the instance of the General Committee of your Association between the Advisory Committee of the Government Apprentice Scheme and the Labour and Technical Advisory (Managers) Sub-Committee of your Association, the Government Apprentice Scheme has been revised as follows :—

(i) The duration of indentured apprenticeship in the various main departments of the mills has been reduced from 5 years to 3 years.

(ii) The apprentices will be given a general training in the first 12 months by a system of rotation of jobs in the department to which they are allotted for training after which they would be put on regular jobs to be trained as skilled workers. A Sub-Committee composed of mill managers have prepared a systematic plan of training in the first year.

(iii) The "time-off" given to the apprentices to attend the evening classes at the Victoria Jubilee Technical Institute will cease after the first year of apprenticeship. In other words, in the second and third year of their apprenticeship, the apprentices will have to attend the evening classes in their own time.

(iv) The apprentices admitted under the scheme will be made to understand clearly that they are to be trained only for rank-and-file skilled workers' jobs and not for supervisory

posts and that after the first year's general training, they must be prepared to be trained on a specific job in the mills at the same rate of wages as applicable to normal workers.

It will be seen that these modifications should go a long way to meet the various difficulties and inconveniences the mills have experienced in working the Apprentices Scheme in the past.

2. I also invite your attention to the following passage from the proceedings of the joint conference referred to above regarding the basic purpose of the Government Apprentices Scheme and its continuity :—

“The conference was of the opinion that the basic purpose of the Bombay Government Apprentices Scheme was sound inasmuch as its aim is to recruit, train and maintain an adequate and uninterrupted supply of skilled workmen to meet the current and future needs of Industry and that it should, therefore, be retained.”

In spite of the steps taken now to remove the difficulties experienced by the mills in working the scheme, I regret to state that the response received from them regarding the admission of new apprentices this year has been *extremely meagre*, the number they have agreed to take up to now being only 45 as against 117 last year and 142 the year before. I am sure that this poor response must be as disappointing to you as it is to me. I request you, therefore, kindly to move in the matter immediately and persuade the mills to extend to the scheme the same generous support this year as they have done in the past.

Copy of circular No. 1934/99, dated the 27th April 1939, from the Association to all mills in the City and Island of Bombay.

On 16th March, I wrote to all mills in the City and Island of Bombay in connection with the Government Apprentices Scheme, and suggested that, as far as possible, the number of apprentices taken for the year 1939-40 should not be less than the number taken in previous years.

I have now been informed by the Director of Industries that, up to the present, mills have agreed to take on only 45 apprentices for training as against 117 in 1938. This response is extremely disappointing, and I am, therefore, writing to ask whether your mills would be prepared to go into the matter again very carefully, taking into consideration the following facts :—

Firstly, that the objectives of the scheme have now been clearly defined, and the apprentices taken on are aware that the training which they are to undergo is not intended to fit them for supervisory posts, and that, after the first year's training, they would be expected to take on jobs in the mills at the rates of pay applicable to other workers ;

Secondly, that the duration of the apprenticeship has been reduced from 5 years to 3 years on the recommendation of the Labour and Technical Advisory (Managers) Sub-Committee of the Association ;

Thirdly, that “time-off” to attend the evening classes at the Victoria Jubilee Technical Institute will not have to be given except during the first year ; and

Lastly, that a systematic basis of training during the first year has been laid down by a special Sub-Committee composed of mill managers, which will remove many of the difficulties, grievances and inconveniences which were previously experienced by mills.

If, on considering the facts enumerated above, you come to the conclusion that you can take more apprentices than you have hitherto notified to the Director of Industries, I should be grateful if you would inform him at the earliest possible opportunity. If you have not yet replied to the Director of Industries, I should be very glad if you would do so within the next ten days.

Copy of circular No. 1991/99, dated the 1st May 1939, from the Association to all mills in the City and Island of Bombay.

Further to my letter No. 1934/99, dated the 27th April 1939, I give below for your information relevant extracts from the report submitted by a special Sub-Committee of the Association which recently went into the question of revising the Mill Apprentice Scheme originally drawn up by the Director of Industries. The suggestions made by the Sub-Committee have since been accepted by Government, and I hope to be able to send you in the course of a few days printed copies of the prospectus amended in the light of the Sub-Committee's report.

Extracts from the Report of the Sub-Committee.

The Sub-Committee discussed the problem of drawing up a systematic plan of practical training in Mills and Factories of apprentices during the first year of their apprenticeship, and eventually adopted the following schedule :—

(1) Apprentices of 1938-39 who will shortly be ready for the second year's training will not be allowed time-off for attending classes held in the V. J. T. Institute. This will enable Heads of Departments to put on the second year apprentices to such paid posts as they are capable of working.

(2) The present second year batch of apprentices has completed six months of their year, and it is not considered worth while to stop them from having the time-off to attend the Institute classes, as night classes have not yet been arranged.

(3) For the first year apprentices, it is considered best to give them a general training in sections chosen as shown below :—

SPINNING DEPARTMENT.

<i>Section.</i>	<i>Time.</i>	<i>Training.</i>
Mixing and Blow room ..	2 months ..	To help the attendants in feeding, cleaning and working the machine.
Carding	3 months ..	{ 1 month as Can Boys. 1 month as Lap Carriers and Fly Gatherers. 1 month with Strippers and Grinders.
Drawing Frames	1 month ..	To help the attendant to operate and clean frames.
Slubbing, Inter, Roving ..	3 months ..	{ 1 month working with Doffing gang. 1 month helping attendant to operate slubbing. 1 month helping attendant to operate roving.
Ring	3 months ..	{ 1 month in Doffing Gang. 2 months helping side Tenters.

After this period, they must be put on paid jobs to prove their efficiency (not on an extra number).

After working from six to twelve months on a machine or machines and earning the basis wage of the post as a pieceworker, and the head of the department certifying to the apprentices' efficiency, should the apprentices express a desire to be allowed to learn work on another type of machine in the Section, they may be permitted to do so. They will then revert to apprentice pay and will be put with a skilled worker for two months. On the Head of the Department being satisfied with the skill of the apprentices on completion of two

months' training, they will be allowed to work the machine or machines independently and to earn the pay of the post on piecework basis.

WEAVING DEPARTMENT.

<i>Section.</i>	<i>Time.</i>	<i>Training.</i>
Warehouse	1st month. One month..	To get familiar with the nature of weaving defects in cloth.
Drawing-in as Reacher	2nd month. One month..	To learn the work of Reacher and Weaver Knots.
Drawing-in as Drawer	3rd month. One month..	To learn the work of Drawer-in.
Weaving	4th/7th. Four months ..	To work on looms with a skilled Weaver.
Winding and Warping	8th/9th. One month and a half.	To get familiar with Winding and Warping.
Sizing	9th/10th. One month and a half.	To get familiar with Sizing.
Weaving	11th/12th. Two months..	To work on looms with a skilled weaver and to continue into second year until they are capable of working four looms and in second year to be paid the pay of the post on piecework basis.

ENGINEERING DEPARTMENT.

Owing to the varied nature of work carried out in this Department, it was considered advisable to allot two years for training of apprentices, before they could be capable of taking up regular posts. These could be offered if available at the end of two years' training.

<i>Section.</i>	<i>Time.</i>	<i>Training.</i>
Fitters—2 years	3 months	Lathe work.
	6 "	Fitting work in Mechanic Shop and on drilling and shaping machines.
	6 "	Fitting work in Boiler House.
	3 "	General and pipe fitting work in departments.
Turners—2 years	6 "	Fitting work in Mechanic Shop.
	3 "	Lathe work.
	3 "	Fitting work in Mechanic Shop and on drilling and shaping machines.
	3 "	Boiler House fitting.
	3 "	General and pipe fitting.
Electricians—2 years	12 "	Lathe work in Mechanic Shop.
	3 "	Fitting work in Mechanic Shop.
	6 "	General wiring work.
	6 "	Work on motors, switches and Distribution Boards.
	9 "	Miscellaneous work in Electrical Department.

Copy of circular No. 2083/99, dated the 10th May 1939, from the Association to all mills in the City and Island of Bombay.

Further to my letter No. 1991/99, dated the 1st May 1939, I forward herewith an illustrated poster* and ten copies of the revised Prospectus* of the Government Apprentice

* Not printed.

Scheme. It is suggested that the poster may be put up in a prominent position in your mills and that copies of the Prospectus may be distributed amongst literate candidates who apply to the mills for employment from time to time.

If you require additional copies of the Prospectus, will you kindly let me know ?

APPENDIX 47.

CO-OPERATIVE INSURANCE FOR WAGE EARNERS : RUPEE POLICY SCHEME.

*Copy of letter No. P.W./8543, dated the 12th October 1939, from the Chief
Inspector of Factories, Bombay Province, to the Association.*

I have the honour to state that the manager of the Bombay Co-operative Insurance Society, Ltd., Bombay, has forwarded an outline of a scheme to control the life assurance of wage earners. I enclose a copy of the scheme and should be grateful if you could inform me as soon as possible if your Committee consider the safeguards adequate enough to justify a deduction from wages under the Payment of Wages Act.

2. It may be added that the original doubts regarding the advisability of spreading insurance amongst mill operatives have been confirmed since, owing to the closure of night shifts and a reduction in day work, about 30 operatives have applied for a refund of the premia paid by them. Their request has been refused.

*Copy of the " Rupee Policy Scheme " proposed by the Bombay
Co-operative Insurance Society, Limited.*

Realising the needs of systematically introducing modern industrial assurances, the Bombay Co-operative Insurance Society has devised a Policy to meet the special requirements of urban and rural wage earners.

The Scheme known as the Rupee Policy Scheme, with Tables of Rates J and J1, is designed to bring the advantages of life insurance within the reach of the poorest who can afford to save at least 2 pice a day, i.e., Re. 1 per month.

The premium rates have been constant for all ages, i.e., Re. 1 per month and the benefit, that is, amounts to be secured will vary according to the ages.

The special features of this scheme are :—

1. Rs. 6 (Six Rupees) are payable along with the proposal for insurance. In case of acceptance of life by the Society the amount will be credited towards the premiums for the first six months and a Policy will be issued. In case the proposal is declined the amount so deposited shall be refunded in full.

2. Premiums are on monthly basis and are payable on the 5th of each calendar month in advance after the first six months. 15 days of grace are allowed for payment.

3. If the premium is not received within the days of grace, the Policy lapses. But the same can be revived any time before the expiry of the term of the Policy at the discretion of the Directors on sufficient proof of good health and payment of all arrears with the penalty of one anna per month.

4. Medical examination of the proponent is necessary.

5. Policies will be entitled, after one year's premia are paid to paid-up and surrender values if applied for within the days of grace. The amount of the paid-up policy will bear the same proportion to the amount of the original assurance as the number of annual premiums paid bears to the number of premiums payable on the original Policy.

Copy of letter No. 4595/64, dated the 2nd November 1939, from the Association to the Chief Inspector of Factories, Bombay Province.

I am directed to acknowledge the receipt of your letter No. P.W./8543, dated the 12th October 1939, forwarding a scheme framed by the Bombay Co-operative Insurance Society, Ltd., Bombay, for the life insurance of wage earners.

My Committee have now considered the scheme and they are of opinion that it is neither attractive nor sufficiently cheap to justify their recommendation to member mills. My Committee do not support the idea of permitting deductions from wages for the payment of premiums on policies taken up with the Bombay Co-operative Insurance Society, Ltd., as there are no adequate safeguards for the workers. The main considerations which guided the Committee in forming their views on the subject were as follows :—

(1) That the Rupee Policy Scheme is not a new scheme and that similar schemes are already in existence ;

(2) On a comparison of the Co-operative Insurance Society's Rupee Scheme with those already in existence, it is found that it offers no special advantages to the workers ;

(3) It is stated in the outline of the Rupee Policy Scheme that if the premium is not received within the days of grace, the Policy would lapse, but that it could be revived at any time before the expiry of the term of the Policy at the discretion of the Directors on sufficient proof of good health and payment of all arrears with a penalty of one anna per month. This condition is not in the interests of the workers, and

(4) The general consideration that Co-operative Societies are not by any means experts in the very complicated matter of life insurance policy militates against the encouragement of this very rough and ready scheme.

APPENDIX 48.

ANTI-MALARIAL MEASURES IN BOMBAY MILLS: TREATMENT OF ROOF-GUTTERS.

Copy of letter No. Hm/7769, dated the 31st January 1939, from the Ag. Executive Health Officer, Bombay Municipality, to the Association.

I have the honour to refer to your letter No. 4310/198, dated the 16th November 1937, regarding the inaccessible roof-gutters in mill premises for the control of mosquitoes. I would particularly draw your attention to the 2nd paragraph in which a reference was made to the interview you had with me on the 29th October 1937. On discussing the results of inspections made by this Department and the views of your Association, it was eventually suggested by you that experiments be conducted for a further season, observations being taken in the same locality on treated and untreated roof-gutters. I accepted this suggestion and accordingly arranged a systematic weekly examination of the roof-gutters, last year.

For this purpose the following 8 mills were selected :—

- (1) Jacob Sassoon Mill, Suparibag Road ;
- (2) New Islam Mill, Currey Road ;
- (3) Finlay Mill, Government Gate Road ;
- (4) Morarjee Gokuldas Mill, Suparibag Road ;
- (5) Digvijay Mill, Parel Chawl Road ;
- (6) Jam Mill No. I, Suparibag Road ;
- (7) Western India Mill, Kalachowki Road, and
- (8) Chhoi Silk Mill, Suparibag Road.

These eight mills were selected for the experiments, as the roof-gutters of these mills were accessible for inspection. They were divided into 2 groups. One group consisted of mills (1) to (4). The roof-gutters of these were inspected weekly and the breeding found was destroyed with larvicides. The second group included Nos. (5) to (8). The gutters of these mills were examined weekly, but no steps were taken for destroying the breeding of mosquitoes unless the larvæ were found to be of *A. Stephensi*—the malaria carrier.

A special staff was employed for this and the work was carried on for 16 weeks beginning from 1-7-1938.

As a result of these experiments, the breeding of anopheles mosquitoes was noticed in eleven out of 210 roof-gutters existing at the four mills in the 1st group mentioned above which were under treatment and in 26 out of 109 roof-gutters at the four mills in the second group which were under control. Taking into consideration the number of roof-gutters in existence and the number of those found breeding anopheles mosquitoes at the mills in both the groups, the breeding noticed in the roof-gutters at the mills in the 2nd group was four and a half times greater than that in the gutters at the 1st group. It may be mentioned that this increase was in spite of the breeding of this species of mosquitoes having been destroyed whenever found as stated above, as this mosquito could not be permitted to breed on for the sake of experiments.

It is not necessary to emphasise the fact that *A. stephensi* breeds in the roof-gutters at this stage, as it is known to us all. The point which arises out of these experiments is that having found the breeding of this mosquito in the roof-gutters which have been accessible for examination, the gravity of the danger of such breeding in the roof-gutters in a number of mills in the City which remain undetected owing to the inaccessibility of the gutters, can be very well imagined. The experiments have therefore sufficiently indicated the necessity of making roof-gutters accessible for the inspection by the Malaria Staff. At any rate the breeding of *A. stephensi* in these remains a hidden danger to the City.

I have, therefore, to request you to place this matter before the Association and before doing so, if you wish to have any further particulars about the experiments made, I shall be pleased to do so, if you kindly make an appointment with me in my office.

Copy of letter No. 809/51, dated the 8th February 1939, from the Association to the Ag. Executive Health Officer, Bombay Municipality.

I am directed to acknowledge the receipt of your letter No. Hm/7769, dated the 31st January 1939, in which are set out the results of certain experiments conducted in eight selected mills in the City. You also suggest that the experiments have sufficiently indicated the necessity of making roof-gutters accessible for inspection by the Malaria Staff.

Your suggestion has been placed before the Committee of the Association, but it would greatly facilitate consideration of the proposal, if you would be good enough to let

me have a tabulated summary of the actual observations recorded in each of the eight selected mills during the period of experiment.

An early reply will be appreciated.

Copy of letter No. Hm/7769, dated the 18th February 1939, from the Ag. Executive Health Officer, Bombay Municipality, to the Association.

With reference to your letter No. 809/51 of 1939, dated the 8th instant, I enclose herewith a statement* showing the number of roof-gutters existing at each of the 8 mills in question, the number of those found breeding mosquitoes and the variety of breeding noticed in them.

Copy of letter No. 1716/51, dated the 13th April 1939, from the Association to the Ag. Executive Health Officer, Bombay Municipality.

I am directed to acknowledge the receipt of your letter No. HM/7769, dated the 31st January 1939, in which you draw the attention of the Association to the necessity of making roof-gutters of mills accessible for inspection by the anti-malaria staff of the Municipality. The matter has been very carefully considered by my Committee ; there are, however, certain considerations arising from your letter which, they suggest, might be discussed between a special Sub-Committee of the Association and yourself on some day most convenient to you. Our Sub-Committee consists of Mr. T. V. Baddeley (Chairman), Sir H. P. Mody, K.B.E., M.L.A., Mr. V. N. Chandavarkar and the Secretary, and we would greatly appreciate it if you could suggest a suitable time and date for the meeting. It would, perhaps, be convenient to us if you could tentatively suggest two dates so that the meeting may be fixed on the second day if the first one is not suitable.

Copy of letter No. H/m7769, dated the 20th April 1939, from the Ag. Executive Health Officer, Bombay Municipality, to the Association.

With reference to your letter No. 1716/51 of 1939, dated the 13th inst., I have the honour to say that I shall be glad to meet the Sub-Committee of your Association either on Tuesday, the 9th, or Thursday, the 11th May at 12 noon in your office.

It would very much help the discussion if you will kindly let me know, if possible, which points are likely to be discussed at the meeting.

Copy of letter No. 1870/51, dated the 21st April 1939, from the Association to the Ag. Executive Health Officer, Bombay Municipality.

I am directed to acknowledge the receipt of your letter No. HM/7769, dated the 20th April 1939, and to say that my Sub-Committee would be very pleased to meet you at 12 noon (S.T.) on Tuesday, the 9th May 1939, in the Board Room of the Association.

With reference to the second paragraph of your letter, I am to say that, when further experiments were suggested (*vide* the last two paragraphs of my letter No. 4310/198, dated the 16th November 1937), I had in mind a series of experiments in a number of mills under the joint auspices of the Association, the mills concerned and your Department, but from the information at my disposal it would appear that most of the mills, where the experiment was made, knew nothing about it. My Committee strongly feel that if the permanent breeding places of malarial mosquitoes in the City are eliminated, the problem of roof-gutters will

* Not printed.

adjust itself, and in this view of the case, they hold that the additional expenditure involved in rendering roof-gutters accessible is unnecessary and is possibly unwarranted.

My Committee would like to assure you of their willingness to co-operate with you in all reasonable schemes for destroying permanent breeding places of malarial mosquitoes in this City. Their objections, however, to the present proposals are of a twofold character; firstly, mill roofs cannot in many cases be rendered accessible without making elaborate structural alterations involving considerable outlay. Secondly, the necessity of providing such access has not, so far, been conclusively established, and thirdly, that routine treatment of roof-gutters by the Municipal malaria staff is likely to lead to serious roof-damage. If it can be demonstrated that roof-gutters can be made accessible at a comparatively reasonable cost and that treatment of such gutters would materially reduce the incidence of malaria, I feel sure that you will be able to count on co-operation from the mills concerned.

Copy of notes on the proceedings of the joint meeting held in the rooms of the Association on Tuesday, the 9th May 1939, at 12-00 noon (S.T.).

Present :

Dr. R. K. Mhatre, Acting Executive Health Officer, and	}	Representing the Bombay Municipality.
Dr. Choksey, Assistant Health Officer.		

Mr. T. V. Baddeley (Chairman),	}	Representing the Millowners' Association.
Sir H. P. Mody, K.B.E., M.L.A., and		
Mr. T. Maloney (Secretary).		

The joint meeting had been arranged for the purpose of discussing certain matters arising from the correspondence which had taken place between the Association and the Health Authorities in the matter of roof-gutters in mills. At the outset, it was stated by Dr. Mhatre that, as a result of the observations made by the malaria staff, it had been definitely established that the roof-gutters of mill buildings formed temporary breeding places for malarial mosquitoes and that this being the case they should be made accessible to the special malaria staff during the monsoon in order that they might be suitably treated. The representatives of the Millowners' Association stated that if certain roof-gutters formed temporary breeding places for malarial mosquitoes, the situation might be met by a total eradication of the permanent breeding places in the vicinity. Dr. Mhatre then stated that all that was possible was being done to eradicate permanent breeding places and that efforts in this direction would be continued, but that in the interests of public health it was essential to make mill roof-gutters accessible in order that the known temporary breeding places might also be dealt with effectively. The Association's representatives agreed that such steps as were practicable and necessary should be taken, but that any undue expense to mills should be avoided and suggested that mills should not be called upon to provide more than one means of access to each roof and further suggested that separate access to each roof-gutter of mill buildings was unnecessary and should be ruled out in view of the very heavy expenses involved. Dr. Mhatre generally concurred with this suggestion. An idea of the expenditure involved if each and every roof-gutter had to have a separate means of access could be obtained from the fact that, in certain mills, there were more than a hundred roof-gutters.

A general discussion then took place in the course of which it was agreed that the essential danger was chiefly to be found in shed type buildings with saw-toothed roofs and that in general no particular measures were necessary in regard to flat roofs of spinning mill buildings of the storey type. Dr. Mhatre indicated that he would ascertain the means and type of access available in the mills in which experimental observations had already been undertaken and the number of separate means of access to the roofs of those mills. After a decision had been reached as to what constituted accessibility, the Secretary promised to ascertain from all mills in Bombay the number of "roof entrances" which would require to be provided in each mill bearing in mind that storey type buildings with flat roofs would not require to be treated.

Copy of letter No. 2846/51, dated the 4th July 1939, from the Association to the Ag. Executive Health Officer, Bombay Municipality.

I am directed to invite your attention to your letter No. Hm/7769, dated the 18th February 1939, and to the discussions which took place at a meeting held in the rooms of this Association and attended by Dr. Choksey and yourself. At this meeting, which was specifically called to discuss the question of rendering mill roof-gutters accessible to the anti-Malaria staff of the Bombay Municipality, it was agreed that :

- (1) Mills should not be called upon to provide more than one means of access to each roof, and separate access to each roof-gutter was unnecessary and should be ruled out in view of the very heavy expenses involved.
- (2) The potential breeding place for malarial mosquitoes were to be found in shed type buildings with saw-toothed roofs and that in general no particular measures were necessary in regard to flat roofs of spinning mill buildings of the storey type.
- (3) After a decision had been reached as to what constituted accessibility, the Secretary was to ascertain from all mills in Bombay the number of roof entrances which would require to be provided in each mill bearing in mind that storey type buildings with flat roofs would not require to be treated.

My Committee have since discussed the question as to what arrangements should be made to provide reasonable access to mill roof-gutters and have come to the conclusion that a portable iron ladder which could be moved along the wall, with iron hooks which would prevent it from slipping, would be sufficient for the purpose you have in mind. It is thought that one such ladder would be sufficient for the whole shed, the Kharwa moving it from gutter to gutter according to his requirements. If you are agreeable to this arrangement, my Committee would be prepared to recommend the provision of a ladder as suggested by them in all mills where access to the roof gutters is necessary.

Copy of letter No. Hm/7769 dated the 7th August 1939, from the Ag. Executive Health Officer, Bombay Municipality, to the Association.

With reference to your letter No. 2846/51, dated the 4th July 1939, on the subject noted above, I have the honour to state that the provision of one means of access to each roof, as suggested in item No. 1, will not serve the purpose as each roof may have several roof-gutters and it will be necessary to reach these gutters by climbing over the tiles and getting down by means of a plank. It will not be possible for the malaria staff to resort to such means of access since they are not experienced in the art of climbing just as the Kharwas.

I understand that the spinning mill buildings of the storey type have no flat roofs but conical roofs. The roof-gutters at these buildings comprise about 35 to 40% of all the roof-gutters at the mill premises and are also potential breeding places for malarial mosquitoes. They are therefore necessary to be tackled in the same manner as those at the shed type buildings with saw-toothed roofs.

The provision of a portable iron ladder as proposed will not be useful since it will not be possible for the malaria staff to move the ladder from one roof-gutter to another and inspect the gutters and treat them where necessary within the allotted time.

I therefore suggest that these facts should be placed before your Committee and they should be requested to reconsider the matter in the light of these facts and advise the Millowners to provide access to their roof-gutters in such a manner as to avoid any damage to the tiles on the roof or any risk to the life of the inspecting staff of the Municipality:

Copy of letter No. 3370/51 dated the 8th August 1939, from the Association to the Ag. Executive Health Officer, Bombay Municipality.

I am directed to acknowledge the receipt of your letter No. Hm/7769, dated the 7th instant. I am writing to you once more before placing your letter under reply to my Committee as I imagine there is some slight misunderstanding.

Our suggestion as regards saw-toothed weaving shed roofs was not really that a loose moveable ladder shall be provided and that it shall be left to the Municipality's anti-malarial staff to move this about from place to place. The real suggestion is that a substantial portable iron ladder will be provided and that at the entrance to each saw-toothed gutter, permanent hooks will be fitted into the buildings so that this ladder may be attached to the hooks and for the time being become a suitable immovable ladder which could be used by your staff without any risk to life. To this extent, it surely makes no difference to your staff whether one ladder of this type is provided or a dozen permanent ladders are fixed in positions along the wall. There would be no delay to your staff and the staff in each mill would, I am sure, be made available to move the ladder from place to place. There is no suggestion from my Committee that the anti-malarial staff should proceed from gutter to gutter by climbing over the tiles.

If the above procedure were to be adopted, it would save the mills a considerable expense in providing permanent ladders at the entrance to every gutter, and at the same time I venture to say, the result, so far as your staff are concerned, will be exactly the same as though separate ladders have been provided.

We feel that permanent ladders providing entrance to every gutter might give easy access to thieves and enhance the chances of loss of property by theft. This is true of sheds which are not situated far from public roads or bye-lanes.

It is not usual for spinning mill buildings of the storey type to have conical roofs. The usual roof to storey buildings is a flat roof, but if you have any particular exceptional mills in mind, I should be glad if you would kindly let me know which they are. It appears to me that if there are three or four storey type mills with saw-toothed gutters, it is going to be an extremely difficult matter to provide access to each of these gutters in such a way as to obviate any risk to life if the gutters are to be inspected by and walked upon by the anti-malarial staff not experienced in the art of climbing.

Copy of letter No. Hm/7769 dated the 3rd October 1939, from the Ag. Executive Health Officer, Bombay Municipality, to the Association.

With reference to your letter No. 3370/51, dated the 8th August 1939, on the subject noted above, I have the honour to say that I have fully considered the proposals made by you for the provision of suitable means of access for the roof gutters of the saw-toothed weaving sheds. There will be no objection to accept this proposal, provided arrangements are made exactly as stated by you, viz., to provide a substantial portable iron ladder and to fix permanent hooks at the entrance to each saw-toothed gutter and to make the staff in each mill available to move the ladder from place to place.

I would, therefore, request you to place this approval of your proposals before your Committee for their final decision at a very early date. If the decision of the Committee is favourable, I presume you will advise the owners of mills to provide the ladders. On hearing from you, I shall write to the owners of mills giving them the detailed requirements of the Malaria Department for such roof gutters.

As regards your reference to the conical roofs of the storey type spinning mill buildings, I have to say that on inspection of some of the mills, I find that several of them possess such conical roofs on the upper floors. I may for instance mention that the Bombay Cotton Manufacturing Co.'s Mill on Kalachowkie Road has several such conical roofs. The only way I can see of making the roof-gutters between such conical roofs accessible for inspection, is

to make an opening with a trap door in the roof itself and to provide a portable ladder with the necessary labour for shifting it from place to place. It seems difficult to think of any other suitable arrangement for dealing with the roof-gutters so situated.

I am submitting herewith for the information of the Committee, a list,* showing the mills where *Anopheles Stephensi*—the malaria carrying mosquito—was found breeding in the roof-gutters during the last two months. As compared with the previous years, the situation as regards the breeding of this mosquito is found to be rather unusual and there has also consequently been increase in the prevalence of Malaria in the mill area. I would add that it would be a great help to this Department if a satisfactory and speedy solution is brought about through the influence and efforts of your Committee of this problem, which has been too long delayed.

Copy of letter No. 4562/51, dated the 31st October 1939, from the Association to the Ag. Executive Health Officer, Bombay Municipality.

I am directed to acknowledge the receipt of your letter No. Hm/7769, dated the 3rd October 1939, and to say that the arrangements suggested in the second paragraph of my letter No. 3370/51, dated the 8th August 1939, and referred to in the first paragraph of your letter under consideration have received my Committee's approval.

This office does not appear to possess an up-to-date list of mills whose roof-gutters are inaccessible. I shall, therefore, be glad if you will send me an up-to-date list of mills (barring those which have conical roofs) whose roof-gutters are inaccessible. This list will be of great assistance to me in communicating the arrangement agreed to between yourself and the Association to the proper parties for necessary action.

Copy of circular No. 4592/51, dated the 3rd November 1939, from the Association to all members of the Association.

The Committee of the Association have, since 1936, been considering a request received from the Municipal Health Officer that roof-gutters of cotton mills should be rendered accessible. The suggestion was that these gutters were breeding malarial mosquitoes, and facilities should, therefore, be given to the anti-malarial staff of the Municipality to inspect these gutters and drain them properly. The Committee did not concede that malarial mosquitoes were breeding in roof-gutters and were not prepared to take any action in this matter unless it was conclusively proved by observations made in selected mills over an extended period that roof-gutters were really breeding grounds for malarial mosquitoes. (It was at the same time made clear to the Municipality that the main problem was the removal of permanent as distinct from temporary breeding places.)

The experiments asked for were subsequently conducted by the Municipality; the results were examined by the Committee of the Association and, later, a Special sub-Committee discussed the whole question with the Municipal Health Officer. As a result of these discussions, it was agreed:—

- (1) Mills should not be called upon to provide more than one means of access to each roof, and separate access to each roof-gutter was unnecessary and should be ruled out in view of the very heavy expenses involved.
- (2) That potential temporary breeding places for malarial mosquitoes were to be found in shed type buildings with saw-toothed roofs and that in general no particular measures were necessary in regard to flat roofs of spinning mill buildings of the storey type.

* Not printed.

- (3) After a decision had been reached as to what constituted accessibility, the Secretary was to ascertain from all mills in Bombay the number of roof entrances which would require to be provided in each mill bearing in mind that storey type buildings with flat roofs would not require to be treated.

This matter has since been carefully examined by the Committee, and they recommend that cotton mills might provide the following arrangements in respect of their shed type roofs :—

“ A substantial portable iron ladder should be provided, and that at the entrance to each saw-toothed gutter, permanent hooks should be fitted into the wall so that this ladder may be attached to the hooks, and become for the time being a suitable immovable ladder which could be used by the Municipal staff without danger to life. When the Municipal authorities pay a visit to the mill for inspecting the roof-gutters, the mill staff should be made available to move the ladder from place to place according to the requirements of the authority inspecting the gutter. It is not suggested that anti-malarial staff should proceed from gutter to gutter by climbing over the tiles.”

It is requested that all mills whose shed type roofs are not at present accessible should provide the above facilities. The Association may be informed in due course as to what steps have been taken in this matter by the mills concerned.

APPENDIX 49.

EXCESSIVE PREVALENCE OF MALARIA IN THE MILL AREA.

Copy of circular No. 4207/51, dated the 9th October 1939, from the Association to all member mills in Bombay.

The excessive number of cases of malaria which have been reported in the mill area during recent months was the subject of discussion at a special meeting of Mill Doctors held last week. It was the unanimous opinion that the number of cases amongst mill-hands this year had greatly exceeded the numbers in any previous year except in Colaba, and as a result of that meeting, I have put forward suggestions to the Government of Bombay that free supplies of Quinine should be given to all mill dispensaries so that Mill Doctors and their staffs can treat mill workers suffering from malaria as expeditiously and economically as possible. I have not yet received a reply to my communication, but will communicate the result to mills as early as possible. I have also had consultations with the Executive Health Officer of the Bombay Municipality as to what special measures, if any, are being taken by the Municipality to deal with the situation. Dr. Mhatre informed me that a number of new dispensaries had been established in the mill area and the anti-malarial staffs were doing all that was possible in the matter of treating casual water in the localities in which an excessive amount of malaria existed. He suggested that the anti-malarial staffs in mills where they existed should be asked to deal with potential breeding places in and around mill buildings and that particular attention should be given by them to roof-gutters of shed type buildings and any casual water in mill compounds. In view of the severity of the epidemic, it is suggested that special instructions be issued to the mill authorities to pay special attention to anti-malaria work of the nature indicated on the mill premises.

Copy of circular No. 4459/51, dated the 24th October 1939, from the Association to all member mills in Bombay.

In my circular letter No. 4207/51, dated the 9th October 1939, I referred to the prevalence of Malaria in the mill area and indicated that I had made suggestions to the Government of Bombay that free supplies of Quinine might be given to all mill dispensaries so that

Mill Doctors and their staffs could treat mill workers suffering from Malaria as expeditiously and economically as possible. The Director of Public Health in response to our request informed us that the Quinine placed at his disposal was for the rural areas and that the responsibility for medical relief in the Cities rested with the Municipal authorities concerned. On receipt of this letter, I wrote to the Executive Health Officer, Bombay Municipality, and recently received a reply from him in which it is stated that his Department would be prepared to supply Quinine at half the cost to the Municipality provided that mill dispensaries were prepared to assist in his Department's campaign against Malaria and to abide by their programme. It is now ascertained that what is required from Mill dispensaries in order to qualify for the supply of Quinine and Quinine compounds at half costs would be that they should keep a correct record of the number of people treated for Malaria and the names and addresses of the persons so treated to enable measures to be devised to strengthen the anti-mosquito campaign in the localities from which patients come. If you are prepared to assist in the direction above indicated, the Executive Health Officer might be informed. Indents for Quinine and Quinine compounds should be forwarded to the Assistant Health Officer, F and G Wards, Central Vaccination Office, Parel. It may be noted that mills who take advantage of this source of supply will be required to keep proper accounts of the Quinine indented and the quantities used. They may also be asked to state the balance on hand at the time a fresh supply is indented for.

APPENDIX 50.

AIR-RAID PRECAUTION MEASURES: PROVISION OF AUXILIARY LIGHTING IN MILLS.

*Copy of letter No. A.R.P./8054, dated the 26th September 1939, from the Chief Inspector of
Factories, Bombay Province, Bombay, to the Association.*

I have the honour to state that it appears to be necessary, during the present conditions, to provide some form of auxiliary lighting in mills in the event of a failure of the main supply. The electric supply could also fail through a technical mishap and such would probably result in confusion and untoward occurrences.

2. The A.R.P. Factories Committee suggested that some form of auxiliary lighting should be provided and this has been discussed with the Bombay Fire Insurance Association. The Committee has agreed that exits, staircases and main departments should be provided with auxiliary lighting and in those mills that desire to use oil lamps for the purpose there will be no objection, from an insurance point of view, if the following conditions are observed.

- (a) The lamps should be enclosed in a substantially built metal and glass frame.
- (b) Oil pressure lamps should not be used.
- (c) The lamps shall be filled, trimmed and lighted outside the ordinary mill departments and the oil kept in the place ordinarily used for storing other oils.
- (d) They shall be thoroughly cleaned every day.
- (e) They shall be hung on hooks in suitable positions where they are not likely to be accidentally knocked, or damaged by persons, materials or broken belts.
- (f) That specified persons shall be employed to attend to the lamps, and that they should not be interfered with by any unauthorised person.
- (g) That if an oil lamp is required in any room occupied for any storage or process in which inflammable vapours are likely to be given off, such lamp must be of the "Davy" type.
- (h) The metal work of the frames and the base of the lamps should be painted red.

3. I should be pleased therefore if you would kindly request your Committee to consider the matter. I hope it will be possible to recommend to those mills working at night and which are unable to provide auxiliary lighting by other means, the adoption of auxiliary lighting on the lines suggested, since a few lamps only would result in a large measure of confidence.

Copy of letter No. 4012/164, dated the 27th September 1939, from the Association to the Secretary, Bombay Fire Insurance Association, Bombay.

I enclose herewith for ready reference copy of a letter No. A.R.P./8054, dated the 26th September 1939, received from the Chief Inspector of Factories, Bombay Province. I would invite your attention to the second paragraph of the Chief Inspector's letter and would greatly appreciate it if you would kindly confirm the statement made therein.

An early reply is requested.

Copy of letter No. 4116/164, dated the 3rd October 1939, from the Association to the Chief Inspector of Factories, Bombay.

I am directed to acknowledge the receipt of your letter No. A.R.P./8054, dated the 26th September 1939 in which you suggest that, in view of the possibility of power supply being cut off as a result of air raid, mills should provide some form of auxiliary lighting to prevent confusion and untoward occurrences. My Committee have asked the Bombay Fire Insurance Association for confirmation that there would be no objection from the insurance point of view if exits, staircases and main departments were provided with oil lamps subject to the conditions specified in your letter, and their reply is awaited. If the Insurance Association raises no difficulties, a recommendation will be issued to all members of the Association to take on hand, as early as possible, the installation of auxiliary lighting in exits, staircases, etc. Before deciding on the position and nature of the lighting to be provided, mills would be asked to take your expert advice in the matter.

Copy of letter dated the 11th October 1939, from the Bombay Fire Insurance Association, to the Association.

I refer to your letter of the 27th ultimo and enclosure and your reminder of the 9th instant and am directed to confirm the statement made in the second paragraph of the letter, dated 26th ultimo, addressed to you by the Chief Inspector of Factories, that the question of auxiliary lighting was discussed and agreed with this Association.

Copy of circular No. 4247/164, dated the 11th October 1939, from the Association to all mills in Bombay.

Further to this office letter* No. 3949/164, dated the 23rd ultimo, I enclose herewith for your information copy of a letter from the Chief Inspector of Factories, suggesting the desirability of some form of auxiliary lighting being provided in exits, staircases and the main departments of mills, as a precaution against the possibility of the power supply being cut off in an emergency. The conditions specified in the enclosure, subject to which the installation of oil lamps would be permitted by the Insurance Companies for this purpose, have since been confirmed by the Bombay Fire Insurance Association.

* Not printed.

The Committee of the Association strongly recommend that individual mills should immediately take in hand the provision of auxiliary lighting in consultation with the Chief Inspector of Factories, Bombay.

Copy of letter No. 4277/164, dated the 12th October 1939, from the Association to the Chief Inspector of Factories, Bombay.

Further to my letter No. 4116/164, dated the 3rd instant, I enclose for your information copy of a circular letter which has been addressed to all mills in the City and Island of Bombay regarding the provision of auxiliary lighting in mill exits, staircases, etc.

APPENDIX 51.

TRUNK TELEPHONE CHARGES.

Copy of letter No. 3011/150, dated the 14th July 1939, from the Association to the Director-General of Posts and Telegraphs, Simla.

The attention of the Committee of this Association has been drawn to representations recently submitted to your Department by the Native Share and Stock Brokers' Association, Bombay, and the Indian Merchants' Chamber, urging the need for a downward revision of the scale of charges levied for trunk telephone calls from Bombay to various inland towns.

My Committee are in general agreement with the case put forward in these two representations. It is understood that the revenue derived from the Telephone Branch of the Indian Posts and Telegraphs Department has steadily increased during the last few years, and that the growing profits from this Branch have materially augmented the financial resources of the Department. My Committee are inclined to agree that a general reduction in trunk telephone charges, apart from affording a measure of relief to the mercantile community and generally to all those who use this essential public utility service in the course of their normal avocations, would tend to make the service more popular; and any concessions made in the rates would, it is thought, be more than justified by an increase in the number of users of the trunk telephone system with a proportionate increase in the aggregate income of the Department. This view is borne out by the experience of the Bombay Telephone Company, where a reduction in charges resulted in an increase in the number of subscribers and revenue to the Company.

In these circumstances, my Committee desire to associate themselves with the cases put forward by the Native Share and Stock Brokers' Association and the Indian Merchants' Chamber. They would suggest, in addition, that the charges for trunk calls from Bombay to Nagpur, Hubli, Guntakkal and Bangalore should also be substantially reduced.

Copy of letter No. R-47/38-Coll.II., dated the 8th December 1939, from the Director-General of Posts and Telegraphs, New Delhi, to the Association.

I have the honour to refer to your letter No. 3011/150 of 1939, dated the 14th July 1939 on the question of trunk telephone rates in India.

2. You advocate a reduction in the existing trunk telephone rates mainly on the following grounds:—

- (1) the charges are heavy compared to those prevailing in other countries;
- (2) the rates are too heavy to be borne by the interests concerned and act as a handicap to trade and business;

- (3) the telephone branch is showing a substantial surplus on the year's working ;
and
- (4) lower rates will bring in more traffic and therefore ultimately more revenue while benefiting trade and industry.

3. The considerations advanced by you have been carefully studied. In comparing the trunk telephone charges in India with those of other countries it must not be forgotten that India is a country of vast distances in which the principal centres of trade and industry are far apart. The Department has to provide telephone facilities involving considerably heavy capital expenditure and a large maintenance staff. The efficient transmission of speech over such long distances is necessarily more complicated and more expensive and the tropical conditions in India necessitate the employment of costlier equipment and a heavier cost in maintenance. Though some of the equipment is now being manufactured in India, a good deal has still to be imported and the cost of imported equipment is naturally comparatively higher. It would, therefore, not be correct to say that taking all factors into consideration the trunk telephone charges in India are heavy as compared with those prevailing in other countries. It may be that to certain trade and business interests the rates are comparatively heavy ; but the fact that trunk telephone traffic has increased in recent years does not seem to indicate that the present rates act as a deterrent to the use of trunk telephones. Any lowering of telephone trunk call rates would no doubt stimulate demand and bring in some additional traffic. Experience both in this and other countries however shows that while a reduction of rates is certain to reduce the revenue earned the loss is not made up immediately or within a short period by the increased traffic. It would take some years before the department could expect to earn the same or higher revenue than is realised at present under the existing rates. From a financial point of view the Department is not in a position at present to make the initial sacrifice or to carry the additional traffic without considerable additional capital expenditure.

In order that the service may be efficient it is essential to provide sufficient channels to deal with the additional traffic that may be offering at the lower rates. The Department has in hand certain schemes to provide additional channels, but it would be unwise to attract more traffic when the existing channels are not fully capable of dealing with such traffic without undue delay. It is a fact that the telephone branch has been showing surpluses. But this alone cannot be a justifiable argument for reducing the rates, for, in considering the working of the telephone branch, one cannot ignore the loss incurred on the working of the telegraph branch of the Department. The two services are provided by the same Department, use often the same lines and equipment and compete with each other within certain limits. It is essential to maintain an efficient and reliable telegraph service in the interest of trade and industry itself and for purposes of adjudging financial results, the two branches must be taken together. The figures for the working of the telegraph and telephone branches during the year 1938-39 indicate a total loss of 16½ lakhs. Steps have been taken to secure all possible economy in the working of the telegraph branch as well as to earn more revenue and it is hoped that with the increase in revenue on the telephone side the two branches will show economic working in the near future. If telephone rates are now to be reduced because there is a surplus in that branch, the result would no doubt be a diversion of some more of the telegraph traffic to the telephone side with the result that the loss on the telegraph side would be increased while the net revenue on the telephone side would immediately be reduced due to the lower rates and the final result must be an increase in the loss on the working of the two branches taken together.

4. Apart from the considerations mentioned above, you will agree that in the present war conditions it is not possible to embark on a reduction in rates which must result in an immediate fall in revenue whatever the ultimate result might be. I regret, therefore, that the Department is not at present in a position to consider a reduction in the trunk telephone rates. But I wish to assure you that I fully appreciate the demand for reduced trunk telephone charges and will re-examine the question as soon as circumstances justify such a re-consideration.

Copy of letter No. 249/150, dated the 13th January 1940, from the Association to the Director-General of Posts and Telegraphs, New Delhi.

I am directed to acknowledge the receipt of your letter No. R/47/38-Coll.II, dated the 8th December 1939 on the above subject. My Committee appreciate Government's point of view, but they would like to suggest that the possibility of widening the trunk telephone facilities at present available in this country and the elimination of the delay which occurs in obtaining trunk connections might be seriously considered by Government. It is quite conceivable that a wider system of trunk connections would eventually have the effect of reducing trunk telephone rates.

APPENDIX 52.

REBATE ON FUMIGATION CHARGES COLLECTED ON AMERICAN COTTON.

Copy of a Press communique issued by the Indian Central Cotton Committee on 1st March 1939.

The Government of India, on the recommendation of the Indian Central Cotton Committee, have sanctioned the grant to importers of American cotton of a rebate of five annas per square bale and three annas per round or sample bale on the fees paid by them for the fumigation of such cotton during the period 1st April 1937 to 31st March 1938.

Claims for refund should be submitted to the Docks Manager, Bombay Port Trust, not later than the 30th April 1939.

Copy of circular No. 1348/233, dated the 11th March 1939, from the Association to all members of the Association.

The attention of the Association has been drawn to the fact that the Government of India have directed a refund of fumigation charges levied on all American cotton imported and fumigated between the 1st April 1937 and the 31st March 1938. The rebate will be calculated at the rate of Ans. 5 and Ans. 3 per square and round bale respectively.

Applications for refund, supported by the original Port Trust chappas in which fumigation charges were paid, should be submitted to the Manager, Bombay Port Trust Docks, on or before the 1st May 1939. A separate claim should be submitted in respect of consignments per each different vessel supported by the original Port Trust chappas. Applications should be submitted by the party in whose name the original chappa for fumigation charges stands. No refunds will be admissible in respect of consignments on which fumigation charges were paid at the "minimum charge" laid down or at the special rate for type bales; nor will bales shortlanded be entitled to participate.

All members of the Association who have purchased American cotton during the period referred to above are, therefore, advised to get in touch with their Cotton Merchants with a view to ensure that the refunds notified are collected and passed on to the mills.

At the same time, it has been suggested that while refunds of fumigation charges are usually passed back by Importing Firms to mills when cotton is bought on 'forward' terms such refunds are not allowed in certain cases when the purchase has been made on 'spot' terms. In order to ensure that all refunds which may be granted in future are duly passed on to the mills by Importing Houses, the Committee recommend that mills might insert a clause in their contracts with their Cotton Merchants making it clear that any such rebates in fumigation charges will be credited to the mills as and when allowed.

APPENDIX 53.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

INDIAN CUSTOMS TARIFF.

Reprint of the First and Second Schedules appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 1st January, 1940), showing the rates of Customs duties levied on goods imported into, and exported from, British India, together with (1) the tariff values fixed for certain articles under Government of India, Commerce Department, Notification No. 73-T.(11)/39, dated the 18th December, 1939, for the purpose of assessment of Customs duties during the twelve months January to December, 1940, (2) the rates of Excise duties leviable on articles produced or manufactured in British India, and (3) the rates of Differential and Countervailing import duties leviable on goods imported from Burma.

Note 1.—In the expression “*ad valorem*” used in these Schedules the reference is to “real value” as defined in section 30 of the Sea Customs Act, 1878 (VIII of 1878), unless an article has a tariff value assigned to it.

Note 2.—Tariff-valued heads are based on the ordinary trade description of each article and cover all reduced grades and mixtures unless they are separately provided for.

Note 3.—In this publication, the expression “standard rate of duty” means, in the case of articles liable to preferential rates of duty, the standard rate of duty as opposed to the preferential rate, and in the case of other articles, the ordinary rate of duty.

Note 4.—Postal parcels, packets and letters on whose contents the total duty payable is not more than 12 annas, are exempt from payment of import duty.

Note 5.—The expression “Far East” covers China, Japan, the Straits Settlements, Malaya, Siam, French Indo-China, the Netherlands East Indies and other Far Eastern Countries. For the purposes of this publication it is intended also to cover Ceylon.

THE FIRST SCHEDULE.—IMPORT TARIFF.

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION I.						
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM.						
1	ANIMALS, living, all sorts .. .. .	....	Free .. .. .	....	....	....
2	BACON AND HAM, not canned or bottled ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
3	FISH, not otherwise specified	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
3(1)	FISH, salted, wet	Revenue ..	Such rate or rates of duty not exceeding one rupee per Indian maund of 82-2/7 lbs. avoirdupois weight as the Central Government may, by notification in the <i>Official Gazette</i> from time to time prescribe,* plus 6½ per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per Indian maund.				
		Rs. a. p.				
	(i) Soormai	6 4 0				
	(ii) Bangdas	3 4 0				
	(iii) All other sorts	6 12 0				
3(2)	FISH, salted, dry	Revenue ..	15 per cent. <i>ad valorem</i>.	....	....	....
3(3)	FISH, unsalted, dry	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>	Per cwt.				
		Rs. a. p.				
	Bomlas	4 12 0				
3(4)	FISHMAWS, including singally and sozille and sharkfins.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per cwt.				
		Rs. a. p.				
	Sharkfins, loose or in bundles from Arabian and Persian Gulf Ports.	4 12 0				
		Per lb.				
		Rs. a. p.				
	Sharkfins, loose or in bundles from China and the Straits.	3 8 0				

* The rate on the 1st January, 1940, and until further notice is annas 9½ per maund of 82½ lbs. avoirdupois.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION I—<i>concl.</i>						
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM—<i>concl.</i>						
4	BUTTER, CHEESE AND GHEE	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Per lb.					
	Rs. a. p.					
	Butter					
	1 0 0					
	Per cwt.					
	Ghee					
	42 0 0					
4(1)	MILK,* condensed or preserved, including milk cream.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
5	CORAL, unprepared	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
5(1)	COWRIES AND SHELLS	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Per thousand.					
	Rs. a. p.					
	Chanks—					
	Sound, live					
	88 0 0					
	Sound, dead					
	55 8 0					
	Other sorts					
	13 0 0					
	Per cwt.					
	Cowries, bazar, common					
	5 0 0					
	Cowries, yellow, superior quality.					
	8 10 0					
	Cowries, mottled, commonly known as Zillah, Tiger and similar other qualities.					
	7 8 0					
	Cowries, Maldiva					
	13 8 0					
	Cowries, Sankhli					
	80 0 0					
	Mother-o'-pearl, nacre					
	21 0 0					
	Nakhla					
	160 0 0					
	Per lb.					
	Tortoise-shell					
	8 2 0					
	Tortoise-shell, nakh					
	1 14 0					
5(2)	IVORY, unmanufactured.. .. .	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>	....
	<i>Tariff values—</i>					
	Per cwt.					
	Rs. a. p.					
	Elephants' grinders					
	300 0 0					
	Elephants' tusks (other than hollows, centres, and points), each exceeding 20 lbs. in weight, and hollows, centres, and points each weighing 10 lbs. and over.					
	425 0 0					
	Elephants' tusks (other than hollows, centres, and points), not less than 10 lbs. and not exceeding 20 lbs. each, and hollows, centres, and points each weighing less than 10 lb.					
	175 0 0					
	Elephants' tusks each less than 10 lbs. (other than hollows, centres, and points).					
	275 0 0					
	Sea-cow or moye teeth, each not less than 4 lbs.					
	220 0 0					
	Sea-cow or moye teeth, each not less than 3 lbs. and under 4 lbs.					
	190 0 0					
	Sea-cow or moye teeth, each less than 3 lbs.					
SECTION II.						
PRODUCTS OF THE VEGETABLE KINGDOM.						
6	PLANTS, LIVING, not otherwise specified .. .. .	....	Free .. .. .	....	....	....
6(1)	RUBBER STUMPS .. .. .	....	Free .. .. .	....	....	....
7	VEGETABLES, all sorts, fresh, dried, salted or preserved, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i>					
	Per cwt.					
	Rs. a. p.					
	Potatoes					
	5 1 0					
8	FRUITS, all sorts, fresh, dried, salted or preserved, not otherwise specified.†	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
	Per cwt.					
	Rs. a. p.					
	Almonds—					
	(i) Without shell					
	65 0 0					
	(ii) In the shell—					
	(a) Iranian Kagazi					
	55 0 0					
	(b) Iranian other than Kagazi.					
	14 0 0					

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, dried skim milk, that is to say, dried milk powder containing not more than 4 per cent. of fat and no added ingredients, is exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, raw cashew nuts are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II—<i>contd.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>						
	<i>Tariff values—</i>					
	(c) Other than Iranian—	Per cwt. Rs. a. p.				
	(1) Soft shell including half-hard shell qualities such as Prunelle and the like.	38 0 0				
	(2) Hard shell ..	22 8 0				
	Cashew or cajoo kernels, not skinned.	20 0 0				
		Per thousand.				
	Coconuts, Straits, Dutch East Indies and Siam—	Rs. a. p.				
	Husked	58 0 0				
	Unhusked	60 0 0				
	Coconuts, Ceylon	41 0 0				
	Coconuts, other except Maldives.	21 0 0				
	Dates, dry—	Per cwt.				
	Kapkapa, Shekra Chharra, Chupchap, Sakina and Brami.	8 0 0				
	All other qualities	6 0 0				
	Dates, wet, in bags, baskets and bundles.	3 0 0				
	Dates, wet, packed in other receptacles.	8 0 0				
	Figs, dried, Iranian	6 0 0				
	Figs, dried, European	14 0 0				
	Pistachio nuts	55 0 0				
	Raisins, red, Persian Gulf ..	8 8 0				
8(1)	CURRENTS .. ..	.. ..	Revenue ..	Re. 1-4 per cwt. ..	....	....
9	COFFEE, not otherwise specified .. ..	.. ..	Preferential revenue.	25 per cent. <i>ad valorem</i> plus one anna per pound.	....	25 per cent. <i>ad valorem</i>
9(1)	COFFEE, canned or bottled .. ..	.. ..	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>
9(2)	TEA .. ..	.. ..	Preferential revenue.	Five annas per pound ..	....	Three annas per pound.
9(3)	THE FOLLOWING SPICES, whether ground or unground, namely:— Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper.		Preferential revenue.	45 per cent. <i>ad valorem</i>.	....	37½ per cent. <i>ad valorem</i>
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Spices, unground—					
	Cardamom seed	41 8 0				
	Cassia lignea	23 0 0				
	Cloves	49 0 0				
	Cloves, exhausted	13 8 0				
	Cloves stems and heads	11 8 0				
		Per lb.				
	Nutmegs	0 7 0				
	Nutmegs in shell	0 4 0				
		Per cwt.				
	Pepper, black	14 0 0				
	Pepper, long	17 12 0				
	Pepper, white	25 0 0				
9(4)	THE FOLLOWING UNGROUND SPICES, namely:— Chillies, ginger and mace		Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	22½ per cent. <i>ad valorem</i>
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Ginger, dry, unground	19 0 0				
		Per lb.				
	Mace, unground	1 2 0				
9(5)	BETELNUTS .. ..	.. ..	Preferential revenue.	45 per cent. <i>ad valorem</i>.	....	37½ per cent. <i>ad valorem</i>
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Betelnuts (husked)—					
	Whole from Straits, Dutch East Indies and Siam.	9 4 0				
	Whole from Goa	12 0 0				
	Whole from Ceylon	11 8 0				
	Split from Straits, Dutch East Indies and Siam—					
	(a) Mature	10 8 0				
	(b) Immature	18 0 0				
	Split from Ceylon—					
	(a) Mature	8 0 0				
	(b) Immature	17 0 0				
	Sliced all sorts	14 0 0				
	All other sorts	8 0 0				

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II—<i>contd.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>						
9(9)	VANILLA BEANS	Revenue ..	25 per cent. <i>ad valorem</i>	....	....	....
	GRAIN AND PULSE, not otherwise specified, including broken grains and pulse, but excluding flour.	....	Free .. .. .	....	....	....
9(1)	WHEAT*	Protective ..	Re. 1-8 per cwt. ..	....	....	March 31st, 1941.
9(2)	BROKEN RICE	Protective ..	Twelve annas per Indian maund of 82-2 7 lbs. avoirdupois weight.	....	....	March 31st, 1941.
1	FLOUR, not otherwise specified	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
1(1)	WHEAT FLOUR	Protective ..	Re. 1-8 per cwt. ..	....	....	March 31st, 1941.
1(2)	SAGO FLOUR .. .. .	....	Free .. .. .	....	....	....
1(3)	SAGO, TAPIOCA AND TAPIOCA FLOUR	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt.				
	Cassava, Tapioca or Sago	Rs. a. p.				
	Cassava or Tapioca flour	7 0 0				
		5 12 0				
1(4)	STARCH AND FARINA	Revenue ..	15 per cent. <i>ad valorem</i>.	....	....	....
2	SEEDS, all sorts, not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per cwt.				
	Poppy seeds	Rs. a. p.				
		9 4 0				
2(1)	OILSEEDS imported into British India by sea from the territories of any Prince or Chief in India.	....	Free .. .. .	....	....	....
2(2)	OILSEEDS, non-essential, all sorts not otherwise specified, including copra or coconut kernel.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt.				
	Copra or coconut kernel	Rs. a. p.				
		9 0 0				
12(3)	RUBBER SEEDS .. .. .	....	Free .. .. .	....	....	....
12(4)	HOPS .. .. .	....	Free .. .. .	....	....	....
12(5)	FODDER, BRAN AND POLLARDS	Revenue ..	2½ per cent. <i>ad valorem</i>	....	....	....
13	DYEING AND TANNING SUBSTANCES, all sorts, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per lb.				
	Cochineal	Rs. a. p.				
		1 8 0				
	Gallnuts	Per cwt.				
		34 0 0				
13(1)	BARKS FOR TANNING† .. .. .	....	Free .. .. .	....	....	....
13(2)	CUTCH AND GAMBIE, all sorts	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>	Per cwt.				
	Gambier, cube	Rs. a. p.				
	Gambier in flakes or circular pieces.	15 0 0				
		35 0 0				
13(3)	GUMS, RESINS AND LAC, all sorts not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per cwt.				
	Gum olibanum or frankincense.	Rs. a. p.				
	Gum Iranian (false)	10 0 0				
	Myrrh	9 8 0				
		51 0 0				
13(4)	GUMS, Arabic, Benjamin (ras and cowrie) and Dammer (including unrefined batu) and rosin.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wheat imported by or on behalf of any person who is engaged in milling flour for export is exempt from payment of import duty, provided that such person, before clearance of the wheat for consumption or from bond, as the case may be, has produced documentary evidence to the satisfaction of the Customs Collector that he has entered into a contract to sell a quantity of wheat flour representing 87 per cent. of the quantity of wheat imported in respect of which exemption is claimed and that the said wheat flour is to be shipped to a destination outside India before a date specified in the contract.

Under Act XXII of 1940, the duration of the protective duties on items 10(1), 10(2) and 11(1) was extended by a year until March, 1941.

† Under Act XXI of 1940, which came into force on 10th April, 1940, a revenue duty of 3 per cent. *ad valorem* is leviable on Barks tanning.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II—<i>concl.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM—<i>concl.</i>						
<i>Tariff values—</i>						
						Per cwt. Rs. a. p.
	Dammer batu, unrefined ..					5 8 0
	Acacia gums, other than ground, including gum Arabic, gum Senegal and gum African but excluding gums cleaned and sifted.					18 0 0
	Gum Benjamin, ras ..					20 0 0
	Gum Benjamin, cowrie (excluding pure cowrie).					37 8 0
	Gum Dammer (or Copal) ..					25 0 0
13(5)	STICK OR SEED LAC .. .. .	....	Free .. .. .	....	....	....
13(6)	OPIUM	Revenue ..	Rs. 30 per seer of 80 tolas or 18½ per cent. <i>ad valorem</i> , whichever is higher.	....	....	....
13(7)	CINCHONA BARK .. .. .	....	Free .. .. .	....	....	....
14	CANES AND RATTANS	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
<i>Tariff values—</i>						
						Per 100 pieces. Rs. a. p.
<i>Canes—</i>						
	Malacca					31 0 0
	Chimity					12 8 0
	Tries					8 0 0
	Root moonah					21 0 0
	Mannu					20 0 0
	Polo, all kinds—					
	Not exceeding 10 feet in length.					37 0 0
	Exceeding 10 feet in length.					45 0 0
<i>Rattans—</i>						
	Tohite					14 0 0
	Chair					16 0 0
	Basket					8 0 0
	Outers					37 0 0
	Inners					23 0 0
SECTION III.						
FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION; PREPARED ALIMENTARY FATS; WAXES OF ANIMAL OR VEGETABLE ORIGIN.						
15	ALL SORTS OF STEARINE, WAX, GREASE AND ANIMAL FAT, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
<i>Tariff values—</i>						
						Per lb. Rs. a. p.
	Petroleum jelly, white ..					0 6 0
	Petroleum jelly, all other sorts.					0 2 9
15(1)	LARD, not canned or bottled	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
15(2)	BEEWAX	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
15(3)	TALLOW .. .. .	....	Free .. .. .	....	....	....
15(4)	FISH OIL, including whale oil, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
15(5)	FISH OIL AND WHALE OIL, hardened or hydrogenated.	Revenue ..	Rs. 10 per cwt. ..	....	....	....
15(6)	VEGETABLE NON-ESSENTIAL OILS, not otherwise specified.	Preferential revenue.	35 per cent. <i>ad valorem</i>.	....	25 per cent. <i>ad valorem</i>.	....
15(7)	THE FOLLOWING VEGETABLE NON-ESSENTIAL OILS, namely, coconut, groundnut and linseed.*	Preferential revenue.	35 per cent. <i>ad valorem</i>.	....	25 per cent. <i>ad valorem</i>.	....
<i>Tariff values—</i>						
						Per cwt. Rs. a. p.
	Coconut oil					12 8 0
	Linseed oil, raw or boiled ..					Per Imperial gallon. 3 0 0
15(8)	ALL SORTS OF ANIMAL OILS, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the duty leviable on linseed oil at the standard rate is 25 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IV.						
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO.						
18	CANNED OR BOTTLED BACON, HAM AND LARD.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
18(1)	FISH, canned	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
18(2)	ISINGLASS, canned or bottled	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
17	SUGAR, excluding confectionery	Protective	The rate at which excise duty is for the time being leviable on Sugar, other than <i>khandsari</i> or Palmyra Sugar, produced in British India† plus Rs. 8-12 per cwt.	....	....	March 31st, 1941.
17(1)	MOLASSES	Revenue	31½ per cent. <i>ad valorem</i>.	....	....	....
17(2)	CONFECTIONERY	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
17(3)	SUGAR-CANDY	Revenue	Rs. 10-8 per cwt. ..	....	....	....
18	COCOA AND CHOCOLATE, other than confectionery.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
19	BISCUITS, CAKES, AND FARINACEOUS AND PATENT FOODS, canned or bottled.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>		Per cwt.			
			Rs. s. p.			
	*Vermicelli, flour, from the Far East.		18 12 0			
	*Vermicelli, peas, from the Far East.		19 0 0			
	*Vermicelli, rice, from the Far East.		15 8 0			
	*The tariff values given in this item apply also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under item No. 21(1) below.					
20	VEGETABLE PRODUCT, JAMS, JELLIES, PICKLES, CHUTNIES, SAUCES AND CONDIMENTS, canned or bottled.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>		Per lb.			
			Rs. s. p.			
	Vegetable product (excluding hardened coconut oil).		0 8 0			
20(1)	FRUIT JUICES	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
20(2)	FRUITS AND VEGETABLES, canned or bottled..	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>		Per case of 4 doz.			
			Rs. s. p.			
	China canned fruit		9 8 0			
			Per case of 48 tins of 1½ lbs. each.			
	Preserved pine-apples from the Far East.		6 12 0			
21	CANNED OR BOTTLED PROVISIONS, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>		Per box of six large or twelve small jars.			
			Rs. s. p.			
	China preserves in syrup		8 8 0			
	*China preserves, dry, candied		0 3 0			
	*The tariff value given in this item applies also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under item No. 21(1) below.					
	<i>N.B.</i> —For other tariff values under this item see those marked with an asterisk (*) under item No. 21(1) below.					
21(1)	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....

† The rate of excise duty on sugar, other than *khandsari* or palmyra sugar, is Rs. 2 per cwt. in the case of sugar produced on or before the 29th February, 1940, and either issued out of a factory on or after that date or used within a factory on or after that date in the manufacture of any commodity other than sugar, and Rs. 3 per cwt. in the case of sugar produced on or after the 1st March, 1940. The rate of excise duty on *khandsari* sugar produced in any factory in British India and issued out of such factory is eight annas per cwt.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.														
				The United Kingdom.	A British Colony.															
SECTION IV—<i>contd.</i>																				
PRODUCTS OF THE FOOD PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS, TOBACCO— <i>contd.</i>																				
<p><i>Tariff values—</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Per cwt.</td> </tr> <tr> <td></td> <td style="text-align: right;">Rs. a. p.</td> </tr> <tr> <td>Cocum.</td> <td style="text-align: right;">6 8 0</td> </tr> <tr> <td></td> <td style="text-align: right;">Per lb.</td> </tr> <tr> <td>Vegetable product (excluding hardened coconut oil), not canned or bottled.</td> <td style="text-align: right;">0 4 6</td> </tr> <tr> <td></td> <td style="text-align: right;">Per cwt.</td> </tr> <tr> <td>*Yeast, from the Far East</td> <td style="text-align: right;">17 12 0</td> </tr> </table> <p>*The tariff value given in this item applies also to imports assessed to duty as canned or bottled provisions under Item No. 21 above.</p> <p>N.B.—For other tariff values under this item see those marked with an asterisk (*) under Items Nos. 19 and 21 above.</p>								Per cwt.		Rs. a. p.	Cocum.	6 8 0		Per lb.	Vegetable product (excluding hardened coconut oil), not canned or bottled.	0 4 6		Per cwt.	*Yeast, from the Far East	17 12 0
	Per cwt.																			
	Rs. a. p.																			
Cocum.	6 8 0																			
	Per lb.																			
Vegetable product (excluding hardened coconut oil), not canned or bottled.	0 4 6																			
	Per cwt.																			
*Yeast, from the Far East	17 12 0																			
21(2)	ALL SORTS OF FOOD not otherwise specified . .	Revenue	25 per cent. <i>ad valorem</i>														
22	ALL SORTS OF DRINK not otherwise specified . .	Revenue	25 per cent. <i>ad valorem</i>														
†22(1)														
22(2)	ALE, BEER, PORTER, CIDER AND OTHER FERMENTED LIQUORS—																			
	(a) In barrels or other containers containing 27 ozs. or more.	Revenue	Fifteen annas per Imperial gallon.														
	(b) In bottles containing less than 27 ozs. but not less than 20 ozs.	Revenue	Two annas and six pies per bottle.														
	(c) In bottles containing less than 13½ ozs. but not less than 10 ozs.	Revenue	One anna and three pies per bottle.														
	(d) In bottles containing less than 6½ ozs. but not less than 5 ozs.	Revenue	Seven and half pies per bottle.														
	(e) In other containers †	Revenue	Rs. 1-4 per Imperial gallon.														
22(3)	WINES, not containing more than 42 per cent. of proof spirit—																			
	(a) Champagne and other sparkling wines.	Revenue	Rs. 13-2 per Imperial gallon.														
	(b) Other sorts	Revenue	Rs. 7-8 per Imperial gallon.														
22(4)	SPIRITS (other than denatured spirit)—																			
	(a) Brandy, gin, whisky and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirit.	Revenue	Rs. 37-8 per Imperial gallon of the strength of London proof.														
	(b) Liqueurs, cordons, mixtures and other preparations containing spirit not otherwise specified—																			
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Revenue	Rs. 50 per Imperial gallon.														
	(ii) not so entered	Revenue	Rs. 37-8 per Imperial gallon of the strength of London proof.														
PROVIDED THAT—																				
(a) the duty on any article included in this item shall in no case be less than the duty which would be charged if the article were liable to a duty of 25 per cent. <i>ad valorem</i> ,																				
(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.																				
22(5)	SPIRITS—																			
	(a) Bitters—																			
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 50 per Imperial gallon.	Rs. 45 per Imperial gallon.														
	(ii) not so entered	Preferential revenue.	Rs. 37-8 per Imperial gallon of the strength of London proof.	Rs. 33-12 per Imperial gallon of the strength of London proof.														

† There is no entry bearing Item No. 22(1).

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, ale and beer in containers other than bottles are exempt from so much of the duty as is in excess of the duty that would have been leviable if such containers were bottles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IV—<i>contd.</i>						
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO— <i>contd.</i>						
	(b) Drugs and medicines containing spirit—					
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 40 per Imperial gallon.	Rs. 36 per Imperial gallon.	Rs. 36 per Imperial gallon.	....
	(ii) not so entered	Preferential revenue.	Rs. 29 per Imperial gallon of the strength of London proof.	Rs. 26 per Imperial gallon of the strength of London proof.	Rs. 26 per Imperial gallon of the strength of London proof.	....
	(c) Perfumed spirits	Revenue ..	Rs. 60 per Imperial gallon or 25 per cent. <i>ad valorem</i> whichever is higher.	....	....	....
	(d) Rum	Preferential revenue.	Rs. 37-8 per Imperial gallon of the strength of London proof.	....	Rs. 33-12 per Imperial gallon of the strength of London proof.	....
PROVIDED THAT—						
(a) on any article chargeable under this item with the lower rate of duty, the duty levied shall in no case be less than 20 per cent. <i>ad valorem</i> , and on any article chargeable under this item with the higher rate of duty, the duty levied shall in no case be less than 30 per cent. <i>ad valorem</i> ;						
(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.						
22(6)	DENATURED SPIRIT <i>Tariff value—</i> Spirit from Java denatured before clearance.	Revenue ..	9½ per cent. <i>ad valorem</i>.	....	....	....
	Per Imperial gallon. Rs. a. p. 0 12 0					
22(7)	VINEGAR IN CASKS	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
23	OILCAKES	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
24	TOBACCO, manufactured, not otherwise specified.	Revenue ..	Rs. 3-12 per lb.	....	....	....
24(1)	CIGARS	Revenue ..	112½ per cent. <i>ad valorem</i>.	....	....	....
24(2)	CIGARETTES	Revenue ..	25 per cent. <i>ad valorem</i> , and in addition either Rs. 8-2 per thousand or Rs. 3-4 per lb., whichever is higher.	....	....	....
24(3)	TOBACCO, unmanufactured*	Preferential revenue.	Rs. 3-4 per lb.	....	Rs. 2-12 per lb.	....
SECTION V.						
MINERAL PRODUCTS.						
25	CHINA CLAY .. .. .	....	Free .. .. .	....	....	....
25(1)	SALT, excluding salt exempted under item No. 25 (2).	Revenue ..	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place †	....	....	....
25(2)	SALT IMPORTED INTO BRITISH INDIA AND ISSUED, in accordance with rules made with the previous sanction of the Central Government for use in any process of manufacture; also salt imported into the port of Calcutta and issued with the sanction of the Central Government to manufacturers of glazed stoneware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Central Government for use in curing fish in those provinces.	....	Free .. .. .	....	....	....
25(3)	THE FOLLOWING BUILDING AND ENGINEERING MATERIALS, namely, chalk, lime and clay.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
25(4)	CEMENT not otherwise specified	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, tobacco leaf for the manufacture of cigars when proved to have been imported for use in a cigar factory is liable to duty at Rs. 2 per lb. (standard) and Re. 1-8 per lb. (preferential).

† The rate of excise duty on the 1st January, 1940, and until further notice is Re. 1-9-0 per maund of 82-2-7 lbs. avoird.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION V—<i>concl.</i>						
MINERAL PRODUCTS—<i>concl.</i>						
25(5)	PORTLAND CEMENT excluding white Portland cement.	Revenue ..	Rs. 13-12 per ton. ..	....	....	....
25(6)	STONE prepared as for road metalling ..	....	Free .. ..	....	....	....
25(7)	MARBLE AND STONE not otherwise specified* ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
26	METALLIC ORES, all sorts except ochres and other pigment ores.	....	Free .. ..	....	....	....
27	COAL, COKE AND PATENT FUEL†	Revenue ..	Ten annas per ton ..	....	....	....
27(1)	ASPHALT	Preferential revenue.	25 per cent. <i>ad valorem</i>.	....	15 per cent. <i>ad valorem</i>.	....
27(2)	PITCH AND TAR	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Per cwt.					
	Coal pitch		3 8 0			
	Stockholm pitch		12 0 0			
27(3)	ALL SORTS OF MINERAL OILS not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Per Imperial gallon.					
	Mineral Colza oil		1 0 0			
	Transformer oil, including transil and switch oil, other than that assessed to duty under the proviso to Item No. 72(3) of the First Schedule of the Indian Tariff Act, 1934.		1 10 0			
27(4)	KEROSENE; ‡ also any mineral oil other than kerosene and motor spirit which has its flashing point below one hundred degrees of Fahrenheit's thermometer by Abel's close test.	Revenue ..	Three annas and nine pies per Imperial gallon.	....	....	....
27(5)	MINERAL OIL, not included in item No. 27(4) or Item No. 27(6) which is suitable for use as an illuminant in wick lamps.	Revenue ..	Three annas and nine pies per Imperial gallon.	....	....	....
27(6)	MOTOR SPIRIT§	Revenue ..	The rate at which excise duty is for the time being leviable on motor spirit.	....	....	....
27(7)	MINERAL OIL—					
	(a) which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is ordinarily used for the batching of jute or other fibre;	Revenue ..	Rs. 15-10 per ton ..	....	....	....
	(b) which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, is not suitable for use as an illuminant in wick lamps, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes.	Revenue ..	12½ per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>					
	Per ton.					
	Rs. a. p.		38 0 0			
	Mineral oil which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes, if imported naked in bulk.					
27(8)	LUBRICATING OIL, that is, oil such as is not ordinarily used for any other purpose than lubrication, excluding any mineral oil which has its flashing point below two hundred degrees of the Fahrenheit thermometer by Abel's close test.	Revenue ..	Two annas and one pie per Imperial gallon.	....	....	....
SECTION VI.						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS.						
28	CHEMICALS, DRUGS AND MEDICINES, all sorts not otherwise specified.¶	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
	Per cwt.					
	Rs. a. p.		4 0 0			
	Alkali, Indian (sajji-khar) ..					
	Ammonium carbonate or bicarbonate ..		26 0 0			

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sandstone is exempt from payment of import duty.

† The rate of excise duty on the 1st January, 1940, on all coal raised and despatched and on all soft coke manufactured and despatched from collieries in British India is 2 annas per ton and that on hard coke is 3 annas per ton.

‡ The rate of excise duty on the 1st January, 1940, and until further notice, on all kerosene produced in a manufactory in British India is 2 annas and 9½ pies per Imperial gallon.

§ The rate of excise duty on the 1st March, 1940, and until further notice, on all motor spirit produced in a manufactory in British India is 12 annas per Imperial gallon.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, calcium acetate, radium salts and cryolite are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>						
	Ammonium chloride— Muriate of ammonia, crystalline.		Per cwt. Rs. a. p. 16 0 0			
	Salammoniac, sublimed ..		30 0 0			
	Other sorts, including compressed.		24 0 0			
	Calcium chloride		5 0 0			
	Carbonic acid gas including compressed or liquified gas.		Per lb. 0 4 3			
	Chlorine		0 5 9			
	Copper sulphate		Per cwt. 22 0 0			
	Menthol (peppermint) crystals		Per oz. 0 11 0			
	Soda, caustic, flake or petal..		Per cwt. 12 0 0			
	Soda, caustic, solid		10 0 0			
	Soda crystals		7 8 0			
	Sodium hydrosulphite		70 0 0			
	Sodium sulphide		8 8 0			
	Sodium thiosulphate (Hypo)..		13 0 0			
	Banslochan (bamboo camphor), crude.		Per lb. 1 11 0			
	Calumba root		Per cwt. 12 12 0			
	China root (Chobchini) rough ..		13 8 0			
	China root (Chobchini) scraped ..		24 8 0			
	Cubebs		51 8 0			
	Galangal		13 4 0			
	Salep		170 0 0			
	<i>N.B.</i> —The tariff valuations apply to articles packed in containers of not less than 14 lbs. except in the case of menthol (peppermint) crystals; the tariff valuation for the latter applies to all menthol in containers of $\frac{1}{2}$ oz. and above.					
28(1)	BLEACHING PASTE AND BLEACHING POWDER..	....	Free .. .. .	....	....	....
28(2)	COPPERAS, green (ferrous sulphate)	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
28(3)	SULPHUR .. .. .	....	Free .. .. .	....	....	....
28(4)	SODA ASH, including calcined natural soda and manufactured sesqui-carbonates.	Preferential revenue.	25 per cent. <i>ad valorem</i>.	....	15 per cent. <i>ad valorem</i>.	....
	<i>Tariff value</i> —		Per cwt. Rs. a. p. 5 4 0			
	Soda ash including calcined natural soda and manufactured sesqui-carbonates.					
	<i>N.B.</i> —The Tariff valuation applies to articles packed in containers of not less than 14 lbs.					
28(5)	HEAVY CHEMICALS, the following, namely:— Magnesium chloride	Protective ..	Twelve annas per cwt. or 25 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st 1946.
28(6)	THE FOLLOWING CHEMICALS, namely:— (a) Alum (ammonia alum, potash alum and soda alum).	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1.6 per cwt., whichever is higher.	....	....	....
	(b) Magnesium sulphate or hydrated magnesium sulphate.	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1.4 per cwt., whichever is higher.	....	....	....
28(7)	THE FOLLOWING CHEMICALS, namely, cadmium sulphide, cobalt oxide, liquid gold for glass making, selenium, and uranium oxide.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
28(8)	THE FOLLOWING CHEMICALS, DRUGS AND MEDICINES, namely, acetic, carbolic, citric, hydrochloric, nitric, oxalic, sulphuric, tartaric and other acids, anhydrous ammonia, naphthalene, potassium bichromate, potassium chlorate, potassium cyanide and other potassium compounds, bicarbonate of soda, borax, sodium bichromate, sodium cyanide, sodium silicate, arsenic, calcium carbide, glycerine, lead, magnesium and zinc compounds not otherwise specified, aloes, asafetida, cocaine, sarsaparilla and storax.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>						
<i>Tariff values—</i>						
			Per lb.			
	Acetic acid		Rs. a. p.			
	Ammonia gas, anhydrous, including compressed or liquified gas.		0 5 0			
			0 13 0			
			Per cwt.			
	Arsenic (China mansil) ..		52 0 0			
	Borax, granular, powdered or crystalline.		16 0 0			
	Boric acid		26 0 0			
	Calcium carbide—					
	from Japan		11 4 0			
	from other countries ..		17 12 0			
	Caustic potash other than electrolyte.		25 0 0			
	Chlorate of potash		25 12 0			
	Naphthalene balls		18 8 0			
	Oxalic acid		43 0 0			
	Potassium bichromate ..		36 0 0			
	Sodium bicarbonate		6 4 0			
	Sodium bichromate		32 0 0			
	Sodium silicate (in liquid form).		8 0 0			
	Tartaric acid		90 0 0			
	Asafotida, coarse (hingra) ..		46 0 0			
<i>N.B.</i> —The tariff valuations apply to articles packed in containers of not less than 14 lbs.						
28(9)	SACCHARINE (except in tablets) and such other substances as the Central Government may, by notification in the <i>Official Gazette</i> , declare to be of a like nature or use to saccharine.	Revenue	Rs. 6-4 per lb.	....	....	....
28(10)	SACCHARINE TABLETS	Revenue	18½ per cent. <i>ad valorem</i> or Rs. 6-4 per pound of saccharine contents, whichever is higher.	....	....	....
28(11)	ALKALOIDS OF OPIUM AND THEIR DERIVATIVES	Revenue	Rs. 30 per seer of 80 tolas or 18½ per cent. <i>ad valorem</i> , whichever is higher.	....	....	....
28(12)	ALKALOIDS EXTRACTED FROM CINCHONA BARK including Quinine and alkaloids derived from other sources which are chemically identical with alkaloids extracted from Cinchona Bark.	....	Free .. .. .	....	....	....
28(13)	ANTI-PLAGUE SERUM .. .. .	....	Free .. .. .	....	....	....
28(14)	TOILET REQUISITES, not otherwise specified ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
29	CINEMATOGRAPH FILMS, not exposed	Revenue	20 per cent. <i>ad valorem</i>.	....	....	....
29(1)	CINEMATOGRAPH FILMS, exposed	Revenue	37½ per cent. <i>ad valorem</i>.	....	....	....
<i>Tariff values—</i>						
			Per foot.			
			Rs. a. p.			
	Exposed standard positive films, new or used—					
	Feature films		0 7 0			
	Other films		0 3 0			
30	PAINTS, COLOURS AND PAINTERS' MATERIALS, all sorts not otherwise specified, including paints, solutions and compositions containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
<i>Tariff values—</i>						
			Per cwt.			
			Rs. a. p.			
	Cuttle fish bone		7 0 0			
	Gamboge		1 2 0			
	Vermilion from China ..		3 0 0			
30(1)	DYES DERIVED FROM COAL-TAR, AND COAL-TAR DERIVATIVES, used in any dyeing process.	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
<i>Tariff values—</i>						
			Per cwt.			
			Rs. a. p.			
	Alizarine, moist—					
	(a) not exceeding 16 per cent.		95 0 0			
	(b) Over 16 per cent. but not exceeding 20 per cent.		110 0 0			
	(c) exceeding 20 per cent.		200 0 0			
	Alizarine, dry—					
	(a) not exceeding 40 per cent.		3 0 0			
	(b) exceeding 40 per cent.		5 4 0			
	Congo red		1 2 0			

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION VI—<i>contd.</i>					
	CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP, CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>					
	<i>Tariff values—</i>					
	Coupling dyes of the naphthol group—	Per lb. Ra. a p.				
	(a) Naphthols	4 10 0				
	(b) Rapid (fast colours (rapid salts).	11 4 0				
	(c) Bases	4 2 0				
	(d) Other salts	3 0 0				
	<i>Vats—</i>					
	(a) Indigo	2 10 0				
	(b) Carbarole blue	4 4 0				
	(c) Other sorts—					
	(i) Paste	8 8 0				
	(ii) Powder	28 0 0				
	Sulphur black	0 7 0				
	Metanil yellow	1 8 0				
	Aniline oil	0 11 0				
	Aniline salts	0 8 6				
	All others	2 10 0				
30(2)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					
	(a) Red lead, genuine dry, genuine moist and reduced moist.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 4-12 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(b) White lead, genuine dry	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 5-12 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(c) Zinc white, genuine dry	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 6 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(d) Paints, other sorts, coloured, moist—					
	(i) in packing of 1 lb. or over	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 8-8 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) in packing of $\frac{1}{2}$ lb. and over but less than 1 lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 11-4 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(iii) in packing of $\frac{1}{4}$ lb. and over but less than $\frac{1}{2}$ lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 17 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(iv) in packing of less than $\frac{1}{4}$ lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 24 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
30(3)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					
	(a) Red lead, reduced dry	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 4-12 per cwt., whichever is higher.	....	....	....
	(b) White lead, genuine moist, and reduced dry or moist.	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 5-12 per cwt., whichever is higher.	....	....	....
	(c) Zinc white, genuine moist	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 6 per cwt., whichever is higher.	....	....	....
	(d) Zinc white, reduced dry or moist	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 4-4 per cwt., whichever is higher.	....	....	....
30(4)	THE FOLLOWING PAINTS, COLOURS AND PAINTERS' MATERIALS, namely, barytes, turpentine, turpentine substitute, and varnish not containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
30(5)	PLUMBAGO AND GRAPHITE	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
30(6)	PRINTERS' INK	Revenue ..	10 per cent. <i>ad valorem</i>.	....	....	....
30(7)	LEAD PENCILS	Revenue ..	25 per cent. <i>ad valorem</i> or one anna per dozen, whichever is higher.	....	....	....
30(8)	SLATE PENCILS	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
31	NATURAL ESSENTIAL OILS, all sorts not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>					
	Cassia oil, natural, from the Far East.	Per lb. Ra. a p.				
		1 0 0				

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—<i>contd.</i>						
31(1)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, citronella, cinnamon, and cinnamon leaf.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i> Citronella oil, natural, from the Far East.					
	Per lb. Rs. a. p. 1 2 0					
31(2)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, almond, bergamot, camphor, cloves, eucalyptus, lemon, ootorose and peppermint.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Gajupatti oil, natural, from the Far East. *Peppermint oil, natural, from the Far East.					
	Per lb. Rs. a. p. 1 14 0 3 12 0					
	*The tariff value applies to peppermint oil packed in containers of more than 1 oz.					
31(3)	ESSENTIAL OILS, synthetic	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
31(4)	CAMPHOR	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Camphor, synthetic— (a) powder (b) in slabs and tablets Camphor, other than synthetic— (a) powder (b) in slabs and tablets					
	Per lb. Rs. a. p. 1 3 0 1 8 0 1 4 0 1 9 0					
31(5)	PERFUMERY, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Gowla, husked and unhusked.. Kapurkachri (redoxy) Patch leaves (pachouli) Rose-flowers, dried					
	Per cwt. Rs. a. p. 75 0 0 14 10 0 16 8 0 10 4 0					
32	SOAP, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
32(1)	SOAP, Toilet	Revenue	25 per cent. <i>ad valorem</i> or Rs. 20 per cwt., whichever is higher.	....	....	....
32(2)	SOAP, household and laundry— (a) in plain bars of not less than one pound in weight. (b) other sorts	Revenue Revenue	Rs. 4 per cwt. Rs. 6-8 per cwt. .. .. .	.... ....	.... ....	.... ....
32(3)	POLISHES AND COMPOSITIONS	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
32(4)	CANDLES	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
33	GLUE, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
33(1)	GLUE, clarified, liquid	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
34	GUNPOWDER FOR CANNONS, RIFLES, GUNS, PISTOLS AND SPORTING PURPOSES.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
34(1)	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamic, blasting roburite, blasting tonite, and all other sorts, including detonators and blasting fuse.†	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
34(2)	FIREWORKS, specially prepared as danger or distress lights for the use of ships.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
34(3)	FIREWORKS, not otherwise specified‡	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
34(4)	MATCHES, undipped splints and veneers— (a) Matches— (1) In boxes or booklets containing on an average not more than 40 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India§ plus ten annas per gross of boxes or booklets.	....	....	....

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, explosives specially adapted for use in coal mines and included in the list of "Permitted Explosives" issued by the Chief Inspector of Mines in India under the Indian Coal Mines Regulations, 1926, and in force for the time being are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, fireworks specially designed for the use of aircraft are liable to duty at 25 per cent. *ad valorem*.

§ The rate of excise duty on the 1st January, 1940, and until further notice is Re. 1 per gross of boxes or booklets. The rate of excise duty on matches of the type known as "Bengal lights" in boxes containing on an average not more than 12 matches is 5 annas per gross of boxes.

SCHEDULE I—IMPORT TAREFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>concl.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>concl.</i>						
	(2) In boxes or booklets containing on an average more than 40 but not more than 60 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India* plus fifteen annas per gross of boxes or booklets.	....	....	....
	(3) In boxes or booklets containing on an average more than 60 but not more than 80 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India† plus Re. 1-4 per gross of boxes or booklets.	....	....	....
	(4) All other matches	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India‡ plus one pie for every 48 matches or fraction thereof.	....	....	....
	(b) Undipped splints such as are ordinarily used for match-making.	Protective	Five annas and seven and a half pies per lb.	....	....	....
	(c) Veneers such as are ordinarily used for making boxes, including boxes and parts of boxes made of such veneers.	Protective	Seven annas and six pies per lb.	....	....	....
35	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, carbim, urea, nitrate of lime, calcium cyanamide, ammonium phosphates, mineral phosphates and mineral superphosphates.	....	Free	....	....	....
SECTION VII.						
HIDES, SKINS, LEATHER, FUR SKINS, AND MANUFACTURES OF THESE MATERIALS.						
36	HIDES AND SKINS not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
36(1)	HIDES AND SKINS, raw or salted	....	Free	....	....	....
36(2)	SKINS (other than Fur Skins), tanned or dressed, and unwrought leather.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
37	THE FOLLOWING LEATHER MANUFACTURES, namely, saddlery, harness, trunks and bags.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
37(1)	LEATHER CLOTH INCLUDING ARTIFICIAL LEATHER, and other manufactures of leather not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
38	FUR SKINS, dressed	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
SECTION VIII.						
RUBBER AND ARTICLES MADE OF RUBBER.						
39	RUBBER, raw	....	Free	....	....	....
39(1)	RUBBER TYRES AND TUBES AND OTHER MANUFACTURES OF RUBBER, not otherwise specified, excluding apparel and boots and shoes.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
		Per doz.				
	Cycle tyres (pneumatic) from the Far East.	Rs. a. p.	10 4 0			
	Cycle tubes from the Far East	4 0 0				
	Solid rubber tyres for carriages and rickshaws.	Per lb.	0 8 9			
SECTION IX.						
WOOD AND CORK AND WARES OF THESE MATERIALS; GOODS MADE OF PLAITING MATERIALS.						
40	WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood.	Revenue	per cent. <i>ad valorem</i>.	....	....	....

* The rate of excise duty on the 1st January, 1940, and until further notice is Re. 1-8 per gross of boxes or booklets.

† The rate of excise duty on the 1st January, 1940, and until further notice is Rs. 2 per gross of boxes or booklets.

‡ The rate of excise duty on the 1st January, 1940, and until further notice is 4 annas for every 1,440 matches or fraction thereof.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IX—<i>concl.</i>						
WOOD AND CORK AND WARES OF THESE MATERIALS; GOODS MADE OF PLAITING MATERIALS— <i>concl.</i>						
40(1)	FIREWOOD	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	....
40(2)	FURNITURE AND CABINETWARE, not otherwise specified, excluding mouldings.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
40(3)	TEA CHESTS AND PARTS AND FITTINGS thereof	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
41	CORK MANUFACTURES not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
42	FURNITURE OF WICKERWORK OR BAMBOO ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
SECTION X.						
PAPER AND ITS APPLICATIONS.						
43	WOOD PULP	Protective	25 per cent. <i>ad valorem</i> or Rs. 30 per ton, whichever is higher.	....	....	March 31st, 1942.
44	WRITING PAPER—					
	(a) Ruled or printed forms (including letter paper with printed headings) and envelopes made of writing paper and account and manuscript books and binding thereof.	Protective	Nine pies per lb. or 25 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1942.
	(b) All other sorts	Protective	Nine pies per lb.	....	....	March 31st, 1942.
44(1)	PRINTING PAPER, excluding poster and stereo and all coated papers, but including art paper, all sorts which contain no mechanical wood pulp or in which the mechanical wood pulp amounts to less than 70 per cent. of the fibre content.	Protective	Nine pies per lb.	....	....	March 31st, 1942.
44(2)	PRINTING PAPER, all sorts not otherwise specified which contain mechanical wood pulp amounting to not less than 70 per cent. of the fibre content.*	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
44(3)	PAPER, including poster and stereo and all coated papers except art paper, all sorts, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Per lb.					
	Rs. a. p.					
	Packing and wrapping paper—					
	Machine-glazed pressings ..	0 2 0				
	Manilla, machine-glazed or unglazed, and sulphite envelope.	0 2 3				
	Kraft and imitation kraft, other than bleached.	0 2 6				
44(4)	PASTEBOARD, MILLBOARD, CARDBOARD AND STRAWBOARD, all sorts.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
44(5)	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book or parcel post.	....	Free .. .. .	....	....	....
44(6)	PAPER MONEY .. .. .	....	Free .. .. .	....	....	....
44(7)	NEWSPAPERS, OLD, in bales and bags ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
45	ARTICLES MADE OF PAPER AND PAPER MACHE; Stationery including drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter and other cards, including cards in booklet forms; including also waste paper but excluding paper and stationery otherwise specified.†	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
45(1)	BOOKS, printed, including covers for printed books, maps, charts and plans, proofs, music, manuscripts, and illustrations specially made for binding in books.	....	Free .. .. .	....	....	....
45(2)	PRINTS, ENGRAVING AND PICTURES (including photographs and picture post cards) on paper or cardboards.‡	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following classes of printing paper containing Mechanical Wood Pulp amounting to not less than 70 per cent. of the fibre content are exempt from payment of so much of the import duty as is in excess of the amount mentioned against each:—(i) newsprint in reels, unglazed—Re. 1-8 per cwt., (ii) newsprint in reels, other sorts—Re. 1-12 per cwt., and (iii) all sorts not in reels (excluding chrome, marble, flint, poster, stereo and art paper) white or grey—Rs. 2 per cwt.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, posters, pamphlets and other printed material intended for tourist propaganda purposes, provided they are issued by or under the auspices of the Governments of the countries, being countries outside India, within which travel is to be stimulated and are not primarily intended to advertise the services of any private tourist agency, are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI.						
TEXTILE MATERIALS AND TEXTILE GOODS.						
46	SILK, RAW (excluding silk waste and noils), and silk cocoons.	Protective	25 per cent. <i>ad valorem</i> plus 14 annas per lb.	....	....	March 31st ¹ 1942.
	<i>Tariff values—</i>					
	Silk, raw—		Per lb.			
			Rs. a. p.			
	Chinese—					
	Waste products		1 12 0			
	Duppon all kinds		2 4 0			
	Hand reeled (excluding re-reeled).		2 8 0			
	All other sorts		3 4 0			
	Japanese filatures and hand reeled and hand re-reeled but excluding duppon all kinds.		4 4 0			
46(1)	SILK WASTE AND NOILS	Protective	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
46(2)	WOOL, RAW, AND WOOLTOPS .. ..	....	Free .. ..	....	....	....
46(3)	COTTON, RAW	Revenue	One anna per lb. ..	....	....	....
46(4)	TEXTILE MATERIALS, the following :—	Revenue	Raw hemp—18½ per cent. <i>ad valorem</i> ; all others—25 per cent. <i>ad valorem</i>.	....	....	....
	Raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.					
46(5)	SISAL AND ALOE FIBRE	Preferential revenue	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
47	SILK YARN including thrown silk warps and yarn spun from silk waste or noils, but excluding sewing thread.*	Protective	25 per cent. <i>ad valorem</i> , plus 14 annas per lb.	....	....	March 31st, 1942.
47(1)	SILK SEWING THREAD	Protective	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
47(2)	ARTIFICIAL SILK YARN AND THREAD ..	Revenue	25 per cent. <i>ad valorem</i> or 3 annas per lb., whichever is higher.	....	....	....
47(3)	WOOLLEN YARN, not otherwise specified ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(4)	WOOLLEN YARN for weaving and knitting wool.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(5)	COTTON THREAD, other than sewing or darning thread.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(6)	COTTON TWIST AND YARN, and cotton sewing or darning thread†—					
	(a) of counts above 50's—					
	(i) of British manufacture ..	Protective	5 per cent. <i>ad valorem</i>..	....	....	March 31st, 1942.
	(ii) not of British manufacture ..	Protective	6½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(b) of counts 50's and below—					
	(i) of British manufacture ..	Protective	5 per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher.	....	....	March 31st, 1942.
	(ii) not of British manufacture ..	Protective	6½ per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher.	....	....	March 31st, 1942.
47(7)	TWIST AND YARN OF FLAX OR JUTE	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(8)	YARN (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery.	Revenue	6½ per cent. <i>ad valorem</i>.	....	....	....
48	FABRICS, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk—					
	(a) Pongee	Protective	50 per cent. <i>ad valorem</i> plus Re. 1 per lb.	....	....	March 31st, 1942.
	(b) Fuji, Boseki and corded (excluding white cord).	Protective	50 per cent. <i>ad valorem</i> plus Re. 1-8 per lb.	....	....	March 31st, 1940.
	(c) Other sorts‡	Protective	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb.	....	....	March 31st, 1940.

Note :—By Act XXII of 1940, the duration of the protective duties on Items 46, 46(1) 47, 47(1), 48 and 48(4) was extended until March, 1942.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, noil yarn is exempt from payment of the additional specific duty of 14 annas per lb.

† Under Government of India, Finance Department (Central Revenues) Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cotton sewing or darning thread wound on reels, balls, tubes, cards, bobbins, spools, cops, cheeses and cones is liable to duty at 5 per cent. *ad valorem* when the thread is of British manufacture and at 6½ per cent. *ad valorem* when it is of non-British manufacture.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, (1) Chinese silk piecegoods, the following, namely, Ghat-Pote, plain and flower, and Gauze, plain and flower, are liable to duty at 50 per cent. *ad valorem* plus Re. 1 per lb., and (2) Paj, all sorts, are exempt from so much of the duty as is in excess of 75 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI—<i>contd.</i>						
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>						
48(1)	FABRICS, not otherwise specified, containing more than 90 per cent. of artificial silk—					
	(a) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher.	....	....	March 31st, 1942.
	(b) not of British manufacture*	Protective ..	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	....	....	March 31st, 1942.
48(2)	WOOLLEN FABRICS, not otherwise specified, containing more than 90 per cent. of wool, excluding felt and fabrics made of shoddy or waste wool.	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1.2 per lb., whichever is higher.	....	....	....
48(3)	COTTON FABRICS, not otherwise specified, containing more than 90 per cent. of cotton—					
	(a) Grey piecegoods (excluding bordered grey chadars, dhuties, saris and scarves)—					
	(i) of British manufacture†	Protective ..	15 per cent. <i>ad valorem</i> or 2½ annas per lb., whichever is higher.	....	....	March 31st, 1942.
	(ii) not of British manufacture	Protective ..	50 per cent. <i>ad valorem</i> or 5½ annas per lb., whichever is higher.	....	....	March 31st, 1942.
	(b) Printed piecegoods and printed fabrics—					
	(i) of British manufacture‡	Protective ..	17½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(ii) not of British manufacture§	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(c) Cotton piecegoods and fabrics, not otherwise specified—					
	(i) of British manufacture	Protective ..	15 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(ii) not of British manufacture	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
48(4)	FABRICS, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk—					
	(a) containing more than 50 per cent. of silk or artificial silk or of both.	Protective ..	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb.	....	....	March 31st, 1942.
	(b) containing not more than 50 per cent. of silk or artificial silk or of both—					
	(i) containing more than 10 per cent. artificial silk‡‡	Protective ..	50 per cent. <i>ad valorem</i> or Re. 1.8 per lb., whichever is higher.	....	....	March 31st, 1940.
	(ii) containing no artificial silk or not more than 10 per cent. artificial silk.‡‡	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1940.
48(5)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk—					
	(a) containing 50 per cent. or more cotton—					
	(i) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2 annas per square yard, whichever is higher.	....	....	March 31st, 1942.
	(ii) not of British manufacture§§	Protective ..	50 per cent. <i>ad valorem</i> or 3½ annas per square yard, whichever is higher.	....	....	March 31st, 1942.

* Under Government of India, Commerce Department, Notification No. 341-T. (5)/37, dated the 1st April, 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5 annas per square yard, whichever is higher.

† Under Government of India, Department of Commerce, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the duty on grey piecegoods of British manufacture was reduced, with effect from the 17th April, 1940, to 12½ per cent. *ad valorem* or 2½ annas per lb. whichever is higher.

‡ Under Government of India, Department of Commerce, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the duty on printed piecegoods and printed fabrics of British manufacture was reduced, with effect from the 17th April, 1940, to 15 per cent. *ad valorem*.

§ Under Government of India, Department of Commerce, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the duty on cotton piecegoods and fabrics, not otherwise specified, of British manufacture was reduced, with effect from the 17th April, 1940, to 12½ per cent. *ad valorem*.

‡‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, woollen all-overs embroidered with artificial silk are exempt from so much of the duty as is in excess of 25 per cent. *ad valorem* or Re. 1.2 per lb., whichever is higher.

§§ Under Government of India, Commerce Department, Notification No. 341-T. (5)/37, dated the 1st April, 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 4 annas per square yard, whichever is higher.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI—<i>contd.</i>						
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>						
	(b) containing no cotton or containing less than 50 per cent. cotton—					
	(i) of British manufacture	Protective	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher.	....	....	March 31st, 1942.
	(ii) not of British manufacture*	Protective	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	....	....	March 31st, 1942.
48(6)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk, but containing more than 10 per cent. but not more than 90 per cent. wool.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
48(7)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton—					
	(a) of British manufacture	Protective	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(b) not of British manufacture	Protective	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
48(8)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool or 50 per cent. cotton.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
48(9)	THE FOLLOWING COTTON FABRICS, namely, Sateens including Italians of Sateen weave, velvets and velveteens and embroidered all-overs—					
	(a) Printed fabrics—					
	(i) of British manufacture†	Protective	17½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(ii) not of British manufacture	Protective	35 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(b) Other fabrics—					
	(i) of British manufacture‡	Protective	15 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(ii) not of British manufacture	Protective	35 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
48(10)	FABRICS containing gold or silver thread	Protective	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
49	TEXTILE MANUFACTURES, the following articles when made wholly or mainly of any of the fabrics specified in Item No. 48, 48(1), 48(3), 48(4), 48(5), 48(7), 48(9) or 48(10) :—	Protective	The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made.	....	....	The duration applicable to the fabric of which the article is wholly or mainly made.
	Bed sheets.					
	Bed spreads.					
	Bolster cases.					
	Counterpanes.					
	Cloths, table.					
	Cloths, tray.					
	Covers, bed.					
	Covers, table.					
	Dusters.					
	Glass-cloths.					
	Handkerchiefs.					
	Napkins.					
	Pillow cases.					
	Pillow slips.					
	Scarves.					
	Shirts.					
	Shawls.					
	Sacks (cotton).					
	Towels.					
	Umbrella Coverings.					
49(1)	FENRS, being <i>bona fide</i> remnants of piecegoods or other fabrics—					
	(a) of materials liable to duty under Item 48(3), not exceeding 4 yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
	(b) of materials liable to duty under Item 48, 48(1), 48(4), or 48(5), not exceeding 2½ yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
	(c) of other materials, not exceeding 4 yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
49(2)	RIBBONS	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Commerce Department, Notification No. 341-T. (5)/37, dated the 1st April, 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5 annas per square yard, whichever is higher.

† Under Government of India, Department of Commerce, Notification No. 20-T.(17).39, dated the 16th April, 1940, the duty on printed fabrics of British manufacture was reduced, with effect from the 17th April, 1940, to 15 per cent. *ad valorem*.

‡ Under Government of India, Department of Commerce, Notification No. 20-T.(17).39, dated the 16th April, 1940, the duty on other fabrics of British manufacture was reduced, with effect from the 17th April, 1940, to 12½ per cent. *ad valorem*.

SCHEDULE II—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI—<i>concl.</i>						
TEXTILE MATERIALS AND TEXTILE GOODS—<i>concl.</i>						
49(3)	BLANKETS AND RUGS (other than floor rugs), excluding blankets and rugs made wholly or mainly from artificial silk.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
49(4)	WOOLLEN CARPETS, FLOOR RUGS, SHAWLS AND OTHER MANUFACTURES OF WOOL, not otherwise specified, including felt.*	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
49(5)	COTTON BRAIDS OR CORDS, the following, namely:— Ghoonsis and Muktakesis.	Protective ..	6½ annas per lb. ..	....	....	March 31st, 1942.
50	JUTE MANUFACTURES not otherwise specified..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(1)	SECOND-HAND OR USED GUNNY BAGS OR CLOTH MADE OF JUTE.	....	Free .. .. .	....	....	....
50(2)	HEMP MANUFACTURES	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(3)	COTTON, HAIR AND CANVAS PLY BELTING for machinery.	Revenue ..	6½ per cent. <i>ad valorem</i>.	....	....	....
50(4)	ROPES, cotton .. .. .	....	Free .. .. .	....	....	....
50(5)	OIL CLOTH AND FLOOR CLOTH	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(6)	CORDAGE, ROPE AND TWINE OF VEGETABLE FIBRE OTHER THAN JUTE AND COTTON, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(7)	MATS AND MATTINGS, not otherwise specified..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(8)	COIR FIBRE, COIR YARN AND COIR MATS AND MATTING.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
			Per cwt.			
			Rs. S. P.			
	Coir fibre		4 0 0			
	Coir yarn		10 8 0			
51	SOCKS AND STOCKINGS made wholly or mainly from silk or artificial silk.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
51(1)	WOOLLEN HOSIERY AND WOOLLEN KNITTED APPAREL, that is to say, all hosiery and knitted apparel containing not less than 15 per cent. of wool by weight.	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1.2 per lb., whichever is higher.	....	....	....
51(2)	COTTON KNITTED APPAREL, including apparel made of cotton interlocking material, cotton undervests, knitted or woven, and cotton socks and stockings—					
	(a) of a weight not exceeding 4 lbs. per dozen.	Protective ..	25 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher.	....	....	March 31st, 1942.
	(b) of a weight exceeding 4 lbs. per dozen..	Protective ..	25 per cent. <i>ad valorem</i> or 10 annas per lb., whichever is higher.	....	....	March 31st, 1942.
51(3)	COTTON KNITTED FABRIC	Protective ..	50 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher.	....	....	March 31st, 1942.
52	APPAREL, HOSIERY, HABERDASHERY, MILLINERY AND DRAPERY, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
52(1)	SILK OR ARTIFICIAL SILK GOODS used or required for medical purposes, namely:—silk or artificial silk ligatures; elastic silk or artificial silk hosiery, elbow pieces, thigh pieces, knee caps, leggings, socks, anklets, stockings, suspensory bandages, silk or artificial silk abdominal belts, silk or artificial silk web catheter tubes, and oiled silk or artificial silk.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
52(2)	UNIFORMS AND ACCOUTREMENTS APPERTAINING THERE TO, imported by a public servant for his personal use.	....	Free .. .. .	....	....	....
52(3)	INSIGNIA AND BADGES of official British and Foreign Orders.	....	Free .. .. .	....	....	....
53	TEXTILE MANUFACTURES, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
53(1)	RAGS AND OTHER PAPER-MAKING MATERIALS excluding wood pulp.	....	Free .. .. .	....	....	....
SECTION XII.						
FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION.						
54	BOOTS AND SHOES	Revenue ..	25 per cent. <i>ad valorem</i> or six annas per pair, whichever is higher.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, woolleu waste and rags are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XII—<i>contd.</i>					
	FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION—<i>contd.</i>					
54(1)*	.....	.....	.....	.....	.....	.....
54(2)	UPPERS FOR BOOTS AND SHOES unless entirely made of leather.	Revenue	25 per cent. <i>ad valorem</i> or three annas per pair, whichever is higher.	.....	.....	.....
55	HATS, CAPS, BONNETS AND HATTERS' WARE, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
56	PARASOLS AND SUNSHADES AND FITTINGS for umbrellas, parasols and sunshades.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
	<i>Tariff values—</i>	Per gross. Rs. a. p.				
	Umbrella ribs other than nickelled, brassed, fluted or metal tipped—					
	Solid Flexus, 23, 25 and 27 inches—					
	From Japan	2 8 0				
	From other countries ..	3 8 0				
	Solid Flexus, 16, 19 and 21 inches—					
	From Japan	2 0 0				
	Solids, 23, 25 and 27 inches—					
	From Japan	2 2 0				
	From other countries ..	2 4 0				
	Solids, 16, 19 and 21 inches—					
	From Japan	1 9 0				
	From other countries ..	1 12 0				
56(1)	UMBRELLAS	Revenue	25 per cent. <i>ad valorem</i> or eight annas each, whichever is higher.	.....	.....	.....
57*	.....	.....	.....	.....	.....	.....
	SECTION XIII.					
	WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE.					
58	ARTICLES MADE OF STONE OR MARBLE ..	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
58(1)	ASBESTOS MANUFACTURES, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
58(2)	PACKING—ENGINE AND BOILER—all sorts, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59	BUILDING AND ENGINEERING MATERIALS, all sorts not of iron, steel or wood, not otherwise specified, including tiles other than glass, earthenware or porcelain tiles, and firebricks not being component parts of any articles included in Item No. 72 or No. 74(2).†	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59(1)	BUILDING AND ENGINEERING BRICKS ..	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59(2)	EARTHENWARE, CHINA AND PORCELAIN, all sorts not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59(3)	EARTHENWARE PIPES AND SANITARY WARE..	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59(4)	TILES OF EARTHENWARE AND PORCELAIN ..	Revenue	25 per cent. <i>ad valorem</i> or two annas per square foot, whichever is higher.	.....	.....	.....
59(5)	DOMESTIC EARTHENWARE, china and porcelain, the following, namely:—					
	(a) Tea cups and coffee cups—					
	(i) having a capacity of more than 7½ ozs.	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	.....	.....	.....
	(ii) having a capacity of not more than 7½ ozs.	Revenue	25 per cent. <i>ad valorem</i> or four annas per dozen, whichever is higher.	.....	.....	.....
	(b) Saucers—					
	(i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	Revenue	25 per cent. <i>ad valorem</i> or five annas per dozen, whichever is higher.	.....	.....	.....
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	Revenue	25 per cent. <i>ad valorem</i> or two annas per dozen, whichever is higher.	.....	.....	.....

* There are no entries bearing Item Nos. 54(1) and 57.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sand is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XIII—<i>concl.</i>					
	WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE— <i>concl.</i>					
	(c) Tea-pots—					
	(i) having a capacity of more than 20 ozs.	Revenue	25 per cent. <i>ad valorem</i> or Rs. 3 per dozen, whichever is higher.	....	....	....
	(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher.	....	....	....
	(iii) having a capacity of not more than 10 ozs.	Revenue	25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher.	....	....	....
	(d) Sugar-bowls	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher.	....	....	....
	(e) Jugs having a capacity of over 10 ozs.	Revenue	25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher.	....	....	....
	(f) Plates over 5½ inches in diameter—					
	(i) over 8½ inches in diameter	Revenue	25 per cent. <i>ad valorem</i> or Re. 1 per dozen, whichever is higher.	....	....	....
	(ii) not over 8½ inches in diameter	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	....	....	....
59(6)	COVERED CRUCIBLES FOR GLASS-MAKING	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
60	GLASS AND GLASSWARE, not otherwise specified, and lacquered ware.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per gross. Rs. a. p.					
	Aerated water bottles, empty—					
	Codd's pattern—					
	Under 10 ozs.	.. ..	17 8 0			
	10 ozs.	.. ..	18 8 0			
	Over 10 ozs.	.. ..	19 8 0			
	Crown cork pattern—					
	7 ozs. and under	.. ..	14 0 0			
	Over 7 ozs. up to and including 10 ozs.	.. ..	15 0 0			
	Over 10 ozs.	.. ..	16 0 0			
60(1)	GLASS GLOBES AND CHIMNEYS for lamps and lanterns—					
	(a) Globes for hurricane lanterns	Revenue	25 per cent. <i>ad valorem</i> or four annas and six pies per dozen, whichever is higher.	....	....	....
	(b) Other globes and chimneys having an external base diameter of over one inch.	Revenue	25 per cent. <i>ad valorem</i> or three annas per dozen, whichever is higher.	....	....	....
60(2)	ELECTRIC LIGHTING BULBS	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
60(3)	GLASS BANGLES, GLASS BEADS AND FALSE PEARLS.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per 100 pairs. Rs. a. p.					
	Glass bangles—					
	<i>China—</i>					
	Ninuchi and pasala	.. ..	2 0 0			
	Bracelet, Jodi and fancy, all kinds.	.. ..	4 0 0			
	Rajawarakh, all kinds	.. ..	7 0 0			
	<i>Japan—</i>					
	Reshmi or lustre, all colours—					
	Fancy (including all kinds of Vankvel or zigzag but excluding hexagonal bangles).	.. ..	0 1 8			
	Fancy hexagonal	.. ..	0 0 9			
	All others	.. ..	0 0 9			
	Hollow or tube, all colours.	.. ..	0 1 8			
	Sonerikada (golbala)—					
	Containing gold in their composition.	.. ..	0 13 0			
	All others	.. ..	0 2 2			
	SECTION XIV.					
	REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS; COIN (SPECIE).					
61	PRECIOUS STONES, unset and imported uncut, and Pearls, unset.	....	Free	....	....	....

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XIV—<i>concl.</i>						
REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS; COIN (SPECIE)—<i>concl.</i>						
61(1)	PRECIOUS STONES, unset and imported cut* ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
61(2)	SILVER BULLION AND SILVER SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.†	Revenue ..	Three annas per ounce.	....	....	....
61(3)	GOLD BULLION AND GOLD SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.	....	Free .. .. .	....	....	....
61(4)	SILVER PLATE AND SILVER MANUFACTURES, all sorts not otherwise specified.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(5)	SILVER THREAD AND WIRE (including so-called gold thread and wire mainly made of silver) and silver leaf including also imitation gold and silver thread and wire, lametta and metallic spangles and articles of a like nature, of whatever metal made.‡	Protective ..	62½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1941.
61(6)	GOLD PLATE, GOLD LEAF AND GOLD MANUFACTURES, all sorts not otherwise specified.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(7)	GOLD OR GOLD-PLATED PEN NIBS	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(8)	ARTICLES, other than cutlery and surgical instruments, plated with gold or silver.§	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(9)	CUTLERY, plated with gold or silver	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(10)	JEWELLERY AND JEWELS¶	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
62	CURRENT COIN OF THE GOVERNMENT OF INDIA.	....	Free .. .. .	....	....	....
62(1)	SILVER COIN, not otherwise specified	Revenue ..	Three annas per ounce.	....	....	....
62(2)	GOLD COIN .. .. .	....	Free .. .. .	....	....	....
SECTION XV.						
BASE METALS AND ARTICLES MADE THEREFROM.						
63	IRON OR STEEL, old Tariff value— Per cwt. Rs. a. p. Iron or steel, old 2 0 0	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(1)	IRON ALLOYS, viz., ferro-manganese, ferro-silicon, ferro-chrome, spiegeleisen and the like as commonly used for steel making.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(2)	IRON OR STEEL ANGLE, CHANNEL, TEE, FLAT, BEAM, ZED, TROUGH AND PILING— (a) not fabricated— (i) of British manufacture— not coated with other metals..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;¶ or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	coated with other metals ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;¶ or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India¶ plus Rs. 43 per ton.	....	....	March 31st, 1941.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, precious stones imported cut and unset are liable to duty at 5 per cent. *ad valorem*.

† The rate of excise duty on the 1st January, 1940, and until further notice, on all silver produced in silver works in British India, is 3 annas per ounce.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, all the articles included in this item are liable to duty at 50 per cent. *ad valorem*.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, articles of imitation jewellery (including buttons and other fasteners) which consist of, or include, base metal plated with gold or silver and in which the proportion of precious metal to total metallic contents is less than 1.5 per cent., are liable to duty which would have been leviable had they contained no gold or silver.

¶ The rate of excise duty on the 1st January, 1940, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
(b) fabricated—						
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(3)	IRON OR STEEL BAR AND ROD—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
63(4)	IRON, pig	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(5)	IRON RICE BOWLS	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(6)	CAST IRON PIPES AND TUBES: also cast iron fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like—					
	(i) of British manufacture†	Protective ..	10 per cent. <i>ad valorem</i>.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	Rs. 57-8-0 per ton ..	....	....	March 31st, 1941.
63(7)	CAST IRON PLATES	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(8)	STEEL INGOTS	Revenue ..	The excise duty leviable for the time being on steel ingots produced in British India* or 15½ per cent. <i>ad valorem</i> , whichever is higher.	....	....	....
	Iron or steel blooms, billets and slabs, provided that no piece less than 1½ inches square or thick shall be included in this item.‡					
63(9)	IRON OR STEEL STRUCTURES, fabricated partially or wholly, not otherwise specified, if made mainly or wholly of iron or steel bars, sections, plates or sheets, for the construction of buildings, bridges, tanks, well curbs, trestles, towers and similar structures or for parts thereof, but not including builders' hardware or any of the articles specified in Item Nos. 72, 72(3), 74(1), 75(3), 75(4) or 76(1)—					
	(a) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(b) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(10)	STEEL, TINPLATES AND TINNED SHEETS, including tin taggers, and cuttings of such plates, sheets or taggers—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 38 per ton.	....	....	March 31st, 1941.

* The rate of excise duty on the 1st January, 1940, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cast iron fittings for cast iron pipes and tubes, that is to say, bends, bolts, elbows, tees, sockets, flanges, plugs, valves, cocks and the like of British manufacture are exempt from so much of the duty as is in excess of Rs. 57-8 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel billets are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE 1—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 59 per ton.	....	....	March 31st, 1941.
63(11)	IRON OR STEEL ANCHORS AND CABLES	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(12)	A. IRON OR STEEL BOLTS AND NUTS, including hookbolts and nuts for roofing but excluding fish bolts and nuts—					
	(i) of British manufacture†	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 1-9-0 per cwt.	....	....	March 31st, 1941.
	B. IRON OR STEEL FISH BOLTS AND NUTS—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 4-5-0 per cwt.	....	....	March 31st, 1941.
63(13)	IRON OR STEEL EXPANDED METAL	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(14)	IRON OR STEEL HOOPS AND STRIPS	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(15)	IRON OR STEEL RIVETS—					
	(i) of British manufacture‡	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 1-14-0 per cwt.	....	....	March 31st, 1941.
63(16)	IRON OR STEEL NAILS AND WASHERS, all sorts not otherwise specified.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
		Per cwt.				
	Nails—	Rs. s. p.				
	Nails, rose and deck ..	16 0 0				
	Nails, bullock and horse-shoe.	45 0 0				
63(17)	IRON OR STEEL PIPES AND TUBES AND FITTINGS THEREFOR, if riveted or otherwise built up of plates or sheets—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 35 per ton.	....	....	March 31st, 1941.

* The rate of excise duty on the 1st January, 1940, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel bolts and nuts of British manufacture, including hook-bolts and nuts for roofing but excluding fish bolts and nuts are exempt from so much of the duty as is in excess of Rs. 37-4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel rivets of British manufacture are exempt from so much of the duty as is in excess of Rs. 43-8 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
63(18)	IRON OR STEEL PIPES AND TUBES; also fittings therefor, that is to say, bends, bolts, elbows, tees, sockets, flanges, plugs, valves, cocks and the like, excluding pipes, tubes and fittings therefor otherwise specified.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(19)	IRON OR STEEL PLATES EXCLUDING CAST IRON PLATES—					
	(a) not fabricated—					
	(i) of British manufacture*—					
	not coated with other metals ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	coated with other metals ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 25 per ton.	....	....	March 31st, 1941.
	(b) fabricated—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(20)	IRON OR STEEL SHEETS—					
	(a) not fabricated—					
	(1) not galvanized—					
	(i) of British manufacture ‡	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 32 per ton.	....	....	March 31st, 1941.
	(2) galvanized—					
	(i) of British manufacture ‡	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 40 per ton.	....	....	March 31st, 1941.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel plates of British manufacture, assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 30-5-4 per ton.

† The rate of excise duty on the 1st January, 1940, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 37-5-4 per ton.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 45-5-4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XV—<i>contd.</i>					
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>					
	(b) fabricated—					
	(1) not galvanized—					
	(i) of British manufacture*	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 35 per ton.	....	....	March 31st, 1941.
	(2) galvanized—					
	(i) of British manufacture‡	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 44 per ton.	....	....	March 31st, 1941.
63(21)	IRON OR STEEL RAILWAY TRACK MATERIAL—					
	A. Rails (including tramway rails the heads of which are not grooved)—					
	(a) 30 lbs. per yard and over, and fish-plates therefor—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India;† or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India;† or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) under 30 lbs. per yard and fish-plates therefor—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 39 per ton.	....	....	March 31st, 1941.
	B. Switches and crossings including stretcher bars and other component parts, and switches and crossings including stretcher bars and other component parts for tramway rails the heads of which are not grooved—					
	(a) for rails 30 lbs. per yard and over—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India;† or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 41 per ton.

† The rate of excise duty on the 1st January, 1940, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 50 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) for rails under 30 lbs. per yard—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 43 per ton.	....	....	March 31st, 1941.
	C. Sleepers, and sleeper bars, other than cast iron—					
	(i) of British manufacture† ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture† ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	D. Spikes (other than dog-spikes) and tie-bars—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton.	....	....	March 31st, 1941.
	E. Dog-spikes—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 2-15-0 per cwt.	....	....	March 31st, 1941.
	F. Gibs, cotters, keys (including tapered key bars), distance pieces and other fastenings for use with iron or steel sleepers—					
	(i) of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.

* The rate of excise duty on the 1st January, 1940, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel sleeper bars, other than cast iron, are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 2-15-0 per cwt.	....	....	March 31st, 1941.
63(22)	IRON OR STEEL RAILWAY TRACK MATERIALS, not otherwise specified, including bearing plates, cast iron sleepers and lever boxes.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(23)	IRON OR STEEL TRAMWAY TRACK MATERIALS, not otherwise specified, including rails, fish-plates, tie-bars, switches, crossings and the like materials of shapes and sizes specially adapted for tramway tracks.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(24)	IRON OR STEEL BARBED OR STRANDED WIRE AND WIRE ROPE.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(25)	IRON OR STEEL WIRE, other than barbed or stranded wire, wire rope or wire netting; and iron or steel wire nails—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 25 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 60 per ton.	....	....	March 31st, 1941.
63(26)	IRON OR STEEL (other than bar or rod) specially designed for the reinforcement of concrete.	Revenue ..	15½ per cent. <i>ad valorem</i>.	..	....	....
63(27)	IRON OR STEEL, the original material (but not including machinery) of any ship or other vessel intended for inland or harbour navigation which has been assembled abroad, taken to pieces and shipped for reassembly in India—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 27-8-0 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	Provided that articles dutiable under this item shall not be deemed to be dutiable under any other item.					
63(28)	ALL SORTS OF IRON AND STEEL AND MANUFACTURES THEREOF, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
		Per can.				
		Rs. a. p.				
	Iron and Steel cans or drums—					
	When imported containing kerosene and motor spirit, namely:—					
	Cans, tinned, of four gallons capacity.	0 5 6				
		Per can or drum.				
	Cans or drums, not tinned, of two gallons capacity—					
	(a) with faucet caps ..	0 15 6				
	(b) ordinary	0 5 6				

* The rate of excise duty on the 1st January, 1940, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
<i>Tariff values—</i>						
	Drums of four gallons capacity—	Per drum.				
	(a) with faucet caps ..	Rs. a. p. 1 8 0				
	(b) ordinary	0 13 0				
63(29)	ENAMELLED IRONWARE, the following, namely:—					
	(a) Sign-boards	Revenue ..	25 per cent. <i>ad valorem</i> . or four and a half annas per square foot, whichever is higher.	....	....	....
	(b) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thalas, including rice-cups, rice-bowls and rice plates—					
	(i) having no diameter exceeding 19 centimetres.	Revenue ..	25 per cent. <i>ad valorem</i> or per dozen four annas plus one anna for every two centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher.	....	....	....
	(ii) having any diameter exceeding 19 centimetres.	Revenue ..	25 per cent. <i>ad valorem</i> or per dozen eight annas plus two annas for every two centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher.	....	....	....
64	COPPER, wrought, and manufactures of copper, all sorts, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
64(1)	COPPER, scrap	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
65	GERMAN SILVER including nickel silver ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
66	ALUMINIUM—circles, sheets and other manufactures, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
66(1)	UNWROUGHT INGOTS, BLOCKS AND BARS OF ALUMINIUM.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
67	LEAD, wrought—the following articles, namely, pipes and tubes and sheets other than sheets for tea chests.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
67(1)	LEAD SHEETS FOR TEA CHESTS.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
68	ZINC OR SPELTER, wrought or manufactured, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
68(1)	ZINC, unwrought, including cakes, ingots, tiles (other than boiler tiles), hard or soft slabs and plates, dust, dross and ashes; and broken zinc.	....	Free .. .. .	....	....	....
69	TIN, BLOCK	Revenue ..	Rs. 312-8 per ton ..	....	....	....
70	BRASS, BRONZE AND SIMILAR ALLOYS, wrought, and manufactures thereof, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
70(1)	ALL SORTS OF METALS OTHER THAN IRON AND STEEL, AND MANUFACTURES THEREOF, not otherwise specified.*	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
<i>Tariff value—</i>						
	Quicksilver	Per lb. Rs. a. p. 3 4 0				

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, radium is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>concl.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>concl.</i>						
71	HARDWARE, IRONMONGERY AND TOOLS, all sorts not otherwise specified, including incandescent mantles but excluding machine tools and agricultural implements.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>	Per gross. Rs. a. p.				
	Crown corks (except those bearing monogram or trade mark or name of an importer).	0 10 0				
71(1)	THE FOLLOWING HARDWARE, IRONMONGERY AND TOOLS, namely, agricultural implements not otherwise specified, buckets of tinned or galvanized iron, and pruning-knives.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
71(2)	CUTLERY, all sorts not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
71(3)	METAL FURNITURE AND CABINETWARE ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
71(4)	PRINTING TYPE	Revenue ..	One anna and three pies per lb.	....	....	....
71(5)	THE FOLLOWING PRINTING MATERIALS, namely, leads, brass rules, wooden and metal quoins, shooting sticks and galleys and metal furniture.	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
71(6)	RACKS FOR THE WITHERING OF TEA LEAF* ..	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
SECTION XVI.						
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL.						
72	MACHINERY, namely, such of the following articles as are not otherwise specified†:—	Revenue ..	10 per cent. <i>ad valorem</i>.	....	....	....
	(a) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts;					
	(b) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts;					
	(c) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose;					
	(d) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials (other than cotton, hair and canvas ply) and driving chains, but excluding driving ropes not made of cotton;					
	(e) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not, and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.					
	<i>Note.</i> —The term 'industrial system' used in sub-item (c) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.					

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, component parts of racks for the withering of tea leaf when proved to have been imported for use in racks for the withering of tea leaf are also liable to duty at 2½ per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, coffee pulpers and component parts thereof are exempt from payment of import duty, provided that nothing shall be deemed to be a component part of a coffee pulper for the purpose of this exemption unless it is essential for the working of such machine and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVI—<i>contd.</i>						
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>						
72(1)	THE FOLLOWING TEXTILE MACHINERY AND APPARATUS by whatever power operated, namely, healds; heald cords and heald knitting needles; reeds and shuttles; warp and weft preparation machinery and looms; bobbins and pirns; dobbles; Jacquard machines; Jacquard harness linen cords; Jacquard cards; punching plates for Jacquard cards; warping mills; multiple box sleys; solid border sleys; tape sleys; swivel sleys; tape looms; wool carding machines; wool spinning machines; hosiery machinery; coir mat shearing machines; coir fibre willowing machines; heald knitting machines; dobby cards; lattices and lags for dobbies; wooden winders; silk looms; silk throwing and reeling machines; cotton yarn reeling machines; sizing machines; doubling machines; silk twisting machines; cone winding machines; piano card cutting machines; harness building frames; card lacing frames; drawing and denting hooks; sewing thread balls making machines; cumble finishing machinery; hank boilers; cotton carding and spinning machines; mall eyes, lingoes, comber boards and comber board frames; take-up motions, temples and pickers; picking bands; picking sticks; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins.*	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
72(2)	PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electro-type blocks, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic nap rollers, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitreing machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines but excluding ink and paper.†	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
72(3)	COMPONENT PARTS OF MACHINERY as defined in Items Nos. 72, 72(1) and 72(2), namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose: Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
72(4)	PASSENGER LIFTS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
72(5)	DOMESTIC REFRIGERATORS	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
72(6)	MACHINERY AND COMPONENT PARTS THEREOF, meaning machines or parts of machines to be worked by manual or animal labour, not otherwise specified, and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one-quarter of one-horse power.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, the following textile machinery and apparatus and component parts thereof, namely, (1) ground stamping machines, (2) automatic hand repeating machines, (3) pattern cutting machines, (4) cloth analysis machines, (5) hand card punches and (6) automatic weaver knotters are also liable to duty at 10 per cent. *ad valorem*, provided that nothing shall be deemed to be a component part of textile machinery and apparatus for the purpose of this exemption unless it is essential for the working of such machinery and apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose. Under the same Notification jacquard harness linen cordage is liable to duty at 10 per cent. *ad valorem* or 4 annas per lb. whichever is higher.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following printing machinery and apparatus, namely, composing racks and cases, composing cabinets, die-stamping machines, galley racks, embossing machines, graining machines, furniture cases and racks, line-up and register tables, book sewing machines and cloth stripping machines are liable to duty, at 10 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XVI—<i>contd.</i>					
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>					
72(7)	WATER-LIFTS, SUGAR-MILLS, SUGAR CENTRIFUGES, SUGAR PUG-MILLS, OIL-PRESSES, AND PARTS THEREOF, when constructed so that they can be worked by manual or animal power and pans for boiling sugar-cane juice.	....	Free .. .. .	....	....	....
72(8)	THE FOLLOWING AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, binding machines, elevators, seed and corn crushers, chaff-cutters, root-cutters, ensilage-cutters, horse and bullock gear, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, hay presses, potato-diggers, latex spouts, spraying machines, powder-blowers, white-ant exterminating machines, beet pullers, broadcast seeders, corn pickers, corn shellers, culti-packers, drag scrapers, stalk cutters, huskers and shredders, potato planters, lime sowers, manure spreaders, listers, soil graders, and rakes; also agricultural tractors, also component parts of these implements, machines or tractors, provided that they can be readily fitted into their proper places in the implements, machines or tractors for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.*	....	Free .. .. .	....	....	....
72(9)	THE FOLLOWING DAIRY AND POULTRY FARMING APPLIANCES, namely, cream separators, milking machines, milk sterilizing or pasteurizing plant, milk aerating and cooling apparatus, churns, butter dryers, butter workers, milk bottle fillers and cappers, apparatus specially designed for testing milk and other dairy produce, and incubators; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy and poultry farming purposes.†	....	Free .. .. .	....	....	....
72(10)	SEWING AND KNITTING MACHINES (and parts thereof) to be worked by manual labour or which require for their operation less than one-quarter of one-horse-power.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
73	ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, not otherwise specified, excluding telegraphic and telephonic.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
73(1)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely:— Electrical Control Gear and Transmission Gear, namely, switches (excluding switch-boards), fuses and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; and regulators for use with motors designed to consume less than 187 watts; bare or insulated copper wires and cables, any one core of which, not being one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity; and line insulators, including also cleats, connectors, leading-in tubes and the like, of types and sizes such as are ordinarily used in connection with the transmission of power for other than industrial purposes, and the fittings thereof but excluding electrical earthenware and porcelain otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the following agricultural machines and implements, namely, flame throwers for attachment to spraying machines designed for the extermination of locusts and latex cups, are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, (1) dairy appliances, excluding transport containers and articles included in this item, provided they are specially designed as dairy appliances and for use for milking the cow or for any subsequent process carried out in the dairy in connection with milk, cream, butter or cheese and (2) component parts of such dairy appliances, provided they can be readily fitted into their proper places in the appliances for which they are imported and they cannot ordinarily be used for other than dairy purposes are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XVI—<i>concl.</i>					
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>concl.</i>					
73(2)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely, telegraphic and telephonic instruments, apparatus and appliances not otherwise specified, flash lights, carbons, condensers, and bell apparatus, and switch-boards designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; also accumulators, batteries and electro-medical apparatus.* ††	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
73(3)	TELEGRAPHIC INSTRUMENTS AND APPARATUS AND PARTS THEREOF, imported by, or under the orders of, a Railway Administration.	Revenue	15½ per cent. <i>ad valorem</i>.	....	....	....
73(4)	WIRELESS RECEPTION INSTRUMENTS AND APPARATUS AND COMPONENT PARTS THEREOF, including all electric valves, amplifiers and loud speakers which are not specially designed for purposes other than wireless reception or are not original parts of and imported along with instruments or apparatus so designed.*	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
73(5)	ELECTRICAL EARTHENWARE AND PORCELAIN, the following, namely:—					
	(a) Insulators, Shackle, Sinclair, Cordeaux or Pin-type, not otherwise specified—					
	(i) fitted	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-2 per dozen, whichever is higher.	....	....	....
	(ii) not fitted	Revenue	25 per cent. <i>ad valorem</i> or fourteen annas per dozen, whichever is higher.	....	....	....
	(b) Two-way cleats	Revenue	25 per cent. <i>ad valorem</i> or four annas per gross of pairs, whichever is higher.	....	....	....
	(c) Spacing insulators	Revenue	25 per cent. <i>ad valorem</i> or two annas per gross, whichever is higher.	....	....	....
	(d) Ceiling roses—					
	(i) fitted	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	....	....	....
	(ii) not fitted	Revenue	25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher.	....	....	....
	(e) Joint-box cut-outs—					
	(i) fitted	Revenue	25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher.	....	....	....
	(ii) not fitted	Revenue	25 per cent. <i>ad valorem</i> or six annas per dozen, whichever is higher.	....	....	....
73(6)	RUBBER-INSULATED COPPER WIRES AND CABLES, no core of which, other than one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, whether made with any additional insulating or covering material or not.	Revenue	6½ per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following wireless apparatus is liable to duty at 2½ per cent. *ad valorem*:—

- (i) apparatus for wireless reception [excluding apparatus specially designed for the reception of broadcast wireless and apparatus of the description specified in clause (ii)] and component parts of such apparatus, when imported under cover of (a) a certificate issued by the Director-General of Posts and Telegraphs to the effect that he is satisfied that the apparatus will not be used for the reception of broadcast wireless or (b) a certificate to the same effect issued by the Controller of Broadcasting, if the apparatus is imported for the All-India Radio, by the Officer Commanding, Aircraft Depot, Royal Air Force (India), if the apparatus is imported by the Royal Air Force, by the following officers, if the apparatus is imported by the Royal Indian Navy, namely—at Bombay, by the Naval Store Officer; at Karachi, by the Sea Transport Officer; and at Calcutta and Madras, by the Agent for Government Consignments concerned, and by the following officers, if imported for the Army, namely—at Karachi, by the Embarkation Supply and Stores Officer, Kiamari; at Bombay, by the Ordnance Officer, Bombay Depot, at Calcutta, by the Embarkation Supply and Stores Officer at that port, and at other ports, by the Agent for Government Consignments concerned;
- (ii) apparatus for wireless reception incorporated in a single unit with transmitting apparatus;
- (iii) wireless transmission apparatus and component parts thereof;

Provided that nothing shall be deemed to be a component part of apparatus for wireless telegraphy or telephony for the purpose of this exemption unless it is essential for the working of such apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated 22nd June, 1935, telegraphic instruments and apparatus and parts thereof imported for supply from bond for use of a Railway Administration are liable to duty at 15½ per cent. *ad valorem*, provided that, (i) at the time of delivering the bill-of-entry for warehousing a declaration is made thereon by the importer to the effect that the goods have been imported for supply from bond for the use of a Railway Administration; and (ii) a certificate from an Officer of the Railway Administration, duly empowered in that behalf by the Agent, is produced along with the application for clearance out of bond that the goods in question are not merely guaranteed stock, but will be definitely appropriated for the use of such Railway on clearance from bond.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, carbon blocks such as are ordinarily used for the manufacture of carbon brushes for electrical motors and generators are liable to duty at 15 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVII.						
TRANSPORT MATERIAL.						
74	COAL TUBS, TIPPING WAGONS AND THE LIKE CONVEYANCES, designed for use on light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel; and component parts thereof made of iron or steel—					
	(a) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
74(1)	TRAMCARS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
74(2)	RAILWAY MATERIALS FOR PERMANENT-WAY AND ROLLING-STOCK, namely, sleepers, other than iron and steel, and fastenings therefor; bearing plates, chairs, interlocking apparatus, brake-gear, shunting skids, couplings and springs, signals, turn-tables, weigh-bridges, carriages, wagons, traversers, rail removers, scooters, trolleys, trucks; also cranes, water-cranes and water-tanks when imported by or under the orders of a railway administration:	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
	Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Central Government may, by notification in the <i>Official Gazette</i> specifically include therein:					
	Provided also that articles of machinery as defined in Item No. 72 or No. 72(3) shall not be deemed to be included hereunder.					
74(3)	COMPONENT PARTS OF RAILWAY MATERIALS, as defined in Item No. 74(2), namely, such parts only as are essential for the working of railways and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose:	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
	Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the railway material to which they belong, if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.					
75	CONVEYANCES, not otherwise specified, and component parts and accessories thereof; also motor vans and motor lorries imported complete.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
75(1)	MOTOR CARS INCLUDING TAXI CARS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof, provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this Item or in Items Nos. 75(2) and 75(3) shall be dutiable at the rate of duty specified for such articles.	Preferential revenue.	37½ per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	....	....
75(2)	MOTOR CYCLES AND MOTOR SCOOTERS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof except such articles as are also adapted for use as parts and accessories of motor cars.	Preferential revenue.	37½ per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	....	....
75(3)	MOTOR OMNIBUSES; chassis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories not otherwise specified, excluding rubber tyres and tubes and such parts and accessories of motor vehicles included in this item as are also adapted for use as parts and accessories of motor cars.	Preferential revenue.	25 per cent. <i>ad valorem</i> .	17½ per cent. <i>ad valorem</i>.	....	....
75(4)	CARRIAGES AND CARTS which are not mechanically propelled, not otherwise specified, and parts and accessories thereof; excluding rubber tyres and tubes.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

* The rate of excise duty on the 1st January, 1940, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVII—<i>concl.</i>						
TRANSPORT MATERIAL—<i>concl.</i>						
75(5)	CYCLES (other than motor cycles) imported entire or in sections, and part and accessories thereof; excluding rubber tyres and tubes.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
76	AEROPLANES, aeroplane parts, aeroplane engines, aeroplane engine parts and rubber tyres and tubes used exclusively for aeroplanes.*	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
76(1)	SHIPS AND OTHER VESSELS FOR INLAND AND HARBOUR NAVIGATION, including steamers, launches, boats and barges imported entire or in sections: Provided that articles of machinery as defined in Item No. 72 or No. 72(3) shall, when separately imported, not be deemed to be included hereunder.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
76(2)	LIGHT SHIPS .. .. .	....	Free .. .. .	....	....	....
76(3)	FURNITURE TACKLE AND APPAREL, not otherwise described, for steam-sailing, rowing and other vessels.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
SECTION XVIII.						
SCIENTIFIC AND PRECISION INSTRUMENTS AND APPARATUS; WATCHMAKERS' AND CLOCKMAKERS' WARES; MUSICAL INSTRUMENTS.						
77	INSTRUMENTS, APPARATUS AND APPLIANCES, other than electrical, all sorts not otherwise specified, including photographic.†	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
77(1)	INSTRUMENTS, APPARATUS AND APPLIANCES imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.	....	Free .. .. .	....	....	....
77(2)	OPTICAL, SCIENTIFIC, PHILOSOPHICAL AND SURGICAL INSTRUMENTS, APPARATUS AND APPLIANCES.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
77(3)	ARTIFICIAL TEETH	Preferential revenue.	25 per cent. <i>ad valorem</i>.	....	15 per cent. <i>ad valorem</i>.	....
78	CLOCKS AND WATCHES AND PARTS THEREOF ..	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
79	MUSICAL INSTRUMENTS AND PARTS THEREOF, all sorts and records for talking machines.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
SECTION XIX.						
ARMS AND AMMUNITION.						
80	SAVE WHERE OTHERWISE SPECIFIED, all articles which are arms or parts of arms within the meaning of the Indian Arms Act, 1878 (excluding springs used for air guns), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifed arms and all other sorts of ammunition and military stores, and any articles which the Central Government may, by notification in the <i>Official Gazette</i> , declare to be ammunition or military stores for the purposes of this Act.‡	Revenue ..	50 per cent. <i>ad valorem</i>	....	....	....
80(1)	SUBJECT TO THE EXEMPTIONS specified in Item No. 80(3)—Firearms, including gas and air guns, gas and air rifles and gas and air pistols not otherwise specified, but excluding parts and accessories thereof.‡	Revenue ..	Rs. 18-12 each or 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, (1) aircraft (other than aeroplanes) such as autogyros, airships, and the like; their parts, their engines, and parts of such engines and (2) aircraft materials, such as dope, 3-ply wood, duralumin sheets and fabric which have been given for use as aircraft materials some special shape or quality which would not be essential for their use for any other purpose are liable to duty at 2½ per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, photo-litho films are liable to duty at 10 per cent. *ad valorem*.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, arms forming part of military equipment of officers and non-commissioned officers of foreign armies detailed for training at Army Schools of Instruction in India are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom	A British Colony.	
	SECTION XIX—<i>concl.</i>					
	ARMS AND AMMUNITION—<i>concl.</i>					
80(2)	SUBJECT TO THE EXEMPTIONS specified in Item No. 80(3)—					
	(a) Barrels, whether single or double, for firearms, including gas and air guns, gas and air rifles, and gas and air pistols, not otherwise specified.	Revenue	Rs. 18-12 each.	} or 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i>.	....	....
	(b) Main springs and magazine springs for firearms, including gas guns, gas rifles and gas pistols.	Revenue	Rs. 6-4 each.		....	....
	(c) Gun stocks and breech blocks	Revenue	Rs. 3-12 each.		....	....
	(d) Revolver cylinders, for each cartridge they will carry.	Revenue	Rs. 2-8 each.		....	....
	(e) Actions (including skeleton and waster), breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Revenue	Rs. 1-4 each.		....	....
	(f) Machines for making, loading, or closing cartridges for rifled arms.	Revenue	50 per cent. <i>ad valorem</i>.		....	....
	(g) Machines for capping cartridges for rifled arms.	Revenue	50 per cent. <i>ad valorem</i>.		....	....
80(3)	THE FOLLOWING ARMS, AMMUNITIONS AND MILITARY STORES:—					
	(a) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform.	....	Free .. ..	....	....
	(b) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol, (i) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (ii) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving or, in the case of a police officer, by an Inspector-General or Commissioner of Police, to be imported by the officer for the purpose of his equipment.	....	Free .. ..	....	....
	(c) Swords for presentation as army or volunteer prizes.	....	Free .. ..	....	....
	(d) Arms, ammunition and military stores imported with the sanction of the Central Government for the use of any portion of the military forces of a State in India being a unit notified in pursuance of the First Schedule to the Indian Extradition Act, 1903.	....	Free .. ..	....	....
	(e) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.*	....	Free .. ..	....	....
80(4)	ORNAMENTAL ARMS OF AN OBSOLETE PATTERN possessing only an antiquarian value; masonic and theatrical and fancy dress swords, provided they are virtually useless for offensive or defensive purposes; and dahi intended exclusively for domestic, agricultural and industrial purposes.	Revenue	25 per cent. <i>ad valorem</i>.	....	....
81	CARTRIDGE CASES, filled and empty	Revenue	50 per cent. <i>ad valorem</i>.	....	....
	SECTION XX.					
	MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED.					
82	CORAL, prepared	Revenue	25 per cent. <i>ad valorem</i>.	....	....
82(1)	IVORY, manufactured, not otherwise specified..	Revenue	50 per cent. <i>ad valorem</i>.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, .22 inch Adapters, aim teachers and aperture sights for service rifles imported by officers commanding a unit of the Army in India for the instruction of their men are also exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*concl'd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XX—<i>concl'd.</i>						
MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED—<i>concl'd.</i>						
82(2)	BANGLES AND BRADS, not otherwise specified.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	I. Celluloid bangles, viz. —	Per doz. pairs.				
	(1) All plain, flat, bangles without border or groove of width not over $\frac{1}{2}$ inch but not under $\frac{1}{4}$ inch.	Rs. a. p. 0 10 6				
	(2) All plain, flat, bangles with border or groove of width not over $\frac{1}{2}$ inch but not under $\frac{1}{4}$ inch, excluding bangles with multiple borders or grooves.	0 9 0				
	II. Celluloid fancy bangles, viz. —					
	(1) Patla bangles, all colours, including zigzag patla bangles, of width under $\frac{1}{2}$ inch but not under $\frac{1}{4}$ inch.	0 3 3				
	(2) Rubber rings, passa, vavto, zigzag all colours and rainbow designs but excluding Cois, Dania, and Coral rools.	0 1 6				
86	BAUSHES, all sorts	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
84	TOYS, games, playing cards and requisites for games and sports, bird shot, toy cannons, air guns and air pistols for the time being excluded in any part of British India from the operation of all the prohibitions and directions contained in the Indian Arms Act, 1878, and bows and arrows.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Bird shot	Per cwt. Rs. a. p. 35 0 0				
	Tennis balls	Per dozen. 8 8 0				
85	BUTTONS, metal	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
85(1)	SMOKERS' REQUISITES, excluding tobacco and matches:	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
	Provided that mechanical lighters as defined in the Mechanical Lighters (Excise Duty) Act, 1934, shall be liable in addition to a duty equal to the amount of the excise duty imposed by that Act, on mechanical lighters manufactured in British India.*					
SECTION XXI.						
WORKS OF ART AND ARTICLES FOR COLLECTIONS.						
86	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards), not otherwise specified.†	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
86(1)	ART, works of, not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>	....	....	....
86(2)	ART, the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.	....	Free .. .. .	....	....	....
86(3)	SPECIMENS, MODELS AND WALL DIAGRAMS, illustrative of natural science, and medals and antique coins.‡	....	Free .. .. .	....	....	....
86(4)	POSTAGE STAMPS, whether used or unused ..	....	Free .. .. .	....	....	....
SECTION XXII.						
ARTICLES NOT OTHERWISE SPECIFIED.						
87	ALL OTHER ARTICLES not otherwise specified, including articles imported by post.‡	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

* The rate of excise duty on the 1st January, 1940, and until further notice is Re. 1-8 per lighter.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, unmanufactured mica and wreaths imported for being placed on graves are exempt from payment of import duty and stereo-film is liable to duty at 10 per cent. *ad valorem*.

SCHEDULE II—EXPORT TARIFF.

No.	Names of articles.	Per	Rate of duty.
JUTE, OTHER THAN BIMLIPATAM JUTE.			Rs. a.
1	RAW JUTE—		
	(1) Cuttings	Bale of 400 lbs.	1 4
	(2) All other descriptions	Bale of 400 lbs.	4 8
2	JUTE MANUFACTURES, when not in actual use as coverings, receptacles or bindings, for other goods—		
	(1) Sacking (cloth, bags, twist, yarn, rope and twine)*	Ton of 2,240 lbs.	20 0
	(2) Hessians and all other descriptions of Jute Manufactures not otherwise specified.†	Ton of 2,240 lbs.	32 0
§	RICE.		
4	RICE, HUSKED OR UNHUSKED, including rice flour but excluding rice bran and rice dust, which are free.	Indian maund of 82 2/7 lbs. avoirdupois weight.	Two annas and three pies.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, bagging for raw cotton made from cadis rove or from rove containing, in addition to cadis or other material not subject to export duty, not more than 15 per cent. jute weighing not less than 1½ lbs. per square yard and having a total of not more than 140 single or double warp and weft threads, per square yard, is exempt from payment of export duty and bagging for raw cotton made from jute rove (excluding bagging specified above as exempt from payment of export duty), weighing not less than 1½ lbs. per square yard and having a total of not more than 250 warp and weft threads per square yard, is liable to export duty at Rs. 5-8 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, lute rags such as are used for paper making are exempt from payment of export duty provided that the Customs Collector is satisfied that they are useless for any purpose to which cloth or rope is ordinarily put.

‡ There is no entry bearing Item No. 3.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES.

Articles which if produced or manufactured in British India, are liable to excise duties and which, if produced or manufactured in Burma, are liable on importation into British India to countervailing import duties under paragraph 7 of Part II of the India and Burma (Trade Regulation) Order, 1937; and articles, which, on importation into British India from Burma are liable to differential rates of duties under paragraph 6 of Part II of the India and Burma (Trade Regulation) Order, 1937.

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
1	SALT	Re. 1-9-0 per maund of 82-2/7 pounds avoirdupois.	Same as Excise duty ..	....
2	SUGAR—			
	(i) Khandsari sugar	Eight annas per cwt. ..	Do. ..	....
	(ii) All other sugar except palmyra sugar—			
	(a) produced or used in a factory before 29th February 1940.	Rs. 2-0-0 per cwt. ..	Do. ..	....
	(b) produced or used in a factory after 1st March 1940.	Rs. 3-0-0 per cwt. ..	Do. ..	....
3	KEROSENE	2 annas 9½ pies per Imperial gallon.	Do. ..	....
4	MOTOR SPIRIT	12 annas per Imperial gallon.	Do. ..	....
5	MATCHES—			
	(i) in boxes or booklets containing on an average not more than 40 matches.	Re. 1-0-0 per gross of boxes or booklets.	Do. ..	....
	(ii) in boxes or booklets containing on an average more than 40 but not more than 60 matches.	Re. 1-8-0 per gross of boxes or booklets.	Do. ..	....
	(iii) in boxes or booklets containing on an average more than 60 matches but not more than 80 matches.	Rs. 2-0-0 per gross of boxes or booklets.	Do. ..	....
	(iv) in boxes containing on an average not more than 12 matches of the type known as "Bengal lights."	5 annas per gross of boxes.	Do. ..	....
	(v) all other matches	4 annas for every 1,440 matches or fraction thereof.	Do. ..	....
6	SILVER	3 annas per ounce ..	Do. ..	....
7	STEEL, ingots, and articles manufactured therefrom—			
	(i) Steel ingots and iron or steel blooms, billets or slabs not less than 1½ inches square or thick.	Rs. 4-0-0 per ton ..	Do. ..	....
	(ii) Other manufactures of iron or steel—			
	(a) not fabricated	Rs. 5-5-4 per ton ..	Do. ..	....
	(b) fabricated	Rs. 6-0-0 per ton ..	Do. ..	....
8	MECHANICAL LIGHTERS	Re. 1-8-0 per lighter ..	Do. ..	....
9	COAL AND COKE—			
	(i) Coal and Soft Coke	2 annas per ton ..	Do. ..	....
	(ii) Hard Coke	3 annas per ton ..	Do. ..	....
10	Goods specified in item 40 of List II of the 7th Schedule to the Government of India Act, 1935, viz. :—	Rates vary in different provinces.	The rate of the provincial excise duty leviable for the time being on similar goods produced or manufactured in the province into which the goods are imported.	....
	(a) Alcoholic liquors for human consumption;			
	(b) Opium, Indian hemp and other narcotic drugs and narcotics; non-narcotic drugs;			
	(c) Medicinal and toilet preparations containing alcohol or any substances included in (b) above.			
11	ARTICLES assessable under item 3 (2) .. .. .	....	....	10 per cent. <i>ad valorem</i> unless proved to be otherwise than of colonial origin.
12	ARTICLES assessable under item 4 (1) excluding dried skim milk, that is to say, dried milk powder containing not more than 4 per cent. of fat and no added ingredients.	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom origin.
13	ARTICLES assessable under items 9 (1), 15 (6), 17 (2) 20 (1), 20 (2), 28 (7), 29, 31 (1), 49 (2), 51, 59 (6), 60 (2), 61 (7), 61 (9), 81, 84 and 85 (1).	....	....	10 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
14	GROUND SPICES assessable under item 9 (3) .. .. .	....	....	7½ per cent. <i>ad valorem</i> unless proved to be of colonial origin.
15	ARTICLES assessable under items 9 (6) and 15 (2) .. .. .	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of colonial origin.
16	WHEAT assessable under item 10 (1) .. .. .	....	....	Re. 1-8 per cwt.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—*contd.*

Serial No.	Articles.	Rate of		
		Excise duty	Countervailing import duty.	Differential duty.
17	WHEAT FLOUR assessable under item 11 (1) .. ..	....	....	The excess, if any, of Rs. 1-8 per cwt. over 25 per cent. <i>ad valorem</i> .
18	TAPIOCA FLOUR assessable under item 11 (3) .. ..	....	....	5 per cent. <i>ad valorem</i> unless proved to be of colonial origin.
19	TUNG OIL SEED assessable under item 12 (2) .. ..	....	....	30 per cent. <i>ad valorem</i> unless proved to be of colonial origin, otherwise 20 per cent. <i>ad valorem</i> .
20	ARTICLES assessable under items 15 (4), 18, 21, 28 (4), 28 (14), 31, 31 (3), 33, 36 (2), 37 (1), 38, 39 (1), 40 (2), 41, 42, 45, 47 (4), 50 (5), 50 (6), 56, 58 (1), 58 (2), 59, 59 (2), 65, 66, 67, 68, 70, 71, 71 (2), 71 (3), 72 (6), 75 (4), 77 (3), 83 and 85.	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom origin.
21	ARTICLES assessable under item 16 (1) .. ..	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom or colonial origin.
22	ALE AND BEER assessable under item 22 (2)—			
	(a) In barrels or other containers containing 27 oz. or more.	....	....	One anna per Imperial gallon.
	(b) In bottles containing less than 27 oz. but not less than 20 oz.	....	....	2 pies per bottle.
	(c) In bottles containing less than 13½ oz. but not less than 10 oz.	....	....	1 pie per bottle.
	(d) In bottles containing less than 6½ oz. but not less than 5 oz.	....	....	½ pie per bottle.
	(e) In other containers* .. ..	....	....	1 anna and 4 pies per Imperial gallon.
23	PERFUMED SPIRITS assessable under item 22 (5) (c) ..	....	....	The difference between (a) Rs. 60 per Imperial gallon or 25 per cent. <i>ad valorem</i> , whichever is higher, and (b) Rs. 52-8 per Imperial gallon or 20 per cent. <i>ad valorem</i> , whichever is higher, unless proved to be otherwise than of the United Kingdom manufacture.
24	BALL CLAY assessable under item 25 (3) .. ..	....	....	25 per cent. <i>ad valorem</i> .
25	LUBRICATING OIL assessable under item 27 (6) ..	....	....	One anna and 7 pies per Imperial gallon unless proved to be otherwise than of the United Kingdom origin.
26	THE FOLLOWING CHEMICALS, DRUGS AND MEDICINES assessable under item 28 (8) namely: hydrochloric, nitric, sulphuric, tartaric and other acids excluding acetic, carbolic, citric and oxalic acids; anhydrous ammonia, potassium bichromate and other potassium compounds excluding potassium chlorate and potassium cyanide; sodium bichromate and sodium cyanide.	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom or colonial origin.
27	ZINC OXIDE assessable under item 30 (2) (c) but assessed in Burma under item 28 (7) of the Burma Customs Tariff (Second Issue).	....	....	5 per cent. <i>ad valorem</i> if proved to be of the United Kingdom manufacture, otherwise the difference between (a) 30 per cent. <i>ad valorem</i> or Rs. 6 per cwt., whichever is higher and (b) 25 per cent. <i>ad valorem</i> .
28	LEAD PENCILS assessable under item 30 (7) .. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 1 anna per dozen, whichever is higher and (b) 20 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
29	SOAP, TOILET, assessable under item 32 (1) .. ..	....	....	The excess, if any, of Rs. 20 per cwt. over 25 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.

* Ale and beer in containers other than bottles assessable under this sub-item are exempt from so much of the differential duty as is in excess of the differential duty that would have been leviable if such containers were bottles.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—*contd.*

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
30	WOOD PULP assessable under item 43 .. .. .	....	....	The excess, if any, of 25 per cent. <i>ad valorem</i> over Rs. 45 per ton.
81	WRITING PAPER assessable under item 44 (a)— (1) Ruled or printed forms (including letter paper with printed headings) and account and manuscript books and binding thereof.	....	....	The excess, if any, of (a) nine pies per lb. or 25 per cent. <i>ad valorem</i> , whichever is higher, over (b) one anna per lb. or 15 per cent. <i>ad valorem</i> , whichever is higher.
	(2) Envelopes made of writing paper .. .. .	....	....	The excess, if any, of 25 per cent. <i>ad valorem</i> over one anna per lb.
32	PAPER assessable under item 44 (3)— (1) All coated papers excluding chrome, marble, flint and art paper.	....	....	The excess, if any, of 25 per cent. <i>ad valorem</i> over one anna per lb.
	(2) All other papers .. .. .	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
33	PASTEBOARD, MILLBOARD AND CARDBOARD assessable under item 44 (4).	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
34	COTTON, RAW, assessable under item 46 (3) .. .. .	....	....	Six pies per lb.
35	FABRICS assessable under items 48 (1) (b) and 48 (5) (b) (ii).	....	....	The difference between (a) 50 per cent. <i>ad valorem</i> or 5 annas per square yard, whichever is higher, and (b) 50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.
36	WOOLLEN FABRICS assessable under items 48 (2) and 51 (1).	....	....	The excess, if any, of Re. 1-2 per lb. over 25 per cent. <i>ad valorem</i> .
37	WOOLLEN ALL-OVERS embroidered with artificial silk assessable under item 48 (4) (b).	....	....	The excess, if any, of Re. 1-2 per lb. over 25 per cent. <i>ad valorem</i> .
38	FABRICS assessable under item 48 (5) (a) (ii) .. .. .	....	....	The difference between (a) 50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher, and (b) 50 per cent. <i>ad valorem</i> or 3½ annas per square yard, whichever is higher.
39	BOOTS AND SHOES composed mainly of leather assessable under item 54.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or six annas per pair, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> or 5 annas per pair, whichever is higher, unless proved to be otherwise than of the United Kingdom manufacture.
40	UMBRELLAS assessable under item 56 (1) .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or eight annas each, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
41	TILES OF EARTHENWARE AND PORCELAIN assessable under item 59 (4).	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 2 annas per square foot, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
42	DOMESTIC EARTHENWARE, China and porcelain assessable under item 59 (5), the following namely:— (a) Tea cups and coffee cups— (i) having a capacity of more than 7½ ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.

.EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—*contd.*

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
	(ii) having a capacity of not more than 7½ ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 4 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(b) Saucers—			
	(i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 5 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 2 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(c) Tea pots—			
	(i) having a capacity of more than 20 ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or Rs. 3 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(iii) having a capacity of not more than 10 ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 12 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(d) Sugar bowls .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(e) Jugs having a capacity of over 10 ozs. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 12 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(f) Plates over 5½ inches in diameter—			
	(i) over 8½ inches in diameter .. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or Re. 1 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture. c
	(ii) not over 8½ inches in diameter ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—*contd.*

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
43	SAPPHIRES AND RUBIES assessable under item 61 (1).	....	....	5 per cent. <i>ad valorem</i> .
44	ARTICLES assessable under items 63 (1), 63 (4), 63 (5), 63 (7), 63 (11), 63 (13), 63 (16), 63 (18), 63 (22), 63 (23) and 63 (26).	....	....	6½ per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom origin.
45	ARTICLES assessable under item 63 (8) excluding iron or steel billets.	....	....	The excess, if any, of (a) the excise duty leviable for the time being on steel ingots produced in British India or 15½ per cent. <i>ad valorem</i> , whichever is higher, over (b) the excise duty leviable for the time being on steel ingots produced in British India or 10 per cent. <i>ad valorem</i> , whichever is higher, unless proved to be otherwise than of the United Kingdom manufacture.
46	ARTICLES assessable under item 63 (28)	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom origin.
47	ENAMELLED IRONWARE, assessable under item 63 (29), the following, namely:—			
	(a) Sign-boards .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 4½ annas per square foot, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(b) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thalis, including rice cups, rice bowls and rice plates—			
	(i) having no diameter exceeding 19 centimetres.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or per dozen 4 annas plus one anna for every 2 centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) having any diameter exceeding 19 centimetres.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or per dozen 8 annas plus two annas for every 2 centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
48	ACCUMULATORS, BATTERIES AND ELECTRO-MEDICAL APPARATUS assessable under item 73 (2).	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
49	ELECTRICAL EARTHENWARE AND PORCELAIN assessable under item 73 (5), the following, namely—			
	(a) Insulators, Shackle, Sinclair, Cordesaux or Pin-type, not otherwise specified—			
	(i) fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or Re. 1-2 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) not fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 14 annas per dozen, whichever is higher and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—*concl'd.*

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
	(b) Two-way cleats .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 4 annas per gross of pairs, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(c) Spacing insulators .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 2 annas per gross, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(d) Ceiling roses—			
	(i) fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 10 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) not fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 8 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(e) Joint-box cut-outs—			
	(i) fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 8 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) not fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 8 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
50	SCIENTIFIC, PHILOSOPHICAL AND SURGICAL INSTRUMENTS, APPARATUS AND APPLIANCES assessable under item 77 (2).	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
51	MUSICAL INSTRUMENTS AND PARTS THEREOF assessable under item 79 excluding complete organs and harmoniums and records for talking machines.	....	....	10 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
52	FIREARMS assessable under item 80 (1) .. .. .	....	....	The excess of (a) Rs. 18-12 each or 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i> , over (b) Rs. 18-12 each or 40 per cent. <i>ad valorem</i> , whichever is higher, unless proved to be otherwise than of the United Kingdom manufacture; otherwise the excess, if any, of (c) Rs. 18-12 each or 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i> , over (d) Rs. 18-12 each plus 10 per cent. <i>ad valorem</i> , or 50 per cent. <i>ad valorem</i> , whichever is higher.

Report for the Year 1939.

Section IV.

**SPEECH OF THE FINANCE MEMBER
ON
INTRODUCTION OF BUDGET FOR 1940-41.**

SPEECH OF THE HONOURABLE FINANCE MEMBER ON INTRODUCING
THE BUDGET PROPOSALS FOR 1940-41.

In presenting this my first budget, I am mindful of the proverb that no man is a prophet in his own country. Having spent the greater part of my adult life and the whole of my working career in India, I cannot hope to be credited with the unusual qualities which are often attributed to the newcomer, nor yet can I claim the indulgence which is often extended to the novice. I might perhaps have appealed for some measure of sympathy by reason of the special difficulties which have beset my first year, for to have to reckon with war a few months after taking office is a good deal worse than the normal lot of a Finance Member. But when I look round the world as it is to-day, and observe the formidable problems which confront those in charge of public finance in other countries, and not merely in countries at war but even in the less fortunate of the neutral countries, I can, at this stage, utter no such appeal. For whatever be the difficulties of the task to which I have had to address myself, they are greatly mitigated by the favourable economic conditions in which India has hitherto found herself in spite of, or rather I should say by reason of, the outbreak of war. In fact the story I have to tell relates mainly to a period in which a modestly improving rate of economic progress, restrained by fear of the consequences of an actual outbreak of war, was succeeded by what was almost a tide of war prosperity, subject to occasional setbacks from rumours of the possible supervention of peace. There is, no doubt, something repugnant to our human susceptibilities in these reactions of the 'economic man' to the tragic issues which are being fought out on the world stage at this moment, but it is my business to deal with facts and figures and the atmosphere of the market place, and we must console ourselves with the reflection that the full utilization of India's material resources is an important element in ensuring the victory of that cause on which alone rests the hope of our civilization.

The most effective index of Indian economic development during the first six months of the War is afforded by the price-levels of those staple export commodities, upon which the cash-income of the ryot so largely depends and variations in the prices of which, therefore, affect both the volume of employment and the buoyancy of the revenues, particularly of Provincial revenues. Taking the category of the chief articles of export as a whole, their prices to-day are some 40 per cent. higher than they were just before the war broke out, even when account is taken of the fall in jute and cotton prices which accompanied the recent deflation of speculation in these commodities. This rise in prices reflects, for the greater part, an increase in the demand for India's products abroad—in many cases a direct increase, in others an indirect increase, through additional calls upon India's manufacturing capacity for products of many kinds. I need only instance the impressive figures which the Department of Supply issues from time to time, relating to orders placed. Although such orders are to some extent in substitution of others, nevertheless, the expansion of war demands must exercise a beneficial influence both on raw material prices and upon industrial activity. As the new crops come on to the market, the higher prices realized will, of course, mean that industry will benefit from the larger money-incomes through increased purchases; these increase the general level of industrial employment, which, in its turn, increases the purchasing power of the urban population.

The primary impulse to the economic upswing now in progress is the foreign demand for India's products, but an investigation of the price situation as a whole shows that, except in one or two isolated cases, there are no notably divergent tendencies. The fact that there is no such marked difference in the trend of the prices of raw materials, of industrial commodities, of food, etc., is a welcome indication that the different branches of the national economy are moving forward in fair unison and that there is no need to fear, for the present at any rate, a lop-sided development with serious cleavages of interest. It is as well to remember, however, that the continuance of this situation depends upon continued command of the sea: without the ability to export freely, the present level of export prices could not be maintained. Up to the present, the development of overseas trade has been eminently satisfactory and the cessation of our trade with Germany has been more than neutralized by the expansion of trade elsewhere. In the first ten months of the present fiscal year the value of our exports of merchandise has amounted to Rs. 1,71 crores, an increase of Rs. 31

crores over the previous year. Imports have failed to rise to the same extent, and have amounted to a total of Rs. 1,34 crores. Including transactions in treasure, the net result is that India's total visible favourable balance of trade has increased from Rs. 26.54 crores to Rs. 60.63 crores.

FINANCIAL YEAR, 1938-39.

When history is moving at the speed at which it moves to-day, the record of a year which closed so long ago as last March must possess even less than the customary interest. I must, however, present it, and address myself herewith to a brief exposition of the financial results of the year 1938-39. In our revised estimates for that year we had expected to end with a deficit of Rs. 2,65 lakhs, but in the event this proved to be no more than Rs. 64 lakhs. This unexpectedly satisfactory result was due to an improvement of Rs. 1,51 lakhs in revenue and a reduction of Rs. 50 lakhs in expenditure.

On the revenue side the yield of Customs and Central Excise Duties improved considerably in the last months of the year, by 37 and 41 lakhs, respectively, while Taxes on Income produced as much as Rs. 1,24 lakhs more than our revised estimate. Of this striking increase in Income-tax Rs. 56 lakhs were due to less refunds than estimated. Certain large claims were not completed during the year, and in other cases the sums due for Double Taxation Relief proved much lower than the amounts refunded in the previous year. But the main rise of Rs. 68 lakhs was due to increased collections of tax. I may add here that in view of the position disclosed by these large variations, the existing system has been re-examined and it has been decided to organise in the office of the Central Board of Revenue from the next financial year a special Statistical Branch. The assessment and collection returns sent in by the local officers have been revised and simplified so as to render them more useful for budget purposes and the returns will in future be received direct by the Statistical Branch and will be compiled by mechanical process. By this means figures of actual monthly collections will be available within a few days of the close of the month and this will make it easier to appraise more accurately the trend of income-tax revenues. At the same time, the opportunity has been taken to recast the form in which the annual Income-tax statistics are published, and to make them more intelligible and therefore more useful for general as well as for official purposes.

The main benefit of this increase in Income-tax receipts, as distinct from Corporation Tax receipts, accrued of course to the Provinces, and provided a set-off to the fall in the net contribution from the Railways. For reasons which have already been explained to the House, the Railway surplus proved to be Rs. 68 lakhs less than was anticipated. Thus while we had expected that Rs. 1,12 lakhs would be payable to the Provinces for 1938-39, the amount turned out to be Rs. 1,53 lakhs, in addition to which there were arrears of Rs. 38 lakhs due from 1937-38. As the sum distributed to the Provinces in March 1939 was Rs. 1,50 lakhs, there is thus left a balance of Rs. 41 lakhs to be paid to them along with their share for the current year.

FINANCIAL YEAR, 1939-40.

That is all I have to say about the year which closed last March, and I now come to the current year 1939-40 which will close at the end of next month. Here our revised estimates show a net improvement of Rs. 5,08 lakhs in revenue, and a net deterioration of Rs. 4,20 lakhs in expenditure as compared with the budget estimates. Of this increase in expenditure Civil Estimates are responsible for only Rs. 10 lakhs, despite various extra charges of a civil nature which the war has imposed on us, and practically the whole of the additional expenditure involved has been on account of the Defence Services. Thus while the budget estimates provided for a nominal surplus of Rs. 3 lakhs, we now expect to end the year with a balance of Rs. 91 lakhs.

Revenue.

I need hardly emphasize that the conditions under which the budget estimates of revenue were framed last year and which with slight modification persisted till the end of August underwent a striking change on the outbreak of war. Until then our revenue receipts

were well up to expectation. But with the outbreak of war our Customs receipts, which are responsible for more than half our total revenue, registered a catastrophic fall, due to the interruption of trade with belligerent countries and the dislocation of shipping. This fall was shown with unmistakable clearness in the returns for October and November, but fortunately the sharpness of the drop has been mitigated to a considerable extent in the succeeding months. As compared with August 1939, imports dropped by 24 per cent. in September and 31 per cent. in October, but they revived appreciably in November and the more recent returns show that this recovery is being maintained, thanks to the steady improvement in shipping facilities brought about by the action of the allied Governments, and to the gradual adjustment of trade to the new conditions. In the result, if we exclude the effect of the duty on sugar, which was not strictly allocated between customs and excise, our revised estimate for Customs is Rs. 41 lakhs lower than the budget estimate instead of being well above it as seemed at one time probable. Against this adverse effect on our public finance we must of course set the great stimulus which war has given to the trade of the country. To this influence is due the increase of Rs. 65 lakhs under Salt, Rs. 21 lakhs under Currency and Mint, and Rs. 1,48 lakhs in the Railway surplus. At the same time Taxes on Income show a further rise of Rs. 81 lakhs on the improved actuals of the previous year, which serves to increase the share payable to the Provinces from the budgeted Rs. 1,78 lakhs to an anticipated Rs. 2,38 lakhs.

Customs and Central Excise Duties.

Despite the fall in Customs already mentioned, the total receipts from Customs and Central Excise Duties combined are now expected to be Rs. 1,14 lakhs better than the budget estimate. This is mainly due to the variation in the receipts from sugar which is responsible both for the principal increase under Customs as well as for the main decrease under Excise. For the total revenue from both Excise and Customs duties on sugar, which at the time of the budget was estimated at Rs. 4,20 lakhs, had not been precisely apportioned between the two heads, the nominal figure of Rs. 4,00 lakhs being entered under Excise and Rs. 20 lakhs under Customs. In the event our forecast of this most variable source of revenue proved to be too low. With domestic production about 1,00,000 tons less than we reckoned, and imports correspondingly larger, the receipt from Customs duty is now put at Rs. 3,90 lakhs, while the Excise duty is expected to produce Rs. 2,00 lakhs by the end of this year.

If we exclude this head of revenue, which is always one of the most difficult to forecast, the Customs returns for the first six months of the year were running only slightly higher than the budget estimates, while the Excise returns omitting sugar showed only a slight decrease. I have already mentioned the striking change which occurred with the outbreak of war. All imports from Europe were adversely affected, and while certain supplies were restricted and delayed by the lack of shipping, others derived from belligerent countries were completely discontinued. The estimates for such articles as machinery, metals, paper and silk fabrics have thus had to be written down by between 30 and 40 per cent. for the remaining six months of the year. Other commodities, however, whose import is not affected by the war, have maintained their former levels or have actually recorded increases. Thus motor spirit and kerosene, mainly imported from Burma, continue to show their normal steady improvement, while tobacco, spices and artificial silk show small increases.

The increase in the duty from silver from Rs. 33 lakhs to Rs. 1,55 lakhs deserves special mention. This is almost entirely due to the sales of Government silver from the Bombay Mint to meet the demands of the Indian bullion market. As is well known, the Government of India had been holding very large stocks of silver. These stocks could not be sold in the open market without forcing the price down to an extent which would have had a disastrous effect on the value of the holdings of silver in which the savings of the rural population had been extensively invested. When, however, on the outbreak of war an embargo was placed on the import of silver from non-sterling countries, and a marked rise in price took place in the London market, the position was entirely changed; it has since been possible to sell about 65 million ounces of silver from our surplus stocks to meet requirements, which were mainly on Indian account. Measures have also been taken with the aim of stabilising the price at a reasonable figure. These sales not only satisfied the internal demand without recourse to appreciable imports from abroad, which would have involved an unnecessary expenditure

of foreign exchange, but produced a large amount of ready cash, which though taken as a credit to capital, as will be explained later, has materially assisted our ways and means position. At the same time since the price charged for Mint silver included an amount equivalent to the import duty which is credited under the Customs head, these sales have also brought about a fortuitous increase of Rs. 1,22 lakhs in our Customs revenue.

The decline in the import of cotton fabrics of British manufacture appears to have been accentuated by war conditions, but there is a slight set-off in the increase recorded in the cotton fabrics imported from other countries. The drop in the proceeds of the jute export duty at a time of increased demand for raw jute and large orders for sandbags and other jute manufactures is mainly due to the shipping difficulty, though it is also clear that the very high prices previously in force had sharply restricted orders from abroad. However, with the recent decline in prices to more reasonable levels, orders from foreign countries may be expected to re-appear and on the assumption that sufficient freight space will become available in due course, next year's estimate of the export duty, and consequently of the shares paid to the Provinces concerned is put at the same figure as was adopted for the budget this year.

Under Central Excise Duties there is an addition of Rs. 8 lakhs on account of the cess levied on coal and coke which, though credited to revenue in the current year, has to be paid to the Coal Mines Stowing Board in the following year.

Taxes on Income.

The new high level in the yield from Corporation Tax and Income-tax reached in the year 1938-39 and largely due to improvements in the administration has carried on into the current year and has been further augmented by increases due to the passing of the Income-tax Amendment Act. Our revised estimate for the total yield from all taxes on income, including Corporation Tax and other elements entirely Central, is thus placed at Rs. 18,09 lakhs which is Rs. 81 lakhs more than the actuals for 1938-39 and Rs. 1,55 lakhs higher than the estimate of Rs. 16,54 lakhs adopted at the time of the last budget. As regards the amount payable to the Provinces, the pool of divisible income-tax has increased from Rs. 12,65 lakhs to Rs. 13,76 lakhs. But in place of the previous arrangement by which the Centre retained from the moiety, which is to be ultimately provincial, an amount sufficient to bring its own share *plus* the Railway surplus to Rs. 13 crores, the Order in Council has now been amended so that in each of the three years beginning with the current year the Centre is to retain from the provincial moiety the fixed amount of Rs. 4,50 lakhs, which is approximately what the Centre would have retained according to the budget estimate for the current year. The justification for this alteration in the Niemeyer formula is of course the complete change in the financial situation brought about by the war. The Centre has had to shoulder the entire burden of the increased expenditure on Defence and an appreciable amount of extra civil expenditure arising from the war, while there has been very little corresponding increase in provincial expenditure; at the same time the Centre's chief source of revenue, namely, the receipts from Customs duties, has been adversely affected. It would therefore have been anomalous if increased income-tax revenue, largely derived from these same war conditions, had accrued entirely to the Provinces, as it would have done under the old formula which also gave the Provinces the whole benefit from the increase in the Railway surplus. According to the revised formula now adopted the share of the Provinces on account of the current year will increase from the budget figure of Rs. 1,78 lakhs to Rs. 2,38 lakhs and with the arrears of Rs. 41 lakhs due for 1938-39, the amount for distribution to the Provinces at the end of March will become Rs. 2,79 lakhs.

Other Revenue Heads.

There is an increase of Rs. 65 lakhs under Salt which is mainly due to the larger clearances effected by the salt dealers whose tendency is to increase their stocks in times such as these. Consumption, however, does not vary appreciably from year to year, so that any extra revenue obtained this year is likely to be off-set by a corresponding reduction in receipts next year. Under the head 'Mint' there is a gain of Rs. 33 lakhs due to the larger profits obtained from the circulation of small coin, the absorption of which has very rapidly increased in the last few months, but this is partly off-set by the decrease of Rs. 15 lakhs in the Government's

share of the Reserve Bank's profits which are taken under the head 'Currency.' The net contribution from the State-owned Railways, which has in the last two years been a factor in the calculation of the Provinces' share of Income-tax, will, as already explained, now accrue in its entirety to the Central budget. There is an increase in the estimated surplus from Rs. 2,13 lakhs to Rs. 3,61 lakhs, which provides a welcome addition to our resources.

Posts and Telegraphs.

The budget and revised estimates for the Posts and Telegraphs are as follows :—

	Budget, 1939-40.	Revised, 1939-40.
	(In lakhs.)	
Gross Receipts	11,62	12,48
Working expenditure and interest charges	11,63	11,62

Although we had expected to close the year with a small deficit, the present indications are that we shall actually have a surplus of nearly Rs. 86 lakhs. Already in the earlier months of the year revenue was steadily on the up grade. But with the outbreak of war, almost all important classes of traffic showed abnormal increases, particularly telegraphs, and there was at the same time a rush on the telephone lines due to increased Government business and to activities in the share and money markets. The surplus now expected is thus almost wholly due to conditions in the earlier months of the war and it is gratifying that the Department expects to cope with this increased traffic—though sometimes under conditions of considerable difficulty—while keeping its expenditure within the sanctioned grant of the year.

Hon'ble Members are aware that with the commercialisation of the accounts of the Posts and Telegraphs Department the arrangement has been that the Department pays to general revenues interest on its losses and receives a rebate of interest on its profits. Under the existing arrangement, therefore, this surplus will accrue to general revenues, but as the losses incurred in previous years have now been paid back in full except for a final Rs. 7 lakhs, the net surplus of Rs. 79 lakhs will in effect form a reserve for the Posts and Telegraphs Department on which interest will have to be paid. To this extent the general taxpayer is obtaining immediate relief by incurring a future liability, a procedure which could of course not be extended indefinitely. It will be realized that as the present surplus is almost entirely due to the increased traffic resulting from the war, it must at this stage be regarded as of a transitory nature, and it would be unwise to base on it a policy of rapid expansion of the activities of the Department, or of reduction in existing rates.

Expenditure.

Defence Services.—The outbreak of war has, as might be expected, seriously disturbed our estimates for the Defence Services and the task of estimating India's defence expenditure during 1939-40 has been rendered peculiarly difficult by the fact that it was not found possible until very recently to arrive at a settlement with His Majesty's Government regarding the principles to be followed for the purpose of allocating expenditure arising in India out of the war, between Indian revenues and the revenues of His Majesty's Government. Experience gained in dealing with a somewhat similar problem that arose in connection with the war of 1914—1918 showed the extreme importance of arriving at some broad basis of allocation which, while being fair to both parties, would obviate the serious accounting difficulties, prolonged controversies over questions of incidence, and delays in final adjustment, which arose during, and continued for many years after, that war. The circumstances of the present war differ in many respects from those of the last war, and the problem to which I have just referred has become a much more difficult one. One development that adds more than any other to its complexities has been the acceptance by His Majesty's Government and the Government of India shortly before the outbreak of war of the proposals of the Chatfield Committee for the modernisation of the Army in India, an event of the highest importance and significance from the point of view of the defence of India though overshadowed for the time being by the war. Those proposals have already been made public and for my present

purpose it is only necessary to recall their two main financial features, namely, the arrangements for meeting the capital and recurring costs of the modernisation measures involved, and the conception of joint responsibility for the external defence of India underlying the whole scheme.

It will be recalled that the capital outlay on modernising the Army in India, estimated at Rs. 45,77 lakhs, was to have been provided by His Majesty's Government, three-fourths as a free gift to India and the balance of one-fourth as an advance to be repaid on easy terms. It was anticipated that the average net recurring cost of the Defence Services during the 5-year period allotted for carrying out the proposals would not exceed the level of Defence expenditure obtaining immediately prior to modernisation because there would be substantial savings during the first two years which could be devoted to meeting excesses in the later years.

The outbreak of war necessitated a review of these calculations. The programme of modernisation had necessarily to be adapted to the needs of the situation which then arose, and the review of the programme which had to be undertaken on the outbreak of the war coupled with the rise in prices since the war resulted in a great increase in the capital and recurring cost of the scheme over that previously envisaged and in the disappearance of most of the savings that were expected to accrue during the earlier years of its execution. It was therefore clear that the terms of the original financial settlement which contemplated an ordered and balanced programme of modernisation extending over a period of years would inevitably require reconsideration. It will also be recalled that the Chatfield proposals postulated the acceptance by the Government of India of joint responsibility with His Majesty's Government for the external defence of India and in accordance with this principle provided for the earmarking of certain portions of the Defence Forces in India for purposes of external defence and a consequential increase of £500,000 in the amount of the annual grant made by His Majesty's Government towards the cost of maintaining the Defence Services in India in peace. It was stipulated that whenever circumstances should make it necessary to employ the whole or any portion of India's External Defence Forces outside Indian limits in the discharge of India's joint responsibility for her external defence, India should accept some share of the costs of doing so. In any settlement of the problem of incidence of war expenditure therefore this stipulation has to be borne in mind, since these External Defence Forces are now being employed overseas on duties connected with India's external defence. The position is further complicated by the fact that further troops other than those forming part of the External Defence Forces have been and will probably continue to be sent overseas and these troops generally speaking have to be replaced in India. In India itself heavy expenditure has also been incurred in mobilising to full production and in increasing the manufacturing capacity of our ordnance factories for the production of war stores of all kinds and in building up stocks. There is also a very substantial increase in our defence expenditure owing to the putting into force of various war measures, some of which, such as those relating to censorship, port and coastal defence, internment of enemy aliens, etc., are purely Indian liabilities, while others such as the expansion of various recruiting and training organisations, headquarters offices, etc., may be regarded as joint liabilities to be shared between the Indian and Imperial Governments.

In view of all these complicating factors it was felt that it would be quite impracticable to arrive at an accurate assessment of the defence expenditure chargeable to Indian revenues by a meticulous application of the principles laid down for the allocation of such expenditure between India and His Majesty's Government under peace conditions. Not only would such a course involve an immense amount of clerical work and consequent expenditure but it would revive all the difficulties experienced in connection with the accounts of the last war in an aggravated form. The matter has formed the subject of prolonged discussions with His Majesty's Government who shared our desire to simplify the arrangements and eliminate controversial elements to the utmost extent possible. An agreement on the subject has now been reached under which the whole of the defence expenditure incurred by India will be apportioned between the two Governments on the following basis. India is to bear—

- (1) a fixed annual sum representing the normal net effective costs of the Army in India under peace conditions, *plus*

- (2) an addition to allow for rises in prices, *plus*
- (3) the cost of such war measures as can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests, and
- (4) a lump sum payment of one crore of rupees towards the extra cost of maintaining India's External Defence Troops overseas.

The total amount by which the net annual defence expenditure incurred in India during the war years will exceed the aggregate of items (1) to (3) will be recovered from His Majesty's Government. The question of the disposal of surplus war stores has also been considered. During the war there will be accumulated considerable quantities of war stores of all descriptions which will be surplus to peace requirements when the war is over. The liquidation of these stocks will inevitably be attended with loss and it has been decided that the incidence of this loss should form the subject of negotiations between the two Governments after the war. In the meantime the whole cost of these surpluses is being met by His Majesty's Government. There remains a further element of defence expenditure to be considered, namely, that on non-effective charges for pensions and gratuities. The allocation of these charges is still under discussion between the two Governments. This settlement has been devised with two objects in view. The first object was to limit India's financial liability in connection with the war to such measures as are within her financial capacity and have clearly been or will be taken for the local defence of India itself, reckoning, of course, as such a measure the continued maintenance of the Army in India although only on its peace-time scale. The second object was simplicity, resulting in the avoidance of expense and dispute in the day-to-day application of the terms of the settlement in practice. Item (1) of the settlement has been evaluated at 36,77 lakhs, being the net budget estimate for our Defence Services in the year 1939-40, namely 45,18 lakhs after excluding from it non-effective charges of 8,41 lakhs which have been excluded from the settlement. I would emphasise that this item of 36,77 lakhs in the settlement is not an estimate of any specific expenditure on our Defence Services such as was the budget estimate of 45,18 lakhs for the year 1939-40 from which it is derived, but has now become a mere lump sum financial adjustment between the Government of India and His Majesty's Government fixed for the duration of the war. It is not a summation of details of estimated expenditure, and consequently in the budget as presented to the House no details are shown against it. The second item in the settlement is self-explanatory and will be arrived at by the application to the relevant figures of the normal budget, from which item (1) is derived, of percentages representing rises in prices from time to time worked out in consultation with the Economic Adviser to the Government of India. It is really part and parcel of the normal maintenance costs of the Army in India but has been shown separately from item (1) for the sake of clarity because its amount is not fixed but will vary with variations in price levels. The third item, namely, those measures which we must pay for ourselves, will as far as possible be determined by direct accounting but where this presents serious difficulty, the amounts debitable to India will be assessed on the basis of estimates. I trust that the House will appreciate that the safety of the country may be endangered by the publication of too much detail concerning the measures included in this item or their cost. Nevertheless I realise that Hon'ble Members are entitled to such information concerning these measures as can be disclosed without divulging knowledge contrary to the public interest, but I hope that, bearing this qualification in mind, they will be satisfied with only a broad indication of their nature.

The measures are designed to place India in a state of preparedness against attack and are dictated by ordinary prudence. Thus the Indian Territorial Forces and Auxiliary Forces have been mobilised and are either already fulfilling their appointed role or are ready, at a moment's notice, to do so. Certain Indian State Forces have been called on either to undergo periods of refresher training or to take their appointed place in our defences. Certain miscellaneous units, not usually held in peace, but included in our mobilisation plans, have been formed and mobilised. The offer of His Highness the Maharaja of Nepal to place at our disposal a contingent of his troops largely at his own expense provides a valuable addition to our resources. It will be remembered that during the last war the Maharaja of Nepal also generously supplied a large contingent of trained regular troops which did admirable service in active operations on the Frontier. Training of all arms of the service has been

expanded and intensified and additional training schools have been established. The censorship of mails has been put into effect and undesirable aliens have been placed in safe custody. Certain measures of port defence and of local Naval Defence have been taken and as the House is already aware, a Volunteer Auxiliary Air Force has been established. All these measures necessitate buildings for the accommodation of the additional forces and of stores, and expenditure on such works has been provided for. The payment represented by item (4) was included in the settlement in pursuance of the principle of India's joint responsibility for her external defence on which the Chatfield settlement was based. It must be remembered that His Majesty's Government, for their part, have agreed to continue to implement during the war, at greatly enhanced cost to them, the Chatfield programme for the modernisation of the Army of India. The payment towards the extra cost of the External Defence troops will be made in the current financial year. I trust that the House will agree with me that the settlement which has been reached is favourable to India and has been conceived by His Majesty's Government in a generous spirit. It is of course inevitable that India's Defence Budget should increase even though this country is not at the moment directly involved in active operations. Even a neutral country cannot escape the effect of rises in prices resulting from the war and must moreover in times like these take such precautionary measures as are within its means to safeguard its position by mobilising its resources both of men and materials where necessary. It is devoutly to be hoped that such measures as we have taken will prove in the event to have been unnecessary, but, of course, I cannot even hazard a guess at what the future has in store for us, nor at what further measures it may be found imperative for us to take. The settlement has been brought into force with effect from the 1st April 1939 since its introduction in the middle of a financial year would have given rise to serious difficulties.

The revised estimates of Defence expenditure for 1939-40 framed on the basis of this settlement work up to Rs. 49,29 lakhs made up as follows :—

(1) Normal peace budget	..	..	..	..	Rs. 36,77 lakhs.
(2) Effect of prices on (1)	..	..	..	..	„ 25 „
(3) Indian war measures	..	..	..	..	„ 3,86 „
(4) Non-effective charges	..	..	..	..	„ 8,41 „
					Rs. 49,29 lakhs.

The increase of 25 lakhs for non-effective charges is due to a change in the classification of Special Unemployed pay from effective to non-effective, which, in practice, will only be operative in the current year. The budget figure of Rs. 45,18 lakhs has thus undergone an increase of Rs. 4,11 lakhs, of which Rs. 35 lakhs is due to disturbances in Waziristan and the balance of Rs. 3,76 lakhs represents the effect of the war on India's defence budget during 1939-40. I have already given an indication of the broad details of this increase. The contribution of Rs. 1 crore, to which I have already referred, has been included as an Indian war measure as a matter of budgeting convenience.

Civil Estimates.

With the increased co-ordination and control necessitated by the war, the activities of most of the Departments of the Central Government have expanded and Government has also had to undertake a number of fresh activities for which special controlling authorities have had to be created. The most important of these from the point of view of finance is the Department of Supply, which was set up immediately before the outbreak of hostilities for the development and speedy procurement of supplies essential for the prosecution of the war. Though not itself a purchasing organisation, the Department directs and co-ordinates the various purchasing organisations of the Government of India and is establishing an increasingly close contact with the Provincial Governments and Indian States. Its main purchasing agencies are the Indian Stores Department and the Contracts Directorate, the cost of whose war expansion is a charge against its budget, and it has associated with it a number of Liaison Officers and Advisers to Government for the various industries and trades

concerned ; these are rendering valuable services on a voluntary basis, receiving only their own travelling expenses and a small monthly grant for office staff and contingencies. In the first five months of its existence the Supply Department has received orders from His Majesty's Government, from France, Australia, New Zealand, South Africa, Egypt, Palestine and many other countries amounting in value to over Rs. 14 crores, the largest orders in addition to munitions and military equipment being for sandbags, blankets, cotton and leather goods, steel work, cement and other building materials. The expenditure on the entire organisation to deal with these orders is estimated at about Rs. 7½ lakhs in the current year, of which about half is on account of the two main purchasing agencies. But as a charge of 3 per cent. is levied on all supplies made to overseas authorities, including His Majesty's Government, it is expected that the expenditure will be covered by the fees realised on these orders which are shown as additional receipts in our revenue accounts. It has also been necessary to appoint a Controller of Enemy Firms and Custodian of Enemy Property, and to incur expenditure of about Rs. 2 lakhs in connection with interned enemy subjects. Other emergency measures are the establishment of the Censorship organisation, the appointment of a Director-General of Information and the formation of the War Transport Board to control and co-ordinate all forms of transport including shipping. In making these fresh appointments I can assure the House that considerations of economy were fully borne in mind and that the principle followed was that there should be no increase in pay merely on account of transfer to a war post and that a higher salary should only be sanctioned where the definite assumption of more responsible and arduous duties justified such extra remuneration.

The Government of India also became liable for a number of further items of war expenditure, for many of which they have had to make either payments to the Provinces for the work done by them, e.g., in connection with foreigners and the censorship arrangements, or grants-in-aid for special purposes, such as Air Raid Precaution schemes. The total estimated cost of this special war expenditure borne by Civil Estimates comes to Rs. 16 lakhs for the current year.

A further appreciable item of fresh expenditure this year has been the cost of the famine relief measures undertaken in Ajmer-Merwara and Delhi. Owing to the failure of three successive monsoons, relief works had to be started in Ajmer-Merwara last August and the number of workers employed increased each month till it reached the figure of 200,000 in January. The wages to be disbursed to the labourers then amounted to Rs. 6 lakhs a month. To deal effectively with expenditure of this scale it became necessary to create a separate Famine Division. With nearly 40 charges to be organised and with the distressed population swelled by large numbers of labourers and their dependants from the neighbouring States, the cost is likely to be not less than Rs. 16 lakhs this year.

Under charges for Interest we now expect a welcome reduction of Rs. 39 lakhs as compared with the budget estimate for the current year. This is mainly due to the saving of Rs. 34 lakhs effected by the conversion operations carried out in the current year and to the further reduction of Rs. 48 lakhs in the amount of bonus paid on Post Office Cash Certificates due to the lower rates of interest carried by the certificates now being presented for encashment. Against these reductions there has been an increase of Rs. 33 lakhs in the discount on Treasury Bills ; for there was a larger gap between revenue and expenditure to be filled by temporary borrowing at the beginning of the war and somewhat higher rates of interest have also been in force.

Thus our Revised Civil Estimates for the current year are expected to amount to Rs. 37,56 lakhs, as compared with the Budget estimate of Rs. 37,46 lakhs. With the net Defence Expenditure placed at Rs. 49,29 lakhs, our total expenditure is estimated at Rs. 86,85 lakhs as against our total revenue of Rs. 87,76 lakhs. We therefore expect to end this year with a surplus of Rs. 91 lakhs, the result of increased contributions from the Railways and the Posts and Telegraphs. In the ordinary course this surplus would have constituted an automatic addition to the provision for the avoidance or reduction of debt, but in view of the special difficulties of the forthcoming year I shall ask the House to transfer the surplus of the current year to a Revenue Reserve Fund. It will thus be available to help out the finances of 1940-41.

FINANCIAL YEAR, 1940-41.

I now come to the financial year, 1940-41. Our total revenue estimates amount to Rs. 85,43 lakhs as compared to Rs. 87,76 lakhs in the revised estimates of this year. This includes the greatly increased sum of Rs. 5.31 lakhs which the Railways are expected to contribute to general revenues next year under the operation of the Railway Convention. As Hon'ble Members will recollect from the speech of the Railway Member, this amount is based on the full contribution of Rs. 4.41 lakhs for next year, which is 1 per cent. of the capital at charge less the loss on strategic railways, *plus* the arrears of contribution amounting to Rs. 90 lakhs from the current year.

Revenue.

Customs and Central Excise Duties.—Next year's budget estimate for Customs and Excise combined is Rs. 46,00 lakhs against the current year's revised of Rs. 50,07 lakhs, a decrease of Rs. 4,07 lakhs. There is first of all a reduction of Rs. 90 lakhs in the yield from the duty on sugar due to the larger anticipated production of indigenous sugar and a consequent decrease in the probable imports from abroad. Then we have to exclude the additional customs revenue from silver to the extent of Rs. 1,20 lakhs over and above the average receipts on this account which must be treated as a windfall this year. For the rest we have had to allow for the continuance of the shortfall which averages about 20 to 25 per cent. in those goods, the imports of which have been seriously interfered with by the war. While many of the heads of Customs revenue remain unaffected, about half have suffered decreases of varying extent. The reductions from this cause over a full year are responsible for the remaining drop of Rs. 1,97 lakhs as compared with the revised estimates for the current year, the first six months of which was a period of increasing trade and large imports.

The forecasting of the Customs revenue, with which the revenue from Central Excises is inseparably connected, involves a view of the course of our foreign trade for a period extending to more than a year ahead, and is at all times a matter of great difficulty. Usually the best that the estimator can do is to base his calculation on the assumed continuance of the tendencies already visible, and to take into account any additional factors of the probable emergence of which he has reasonably reliable knowledge. It is obvious that in the circumstances of the war the task is rendered even more difficult by major uncertainties of a kind unparalleled in peace. It is not merely that our Customs revenue is dependent entirely on the maintenance of the shipping position and that even a partial diversion of freight may interfere seriously with the scale of our imports. It has also to be borne in mind that in the interests of the successful conduct of the war, which is a paramount consideration, it may be found necessary to restrict certain classes of imports, though this may have an adverse effect on our Customs receipts. In the light of these considerations the present estimates, which allow a margin of less than 2 crores for the factors of deterioration arising from the progress of the war, can certainly not be said to err on the side of pessimism. They take full account of the improved returns of the last two months, but for which it would have been unjustifiable to adopt so favourable a view.

Taxes on Income.—Our revised estimate for the total yield from all taxes on income for the current year which has been placed at Rs. 18,09 lakhs, is based on the conditions of the preceding year, the latter months of which showed an improvement in trade activity. This was maintained during the first half of this year, while the succeeding months since the outbreak of war have, as I have already mentioned, seen a trade boom of considerable dimensions. There can be little doubt that the incomes on which next year's assessments will be made will be appreciably larger. On this account we have raised the estimate of the yield from all taxes on income by a further Rs. 1,41 lakhs to give a total for both Income-tax and Corporation Tax of Rs. 19,50 lakhs. Of this increase Rs. 1,24 lakhs goes to swell the divisible pool of Income-tax so that the share of the Provinces is expected to reach the figure of Rs. 3,00 lakhs next year as compared with Rs. 2,38 lakhs this year.

Other Revenue Heads.—There is a large decrease of Rs. 80 lakhs under Salt as compared with the Revised. This is based on the view that the exceptionally large clearances that are being effected this year will result in larger stocks than usual being carried on into

next year when the demand for fresh supplies from the salt works will be correspondingly reduced. Under Mint there is a further increase of Rs. 10 lakhs from the anticipated absorption of small coin, and the estimate under Currency includes an additional Rs. 20 lakhs from the Government's share of the profits of the Reserve Bank.

Posts and Telegraphs.—For the next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 12,35 lakhs and expenditure Rs. 11,98 lakhs. The first rush of war traffic having passed, revenue is expected to be somewhat smaller than in the current year. The restrictions imposed in the earlier months of the war on foreign code telegrams have been withdrawn and the estimate allows generally for more settled trade conditions. These considerations justify a somewhat lower forecast than in the current year. The estimated expenditure is about Rs. 40 lakhs more than in the current year. The main reasons for this are increases in staff to deal with increased traffic, the extension of postal facilities in rural and urban areas and the decision to raise the limits for petty works of a capital nature debited to revenue. The Department has, during the last few years, been making a substantial effort to extend postal facilities in rural and urban areas; and in the year 1940-41 it will on this account be spending over 19 lakhs more than in the year 1936-37. The number of new post offices opened during the three years ending with 1938-39 is nearly 2,200 of which more than 2,000 are in rural areas. The low limits for petty works of a capital nature, the expenditure on which is met out of revenue, attracted the attention of the Public Accounts Committee. After a careful review of the position, it has now been decided to raise these limits which, in most cases, were excessively low. The increased charge to revenue is justified by the avoidance of numerous petty additions to capital account and by the consequent reduction of interest and depreciation charges.

Expenditure.

Defence Services.—The Defence Budget for 1940-41 worked out on the basis of the settlement with His Majesty's Government which I have already explained amounts to Rs. 53,52 lakhs made up of the following elements :—

(1) Basic normal budget	..	..	..	..	..	Rs. 36,77 lakhs.
(2) Effect of rise in prices on item (1)	..	..	..	..	..	2,00 "
(3) India's war measures	..	..	..	..	..	6,59 "
(4) Non-effective charges	..	..	..	..	..	8,16 "

Rs. 53,52 lakhs.

The normal provision for non-effective charges has been repeated. The substantial increase in the amount provided on account of rise in prices as compared with the figure shown in the Revised Estimates is explained by the fact that most of the contracts for stores required by the Defence Services for 1939-40 were placed before the outbreak of war and were therefore unaffected by the subsequent rises in prices, whereas in 1940-41 the full effect of those rises will be felt. Excluding a sum of Rs. 20 lakhs included in item (3) on account of Waziristan the balance of the amounts shown against items (2) and (3) representing the total extra expenditure which will be thrown on the Defence estimates payable by India as a result of the war is Rs. 8,39 lakhs. The main details of this increase will be found under Head 4 of the budget estimates and I have already referred to them. I would remind the House that His Majesty's Government are spending on measures directly connected with the Defence of India sums greatly in excess of this, but I am not for obvious reasons able to disclose either the nature of the measures or the amounts involved. I must make it clear that the Defence Budget under Head 4, namely, those measures which will be charged to Indian revenues provides for only such measures as can now be foreseen. It will be realised that as the year progresses new measures of this category will most probably have to be initiated of the nature of which we have at present no knowledge, and the additional cost of which to Indian revenues may be considerable. I had considered the desirability of making some lump sum provision for such unknown charges but as I cannot prophesy the course of the war, and as there is no sort of basis on which any figure at all can be arrived at, I decided that there was nothing to be gained by attempting to make specific provision for such liabilities.

Civil Estimates.

Despite the exclusion of all new proposals that could not be regarded as virtually unavoidable at the present time, our civil expenditure estimates show increases amounting to Rs. 1,51 lakhs in all as compared with the current year's revised estimates. I must now explain the major items that have contributed to this result.

There are first certain increases of an automatic nature which are either obligatory or are counterbalanced by increased credits on the revenue side. Thus the allocation to the Road Fund has had to be raised by Rs. 12 lakhs on the basis of the revenues obtained from the duties on motor spirit, which this year are expected to be higher. Then an additional Rs. 8 lakhs on account of the Coal Cess credited to revenue this year has to be provided under Central Excise Duties for payment to the Coal Mines Stowing Board next year. The much larger demand for small coin, which is expected to produce the substantial profit for Government shown in the revenue estimates, is responsible for an increase of Rs. 7 lakhs in the expenses of the Mints and the larger demand for bank notes, which is also a feature of the present expansion in trade activity, has caused an increase of Rs. 13 lakhs in the expenditure of the Currency Note Press. The rise in prices together with the necessity of increasing stocks to a level considered adequate in time of war is again responsible for the additional expenditure of Rs. 4 lakhs under Stamps. There is also unfortunately little hope of the famine conditions in Ajmer-Merwara coming to an end before the arrival of the monsoon and a further sum of Rs. 16 lakhs has to be provided for the continuance of the present relief works into next year.

The special civil expenditure in connection with the war already mentioned will in a full year amount to Rs. 37 lakhs as compared with Rs. 16 lakhs this year. It has, however, to be remembered that of this sum the expenditure on the Department of Supply will account for Rs. 23 lakhs, against which has to be set off the Rs. 20 lakhs of revenue which it is estimated will be realised from fees.

At the same time it has become necessary to restore the full provision for the maintenance and repair of civil works which was severely cut in each of the two previous years as a part of the economy campaign. For it has been found that if we were to continue to restrict this expenditure to the reduced amounts made available in the last two years, it would be impossible to maintain these Government assets at a proper standard; as the resultant deterioration would only necessitate a much greater outlay at a later date, the achievement of some temporary saving by this means would be false economy. The provision for maintenance has therefore had to be increased by Rs. 15 lakhs. Certain works in progress such as the new Custom House at Calcutta have had to be completed and a number of urgent projects, which had been postponed from earlier years, could be delayed no longer. On both these accounts the provision for Civil Works had had to be raised by Rs. 21 lakhs. The programme of civil reconstruction for Quetta, originally fixed at Rs. 25 lakhs a year, had also been drastically curtailed in recent years owing to the economy campaign, so that it had dropped far behind the military programme and to make up some of this leeway it has been necessary to increase next year's grant from Rs. 14 lakhs to Rs. 20 lakhs.

As regards new schemes, the general principle adopted was that all forms of avoidable expenditure should be eliminated but that expenditure, which, on a broad view, would assist in the mobilisation of the economic resources of the country and further the successful prosecution of the war should not be rejected. At the same time it was not considered desirable to restrict the grants to the development departments to an extent which would have crippled their beneficent functions and in a number of cases, the natural expansion of their activities has made the provision of additional funds essential.

Thus there is the important expansion in civil aviation for which we are providing an additional Rs. 25 lakhs about which I should like to say a few words. Hon'ble Members will recollect that in 1935-36 a Fund of about Rs. 93 lakhs for the development of civil aviation was created out of the revenue surplus of the previous year. Since then capital expenditure on civil aviation projects has been financed out of this Fund which at the end of the current

year will have an unspent balance of about Rs. 4 lakhs. With the progress that is being made in civil aviation the need for bringing the organisation connected with the trans-continental traffic as well as with the inland routes up to modern requirements has become imperative. Owing to our limited resources, development has in the past been restricted to the essential minimum. We must, however, continue to provide facilities and conform to international standards. Though it is not possible with our existing resources to divert a large sum for the purpose, it has been decided that the Civil Aviation Capital Fund shall continue to be maintained; but instead of a lump sum contribution, it is proposed to contribute to it a sum of Rs. 25 lakhs each year for the next seven years. This will enable the Civil Aviation Department to carry out the long-term programme which it has in view.

I need hardly stress the fact that the justification for undertaking a large programme of Civil Aviation Works in time of war is closely bound up with defence. The Air Force in India must have their own aerodromes for the permanent accommodation of their squadrons and depots, but away from their permanent bases they must have an organisation of aerodromes, wireless stations, meteorological stations, etc., to enable them to move to and operate in any part of India. The development of civil aviation also depends on the prior provision of such an organisation, and it needs little demonstration that one organisation can and should serve both purposes. That has been the policy and practice in this country. Since the development of civil aviation began, the Royal Air Force has depended largely on the civil aerodrome organisation for all its casual operations. The war has intensified the demand. With the rapid development of high speed aircraft, many of our aerodromes even now are not suitable for the operation of the types of Service and civil aircraft in use. Large parts of the country cannot be reached at all by air. This is a situation which must be remedied—in war for defence purposes and after the war for the development of commercial aviation. A good civil organisation will meet the needs of the Air Forces, but the reverse is not true. Government have therefore decided to meet the emergent demands of defence while planning the works as an asset in the development of civil aviation after the war.

In regard to Delhi University, Government were under an obligation which they had accepted some years back and which could not be postponed indefinitely to assist a scheme for its development as an All-India University. On the basis of a programme drawn up by the Vice-Chancellor, Sir Maurice Gwyer, Government have decided to make a non-recurring grant of Rs. 8 lakhs spread over a period of five years and to increase the recurring grant to the University by Rs. 25,000 a year rising to a maximum of Rs. 1 lakh in the fourth year. Half of the non-recurring grant will be used to assist the constituent colleges to move to the University site and the remainder of the money will allow a start to be made on the re-organisation of the University by the provision of science laboratories, a library and research scholarships and the establishment of a number of Professorial Chairs and Readerships. This will involve an additional grant of Rs. 2½ lakhs next year.

The Government of India have also agreed to take over from the beginning of the next financial year the Public Health Section of the Malaria Institute which is controlling the anti-malaria works round Delhi Province as well as advising Provinces and Indian States on malaria problems. This was formerly financed from the funds of the Indian Research Fund Association and the transfer will involve an additional commitment of Rs. 1 lakh. With the opening of the two new stations at Dacca and Trichinopoly and the expansion of their news broadcasts on account of the war, All-India Radio has required an additional Rs. 4 lakhs. But they must also be given credit for the fact that there has been a large increase in the number of wireless licenses. Against about 72,000 licenses in March 1939, it is expected that there will be at least 100,000 licenses next year.

Finally the Decennial Census, in continuance of the series which has been maintained since 1872, is due to be held in 1941, and it has been decided that to avoid any interruption of the statistics which are so vital for many purposes the primary work of enumeration shall be undertaken at the due time. This will involve an expenditure of Rs. 12½ lakhs next year. The question of undertaking the more substantial task of compilation is to be decided at a later date.

SUMMARY.

In this way the expenditure detailed in the civil estimates comes to the figure of Rs. 39,07 lakhs, as compared with Rs. 37,56 lakhs for the current year. With the provision for the Defence Services placed at Rs. 53,52 lakhs, our total expenditure estimates amount to Rs. 92,59 lakhs. At the same time, on the basis of existing taxation together with the increase in the Railway contribution to the full figure of Rs. 4,41 lakhs *plus* in addition a special sum of Rs. 90 lakhs as arrears for the current year, our total revenue is estimated at Rs. 85,43 lakhs. The figures are therefore—

Revenue	Rs. 85,43 lakhs.
Expenditure	„ 92,59 „
Prospective deficit ..	Rs. 7,16 lakhs.

WAYS AND MEANS.

Before I proceed to explain my proposals for dealing with this deficit, I must turn aside to give a brief account of our ways and means position.

New Loan.—The outstanding balance of the 5 per cent. Loan 1939-44 which we had the option of redeeming this year, was notified for discharge early in the year and in July the Government of India floated a further combined cash and conversion issue of the 3 per cent. Loan 1963—65. The issue was made at a price of Rs. 98 and the 5 per cent. Loan 1939—44 and the 5 per cent. Loan 1940-43 were accepted in conversion. The total subscriptions applied for and allotted amounted to Rs. 15,72 lakhs, of which Rs. 8,24 lakhs represented conversions of the 5 per cent. Loan 1939-44; the discharge of the remaining balance of the 5 per cent. Loan 1939—44 was duly effected by an increase in our temporary borrowing. Next year we have the option of redeeming the remainder of the 5 per cent. Loan 1940-43, the outstanding balance of which is a little under Rs. 19½ crores. The time and manner of the redemption will of course depend on market conditions and our ways and means position.

Sterling Position.—With the great improvement in the balance of trade that has taken place during the year, the Reserve Bank has made considerable purchases of sterling, the total for the first 10 months aggregating approximately £53 millions. This may be compared with the figure of £12½ millions for the corresponding period of last year and £15 and £41 millions in those of the two previous years. With the repayment of foreign debt, which we have been effecting continuously for some time past our sterling requirements are naturally decreasing year by year. Moreover in the current year the amount of sterling we require has been still further reduced by special circumstances. Large purchases of raw materials and goods made in India on behalf of His Majesty's Government have been paid for by us in the first instance and we have been recouped by payment of sterling into our account in London. We have also had large sterling receipts on account of recoveries from His Majesty's Government for their share of the war expenditure incurred by India as well as for their contribution towards the expenditure on defence modernisation in accordance with the report of the Chatfield Committee. Again the sales of Indian Government silver which were formerly arranged through the London market, where we had an organisation that had been selling silver for us since 1927, resulted in nearly £8 millions being paid to us in sterling. Our net sterling requirements are therefore now estimated at no more than £10½ millions in the current year and £11½ millions next year, as against the budget estimate of £27 millions and an average of £38 millions required in each of the three previous years.

Repatriation of Sterling Debt.—In addition to expanding their currency reserves, the large acquisitions of sterling already mentioned have enabled the Reserve Bank to put considerable amounts at our disposal for the repatriation of our sterling debt. The desirability of repatriating sterling debt has been constantly before Government and the Reserve Bank for the last three years. A beginning was made in 1937 but it had to be temporarily discontinued owing to the slackening of our remittances. However in this period we have been able completely to liquidate our liabilities on account of the Family Pension Funds transferred to

England to the amount of £9½ millions. We have now first of all taken the opportunity provided by the availability of sterling to reopen the former scheme by which the Reserve Bank is authorised to purchase our sterling non-terminable securities in the open market as amounts become available and to transfer the securities so purchased to us for cancellation. In their place additional rupee paper of the 3½ per cent. and 3 per cent. non-terminable loans is created up to the same nominal value, which is issued gradually by the Reserve Bank in accordance with the requirements of the market. Throughout the period of these operations the market price of 3½ per cent. rupee paper has consistently shown a steady rise, and it is clear that the additional rupee securities thus created to finance this debt repatriation have served to supply an actual need of investing institutions and have not been in excess of the demand. Also since the average sale price has been higher than the average purchase price of the sterling stock in London, we have made an appreciable saving on the transfer which, as before, is being taken not to revenue but to capital as a small additional contribution towards the redemption of debt. A further scheme for the repatriation of sterling which has just been brought into force extends the option of transfer to rupee loans to holders of all our sterling loans. The Reserve Bank is being authorised to open books for rupee counterparts of our sterling loans and transfers will be allowed on payment of a premium which will be fixed from time to time according to the market rates with a small margin where possible in favour of the transferor. In order to introduce these new loans to the market Government at first will issue them on its own account in conversion of sterling securities purchased by it. Thereafter from the 1st April next these facilities will be open to the public on terms based on the sterling and rupee market prices of the respective loans which will be announced by the Reserve Bank from time to time. By this means we hope to bring about an appreciable substitution of rupee liabilities to residents in India in place of sterling liabilities to non-residents, which will be a valuable relief to our remittance programme in future. So far the total value of sterling securities acquired for the purpose of debt repatriation is approximately £9 millions and this should be considerably augmented in the coming year.

Treasury Bills.—In the current year we had originally expected to be able to effect a reduction of 6 crores in the value of treasury bills outstanding. Actually it is probable that by the end of the year treasury bills will have been expanded by 1 crore to leave an outstanding balance of a little over 47 crores. This is mainly due to the larger expenditure that has had to be financed on account of the war and to the restriction which the uncertainties of the international situation imposed on the scale of our loan operations this year. The expansion would, however, have been considerably larger but for the sales of Government silver to the amount of about Rs. 11 crores, the proceeds of which have gone to reduce very considerably the outstanding balance of the silver debt which at the beginning of this year stood at approximately Rs. 48 crores. Next year after providing for a further payment of 5 crores to the Reserve Bank against surplus rupee coin returned by them, we expect to be able to reduce outstanding treasury bills by approximately 8 crores. During the last few years there has been a steady return of rupee coin from circulation, but with the increased demand for currency that has now arisen, the process has been reversed and the balance of rupee coin held in the Issue Department of the Reserve Bank has dropped from Rs. 76 crores on the 8th September 1939 to a little over Rs. 59 crores in the Bank's return of the 9th February. If the outflow of rupee coin continues at the same rate the Reserve Bank may not wish to exercise its option to return a further 5 crores of rupees on April 1st and if they desire not to do so the ways and means position will be easier to the extent of 5 crores.

Post Office Cash Certificates and Savings Bank.—The revised ways and means estimates allow for a net repayment of Rs. 2,63 lakhs in respect of cash certificates as compared with the budget estimate of Rs. 50 lakhs, while under Postal Savings Bank deposits we are reckoning on a net cash outgo of about 5½ crores against the estimated receipt of Rs. 3,75 lakhs in the budget. This deterioration in respect of both Cash Certificates and Savings Bank deposits is mainly due to the larger withdrawals which were made in September and October. There was, however, no such panic as that which took place at the outbreak of the last war, when 40 per cent. of the deposits in the Post Office Savings Bank were withdrawn between August and December 1914 and did not begin to return till after March 1915. On this occasion the total withdrawals during the first three months amounted to no more than 6 per cent. and these were mainly due to the larger demand for cash for trade purposes. Since then there has been a noticeable improvement in the position and withdrawals

have dropped to a very small figure. Accordingly for next year our estimates provide for a net repayment of Rs. 1,50 lakhs under Cash Certificates and an increase of Rs. 2,00 lakhs in cash in Post Office Savings Bank deposits.

PROPOSALS FOR 1940-41.

I must now return to the task of supplementing the revenues of the coming financial year to the amount of Rs. 7,16 lakhs which is required to balance our expenditure.

In the first place we are fortunate in the fact that the current year should leave us with a surplus of Rs. 91 lakhs in our Revenue Reserve Fund, which we may apply to the reduction of the gap to be filled by fresh taxation. The existence of this surplus is entirely due to the larger contributions received from the two great commercial departments of the State, the Railways and the Posts and Telegraphs. These same departments are also responsible for a large reduction in the size of the deficit which would otherwise face us in the coming year. To this extent the community, in its aspect of a customer of the commercial departments, may be said to have come to the assistance of the community in its role of general taxpayer. This feature of the situation is however by no means without its drawbacks. It is in times of comparative prosperity such as this that the commercial departments would wish to utilize their surpluses to a large extent in the building up of reserves, so that when recession comes and general revenues are hard hit, they can meet losses from their own invested savings, without adding a further burden to the general taxpayer. Whilst therefore we yield for the moment to the compulsion which the necessities of war apply, we must bear continually in mind the problems which await us in the future, and refrain so far as we can from exhausting those resources on which we shall then desire to draw.

This brings me to the question of direct taxation and the Excess Profits Tax which is already before the House. I am not unmindful of the bearing which the remarks which I have just uttered have on the conduct of private, no less than of State-owned, businesses. But I believe that the Bill provides a reasonable compromise between the conflicting claims of the present and the future, and I should be happy if we were in a position to treat our own commercial departments no more ungenerously in this matter than private enterprise.

I must now indicate what portion of the remaining gap of Rs. 6,25 lakhs the yield of the Excess Profits Tax can be estimated to cover in 1940-41. This figure can only be estimated in the roughest way. Any attempt at precise calculation is rendered impossible not only by the difficulty of evaluating the scale of profits in war-time, but by the fact that the basis with which they are to be compared must vary with the option of the numerous individual assessees to choose their standard periods. Moreover the portion of excess profits actually brought under assessment in the course of the coming year will in the ordinary way be dependent on the dates on which the normal accounting periods of the businesses affected terminate and the dates by which the assessments can be completed. Finally, as the machinery for administering the tax has yet to be brought into being, the work of assessment cannot begin till many months of the year have passed. Taking all the relevant factors into account, and applying to this highly indeterminate matter the best judgment which we can, we have decided to place the estimated yield in 1940-41 at a net additional Rs. 3,00 lakhs, after allowing for the effect on income-tax and super-tax. As I explained in the House a few days ago, the tax in its application to companies falls under the head of corporation tax, which is a purely Central source of revenue. In its application to other assessees it ranks as a tax on income and the yield is included in the pool of income-tax revenue to be shared between the Centre and the Provinces. One half of the revenue from the tax on assessees other than companies will thus accrue to the Provinces. But since the amount of excess profits paid is deducted from the income assessable to income-tax and super-tax, there will be a reduction in the yield of these latter taxes. It is estimated that the effect of this reduction on the provincial share of income-tax will so nearly counterbalance the accrual of a share of the excess profits tax as to leave a negligible net result, and the provision for distribution to the provinces accordingly remains unchanged.

As I pointed out in my speech on the motion to refer the Excess Profits Tax Bill to a select committee, the principle underlying the measure is that in raising the additional

revenue necessary to meet the cost of war measures, recourse should first be had to the taxation of those to whom the war has brought additional profits. This is a principle of priority of taxation, which cannot be impugned. But I am still left with a gap of Rs. 3,25 lakhs, for which I must turn to the general taxpayer. If any part of this sum were to be found by an ordinary increase of income-tax, it would be necessary to raise an amount equal to double the Centre's requirements, for half would accrue to the Provinces. Since the present emergency is one which arises from the effect of war on the revenue and expenditure of the Centre, this would hardly be appropriate. It is true that the Constitution provides for the levy of a Central surcharge on income-tax, the whole proceeds of which shall accrue to Central revenues ; it is, however, clear from the Act that such a surcharge should be resorted to after and not before other practicable means of balancing the budget have been explored. I must therefore for the time being abandon my pursuit of the income-tax payer, on whom so much attention was concentrated a year ago, when the upper reaches of the scale of tax were sharply steepened. To those in receipt of fixed incomes, the war has no doubt brought an increase in the cost of living and a surcharge, particularly in the lower ranges of incomes, would add to their hardships. I cannot, however, guarantee that further demands from the direct taxpayer may not have to be made in the future, and the conditions in which he is liable to be called upon may even arise in the course of the coming year. For the time being however I propose to leave the rates of income-tax and super-tax unchanged, except for one minor alteration giving relief in respect of super-tax to Co-operative Societies in accordance with an undertaking given by my predecessor in the course of the discussion on the Income-tax Amendment Bill in the Council of State. Accordingly I now turn my attention to the field of indirect taxation.

Now to the extent that our problem is caused by the inadequacy and precariousness of the customs revenue in time of war, it is the consumers of those classes of imports which cannot now be obtained who will have ceased to make the corresponding contribution to the revenue. To this extent the gap can justifiably be filled by additional indirect taxation, though having regard to the regressive character of such taxation, it is desirable to aim at taxes which bear least oppressively on the poorest classes of consumers. I regard the tax on factory refined sugar as answering most nearly to this requirement, for white sugar is mainly consumed not by the poorest but rather by the middle and upper classes of the population. I propose therefore to increase the excise duty on sugar, from Rs. 2 to Rs. 3 a cwt. Under the Customs tariff schedule, as it now stands, this charge will produce an automatic increase in the import duty by a like amount. I may also mention that the sugar-producing Indian States are being approached with a view to bringing them into line with British India and securing that the enhanced excise duty is also levied on their output. I estimate the additional revenue from the increase in the sugar excise, together with the corresponding increase in the import duty, at Rs. 1,90 lakhs.

My other proposal is to increase the duty on motor spirit from 10 annas to 12 annas a gallon. The imposition of this additional burden on all users of motor transport will no doubt evoke protests, but they may regard themselves as fortunate that the war has hitherto involved no more serious handicap on the private consumption of this commodity. Incidentally the effect on the competitive position of road transport is counterbalanced by the increase in railway rates which will now be in force. I estimate the additional revenue from this increase of 2 annas a gallon at Rs. 1,40 lakhs.

Both these changes are to take effect forthwith and a declaration under the Provisional Collection of Taxes Act has been attached to the relevant clauses of the Finance Bill.

With Rs. 91 lakhs from the Revenue Reserve Fund, Rs. 3,00 lakhs from the Excess Profits Tax and Rs. 3,30 lakhs from the enhanced duties on sugar and petrol, our final figures become :—

Revenue	Rs. 92,64 lakhs.
Expenditure	„ 92,59 „
Surplus ..	<u>5 lakhs.</u>

I have now laid my proposals before the House, but before I sit down I would ask Hon'ble Members to bear with me a little longer whilst I describe the background against which I consider that these proposals should be judged. The war has been in progress now for barely six months and no man can say what the coming year has in store for us. I am not one of those who believe that this is going to be a short war, but clearly if it should so turn out many plans and calculations will have to be revised. For the moment we face a situation in which the probabilities are heavily weighted on the side of additional expenditure on the defence of India whilst at the same time many sinister contingencies also threaten our revenues. It has no doubt been possible at this particular juncture of time to base a fairly encouraging view on our actual recent experience, but the plain fact which we have to recognise is that all changes in our position are more likely to be for the worse than for the better.

In these circumstances what is the best course to pursue in the largest interests of the country? There are times when economic prosperity in the country is accompanied by buoyant Government revenues and taxable capacity far exceeds the contemporary requirements of public finance. There are other phases in the trade cycle when economic depression is accompanied by a dislocation of public finance and when the Government can only help itself by aggravating the private difficulties of the taxpayer. The view is rapidly gaining ground that budgetary finance should not be too closely circumscribed within the water-tight compartments of single successive years and that in a period of prosperity, instead of allowing the whole of the surplus of the national income "to fructify in the pockets of the people" the Government should draw on it to an extent which will enable it to bear less heavily on the country in a period of depression. There is obviously great force in this view, but the present situation in India is one which corresponds to neither of the commoner phases which I have just described. It is a situation in which, while the Government is inevitably involved in large and growing expenditure on defence, the community as a whole may be said to be enjoying a period of prosperity. Now whatever the view which one may hold on the subject of budgeting for a year at a time or budgeting for a longer period more nearly corresponding to a trade cycle, there can, I hold, be no question that in the circumstances of India to-day the additional requirements of Government should clearly be met by drawing on the additional taxable capacity which the war has produced. It would in my opinion be indefensible in circumstances such as these to postpone for the future any part of the burden which can more easily be shouldered to-day. That future, judging by historical precedent, will inevitably produce for us problems and difficulties far more harassing than those with which we are now called upon to deal. If we can do anything at this moment to lighten the immense burden of our successors it is our bounden duty to do it; the least they will be entitled to expect is that when we have the power and the means to do it we should refrain from handing on to them a disastrous legacy. We cannot isolate ourselves from the world in which we live. It is a world in which this generation is being called upon to undergo fiery ordeals in order that those that come after may live more abundantly.

NEW DELHI,
29th February, 1940.

JEREMY RAISMAN.

Report for the Year 1939.

Section V.

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STATISTICS.

As was stated in the preliminary portion of the report for 1926, the tables printed in the following pages show considerable variations from those published prior to 1926. The tables now given represent an attempt to give in an easily comprehensible form essential information of a statistical nature regarding the textile trade of India as a whole. In addition, information will also be found in certain tables concerning the textile trade of Bombay City and Island which is the largest individual centre of the cotton trade in India.

A number of interesting tables are also included concerning the textile trade of Japan, India's keenest competitor in the home and export markets.

Most of the tables are self-explanatory and no notes regarding their interpretation are necessary. The following notes are only intended to assist in arriving at correct conclusions regarding the progress of the Indian textile trade during the last few years.

Table 3.—Progress of Cotton Mill Industry in India. The falling off in the production of yarn and cloth in the years ending 31st of March 1926 and 1929 is chiefly accounted for by the strikes referred to in the footnote to the table.

Table 7.—Statement showing the cotton arrivals into Bombay during the season 1938-39 as compared with 9 previous seasons.

Tables 16 and 17.—Statements showing the imports of cotton yarn into India and Bombay during the last 20 years. Notable features of the tables are the larger imports of artificial silk and mercerized yarn during the last few years.

Tables 18 and 19.—Statements showing the imports of cotton piecegoods into India and Bombay during the last 20 years.

Table 20.—Summary of imports of cotton yarn into India in 1939 as compared with two previous years. This table shows the shares of the import trade in yarn held by the chief importing countries.

Table 21.—Detailed statement of imports of cotton yarn into India in 1939 as compared with two previous years. This table shows in detail the counts and types of yarn imported into India from the various countries.

Tables 22 and 23.—Summary and Details of imports of cotton yarn into Bombay in 1939 as compared with two previous years. These tables give information similar to that contained in Tables 20 and 21, but for the Port of Bombay.

Table 26.—Summary of imports of cotton piecegoods into India in 1939 as compared with two previous years. This table gives at a glance the quantities of the main classifications of piecegoods imported into India from the chief importing countries. Table 27 gives the information contained in Table 26 in very much greater detail.

Tables 28 and 29.—Details and Summary of imports of cotton piecegoods into Bombay in 1939 as compared with two previous years. These tables contain information similar to that contained in Tables 27 and 26 respectively but for the Port of Bombay.

Table 30.—Detailed statement of exports of Indian-made piecegoods from India. When perusing this table the footnote explaining the exact areas covered by the territories mentioned should be carefully studied. The preponderance of coloured goods in the total piecegoods export trade is very striking.

Table 31 contains information similar to that given in *Table 30* but for the Port of Bombay.

Tables 32 and 33.—Statements showing the re-exports of piecegoods and yarn from India and Bombay respectively. The figures show that the bulk of the re-exports of cotton piecegoods pass through Bombay.

Tables 34 and 35.—Statements showing the quantities of cloth and yarn available for consumption in India. These tables are among the most interesting and instructive statistics ever published concerning the extent of the Indian market for yarn and piecegoods. The figures showing the balance of yarn available for consumption in India to some extent give an indication as to the importance of the handloom weaving industry of India.

Tables 36 to 39 (both inclusive) contain information extracted from the publications issued by the Japan Cotton Spinners' Association and indicate very clearly the phenomenal progress made by the Japanese Cotton Textile Industry during the last decade.

Table 40 is extracted from the statistics published by the British Board of Trade and indicates the relative importance of the three chief Presidency Ports of India in the yarn and piecegoods import trade. It should be noted that the figures for the Port of Bombay as given in this table are not strictly comparable with the Government of India statistics for that port on which all other tables relating to Bombay in this section are based.

TABLE No. 1.
SPINDLES AND LOOMS SET UP IN INDIA, THE UNITED STATES OF AMERICA, GREAT BRITAIN, GERMANY, CHINA AND JAPAN.

The following figures have been obtained from various sources and may be taken as being approximately correct. In order, however, to make the record as complete as possible, the Committee of the Association will be obliged, if members and others who have any additional particulars available will kindly forward them to the Secretary for inclusion in any future statements that may be published:—

SPINDLES.

Year.	India.	United States of America.	Great Britain.	Germany.	Japan.	China.
1887	2,421,290	....	42,740,000	....	....	....
1888	2,488,851	....	43,000,000	....	....	....
1889	2,762,518	....	43,500,000	....	....	....
1890	3,274,196	14,384,180	43,750,000	....	....	....
1891	3,351,694	14,640,000	44,750,000	....	....	....
1892	3,402,232	15,200,000	45,270,000	....	385,314	....
1893	3,575,917	15,700,000	45,270,000	....	381,781	....
1894	3,649,736	16,100,000	45,190,000	....	530,074	....
1895	3,809,929	16,650,000	45,400,000	6,571,332	580,945	....
1896	3,932,946	17,333,396	44,900,000	....	692,384	....
1897	4,065,618	18,228,991	44,500,000	....	768,328	....
1898	4,259,720	18,434,244	44,900,000	7,115,500	1,027,817	....
1899	4,728,333	19,329,092	45,600,000	....	1,170,337	....
1900	4,945,783	19,472,232	45,600,000	8,031,400	1,274,000	550,000
1901	5,006,936	20,106,835	46,100,000	8,434,601	1,234,976	....
1902	5,006,965	20,907,212	49,727,107	....	1,230,697	....
1903	5,043,297	21,212,827	49,700,000	....	1,381,306	....
1904	5,118,121	22,197,522	49,500,000	....	1,345,585	....
1905	5,163,486	22,861,043	50,964,874	8,832,016	1,428,594	....
1906	5,279,595	24,628,379	52,796,230	9,121,259	1,472,253	....
1907	5,333,275	25,681,509	52,585,362	9,730,209	1,540,452	750,000
1908	5,756,020	26,133,442	55,218,024	9,850,209	1,795,879	....
1909	6,053,231	27,914,085	57,026,422	10,162,872	1,954,892	....
1910	6,195,671	28,299,482	57,731,829	10,200,000	2,099,764	....
1911	6,357,460	29,064,492	58,002,435	10,480,090	2,170,796	831,000
1912	6,463,929	29,962,713	58,140,220	10,725,732	2,176,748	833,112
1913	6,596,862	30,579,000	58,481,000	10,920,426	2,414,499	947,406
1914	6,778,895	32,227,840	59,317,187	10,162,872	2,657,174	1,000,000
1915	6,848,744	32,400,792	59,905,000	10,163,000	2,807,514	....
1916	6,839,877	32,653,164	59,811,222	....	2,875,904	1,029,218
1917	6,738,697	33,535,000	60,973,000	....	3,060,478	1,126,568
1918	6,653,871	34,219,156	57,685,841	....	3,227,678	....
1919	6,689,680	34,648,928	59,182,683	....	3,488,262	1,416,556
1920	6,763,076	34,946,721	60,079,394	8,262,872	3,813,680	1,585,300
1921	6,870,804	35,632,193	60,053,246	8,693,221	4,161,126	1,650,000
1922	7,331,219	36,584,487	58,712,303	9,400,000	4,517,612	1,888,348
1923	7,927,938	37,397,000	59,819,000	9,605,000	4,436,798	3,581,214
1924	8,313,273	37,924,000	59,511,000	10,060,000	5,125,696	3,669,440
1925	8,510,683	37,833,000	59,903,000	10,060,000	5,447,184	3,414,062
1926	8,714,168	37,650,000	60,285,000	10,300,000	5,679,852	3,461,152
1927	8,702,760	37,483,000	60,466,000	10,900,000	6,116,266	3,588,483
1928	8,704,172	36,824,000	60,042,000	11,020,000	6,467,174	3,688,483
1929	8,907,064	36,216,000	59,134,000	11,155,000	6,836,516	3,638,098
1930	9,124,768	35,663,000	57,712,000	11,260,000	7,214,001	3,664,120
1931	9,311,953	33,325,000	57,575,522	10,838,000	7,535,146	3,969,552
1932	9,506,083	32,109,000	53,443,684	10,233,000	7,964,850	4,497,902
1933	9,580,058	30,685,000	51,525,314	9,846,000	8,043,928	4,498,000
1934	9,613,174	30,329,000	47,182,560	9,900,000	9,530,574	4,904,788
1935	9,685,775	29,717,000	45,056,787	9,900,000	10,649,048	5,171,600
1936	9,856,658	28,598,538	42,641,685	9,900,000	12,139,408	5,172,000
1937	9,730,798	27,128,413	41,102,514	10,200,000	12,567,296	5,526,847
1938	10,020,275	25,934,590	38,807,925	11,065,000	12,776,220	5,635,068
1939	10,059,370	25,727,330	36,949,088	†13,000,000	12,278,223	5,635,068

Note.—The figures for India are taken from the Association's Mill Statement.
The figures for Japan are taken from the half-yearly publication of the Japan Cotton Spinners' Association.
The rest of the figures are taken from the Comtelburo Year Book,
† Includes Austria and Sudetanland.

TABLE NO. 2.
LOOMS.

Year.	India.	United States of America.	Great Britain.	Germany.	Japan.	China.
1887	18,536	....	....	....	....	....
1888	19,496	....	....	....	....	....
1889	21,561	....	....	....	....	....
1890	23,412	....	....	....	....	....
1891	24,531	....	....	....	....	....
1892	25,444	....	660,000	....	....	....
1893	28,164	....	....	....	....	....
1894	31,154	....	....	....	....	....
1895	35,338	362,067	606,585	245,000	5,000	....
1896	37,270	354,358	....	....	....	....
1897	37,584	379,341	....	....	2,852	....
1898	38,013	384,745	....	240,000	2,798	....
1899	39,069	392,690	....	....	2,757	....
1900	40,124	439,465	648,820	211,818	5,045	....
1901	41,180	411,106	....	211,818	....	....
1902	42,584	477,072	....	....	....	....
1903	44,092	488,760	684,000	....	5,043	....
1904	45,337	503,027	....	....	5,085	....
1905	50,139	515,006	704,357	230,200	8,140	....
1906	52,668	525,630	704,357	230,200	9,601	....
1907	58,436	536,815	725,221	....	9,462	....
1908	67,920	546,160	736,325	....	11,146	....
1909	76,898	553,398	739,382	....	13,813	....
1910	82,725	625,719	741,197	230,200	17,702	....
1911	85,352	633,909	741,260	....	20,431	....
1912	88,951	671,873	758,712	....	21,898	3,738
1913	94,136	709,255	786,205	....	24,224	4,755
1914	104,179	696,387	805,452	230,200	25,443	....
1915	108,009	689,840	808,145	....	30,068	....
1916	110,268	719,358	808,796	....	31,295	4,755
1917	114,621	725,366	807,543	....	36,181	5,853
1918	116,484	712,426	787,679	....	40,391	....
1919	118,221	700,620	790,936	....	44,401	7,193
1920	119,012	708,079	798,083	190,200	50,583	7,660
1921	123,783	719,120	790,399	190,200	54,994	....
1922	134,620	707,469	799,000	190,200	60,893	10,814
1923	144,794	744,686	795,244	240,700	64,460	22,477
1924	151,485	760,625	791,674	240,700	68,579	21,644
1925	154,202	762,808	788,197	240,700	73,381	25,934
1926	159,464	760,133	786,309	240,700	77,043	22,924
1927	161,952	745,520	767,524	250,000	78,352	24,047
1928	166,532	747,379	754,940	250,000	81,209	25,980
1929	174,992	736,379	739,887	250,000	77,898	29,788
1930	179,250	720,177	703,878	250,000	79,466	29,582
1931	182,429	658,604	657,864	230,000	77,782	29,582
1932	186,341	646,764	624,629	230,000	79,277	33,580
1933	180,040	625,445	601,750	267,000	86,343	33,580
1934	194,388	608,815	560,153	225,000	91,146	42,596
1935	198,867	600,837	517,460	225,000	95,982	42,834
1936	200,062	575,366	499,703	225,000	100,543	42,834
1937	197,810	540,233	471,258	225,000	*332,564	52,009
1938	200,286	501,415	461,209	236,000	*332,564	58,439
1939	202,464	504,286	453,396	†270,000	*253,687	58,439

(Please see foot-note to previous table.)

† Includes Austria and Sudetanland.

* Includes narrow width looms.

TABLE No. 3.
PROGRESS OF COTTON MILL INDUSTRY IN INDIA.

Year.	BOMBAY CITY AND ISLAND.						ALL-INDIA.					
	Average Working.		Cotton Consumed.	Yarn Spun.	Cloth Woven.	Average Number of hands employed.	Average Working.		Cotton Consumed.	Yarn Spun.	Cloth Woven.	Average Number of hands employed.
	Spindles.	Looms.					Spindles.	Looms.				
	1	2	3	4	5	6	1	2	3	4	5	6
	Year ending 30th	June.	Year ending 31st	31st March.	Year ending 30th	Year ending 30th	Year ending 30th	June.	Year ending 31st	31st March.	Year ending 30th	
		Bales of 392 lbs.	Bales of 400 lbs.	(in yds.)				Bales of 392 lbs.	Bales of 400 lbs.	(in yds.)		
1911	2,493,163	38,380	953,450	801,068	563,224,913	104,500	5,392,691	73,549	1,905,866	1,524,318	1,042,741,653	230,649
1912	2,556,706	39,639	1,077,616	819,102	622,451,272	109,691	5,493,477	77,074	2,050,102	1,562,575	1,136,151,590	243,637
1913	2,567,810	39,975	1,072,210	909,202	642,101,710	110,033	5,736,701	82,577	2,096,016	1,721,182	1,220,442,545	253,786
	Year ending 31st	August.				Year ending 31st	Year ending 31st	August.			Year ending 31st	
1914	2,597,913	41,643	1,078,038	887,561	592,366,008	109,860	5,848,283	85,158	2,143,126	1,706,942	1,164,291,588	260,276
1915	2,455,468	41,667	1,028,050	805,383	562,322,867	111,924	5,704,320	86,868	2,102,632	1,629,961	1,135,707,952	265,346
1916	2,551,736	47,250	1,096,174	941,857	771,266,499	118,303	5,900,896	95,965	2,197,718	1,806,061	1,441,514,550	274,361
1917	2,736,014	52,421	1,134,814	869,748	830,185,157	125,713	6,067,770	100,824	2,198,164	1,702,768	1,578,132,789	276,771
1918	2,671,450	52,887	1,068,492	893,221	933,137,872	124,199	5,987,685	101,141	2,085,678	1,651,439	1,614,126,458	282,227
1919	2,652,115	52,320	999,756	765,475	757,903,744	126,368	6,046,323	102,977	2,044,230	1,537,601	1,450,726,160	293,277
1920	2,814,718	54,664	957,150	794,297	863,292,197	140,208	6,238,771	105,169	1,952,318	1,589,400	1,639,779,227	311,078
1921	2,896,926	57,159	1,060,598	856,141	836,506,933	147,740	6,407,037	111,708	2,120,230	1,650,006	1,580,849,746	332,179
1922	2,952,183	58,848	1,074,198	871,736	921,926,856	149,224	6,549,112	117,318	2,203,540	1,733,929	1,731,573,296	343,723
1923	3,013,593	60,808	1,059,630	870,248	870,284,518	148,771	6,760,218	120,806	2,151,698	1,764,733	1,725,284,187	347,380
1924	2,929,786	62,087	821,466	673,966	855,883,055	148,414	6,962,553	128,320	1,917,748	1,521,569	1,701,574,355	356,887
1925	3,181,654	66,329	994,732	818,857	986,028,304	153,009	7,454,161	135,516	2,226,310	1,798,475	1,970,446,852	367,877
1926	2,860,076	63,403	777,970	654,906	871,840,734	149,099	7,264,234	136,033	2,113,384	1,716,068	1,954,462,650	373,508
1927	2,951,513	69,684	994,500	862,147	1,135,020,515	154,698	7,521,636	146,200	2,417,412	2,017,790	2,258,716,065	384,623
1928	1,826,026	45,464	568,848	796,867	1,131,520,832	129,275	6,505,175	126,235	2,009,782	2,022,351	2,356,564,805	360,921
1929	2,108,747	47,668	630,978	384,382	537,402,790	106,710	6,957,389	133,882	2,161,166	1,620,740	1,893,268,655	346,925
1930	2,803,936	64,397	877,492	658,042	888,944,315	136,774	7,979,454	156,662	2,573,714	2,083,899	2,418,981,049	384,022
1931	2,702,848	62,748	839,388	677,266	967,586,025	129,057	8,093,714	157,609	2,633,176	2,168,196	2,561,133,035	395,475
1932	2,715,889	61,883	920,730	803,974	1,216,886,366	129,534	8,323,082	161,340	2,911,264	2,416,016	2,989,891,101	403,226
1933	2,430,854	58,870	797,976	782,304	1,210,597,547	119,943	8,202,149	162,818	2,837,158	2,541,046	3,169,898,499	400,005
1934	2,043,506	48,764	613,014	606,619	923,057,741	95,007	7,845,077	158,802	2,703,990	2,302,652	2,945,051,727	384,938
1935	2,393,324	57,208	885,252	663,469	1,025,360,827	111,147	8,441,464	174,114	3,123,414	2,501,889	3,397,456,046	414,184
1936	2,305,970	57,783	836,460	762,092	1,236,204,871	109,670	8,504,406	177,935	3,109,618	2,645,742	3,571,370,903	417,803
1937	2,322,151	58,978	828,184	691,490	1,156,084,569	109,479	8,441,001	177,810	3,146,752	2,635,292	3,571,987,099	417,276
1938	2,584,583	62,812	1,036,992	826,503	1,376,127,887	118,993	8,901,635	183,368	3,662,648	2,898,781	4,084,276,363	437,690
1939	2,484,022	61,452	986,542	918,076	1,439,161,075	113,338	8,986,371	183,332	3,810,734	3,258,115	4,269,269,499	441,949

NOTE.—Columns 1, 2 and 3.—Figures taken from the Association's Mill Statement.

Columns 4 and 5.—Are taken from "Monthly Statistics of Spinning and Weaving" published by the Government of India.

Column 6.—Same as columns 1, 2 and 3.

Production was at a standstill in all the mills in the Bombay City and Island for about 2 months in 1924 (end of January to March) and for a further period of 2½ months in 1925-26 (Sept. 15th to 1st Dec.) and again for about 6 months in 1928 (April 15th to first week of October) and for about 4½ months in 1929 (26th April to the middle of September).

TABLE No. 4.

THE WORLD'S COTTON CROPS, 1914-15 to 1938-39 (TODD'S).

(Bales approximately 500 lbs.)

(000's omitted.)

Years.	America (Linters included).	India*	Egypt.	Russia.	China.	Others.	Total.	Percentage on 1914-15.
1914-15	10,992	5,209	1,298	1,244	2,333	1,154	28,212	100
1915-16	12,123	3,738	961	1,407	2,057	984	21,270	76
1916-17	12,781	4,489	1,022	1,110	1,714	1,027	22,143	79
1917-18	12,428	4,000	1,262	603	1,863	1,086	21,242	76
1918-19	12,970	3,972	964	420	2,203	1,298	21,827	78
1919-20	12,029	5,796	1,114	274	1,914	1,485	22,612	81
1920-21	13,880	3,600	1,206	66	1,829	1,326	21,907	78
1921-22	8,351	4,485	972	42	1,488	1,263	16,601	59
1922-23	10,370	5,073	1,243	52	2,249	1,380	20,367	72
1923-24	10,808	5,161	1,306	214	1,931	1,600	21,020	74
1924-25	14,525	6,088	1,455	458	2,104	1,904	26,534	94
1925-26	17,219	6,215	1,593	741	2,044	1,991	29,803	106
1926-27	19,135	5,024	1,530	785	1,691	1,988	30,153	107
1927-28	13,972	5,963	1,219	1,025	1,833	1,803	25,815	92
1928-29	15,760	5,782	1,602	1,174	2,394	2,105	28,817	102
1929-30	16,066	5,243	1,706	1,279	2,055	2,118	28,467	101
1930-31	14,918	5,224	1,655	1,589	2,317	1,873	27,576	98
1931-32	18,163	4,007	1,271	1,846	1,733	2,060	29,080	103
1932-33	13,914	4,657	991	1,757	2,195	1,866	25,380	90
1933-34	14,029	5,068	1,715	1,846	2,633	2,878	28,337	100
1934-35	10,638	4,858	1,511	1,772	3,033	3,407	25,577	90
1935-36	11,727	5,933	1,707	2,347	2,410	4,498	28,622	99
1936-37	13,806	6,317	1,821	3,550	3,741	4,415	33,650	119
1937-38	20,765	(a) 5,779	2,202	3,782	3,083	5,161	40,772	144
1938-39†	13,443	(a) 5,120	1,668	3,851	2,200	4,876	31,158	110

*400-lb. bales.

(a) Excludes Burma.

† Estimates.

NOTE.—Figures taken from the "Bombay Cotton Annual" issued by the East India Cotton Association.

TABLE No. 5.

PRODUCTION AND CONSUMPTION OF RAW COTTON IN INDIA.

(Indian Trade Journal dated 9th May 1940.)

The following statement compares the estimates of the total outturn of cotton in India for the last two years with the sum of exports and internal consumption. The figures are those compiled by the Indian Central Cotton Committee and refer in the case of mills in British provinces to Indian cotton alone. The estimate of mill consumption in Indian States refers to all cotton, but it has been ascertained from the Indian Central Cotton Committee that the amount of foreign cotton consumed in Indian States is negligible. Import figures have not therefore been taken into consideration for the purposes of the comparison set forth below. A conventional estimate has as usual been made for extra factory or local consumption. It should be borne in mind that estimates of the "Carry-over" from one year to another have not been taken into account owing to complete information not being available regarding stocks.*

	YEAR ENDING 31ST AUGUST	
	1939. Thousand bales (400 lbs.)	1938. Thousand bales (400 lbs.)
Exports to United Kingdom	402	362
„ to Continent (Europe excluding United Kingdom) ..	747	724
„ to China	730	66
„ to Japan	1,288	813
„ to Other Countries	200	135
Total ..	3,367	2,100
Home Consumption—		
Mills†	3,121	2,994
Extra—factory or local‡	450	450
Total ..	3,571	3,444
Approximate crop	6,938	5,544
Estimated in forecast	5,076	5,722
Excess (+) or deficit (—) neglecting carry-over	+1,862	—178

* Stocks of cotton in Bombay were 680,000 bales on 31st August 1939 and 914,000 bales on 31st August 1938.

† The figure of mill consumption is that compiled by the Indian Central Cotton Committee, Bombay, mainly on the basis of returns made under the Indian Cotton Cess Act.

‡ Conventional estimate.

TABLE No. 6.

STATEMENT SHOWING THE STOCKS OF COTTON HELD BY INDIAN MILLS ON 1ST AUGUST 1939 AND ON 1ST FEBRUARY 1940.

(In bales regardless of weight.)

	Bombay City and Island.		All-India.	
	1-8-39.	1-2-40.	1-8-39.	1-2-40.
COTTON MILL STOCKS.				
(In actual bales regardless of weight.)				
(a) American (Linters and waste not included)	29,389	14,027	44,308	16,222
(b) East Indian	206,898	211,036	1,110,461	930,721
(c) Egyptian	8,138	10,451	22,726	29,162
(d) Sundries	30,588	39,334	79,020	77,783
Total ..	275,013	274,848	1,256,515	1,053,888

Figures from the Cotton Census taken at the request of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

(Figures are approximations.)

TABLE No. 7.

The following Table gives details of cotton arrivals into Bombay during the 1938-39 season compared with the total of the nine previous years.

(Actual weight converted into bales of 3½ cwts. each.) (Season ending 31st August in each case.)

NOTE.—The following figures are extracted from the daily returns issued by the Bombay Chamber of Commerce.

	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
Khandeish	294,922	324,940	121,806	220,402	326,265	254,473	308,848	206,505	53,986	38,888
Central India	411,394	339,182	118,798	208,096	243,550	110,745	291,231	338,845	53,231	225,421
Barsi Nagar and Hyderabad Gaorani	365,162	255,074	103,145	190,544	222,445	155,618	217,960	276,179	190,816	100,781
Berar	731,747	593,289	250,475	471,173	502,736	403,738	344,040	579,602	335,987	163,102
Central Provinces	406,227	373,926	75,094	136,713	117,698	96,808	99,823	114,551	87,123	40,080
Dholleras	198,899	281,614	250,430	297,573	156,431	196,518	335,935	183,099	160,279	278,134
N. W. Provinces	140,446	93,552	26,970	8,246	9,184	35,306	63,996	10,399	3,112	10,893
Rajputana	58,599	53,365	56,570	84,484	61,623	51,925	115,558	97,443	16,929	82,019
Sind-Punjab	153,145	124,112	140,672	107,256	190,913	335,372	473,626	354,809	528,924	340,866
Broach	287,060	303,695	260,317	327,831	252,100	133,579	413,597	343,200	267,780	415,085
Compta Dharwar	160,648	98,274	86,693	96,406	92,421	94,076	112,062	74,887	86,276	155,706
Western Northerns	71,241	49,378	48,586	75,428	65,472	74,629	78,565	40,743	30,522	99,914
Cocanada	103	24	10	115	475	435	201	155	23	98
Tinnevely and Cambodia	46,250	42,670	16,851	61,326	52,368	86,593	20,629	22,333	9,639	2,677
Persians	704	1,438	2,951	8,063	2,829	2,686	9	14	..	..
Americans	15,889	140,296	280,808	75,196	26,622	75,235	27,023	20,546	178,188	3,487
Egyptians	12,387	148,947	121,032	32,745	49,971	134,623	81,236	181,525	207,314	158,340
East Africans	134,533	179,473	133,162	133,448	143,304	258,070	185,218	284,248	341,809	236,889
Comilla, Burmah and Other Sorts	858	702	322	188	28	1,155	482	246	1,240	267
TOTAL ..	3,480,214	3,403,951	2,094,692	2,535,233	2,516,435	2,501,584	3,170,039	3,129,329	2,553,178	2,354,647

TABLE NO. 8.

STATEMENT SHOWING THE WEEKLY PRICES OF COTTON IN BOMBAY
(IN RUPEES PER CANDY OF 784 lbs.)

The figures are extracted from the Weekly Statistics of the East India Cotton Association, Ltd.

Week ending :	BENGAL F. G.		BROACH.		OOMRA FINE.	
	Price.	Delivery.	Price.	Delivery.	Price.	Delivery.
5th January 1939 ..	127	Spot	163	Apl./May	152	Spot
12th " ..	124	"	159	"	150	"
19th " ..	125	"	158	"	148	"
26th " ..	121	"	154	"	143	"
2nd February ..	119	"	153	"	143	"
9th " ..	119	"	153	"	143	"
16th " ..	116	"	149	"	140	"
23rd " ..	117	"	149	"	140	"
2nd March ..	118	"	152	"	142	"
9th " ..	118	"	152	"	142	"
16th " ..	120	"	155	"	145	"
23rd " ..	117	"	153	"	143	"
30th " ..	118	"	154	"	142	"
6th April ..	116	"	153	"	142	"
13th " ..	114	"	150	"	142	"
20th " ..	117	"	153	"	144	"
27th " ..	115	"	153	"	144	"
4th May ..	119	"	160	"	152	"
11th " ..	120	"	162	"	155	"
18th " ..	127	"	171	"	169	"
25th " ..	128	"	171	July/Aug.	163	"
1st June ..	126	"	168	"	160	"
8th " ..		M a r k e t c l o s e d				
15th " ..	130	Spot	174	"	166	"
22nd " ..	123	"	164	"	156	"
29th " ..	124	"	161	"	156	"
6th July ..	122	"	159	"	155	"
13th " ..	126	"	161	"	160	"
20th " ..	123	"	155	"	150	"
27th " ..	121	"	153	"	149	"
3rd August ..	123	"	157	"	150	"
10th " ..	124	"	158	"	154	"
17th " ..	124	"	158	"	151	"
24th " ..	125	"	160	"	155	"
31st " ..	123	Dec./Jan.	159	Apl./May 1940	148	Dec./Jan.
7th September ..	119	"	155	"	146	"
14th " ..	146	"	192	"	179	"
21st " ..	156	"	211	"	198	"
28th " ..	150	"	202	"	188	"
5th October ..	142	"	189	"	177	"
12th " ..	149	"	198	"	185	"
19th " ..	145	"	195	"	182	"
26th " ..	146	"	196	"	184	"
9th November ..	161	"	219	"	204	"
16th " ..	169	"	225	"	210	"
23rd " ..	195	"	254	"	235	"
30th " ..	204	"	266	"	242	"
7th *December ..	197	"	276	"	245	"
14th " ..	246	"	332	"	297	"
21st " ..	224	"	313	"	277	"
28th " ..	214	"	294	"	259	"

TABLE No. 9.

STOCKS OF YARN AND CLOTH HELD BY BOMBAY MILLS.

The following table shows the stocks of Yarn and Cloth held by Bombay Mills compiled from returns received by the Association :—

Date of Returns.	YARN STOCKS IN BALES.			CLOTH STOCKS IN BALES.		
	Approximation of stocks for all Bombay Mills.			Approximation of stocks for all Bombay Mills.		
	Sold but delivery not taken.	Unsold.	Total unclear- ed.	Sold but delivery not taken.	Unsold.	Total unclear- ed.
1936.						
January 31st	11,000	13,000	24,000	67,000	31,000	98,000
February 29th	10,000	13,000	23,000	69,000	31,000	100,000
March 31st	10,000	13,000	23,000	69,000	33,000	102,000
April 30th	12,000	11,000	23,000	68,000	32,000	100,000
May 31st	12,000	11,000	23,000	74,000	33,000	107,000
June 30th	12,000	12,000	24,000	84,000	34,000	118,000
July 31st	13,000	9,000	22,000	95,000	35,000	130,000
August 31st	12,000	10,000	22,000	104,000	34,000	138,000
September 30th	11,000	9,000	20,000	94,000	34,000	128,000
October 31st	9,000	9,000	18,000	73,000	31,000	104,000
November 30th	9,000	7,000	16,000	57,000	26,000	83,000
December 31st	10,000	6,000	16,000	54,000	24,000	78,000
1937.						
January 31st	10,000	5,000	15,000	54,000	19,000	73,000
February 28th	11,000	5,000	16,000	53,000	18,000	71,000
March 31st	12,000	6,000	18,000	47,000	18,000	65,000
April 30th	12,000	5,000	17,000	45,000	16,000	61,000
May 31st	11,000	6,000	17,000	51,000	14,000	65,000
June 30th	10,000	5,000	15,000	60,000	13,000	73,000
July 31st	8,000	5,000	13,000	70,000	12,000	82,000
August 31st	7,000	4,000	11,000	73,000	12,000	85,000
September 30th	6,000	2,000	8,000	58,000	9,000	67,000
October 31st	7,000	3,000	10,000	52,000	10,000	62,000
November 30th	9,000	4,000	13,000	49,000	9,000	58,000
December 31st	12,000	5,000	17,000	50,000	12,000	62,000
1938.						
January 31st	15,000	4,000	19,000	56,000	9,000	65,000
February 28th	16,000	4,000	20,000	64,000	10,000	74,000
March 31st	15,000	5,000	20,000	62,000	12,000	74,000
April 30th	17,000	5,000	22,000	65,000	13,000	78,000
May 31st	18,000	8,000	26,000	72,000	12,000	84,000
June 30th	21,000	7,000	28,000	91,000	15,000	106,000
July 31st	22,000	6,000	28,000	105,000	17,000	122,000
August 31st	24,000	7,000	31,000	113,000	19,000	132,000
September 30th	23,000	7,000	30,000	107,000	19,000	126,000
October 31st	24,000	8,000	32,000	102,000	19,000	121,000
November 30th	24,000	8,000	32,000	98,000	21,000	119,000
December 31st	24,000	9,000	33,000	105,000	24,000	129,000
1939.						
January 31st	27,000	10,000	37,000	108,000	28,000	136,000
February 28th	26,000	12,000	38,000	101,000	27,000	128,000
March 31st	26,000	12,000	38,000	108,000	28,000	136,000
April 30th	24,000	12,000	36,000	111,000	29,000	140,000
May 31st	21,000	11,000	32,000	114,000	30,000	144,000
June 30th	16,000	10,000	26,000	121,000	30,000	151,000
July 31st	14,000	11,000	25,000	133,000	30,000	163,000
August 31st	13,000	11,000	24,000	144,000	35,000	179,000
September 30th	14,000	8,000	22,000	116,000	32,000	148,000
October 31st	12,000	8,000	20,000	97,000	34,000	131,000
November 30th	10,000	7,000	17,000	76,000	22,000	98,000
December 31st	8,000	7,000	15,000	67,000	23,000	90,000

TABLE No. 10.
AVERAGE WHOLESALE PRICES OF PIECEGOODS AND YARN
PRODUCED BY BOMBAY MILLS.

Date.	PIECEGOODS.			YARN.	
	Longcloth.	T. Cloths.	Chadars.	Twist. No. 10's.	Twist. No. 20's.
	As.	As.	As.	As.	As.
Year ending December 31st, 1905 ..	9.39	9.56	9.30	5 29/32	7.0
Year ending December 31st, 1906 ..	9.46	9.45	9.38	5 29/32	7 5/16
Year ending December 31st, 1907 ..		Not Available.			
Year ending December 31st, 1908 ..	9 7/16	9 1/16	8 15/16	5 3/32	6½
Year ending December 31st, 1909 ..		Not Available.			
Year ending December 31st, 1910 ..	9 15/16	9 3/16	9 3/16	6 27/32	7 13/16
Year ending December 31st, 1911 ..		Not Available.			
Year ending December 31st, 1912 ..	10 13/16	10½	9½	7 5/32	8½
Year ending December 31st, 1913 ..		Not Available.			
Year ending December 31st, 1914 ..	9½	9 3/16	9 5/16	5½	6 23/32
Year ending December 31st, 1915 ..	9 1/16	8 7/16	8 7/16	5	6 1/32
Year ending December 31st, 1916 ..	11½	11½	10½	6 7/16	8 9/32
Year ending December 31st, 1917 ..	17½	16 3/16	14 15/16	9 7/16	12 29/32
Year ending December 31st, 1918 ..	29½	26½	25½	16 29/32	20 31/32
Year ending December 31st, 1919 ..	26½	24 9/16	24½	16 19/32	21 3/16
Year ending December 31st, 1920 ..	29½	27½	27 9/16	16 11/16	24½
Year ending December 31st, 1921 ..	26 3/16	24½	24 5/16	12 9/32	17
Year ending December 31st, 1922 ..	25 11/32	22½	23½	12½	16 15/16
Year ending December 31st, 1923 ..	21½	19 15/16	19 13/16	12 1/16	15 19/32
Year ending December 31st, 1924 ..	22½	21½	20 9/16	14½	17 11/32
Year ending December 31st, 1925 ..	19½	18 9/16	18½	12 3/32	13 31/32

TABLE No. 10—contd.

AVERAGE WHOLESALE PRICES OF GREY UNBLEACHED PIECEGOODS IN 1939.

	Longcloth Standard Quality 37 × 37½ × 9 Per lb.	Shirtings 35 × 38 × 9 Per lb.	Leopard Cloth 43 × 38 × 11½ Per lb.	Dhoties (up to ½" Nakhi border), 32 × 9 × 1½ Per lb.	Dhoties Calcutta ¾" P.B. 44 × 10 × 1½ Per lb.	Drills 29½ × 40 × 13½ Per lb.	Domestics 24 × 48 × 10 Per lb.	Domestics 26 × 61 × 11 Per lb.	Salita 40 × 66 × 25 Per lb.	Chadars 50 × 6 × 2½ Per lb.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Year ending 31st December, 1926	1 0 5	0 15 5	....	1 0 5	....	0 14 0	0 15 2	0 14 9	0 15 2	0 15 6
Year ending 31st December, 1927	0 15 1	0 14 6	....	0 15 4	....	0 12 7	0 14 7	0 13 10	0 13 10	0 14 4
Year ending 31st December, 1928	0 15 4	0 14 9	....	0 15 9	....	0 12 11	0 14 9	0 14 6	0 14 5	0 14 3
Year ending 31st December, 1929	0 15 5	0 14 9	....	0 15 9	....	0 13 1	0 15 0	0 14 11	0 14 6	0 14 11
Year ending 31st December, 1930	0 12 9	0 12 2	....	0 13 5	....	0 10 5	0 12 9	0 12 3	0 11 11	0 12 6
Year ending 31st December, 1931	0 11 3	0 10 6	....	0 11 6	....	0 9 3	0 11 6	0 11 0	0 10 6	0 11 0
Year ending 31st December, 1932	0 11 0	0 10 6	....	0 11 1	....	0 8 10	0 10 6	0 10 7	0 10 6	0 10 9
Year ending 31st December, 1933	0 10 4	0 9 9	....	0 10 6	....	0 8 5	0 9 7	0 10 0	0 9 10	0 10 1
Year ending 31st December, 1934	0 10 3	0 9 9	....	0 10 5	....	0 8 6	0 10 3	0 10 5	0 9 9	0 10 1
Year ending 31st December, 1935	0 10 0	0 9 9	0 9 7	0 10 0	0 14 6	0 8 5	(35 × 40 × 13½)	(35 × 40 × 12)	0 10 0	0 10 1
Year ending 31st December, 1936	0 9 8	0 9 3	0 9 3	0 9 8	0 14 2	0 8 2	0 8 1	0 8 2	Not quoted	0 9 8
Year ending 31st December, 1937	0 9 9	0 9 4	0 9 5	0 10 1	0 14 9	0 8 5½	0 8 3	0 8 2	"	0 9 9
Year ending 31st December, 1938	0 9 6	0 9 1	0 9 2	0 10 3	0 14 4	0 7 9	0 8 0	0 7 10	"	0 9 8
6th January, 1939	0 9 1	0 9 0	0 8 10	0 10 3	0 13 11	0 7 8	0 7 9	0 7 8	"	0 9 8
20th January, 1939	0 9 2	0 8 11	0 8 11	0 10 3	0 13 11	0 7 8	0 7 7	0 7 8	"	0 9 8
3rd February, 1939	0 9 2	0 8 11	0 8 11	0 10 3	0 13 11	0 7 8	0 7 6	0 7 5	"	0 9 7
16th February, 1939	0 9 2	0 8 11	0 8 11	0 10 3	Not quoted	0 7 6	0 7 6	0 7 5	"	0 9 6
3rd March, 1939	0 9 2	0 8 11	0 8 11	0 10 3	"	0 7 6	0 7 6	0 7 5	"	0 9 5
17th March, 1939	0 9 2	0 8 11	0 8 11	0 10 3	"	0 7 6	0 7 6	0 7 5	"	0 9 5
31st March, 1939	0 9 2	0 8 10	0 8 10	0 10 3	"	0 7 6	0 7 6	0 7 5	"	0 9 6
14th April, 1939	0 8 11	0 8 8	0 8 9	0 10 3	"	0 7 6	0 7 3	0 7 2	"	0 9 6
28th April, 1939	0 8 10	0 8 8	0 8 7	0 10 3	"	0 7 6	0 7 3	0 7 2	"	0 9 3
12th May, 1939	0 8 10	0 8 6	0 8 5	0 9 6	"	0 7 6	0 7 3	0 7 2	"	0 9 0
26th May, 1939	0 8 9	0 8 6	0 8 4	0 9 6	"	0 7 6	0 7 1	0 7 0	"	0 9 0
9th June, 1939	0 8 9	0 8 6	0 8 4	0 9 6	"	0 7 6	0 7 1	0 7 0	"	0 9 0
23rd June, 1939	0 8 9	0 8 6	0 8 4	0 9 6	"	0 7 6	0 7 1	0 7 0	"	0 9 0
7th July, 1939	0 8 9	0 8 5	0 8 2	0 9 6	"	0 7 6	0 7 1	0 7 0	"	0 9 0
21st July, 1939	0 8 6	0 8 5	0 8 2	0 9 6	"	0 7 6	0 7 1	0 7 0	"	0 8 9
4th August, 1939	0 8 5	0 8 5	0 8 2	0 9 6	"	0 7 6	0 7 1	0 7 0	"	0 8 9
18th August, 1939	0 8 6	0 8 5	0 8 2	0 9 6	"	0 7 6	0 7 1	0 7 0	"	0 8 9
1st September, 1939	0 8 6	0 8 5	0 8 2	0 9 6	"	0 7 6	0 7 1	0 7 0	"	0 8 9
15th September, 1939	0 9 3	0 8 11	0 8 9	0 9 9	"	Not quoted	0 7 6	0 7 3	"	0 9 2
29th September, 1939	0 9 5	0 8 11	0 8 11	0 9 9	"	"	0 7 8	0 7 3	"	0 9 2
13th October, 1939	0 9 5	0 8 11	0 8 11	0 9 9	"	"	0 7 8	0 7 3	"	0 9 2
27th October, 1939	0 9 5	0 8 11	0 8 11	0 9 9	"	"	0 7 8	0 7 3	"	0 9 2
9th November, 1939	0 9 3	0 8 10	0 8 9	0 9 9	"	"	0 7 7	0 7 3	"	0 9 2
24th November, 1939	0 10 4	0 9 8	0 9 8	Not quoted	0 15 2	"	0 8 3	0 8 2	"	0 9 6
8th December, 1939	0 12 4	0 11 11	0 11 11	"	1 1 0	0 9 8	0 10 11	0 10 9	"	0 12 2
22nd December, 1939	0 13 0	0 12 3	0 12 1	"	1 1 2	0 10 2	0 11 2	0 10 9	0 12 0	0 12 8

NOTE :—Figures extracted from the current quotations issued by the Association.

TABLE No. 10—contd.
AVERAGE WHOLESALE PRICES FOR WHITE PIECEGOODS AND GREY YARN IN 1939.

	WHITE BLEACHED.		YARN (Price per lb.)											
	Long-cloth 34 × 40	Drill 27 × 42 Per Piece.	4s. All Waste.	6½s. All Waste.	8½s.	10½s.	12½s.	16s.	20s.	24s.	32s.	40s.	60s.	80s.
Year ending	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
31st December, 1926 ..				0 6 4	0 7 5	0 8 4	0 9 2	0 10 2	0 10 8	0 12 5				
Do. 1927 ..				0 6 11	0 8 0	0 8 8	0 9 9	0 10 3	0 10 10	0 11 4				
Do. 1928 ..				0 7 8	0 8 7	0 9 5	0 10 0	0 11 1	0 11 10	0 12 5				
Do. 1929 ..				0 7 4	0 8 4	0 9 1	0 9 6	0 10 8	0 11 9	0 12 6				
Do. 1930 ..				0 5 7	0 6 5	0 6 10	0 7 3	0 8 6	0 9 2	0 9 9				
Do. 1931 ..				0 4 3	0 5 3	0 5 8	0 6 0	0 7 0	0 7 5	0 8 0				
Do. 1932 ..				0 4 4	0 5 6	0 6 1	0 6 4	0 7 4	0 7 10	0 8 7	0 10 2			
Do. 1933 ..				0 3 10	0 4 11	0 5 4	0 5 8	0 6 5	0 7 0	0 8 4	0 9 6			
Do. 1934 ..				0 4 2	0 4 11	0 5 3	0 5 7	0 6 7	0 7 1	0 7 10	0 9 4			
Do. 1935 ..	9 8 2	8 7 9	0 3 6	0 4 0	0 5 5	0 5 10	0 6 2	0 7 6	0 8 1	0 8 9	0 10 5	0 11 11	1 1 0	1 6 7
Do. 1936 ..	9 14 10	8 1 11	0 3 6	0 3 11	0 5 1	0 5 7	0 5 10	0 6 8	0 7 5	0 7 11	0 9 7	0 11 0	1 0 0	1 4 6
Do. 1937 ..	10 9 1	8 4 9	0 3 10	0 4 6	0 5 7	0 6 0	0 6 4	0 7 2	0 7 9	0 8 9	0 10 0	0 10 11	1 2 0	1 6 10
Do. 1938 ..	10 6 5	7 15 1	0 3 6	0 3 10	0 4 9	0 5 2	0 5 5	0 6 3	0 6 11	0 7 7	0 9 0	Not quoted.	1 0 3	1 5 9
6th January, 1939 ..	10 0 0	7 13 6	0 2 11	0 3 4	0 4 3	0 4 8	0 4 11	0 5 10	0 6 5	0 7 0	0 8 4	Not quoted.	0 14 10	1 4 10
20th January, 1939 ..	9 4 0	7 13 6	0 3 0	0 3 4	0 4 3	0 4 7	0 4 11	0 5 9	0 6 4	0 6 11	0 8 3	"	Not quoted.	1 4 10
3rd February, 1939 ..	9 4 0	7 10 0	0 3 0	0 3 4	0 4 3	0 4 7	0 4 10	0 5 9	0 6 5	0 6 11	0 8 2	"	"	1 4 10
16th February, 1939 ..	9 8 0	7 10 0	0 3 0	0 3 4	0 4 2	0 4 6	0 4 10	0 5 9	0 6 5	0 6 11	0 8 3	"	0 14 1	1 4 10
3rd March, 1939 ..	9 12 0	7 10 0	0 3 0	0 3 4	0 4 2	0 4 6	0 4 10	0 5 8	0 6 4	0 6 11	0 8 2	"	0 13 6	1 4 2
17th March, 1939 ..	9 12 0	7 10 0	0 3 0	0 3 4	0 4 2	0 4 6	0 4 10	0 5 8	0 6 4	0 6 11	0 8 2	"	0 13 6	1 4 2
31st March, 1939 ..	9 12 0	7 10 0	0 3 0	0 3 4	0 4 0	0 4 5	0 4 9	0 5 5	0 6 3	0 6 11	0 8 2	"	0 13 6	1 3 10
14th April, 1939 ..	9 12 0	7 6 6	0 3 0	0 3 4	0 4 0	0 4 5	0 4 9	0 5 5	0 6 3	0 6 10	0 8 2	"	0 13 2	1 3 10
28th April, 1939 ..	9 12 0	7 6 6	0 3 0	0 3 4	0 4 1	0 4 6	0 4 10	0 5 6	0 6 2	0 6 8	0 8 0	0 9 2	0 13 0	Not quoted.
12th May, 1939 ..	9 14 0	7 4 11	0 3 0	0 3 4	0 4 1	0 4 5	0 4 9	0 5 6	0 6 2	0 6 8	0 8 0	0 9 2	0 13 0	1 4 2
26th May, 1939 ..	9 14 0	7 4 11	0 3 0	0 3 4	0 4 2	0 4 7	0 4 10	0 5 6	0 6 2	0 6 9	0 8 0	0 9 2	0 13 1	1 4 2
9th June, 1939 ..	9 14 0	7 4 11	0 3 0	0 3 6	0 4 3	0 4 8	0 4 11	0 5 7	0 6 3	0 6 11	0 8 2	0 9 2	0 13 1	1 4 2
23rd June, 1939 ..	9 14 0	7 4 11	0 3 0	0 3 6	0 4 3	0 4 8	0 5 0	0 5 8	0 6 4	0 6 11	0 8 2	0 9 2	0 12 11	1 4 2
7th July, 1939 ..	9 14 0	7 4 11	0 3 0	0 3 6	0 4 3	0 4 7	0 4 10	0 5 8	0 6 3	0 6 10	0 8 2	0 9 2	0 12 10	1 4 2
21st July, 1939 ..	9 14 0	7 4 11	0 3 0	0 3 6	0 4 3	0 4 7	0 4 10	0 5 8	0 6 3	0 6 9	0 8 1	Not quoted.	0 12 10	1 4 2
4th August, 1939 ..	9 14 0	7 4 11	0 3 0	0 3 5	0 4 1	0 4 6	0 4 10	0 5 4	0 6 1	0 6 8	0 8 0	"	0 12 9	1 4 2
18th August, 1939 ..	9 8 0	7 4 11	0 3 0	0 3 5	0 4 1	0 4 5	0 4 9	0 5 4	0 6 1	0 6 8	0 8 0	"	0 12 10	1 4 2
1st September, 1939 ..	9 8 0	7 4 11	0 3 0	0 3 5	0 4 3	0 4 7	0 4 10	0 5 5	0 6 2	0 6 10	0 8 1	"	0 12 9	1 4 2
15th September, 1939 ..	10 8 0	7 8 3	0 3 4	0 4 0	0 4 11	0 5 4	0 5 7	0 6 3	0 6 11	0 7 5	0 8 9	"	0 13 0	1 4 2
29th September, 1939 ..	11 0 0	7 9 9	0 3 5	0 4 0	0 5 1	0 5 7	0 5 11	0 6 5	0 7 0	0 7 6	0 8 10	"	Not quoted.	Not quoted.
13th October, 1939 ..	11 8 0	7 9 6	0 3 5	0 4 0	0 5 0	0 5 6	0 5 10	0 6 5	0 7 2	0 7 10	0 9 1	0 9 10	0 15 3	1 6 5
27th October, 1939 ..	12 0 0	7 9 6	0 3 6	0 4 1	0 5 0	0 5 6	0 5 9	0 6 8	0 7 3	0 7 10	0 9 2	0 9 10	0 15 5	1 6 5
9th November, 1939 ..	12 0 0	7 14 3	0 3 6	0 4 2	0 5 0	0 5 7	0 5 10	0 6 9	0 7 4	0 7 10	0 9 2	0 9 10	0 15 5	1 6 5
24th November, 1939 ..	12 8 0	8 6 6	0 4 2	0 4 9	0 5 1	0 6 1	0 6 4	0 6 11	0 7 7	0 8 1	0 9 4	0 9 10	0 15 3	1 6 5
8th December, 1939 ..	12 8 0	Not quoted.	0 4 7	0 5 11	0 6 5	0 7 2	0 7 6	0 8 11	0 8 3	0 10 1	0 10 10	0 11 10	1 0 0	1 8 0
22nd December, 1939 ..	12 12 0	10 7 0	Not quoted.	Not quoted.	0 7 0	0 7 8	0 8 0	0 9 5	0 9 9	0 10 7	0 10 10	0 12 2	1 1 10	1 8 6

TABLE NO. 11.

EXCHANGE VARIATIONS IN 1939 FOR TELEGRAPHIC TRANSFERS, DEMAND
DRAFTS AND THE PRICE OF SILVER.

1939.				Bombay/ London. Selling T. T. Rate.	Bombay/ Yokohama Per 100 yens Selling T. T. Rate.	Bombay/ Hongkong Per 100 dollars Selling D.D. Rate.	Bombay/ Shanghai Per 100 dollars. Selling D.D. Rate.	Bombay/ New York Per 100 dollars. Selling D.D. Rate.	Price in Bombay for 100 tolas of ready silver.
				s.	Rs.	Rs.	Rs.	Rs.	Rs. s. p.
Jany.	Highest	..	..	1/5 29/32	78½	86	50	290½	52 12 0
	Lowest	..	..	1/5 29/32	78½	85½	48½	286½	51 11 0
Feby.	Highest	..	..	1/5 59/64	78½	85½	48	286½	52 15 6
	Lowest	..	..	1/5 29/32	78½	85½	47½	285½	52 3 0
March	Highest	..	..	1/5 31/32	78½	85½	49	286½	53 1 6
	Lowest	..	..	1/5 59/64	78½	85	46½	285½	52 5 6
April	Highest	..	..	1/5 31/32	78½	85½	48½	286½	53 2 0
	Lowest	..	..	1/5 29/32	78½	84	48	286½	52 9 0
May	Highest	..	..	1/5 29/32	78½	85½	48½	287½	53 10 0
	Lowest	..	..	1/5 27/32	78½	84½	48	286½	52 11 0
June	Highest	..	..	1/5 29/32	78½	85½	48½	287½	52 11 0
	Lowest	..	..	1/5 55/64	78½	84½	38	286½	48 4 0
July	Highest	..	..	1/5 29/32	78½	84½	39½	287	49 8 0
	Lowest	..	..	1/5 7/8	78½	84	27	286½	44 7 6
Aug.	Highest	..	..	1/5 59/64	78½	86	27½	309	53 4 0
	Lowest	..	..	1/5 29/32	78½	83½	21½	286½	44 10 0
Sept.	Highest	..	..	1/5 59/64	79	86	29	345	63 12 0
	Lowest	..	..	1/5 29/32	78½	86	24½	315	49 14 0
Octr.	Highest	..	..	1/5 31/32	79	86	33	337	61 7 0
	Lowest	..	..	1/5 29/32	78½	85½	27	331	55 10 6
Nov.	Highest	..	..	1/5 31/32	81½	86	34	334	64 8 0
	Lowest	..	..	1/5 31/32	79	85½	29½	333	59 15 6
Deor.	Highest	..	..	1/5 31/32	81½	85½	30	333	66 0 0
	Lowest	..	..	1/5 31/32	80½	85	28	333	68 14 0

NOTE.—These figures were supplied by Messrs. Premchand Roychand & Sons, Exchange Brokers, Bombay.

TABLE No. 12.
STATEMENT SHOWING THE QUANTITY OF YARN SPUN IN INDIA.
(In thousands of pounds.)

	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928. †	Calendar Year 1929. ‡	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.
BRITISH INDIA—																				
1 to 10	81,180	94,251	97,603	80,123	87,505	89,339	110,470	104,801	54,412	94,987	101,283	104,200	104,901	96,691	95,679	97,741	97,328	91,727	116,046	111,091
11 to 20	334,403	345,887	348,815	299,082	343,396	316,531	353,712	353,501	250,954	322,659	338,667	362,721	406,845	378,659	369,876	388,152	393,351	378,110	428,388	432,019
21 to 30	188,824	193,330	197,325	168,219	205,347	191,063	221,702	240,298	181,581	233,098	233,630	253,019	272,051	229,891	239,129	247,875	236,325	249,465	288,765	278,867
31 to 40	14,868	16,707	15,836	19,143	18,774	18,498	24,849	29,808	33,068	43,185	53,411	64,251	73,071	66,314	82,395	102,461	108,009	138,703	156,584	146,353
Above 40	2,067	2,364	2,195	3,255	5,809	5,816	10,292	11,685	9,200	13,839	22,751	31,987	34,245	34,040	39,018	51,953	51,409	75,528	85,266	79,042
Wastes	314	472	162	324	330	1,319	2,590	5,925	5,227	6,375	5,983	4,891	5,346	5,349	5,689	5,360	7,537	9,692	12,973	14,177
TOTAL	821,855	653,011	661,936	570,125	661,182	623,371 †	723,903 ‡	745,819	534,442	713,543	755,725	821,069	896,459	810,945	831,766	893,182	893,951	943,225	1,088,021	1,060,569
INDIAN STATES—																				
1 to 10	2,763	4,816	5,375	4,721	5,291	6,385	5,935	7,911	8,756	10,421	11,150	12,997	13,222	10,742	12,994	13,088	14,580	16,907	18,831	18,449
11 to 20	25,125	25,565	26,802	28,005	33,619	32,493	37,046	49,643	49,866	55,315	64,166	66,102	75,467	72,969	82,887	87,706	96,231	109,191	114,934	120,395
21 to 30	10,262	9,832	11,634	13,758	18,465	22,726	28,594	24,064	27,334	30,815	31,603	31,309	33,248	30,226	34,838	38,272	36,610	41,559	47,191	45,631
31 to 40	156	94	94	524	593	1,239	1,797	1,835	2,304	2,594	3,245	3,971	4,495	6,818	8,805	8,706	7,810	9,749	11,133	10,848
Above 40 .. .. .	.....	26	.....	6	14	18	142	212	254	373	861	1,174	1,749	2,435	3,289	4,694	5,657	5,758	6,347	6,605
Wastes	41	20	52	190	247	196	187	484	256	268	275	283	283	297	293	293	289	441	1,078	1,513
TOTAL	38,347	40,452	43,958	47,204	58,228	63,057	68,702	84,149	87,870	99,726	111,300	115,835	128,465	123,486	143,105	153,029	161,177	177,605	199,514	203,441
GRAND TOTAL, BRITISH INDIA AND INDIAN STATES—																				
1 to 10	83,943	99,067	102,978	84,843	92,796	95,724	116,415	112,512	63,168	104,809	112,432	117,197	118,123	107,432	108,673	110,830	111,905	108,634	134,877	129,539
11 to 20	359,527	371,452	375,617	327,067	377,015	348,024	390,759	403,144	299,920	377,974	402,833	428,823	482,312	451,629	452,762	475,859	489,582	481,301	543,322	552,414
21 to 30	199,086	203,162	208,959	181,977	223,812	213,789	245,295	264,362	208,915	263,913	265,233	284,328	305,298	260,117	278,966	296,147	274,935	291,024	385,956	324,518
31 to 40	15,024	16,900	15,930	19,667	19,368	19,737	26,646	31,643	35,370	45,719	56,657	66,222	77,566	73,132	91,201	111,166	113,613	148,452	167,717	157,291
Above 40	2,067	2,369	2,195	3,261	5,822	5,834	10,435	11,899	9,454	14,212	23,612	33,161	35,994	36,475	42,307	56,557	57,066	81,286	91,613	84,647
Wastes	355	492	214	514	578	1,515	2,777	6,409	5,483	6,643	6,258	5,174	5,830	5,646	5,982	5,653	7,826	10,133	14,050	15,690
GRAND TOTAL	660,003	693,463	705,894	617,329	719,390	686,428 †	792,608 ‡	829,968	622,312	813,269	867,025	936,904	1,024,924	834,431	874,871	1,046,212	1,055,128	1,120,830	1,287,535	1,264,010

* During the years 1923-24 and 1925-26 all the mills in the City and Island of Bombay were closed for about 2 months and 2½ months respectively.

‡ During the year 1928 all the mills in the City and Island of Bombay were closed for about 6 months and for about 4½ months during 1929.

† Includes 805 lbs. for which details are not known.

‡ Do. 288 do. do.

Note.—The periods covered by all the Statistics included in the report are, unless otherwise stated, official years ending 31st March.

TABLE No. 13.

STATEMENT SHOWING THE QUANTITY OF YARN SPUN IN BOMBAY CITY AND ISLAND.

(In thousands of pounds.)

Descriptions.	1920-21.	1921-22.	1922-23.	* 1923-24.	1924-25.	* 1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar *Year 1928.	Calendar *Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.
Nos. 1 to 10..	58,242	71,274	74,226	56,123	61,164	56,982	75,498	66,995	28,436	54,055	54,381	53,321	52,094	44,725	37,822	43,497	37,566	36,221	44,022	34,973
Nos. 11 to 20..	183,839	175,505	171,828	125,910	156,150	116,959	152,442	142,755	58,298	105,766	103,861	115,740	128,178	97,266	90,480	112,848	105,349	103,152	115,441	101,048
Nos. 21 to 30..	94,134	94,753	95,406	79,538	98,955	79,114	102,169	110,397	48,697	81,295	85,229	101,541	103,225	76,754	76,990	94,587	80,129	94,655	115,770	104,441
Nos. 31 to 40..	5,178	6,000	5,587	6,605	7,961	5,885	8,858	11,290	8,024	12,891	20,517	27,206	33,468	22,040	27,200	37,685	34,372	51,136	57,874	50,203
Above 40 ..	921	989	1,028	1,338	3,212	2,503	3,834	5,306	2,769	4,768	9,053	12,351	13,487	10,180	13,514	18,702	18,739	28,696	33,458	27,584
Wastes, etc. ..	143	173	24	73	101	520	1,085	1,204	628	967	576	745	655	796	1,148	803	833	504	827	1,189
TOTAL ..	342,457	348,694	348,099	269,587	327,543	261,963	343,887	337,948	146,853	259,741	273,617	310,903	331,108	251,762	247,154	308,122	276,987	314,363	367,393	319,439

400

* Please see footnote to table 12 regarding strikes in Bombay Mills.

TABLE No. 14.

DETAILED STATEMENT OF THE QUANTITY AND DESCRIPTION OF WOVEN GOODS PRODUCED IN INDIAN MILLS.

GRAND TOTAL, INDIA (British India and Indian States).

(Figures in thousands.)

Description.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.
GREY AND BLEACHED PIECEGOODS																				
Chadars Yards ..	59,194	59,428	63,292	58,003	61,614	62,076	65,106	66,659	55,669	65,942	57,500	64,520	59,690	54,161	59,115	57,848	67,764	66,126	71,898	76,242
Dhutis Yards ..	340,128	455,637	431,145	399,214	459,404	516,394	590,425	614,199	551,131	726,656	829,348	941,393	1,050,443	999,906	1,073,325	1,220,306	1,156,289	1,145,572	1,447,366	1,301,073
Drills and Jeans Yards ..	74,305	60,452	58,306	54,974	77,191	74,150	80,076	90,872	73,668	96,330	80,327	100,232	115,224	105,346	117,120	126,067	135,477	150,687	140,398	123,847
Cambrics and Lawns Yards ..	5,951	7,347	5,554	3,649	5,395	3,167	3,135	4,988	5,204	3,132	17,236	37,574	68,582	70,925	112,652	132,317	115,635	181,543	170,394	181,433
Printers Yards ..	28,284	35,622	39,073	34,831	32,777	25,872	22,513	20,876	21,830	18,751	19,294	21,764	16,008	18,403	18,922	19,196	1,300	29,221	18,033	15,690
Shirts and Longcloth Yards ..	456,240	487,034	470,549	443,848	525,524	521,126	587,363	612,076	466,134	581,417	605,150	769,607	787,789	714,640	827,316	845,047	836,409	1,062,830	1,061,792	1,038,227
T-cloth, Domestic and Sheetings .. Yards ..	97,388	84,117	81,002	68,075	77,742	74,073	83,806	98,233	72,057	90,270	104,404	149,956	158,257	129,787	158,623	155,074	158,327	192,833	186,375	179,490
Tent Cloth Yards ..	7,508	7,255	6,588	6,573	9,894	9,005	7,907	5,960	6,791	7,458	9,268	5,126	6,405	5,357	5,777	7,107	9,369	10,876	13,921	20,486
Khadi, Dungri or Khaddar Yards ..	..	..	..	..	87,153	87,406	96,625	118,738	88,226	123,329	165,678	124,074	117,947	96,127	101,629	113,861	124,456	124,602	125,534	107,338
Other Sorts Yards ..	60,886	87,859	118,371	128,488	46,675	41,035	43,406	43,252	33,573	41,960	39,567	49,532	59,103	62,771	76,962	79,357	90,661	119,788	130,827	139,205
TOTAL .. Yards ..	1,129,883	1,284,752	1,271,790	1,197,654	1,382,368	1,414,304	1,580,362	1,675,853	1,374,083	1,756,644	1,927,791	2,253,779	2,439,447	2,257,422	2,551,441	2,756,120	2,726,687	3,078,079	3,368,558	3,183,130
Coloured Piecegoods Yards ..	450,967	446,822	453,494	503,920	588,078	540,157	645,153	695,996	486,149	600,741	566,315	646,703	763,775	686,002	734,366	798,014	801,711	872,078	936,552	932,865
Grey and Coloured Goods other than Piecegoods Dozens.	707	829	1,213	514	611	956	1,074	956	781	1,155	913	782	911	900	920	1,174	1,196	1,575	1,409	1,667
Cotton Goods mixed with Silk or Wool Pounds	227	178	165	207	272	708	1,876	4,278	3,448	3,382	3,514	3,389	1,940	1,477	3,443	4,540	5,587	8,119	6,232	9,100
Grand Total { Pounds	227	178	165	207	272	708	1,876	4,278	3,448	3,382	3,514	3,389	1,940	1,477	3,443	4,540	5,587	8,119	6,232	9,100
{ Yards	1,580,850	1,731,573	1,725,284	1,701,574	1,970,447	1,954,461	2,225,515	2,371,849	1,860,232	2,357,385	2,494,106	2,900,482	3,203,223	2,943,423	3,285,807	3,554,134	3,528,399	3,950,157	4,305,110	4,115,995
{ Dozens	707	829	1,213	514	611	956	1,074	956	781	1,155	913	782	911	900	920	1,174	1,196	1,575	1,409	1,667

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Until the year 1924-25, Khadi, Dungri or Khaddar production was included in 'other sorts.'

Previous to 1st April 1926, the actual production figures of cloth were not recorded, the figures given in the tables relate to the quantities, on which excise duty had become payable. (See Cotton Duties Act of 1896 for detailed interpretation of the term 'manufactured'.)

(Please see footnote to table 12 regarding strikes in Bombay Mills.)

TABLE No. 15.
DETAILED STATEMENT OF THE QUANTITY AND DESCRIPTION OF WOVEN GOODS PRODUCED IN BOMBAY CITY AND ISLAND.
 (Figures in thousands.)

Description of Goods.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.	
GREY AND BLEACHED GOODS—																					
Chadars Yds.	25,102	28,248	25,239	24,318	25,734	26,795	20,995	31,057	13,644	19,279	18,935	16,576	16,487	16,427	14,406	16,474	16,441	13,160	14,653	13,064	
Dhuties "	77,547	121,793	102,025	97,624	110,907	115,412	145,998	170,800	80,484	159,927	224,301	278,577	326,893	258,583	247,321	390,158	350,672	323,485	453,591	399,352	
Drills and Jeans "	46,034	35,504	31,523	33,294	49,907	38,408	49,323	58,202	36,514	55,743	46,294	66,263	71,944	61,017	61,199	62,576	64,868	71,425	71,106	57,280	
Cambrics and Lawns "	2,470	4,448	2,186	1,560	2,443	1,449	340	1,856	2,216	840	4,176	14,706	14,634	13,603	26,789	41,678	35,702	75,716	69,985	63,826	
Printers "	376	1,479	1,674	280	165	1,041	927	..	..	26	13	1,047	933	321	..	..	..	3,796	2,022	530
Shirtings and Longcloths "	270,724	311,600	289,340	278,040	326,482	306,776	371,738	380,759	179,243	272,161	319,384	414,754	436,910	331,573	330,702	387,196	367,825	480,569	470,016	457,793	
T-Cloths, Domestics and Sheetings "	66,848	53,722	48,427	39,457	45,034	36,195	42,239	46,105	18,233	25,345	33,133	66,817	68,290	55,833	56,407	55,087	61,788	67,603	60,345	55,458	
Tent Cloth "	2,924	2,499	1,924	1,488	2,261	2,205	2,399	1,330	1,626	1,842	1,644	698	1,205	814	461	1,198	1,488	1,453	2,435	3,036	
Khadi, Dungri or Khaddar .. .. "	..	..	..	..	30,574	27,514	46,721	55,340	18,332	34,186	58,677	27,769	15,648	13,831	11,975	11,330	13,442	10,327	3,426	562
Other Sorts "	12,313	26,633	44,980	45,897	11,549	10,302	10,898	13,595	8,179	14,581	14,116	18,111	20,835	14,686	18,823	23,964	26,657	36,490	36,680	33,323	
TOTAL	504,339	585,926	547,318	522,850	605,145	566,097	700,581	759,044	358,472	583,929	720,674	905,318	973,779	766,687	768,082	989,662	938,884	1,084,024	1,184,260	1,083,225	
COLOURED PIECEGOODS .. Yds.	332,168	336,001	322,966	333,024	380,883	305,744	386,085	409,377	186,974	278,103	239,193	268,712	292,969	203,432	178,048	242,956	217,595	236,055	266,494	255,005	
GREY AND COLOURED GOODS other THAN PIECEGOODS .. Doz.	503	420	487	349	429	721	784	656	427	700	458	315	342	316	279	451	374	369	417	426	
COTTON GOODS MIXED with SILK OR WOOL .. Lbs.	113	64	99	139	115	468	1,140	2,105	847	708	1,090	1,749	282	471	1,785	2,700	3,731	5,460	3,579	5,794	
GRAND TOTAL .. {	836,507	921,927	870,285	855,883	986,028	871,841	1,086,666	1,168,421	545,446	862,032	959,867	1,174,030	1,266,748	970,119	946,130	1,232,618	1,156,479	1,320,079	1,450,754	1,338,230	
Doz.	503	420	487	349	429	721	784	656	427	700	458	315	342	316	279	451	374	369	417	426	
Lbs.	113	64	99	139	115	468	1,140	2,105	847	708	1,090	1,749	282	471	1,785	2,700	3,731	5,460	3,579	5,794	

NOTE.—Until the year 1924-25, Khadi, Dungri or Khaddar production was included in 'other sorts.'
 Previous to 1st April 1926, the actual production figures of cloth were not recorded, the figures given in the tables relate to the quantities on which excise duty had become payable. (See Cotton Duties Act of 1896 for detailed interpretation of the term 'manufactured'.)
 See footnote to Table 12 for strikes in Bombay Mills.

TABLE No. 16.
IMPORTS OF COTTON YARN INTO INDIA.
(Quantities in thousands of pounds.)

Classifications of Yarn.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.
GREY SINGLES—																				
1s to 10s	218	91	89	107	99	80	85	354	17	103	10	..	..	8	39	..	19	126	559	443
11s to 15s	148	55	36	102	81	22	26	551	30	6	5	10	10	13	2	..	6	10	4	6
16s to 20s	6,993	6,555	12,652	6,377	6,629	4,201	2,008	1,069	748	836	334	143	660	150	162	81	6	35	6	46
21s to 25s	128	900	449	231	168	168	136	140	357	78	49	5	7	11	54	16	1	9	41	18
26s to 30s	3,436	4,063	4,650	893	677	415	202	348	127	245	163	425	823	559	641	1,017	1,071	204	297	38
31s to 40s	13,885	19,035	21,061	12,943	21,383	21,680	20,924	25,049	13,826	15,996	14,897	13,025	18,299	15,085	6,100	11,618	7,077	863	4,160	4,147
41s to 50s	1,429	2,517	2,131	2,078	1,983	1,288	2,031	1,324	1,118	937	600	257	419	544	391	460	650	437	176	729
51s to 60s	1,776	2,708	1,772	2,490	3,123	2,883	3,559	3,019	4,357	4,638	1,792	2,445	3,714	2,639	3,686	4,901	6,626	1,861	2,448	5,014
61s to 100s	851	2,742	1,957	2,463	1,997	1,756	2,000	1,705	1,961	1,956	1,064	901	1,505	1,439	1,915	1,663	1,610	975	594	666
Above 100s	37	135	123	137	114	242	165	117	137	153	137	113	82	75	128	118	80	102	87	40
GREY TWO FOLDS (Doubles)	3,183	4,974	4,063	3,434	5,023	5,222	5,799	6,656	3,815	5,600	3,072	3,440	5,149	3,713	5,848	8,137	4,877	3,780	10,382	11,925
WHITE (BLEACHED)	2,040	2,520	1,894	2,650	3,427	3,751	4,112	4,985	4,555	5,570	4,132	3,614	4,238	3,016	3,276	3,642	2,986	3,219	1,781	1,515
COLOURED SINGLES—																				
1s to 20s	234	260	292	271	361	469	293	445	266	201	197	177	247	125	182	152	153	46	7	123
21s to 25s	304	319	352	242	309	375	396	220	248	200	204	208	315	219	206	143	162	44	2	5
21s to 30s	321	174	58	100	257	160	199	114	78	28	23	25	6	5	12	10	13	18	11	17
31s to 40s	8,958	7,705	5,596	6,864	6,305	4,614	4,165	4,167	2,176	3,126	1,196	552	552	432	280	304	280	311	114	129
41s to 50s	455	221	5	68	50	84	232	87	52	92	49	48	15	58	24	25	10	4	2	90
Above 50s	473	558	235	503	391	433	533	459	270	446	248	181	224	132	133	177	266	241	149	153
COLOURED TWO FOLDS (Doubles)	1,060	772	490	598	810	973	694	579	498	433	420	280	348	256	347	263	206	48	59	85
MERCERISED COTTON YARN	1,280	794	1,320	2,019	2,664	2,845	4,165	5,181	3,895	5,874	3,674	4,624	7,547	5,225	6,509	9,932	10,621	8,816	10,041	14,694
UNSPECIFIED DESCRIPTION	127	24	49	4	57	27	29	76	27	30	11	21	24	40	40	16	30	17	19	10
SEWING THREAD	1,496	1,004	1,230	1,534	1,660	2,154	2,135	2,387	2,085	2,360	2,049	1,815	2,034	1,939	2,511	2,841	3,126	2,527	1,952	1,657
ARTIFICIAL SILK YARN	74	71	225	406	1,171	2,671	4,012	8,478	6,927	7,992	6,016	8,045	12,354	8,024	15,279	15,913	15,055	33,853	15,313	26,688
TOTAL	48,903	58,200	60,729	46,515	58,738	56,513	57,900	67,509	47,570	56,900	40,343	40,353	58,572	43,707	47,764	61,429	54,993	57,547	48,206	68,238

TABLE No. 17. .
IMPORTS OF COTTON YARN INTO BOMBAY.
(Quantities in thousands of pounds.)

Classifications of Yarn.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.
GREY SINGLES—																				
1s to 10s	110	49	80	73	17	30	..	260	16	102	10	..	..	8	39	..	..	2	4	..
11s to 15s	29	8	..	..	4	4	5	541	13	..	..	1	..	12	..	..	2	..	..	..
16s to 20s	5,295	4,716	8,445	4,003	2,044	1,365	299	226	6	40	23	16	578	97	146	46	4	28	..	2
21s to 25s	73	737	300	41	37	..	6	3	228	..	1	..	..	..	38	9	2	3	..	..
26s to 30s	2,362	3,354	4,486	833	574	397	152	210	89	182	106	8	10	9	26	16	15	21	3	3
31s to 40s	7,510	10,300	11,244	8,238	11,933	12,874	12,250	15,820	6,075	6,334	3,282	3,183	4,493	2,123	1,351	1,304	1,525	123	1,007	1,056
41s to 50s	682	1,673	1,482	1,372	1,358	743	884	856	521	588	422	69	98	207	221	297	207	43	4	41
51s to 60s	784	912	343	297	627	926	665	649	1,132	1,047	327	67	162	56	1,146	1,710	2,357	574	967	1,170
61s to 100s	381	1,178	838	888	803	385	654	427	321	448	237	48	62	135	133	396	654	403	67	186
Above 100s	22	33	13	17	39	127	41	51	19	22	37	..	2	2	15	1	..	..	..	..
GREY TWO FOLDS (Doubles)	3,089	3,948	3,564	2,888	3,954	4,123	5,521	5,323	3,124	4,509	2,240	2,504	3,618	2,105	3,306	5,538	3,098	3,229	6,616	8,147
WHITE (BLEACHED)	1,234	1,482	1,060	1,585	1,916	1,990	2,217	2,525	2,144	2,099	1,806	1,668	1,853	1,354	1,189	1,097	754	409	310	302
COLOURED SINGLES—																				
1s to 20s	24	2	7	3	36	3	..	1	..	2	1	1	..	1	..	4	2	1	..	3
21s to 25s	13	1	2	..	..	..	1	..	2	1	1	..	..	5	..	..	..	..	..	1
26s to 30s	91	72	35	8	61	22	4	13	16	7	5	..	..	..	..	..	..	..	..	..
31s to 40s	1,172	1,146	443	892	753	376	339	254	171	240	50	23	2	11	6	1	..	..	10	..
41s to 50s	100	211	..	58	31	57	62	86	43	26	13	22	6	18	..	..	..	2	..	24
Above 50s	16	25	1	6	13	27	8	..	2	..	..	..	..	..	..	..	4	..	..	1
COLOURED TWO FOLDS (Doubles)	2,743	566	242	385	487	463	430	213	123	84	50	6	..	2	..	10	6	2	39	29
MERCERISED COTTON YARN	1,209	770	1,286	1,964	2,607	2,731	4,076	5,162	3,799	5,502	3,045	4,123	6,338	4,054	4,514	7,342	8,098	6,011	7,006	9,833
UNSPECIFIED DESCRIPTION .. .. .	..	..	..	..	22	11	2	6	27	20	4	17	10	7	8	6	24	8	9	2
SEWING THREAD	545	384	465	601	681	721	664	822	721	830	747	661	816	756	974	994	1,123	1,036	800	737
ARTIFICIAL SILK YARN	69	63	201	356	879	2,002	3,367	7,295	4,981	4,996	3,087	5,540	7,675	4,900	8,951	10,754	9,854	21,759	12,216	20,946
TOTAL ..	25,556	31,631	34,535	24,509	28,875	29,376	31,647	40,743	23,573	27,080	15,494	17,958	25,721	15,860	22,052	29,541	27,732	33,655	29,060	43,485

TABLE NO. 18.

STATEMENT SHOWING THE VARIOUS CLASSES OF PIECEGOODS IMPORTED INTO BRITISH INDIA.

(Quantities in thousands of yards.)

DESCRIPTION.	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.
PIECEGOODS.																				
GREY, UNBLEACHED (PLAIN AND BORDERED) :-																				
Chadars	499	367	634	730	831	780	1,052	1,084	954	1,193	918	29	45	48	74	255	74	42	155	38
Dhuties, Saris, etc.	291,255	383,411	506,657	432,658	489,881	429,271	509,089	508,666	454,127	490,653	304,944	87,149	113,689	120,265	92,894	122,156	106,306	45,014	77,651	72,621
Drills and Jeans	17,816	16,123	14,275	16,802	17,282	19,427	15,329	14,802	10,132	13,179	5,411	2,862	1,721	1,789	830	1,542	812	519	858	205
Flannels	2	412	6	61	61	19	22	16	12	2	298	4	21	..	..	..	..	..	..	..
Jaconets and Madapollans	39,061	55,176	83,594	72,983	89,407	57,039	74,327	76,779	77,113	58,518	29,496	22,264	24,283	24,151	23,718	20,718	14,060	7,346	7,574	3,344
Longcloth	181,893	129,364	280,131	119,038	206,741	171,327	166,635	242,408	207,860	344,623	213,600	130,970	190,983	116,885	134,497	187,970	172,650	81,683	153,867	178,111
Printers	46,358	50,164	44,516	60,742	39,361	30,413	19,870	24,000	8,652	14,296	4,471	4,715	3,827	3,591	2,523	1,007	1,618	977	1,628	1,253
T-cloth and Domestics	2,942	398	584	510	531	482	369	578	95	113	89	28	14	..	..	..	..	..	..	..
Unspecified Sorts	642	605	221	488	1,394	323	210	498	979	2,296	1,433	1,558	1,300	1,079	1,006	1,660	963	1,072	825	969
TOTAL	580,208	635,608	831,025	703,956	845,502	709,085	786,906	868,829	756,925	924,898	560,066	249,572	335,856	267,819	255,033	337,553	296,464	135,953	242,558	256,541
WHITE, BLEACHED :-																				
Chadars	479	396	414	487	718	277	811	251	173	54	85	..	17	..	10	..	..	..	..	..
Checks, Spots and Stripes	8,950	1,542	5,793	8,458	11,024	7,020	10,122	12,820	15,517	11,873	7,046	2,939	6,426	5,900	4,175	4,668	4,658	4,528	3,505	1,034
Dhuties, Saris, etc.	35,672	31,944	44,959	45,693	68,896	72,590	109,993	87,197	40,907	51,704	20,921	2,845	2,636	5,694	8,889	5,638	3,293	1,310	1,301	1,197
Drills and Jeans	6,315	2,023	3,140	3,421	6,347	6,196	5,499	6,586	5,603	8,468	4,767	3,694	4,918	4,821	4,094	3,578	3,318	3,408	1,681	2,428
Embroidered All-Overs .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannels	367	11	52	38	35	67	44	54	15	23	57	102	68	8	104	54	2	51	19	5
Jaconets, etc.	11,624	5,737	7,118	8,292	9,294	9,998	13,762	13,950	16,610	16,181	14,273	8,669	17,438	14,880	23,275	21,283	18,994	15,968	12,044	12,319
Lawns	8,666	4,688	6,679	7,698	9,193	8,855	16,100	8,650	7,481	11,953	7,344	4,867	15,272	5,223	6,009	7,182	4,690	1,936	341	139
Longcloth and Shirting	108,521	48,163	69,365	67,215	122,724	93,787	93,073	113,352	121,773	100,408	91,883	71,903	109,325	73,440	72,709	71,017	67,348	56,072	51,815	49,897
Mulls	93,911	138,314	159,134	164,657	185,629	168,603	205,565	217,704	242,410	203,978	149,462	142,391	194,224	144,275	131,314	139,592	107,376	108,599	102,783	74,867
Nainsooks	121,718	67,551	90,752	88,468	105,367	76,998	66,861	82,629	86,882	53,173	40,034	20,329	28,504	21,007	14,155	10,544	3,510	4,377	2,177	1,019
Sheetings	260	38	135	220	153	184	212	140	269	97	175	89	39	61	113	77	44	108	93	30
T-cloths and Domestics	4	..	17	1	25	4	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Twills	13,409	3,349	6,382	7,275	13,342	12,226	11,553	14,395	17,467	16,166	11,448	3,309	9,938	7,997	6,407	9,436	8,352	5,850	4,382	3,599
Unspecified Sorts	11,888	2,410	6,569	13,419	16,152	8,995	12,680	11,119	10,181	5,060	2,206	1,797	2,327	1,775	2,061	1,662	1,696	821	653	526
TOTAL	421,784	306,167	402,492	415,357	548,876	465,112	545,781	568,846	565,315	477,143	349,715	262,935	391,132	284,883	277,461	279,487	228,827	211,211	186,510	152,939
COLOURED, PRINTED OR DYED :-																				
Cambrics	54,357	17,701	36,186	44,139	44,472	34,737	38,720	48,816	54,335	43,987	28,237	16,627	34,045	35,472	44,222	46,750	38,426	30,688	19,906	16,001
Chadars	22	1	4	2	58	3	49	70	2	11	15	..	2	1	24	..	..	..	..	..
Checks, Spots and Stripes	13,588	3,857	6,474	8,512	15,446	10,770	14,868	17,856	23,362	24,139	16,720	4,743	10,799	12,795	14,408	18,985	42,651	21,335	13,477	7,765
Dhuties, Lungis and Sarongs	16,278	11,344	17,678	12,776	15,238	17,908	20,697	21,188	17,222	24,334	21,278	18,658	24,556	15,533	14,012	19,508	8,700	1,761	1,748	954
Drills and Jeans	19,335	9,628	16,049	17,213	25,349	32,358	36,914	65,973	53,622	78,905	47,464	33,285	66,047	54,977	52,231	65,604	82,317	64,014	65,650	71,220
Embroidered All-Overs .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannels	9,744	1,413	1,610	3,900	8,302	10,301	18,677	21,363	18,980	10,486	7,078	10,050	19,159	3,719	9,413	10,355	7,291	8,815	7,581	8,080
Prints and Chintz	114,722	28,735	44,689	61,529	59,533	56,026	49,801	64,878	76,079	65,297	42,859	21,243	48,142	25,865	28,392	21,961	10,113	7,121	7,541	5,169
Saris and Scarves	36,177	15,944	19,166	32,655	30,772	29,280	34,040	34,116	37,059	33,920	24,788	7,915	15,836	17,034	22,645	21,554	19,172	15,541	17,203	10,571
Shirtings	71,571	25,015	38,231	51,805	69,317	72,450	87,766	86,117	95,406	95,974	74,525	57,337	111,125	61,246	81,467	96,491	52,315	48,054	43,268	59,441
Twills	81,179	5,753	9,289	16,810	22,243	20,368	24,530	40,217	48,975	35,004	22,329	17,252	22,279	15,378	18,644	14,497	13,852	11,265	9,765	10,889
Sateens .. .. .	..	..	..	..	..	3,586	3,660	5,068	4,736	2,903	1,747	866	3,653	1,004	969	1,130	562	697	695	468
Coatings and Trouserings .. .. .	..	..	..	..	..	7,283	10,320	8,867	12,027	7,802	3,079	2,333	3,263	2,273	3,451	3,357	2,489	2,261	1,800	1,769
Italian Cloth and Sateens .. .. .	..	..	..	..	..	12,934	26,004	20,799	34,068	16,510	13,383	11,259	21,123	10,563	22,210	10,732	7,707	9,322	7,064	5,612
Velvets and Velvetens .. .. .	..	..	..	..	..	1,526	1,757	2,465	1,679	1,070	910	..	2,862	2,702	6,311	5,771	3,108	4,858	2,310	2,659
Unspecified Sorts	120,283	19,089	54,415	98,353	118,240	96,613	69,818	53,346	40,393	31,104	22,368	9,969	16,753	16,033	19,702	23,401	18,058	20,154	19,932	13,071
TOTAL	489,256	138,279	243,789	347,493	406,971	365,636	429,390	493,432	518,727	471,900	328,940	207,447	399,663	274,597	340,813	363,830	310,196	249,746	220,100	215,211
FENTS OF ALL KINDS	18,472	9,746	15,989	19,020	21,882	23,680	21,883	34,032	36,778	36,456	14,846	21,420	28,583	32,607	45,180	52,001	* 78,032	* 47,003	* 24,520	* 22,542

* Is an approximation only on the basis that a lb. of art silk fents is equal to 8 yards.

TABLE NO. 19.

STATEMENT SHOWING THE VARIOUS CLASSES OF PIECEGOODS IMPORTED INTO BOMBAY.
(Quantities in thousands of yards.)

Description.	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.
PIECEGOODS.																				
GREY, UNBLEACHED (PLAIN AND BORDERED).																				
Chadars .. .. .	..	..	4	..	39	145	81	32	76	90	..	..	..	..	..	..	..	..	1	..
Dhutis, Saries, etc.	5,625	2,460	7,683	7,965	11,015	7,962	6,895	8,614	11,672	18,632	10,189	363	2,254	4,113	1,723	2,916	1,460	1,414	880	362
Drills and Jeans	12,602	8,743	9,554	12,376	10,231	12,258	8,101	7,277	5,137	6,464	2,115	1,054	832	553	478	422	227	63	209	23
Flannels .. .. .	..	..	..	..	59	16	..	11	94	..	..	..	..	..	..	..	..	..	..	..
Jaconets and Madapollams	12,556	22,282	20,816	16,500	25,161	13,188	13,913	20,977	25,829	20,002	9,933	9,360	11,775	11,540	9,988	9,940	7,503	2,945	2,748	718
Longcloth	66,247	35,661	58,580	35,634	54,777	65,368	55,804	78,421	81,226	144,076	71,631	41,208	66,340	48,989	63,908	79,063	60,586	44,072	70,253	63,527
Printers .. .. .	..	..	..	..	13	4	..	2	1	22	8	..	..	..	..	..	..	..	..	..
Sheetings	44,019	46,849	36,612	53,781	29,262	21,662	11,971	16,101	5,466	11,876	2,090	4,635	3,671	2,657	853	140	2	..	405	248
T-Cloth and Domestics	2,016	277	419	29	289	127	98	384	6	16	..	..	..	..	..	..	..	..	..	..
Unspecified Sorts	185	390	28	55	457	41	27	90	569	1,308	423	960	792	795	690	703	358	603	233	277
TOTAL	143,250	116,662	133,696	126,540	131,303	120,791	96,694	131,907	129,876	202,487	96,399	57,583	85,865	68,647	77,641	93,184	70,135	49,096	73,848	65,155
WHITE, BLEACHED:—																				
Checks, Spots and Stripes	916	236	682	1,073	1,360	1,547	2,305	1,560	1,664	881	505	149	795	1,173	845	934	781	845	479	143
Dhutis, Saries, etc.	4,972	3,260	7,219	6,853	10,371	12,554	9,904	11,200	15,407	18,358	3,785	198	102	1,765	2,443	1,716	1,491	642	465	567
Drills and Jeans	3,031	417	499	1,399	2,126	2,492	2,598	3,202	3,394	3,353	1,854	843	1,817	2,166	2,188	2,351	2,460	2,806	937	1,721
Embroidered All-Overs .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannels	301	..	..	..	22	12	2	41	7	23	20	25	41	32	22	..	..	30	9	3
Jaconets, etc.	3,593	518	1,397	1,964	1,745	3,221	4,430	3,728	6,214	2,824	2,550	2,862	6,160	4,139	6,282	4,824	4,284	4,334	2,891	2,272
Lawns	1,036	190	1,132	538	495	389	508	316	591	325	300	331	560	445	312	88	78	50	175	47
Longcloth and Shirting	27,871	11,607	11,610	16,359	32,862	21,640	18,789	28,417	31,884	25,344	18,889	12,352	28,095	21,074	20,765	15,746	19,954	20,127	18,119	17,279
Mails	18,733	22,439	23,083	31,309	34,069	30,405	33,493	35,750	48,203	39,407	20,120	14,205	22,734	22,309	13,949	16,302	19,954	9,220	15,486	7,366
Nainsooks	35,144	10,203	13,314	22,738	24,670	22,438	9,438	20,342	20,149	12,056	8,629	3,732	6,617	5,248	1,401	1,365	7,206	379	271	38
Sheetings	105	7	14	38	64	74	62	37	106	46	31	33	9	8	4	211	26	20	11	9
T-Cloth and Domestics .. .. .	..	..	..	..	17	10	1	..	28	5	14	1	1	2	35	3	18	..	..	..
Twills	1,633	68	239	690	1,518	2,501	3,082	3,178	5,059	4,267	2,416	735	1,578	2,842	2,467	2,742	2,618	2,018	1,430	1,236
Unspecified Sorts	4,915	957	2,681	4,431	5,864	4,249	5,181	3,699	4,432	2,043	562	238	444	170	193	290	372	133	96	184
TOTAL	102,050	49,902	61,870	87,409	115,468	101,591	89,880	111,488	138,163	108,938	59,876	35,702	66,951	61,345	53,274	46,929	42,100	44,510	43,167	33,415
COLOURED, PRINTED OR DYED:—																				
Cambrics	14,010	3,312	10,717	15,356	4,864	14,624	15,441	19,081	26,284	20,506	11,601	4,469	10,727	11,588	14,560	13,129	12,429	9,126	5,374	4,384
Chadars	22	..	..	2	29	..	18	5	2	11	..	..	2	1	24	..	..	..	..	3
Checks, Spots and Stripes	4,460	458	1,682	1,449	3,929	4,390	7,014	6,960	11,594	10,788	8,071	916	3,953	4,701	3,913	4,005	9,108	6,369	2,407	3,696
Dhutis, Lungis and Sarongs	265	44	136	107	240	310	479	183	510	680	249	33	153	117	39	10	6	..	..	..
Drills and Jeans	3,489	1,997	2,903	3,057	6,034	7,072	8,346	16,426	20,725	34,985	15,000	7,795	28,091	32,277	26,763	34,362	45,049	35,296	31,843	32,684
Embroidered All-Overs .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannels	1,928	214	145	721	1,398	2,334	5,400	5,460	4,990	3,788	1,079	1,731	4,021	1,086	1,617	2,672	2,221	3,983	1,862	1,912
Prints and Chintz	66,480	11,586	23,268	40,707	37,136	39,123	31,701	44,297	55,917	40,767	20,931	9,965	28,447	14,898	15,792	10,296	5,294	3,662	4,351	2,278
Saris and Scarves	11,739	3,049	6,324	12,298	12,358	14,079	8,399	8,624	18,183	16,775	7,621	953	5,352	7,967	9,645	8,151	9,704	5,402	7,519	4,994
Shirtings	14,116	4,689	10,797	14,135	15,041	17,884	22,372	18,928	23,566	27,729	15,621	12,853	32,063	20,901	29,680	32,098	15,053	21,139	16,496	13,826
Twills	4,469	903	1,126	1,573	3,273	5,523	7,185	15,394	20,648	15,983	7,583	3,751	7,408	7,186	7,394	5,906	5,171	5,247	4,396	3,521
Sateens .. .. .	..	..	..	..	10	1,111	1,314	1,504	1,418	981	27	491	268	346	356	107	93	..	..	..
Coatings and Trouserings .. .. .	..	..	..	..	..	2,776	4,687	4,564	6,448	2,666	1,101	359	747	582	1,141	797	525	474	638	1,015
Italian Cloth and Sateens .. .. .	..	..	..	..	..	5,115	10,855	8,393	15,742	8,235	5,099	2,930	7,326	4,369	9,472	4,519	2,742	3,381	2,843	3,019
Velvet and Velvetens .. .. .	..	..	..	..	..	738	782	733	1,209	547	456	418	1,102	3,273	2,988	1,772	3,596	1,899	2,363	..
Unspecified Sorts	56,864	7,819	22,684	46,917	49,538	16,217	10,488	8,764	6,666	5,802	2,892	1,614	3,999	3,143	5,420	8,086	5,900	5,630	3,895	3,385
TOTAL	177,842	34,071	79,792	136,320	143,850	131,296	133,976	159,296	211,890	190,679	98,296	47,811	130,982	110,487	130,902	129,619	117,495	105,583	85,351	78,373
Fents of all Descriptions	13,787	8,813	15,289	17,770	20,256	22,056	20,133	32,069	34,156	33,126	12,839	12,828	24,551	21,985	30,296	44,981	*63,204	*37,272	*17,891	*18,765

* (See footnote to Table 18 regarding figures of Fents.)

TABLE NO. 20.
SUMMARY OF IMPORTS OF COTTON YARN INTO INDIA.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (including Hongkong.)			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany and Austria.			Other Countries.			Total.			
	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	
Grey Singles	3,353	3,391	1,552	1,160	2,484	7,420	86	2,541	2,160	3	2	23	5	11	4,622	8,374	11,146
Coloured Singles	644	251	431	1	26	71	..	..	3	..	..	..	..	..	..	..	..	..	18	8	10	..	..	..	1	1	2	664	285	517
White Bleached. . . .	2,592	1,326	988	603	453	517	..	..	8	..	..	..	..	1	2	..	..	..	..	..	..	..	1	23	..	..	8,219	1,781	1,515	
Grey Folded	129	179	87	3,647	3,627	7,348	..	6,569	4,539	..	..	..	..	3	..	..	..	..	..	..	..	..	..	..	4	3	1	3,760	10,362	11,925
Coloured Folded	46	19	15	2	18	65	..	20	4	..	..	..	..	..	..	..	..	..	..	..	1	..	..	..	..	2	22	48	59	85
Mercoerised	152	146	20	8,661	9,888	14,601	..	..	50	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	8	..	8,816	10,041	14,694
Artificial Silk	539	121	64	30,438	6,817	16,434	..	..	9	..	..	..	2,730	8,328	9,975	61	27	171	11	9	4	..	..	..	72	11	31	33,858	15,313	26,688
Unspecified Descriptions	17	18	10	1	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	17	19	10
Rope	628	864	585	19	19	19	..	..	..	5	3	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	5	652	889	604
Sewing Thread	1,650	1,235	1,148	496	389	288	..	..	..	..	3	..	..	4	3	180	152	112	..	..	..	12	9	26	188	161	80	2,527	1,952	1,657
TOTAL	9,752	7,549	4,851	45,027	23,672	46,757	86	9,130	6,773	5	6	..	2,730	8,340	9,982	241	179	283	29	17	15	12	9	27	314	194	152	58,199	49,095	68,842	

TABLE No. 27.
DETAILED IMPORTS OF COTTON PIECEGOODS INTO INDIA.
(In thousands of yards.)

	United Kingdom.			Japan.			U.S.A.			Italy.			Netherlands.			Switzerland.			Germany and Austria.			All other Countries.			Total.			
	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	
GREY UNBLEACHED.																												
PLAIN GREY.																												
Chadars .. .. .	..	..	..	..	100	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhutis, Saris & Scarves ..	123	..	41	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills & Jeans	13	32	5	497	658	180	9	164	15	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannel & Flannelettes ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jaconets including Madapollams, etc.	7,335	7,462	3,284	3	100	60	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Longcloth & Shirtings ..	455	186	54	81,128	153,838	177,982	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Printers .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sheetings .. .. .	..	2	..	376	1,558	1,252	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
T-cloth & Domestics ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions ..	1,021	735	940	51	60	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Plain Grey ..	8,948	8,418	4,324	82,055	156,114	179,484	9	166	30	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
BORDERED GREY.																												
Chadars	42	55	38	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhutis, Saris & Scarves ..	21,598	23,576	9,237	23,292	54,069	62,744	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills & Jeans .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannel & Flannelettes ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jaconets, etc.	8	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Longcloth & Shirtings ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Printers .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sheetings .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
T-cloths & Domestics ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions ..	..	22	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Bordered Grey ..	21,648	23,653	9,275	23,292	54,070	62,744	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Grey Unbleached ..	30,596	32,071	13,599	105,347	210,184	242,228	9	166	30	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
WHITE BLEACHED.																												
Checks, Spots & Stripes ..	4,284	3,446	1,033	241	59	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhutis, Saris & Scarves ..	1,310	1,252	1,193	..	49	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills & Jeans	3,225	1,469	2,293	181	204	130	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Embroidered All-overs ..	497	388	77	277	264	202	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannel & Flannelettes ..	4	12	5	47	7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jaconets, Madapollams, etc.	11,427	6,339	6,819	4,460	5,614	4,890	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lawns	1,921	272	136	..	89	3	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Longcloth & Shirtings ..	25,550	20,418	17,342	29,072	30,136	29,944	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mulls	87,635	68,667	58,547	20,950	34,108	16,172	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Nainsooks	2,308	1,016	537	2,069	1,161	482	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sheetings	82	93	30	24	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
T-cloths & Domestics ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Twills	5,850	4,379	3,591	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions ..	706	602	453	83	9	40	3	10	27	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total White Bleached ..	144,798	108,353	92,380	57,420	71,680	51,864	3	10	34	338	403	349	1,436	1,032	801	6,135	4,060	4,623	194	111	334	896	861	2,555	211,211	186,510	152,939	

TABLE No. 28.
DETAILED IMPORTS OF COTTON PIECEGOODS INTO BOMBAY.
(In Thousands of Yards.)

	United Kingdom.			Japan.			U. S. A.			Italy.			Netherlands.			Switzerland.			Germany and Austria.			Other countries.			Total.			
	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	1937	1938	1939	
GREY (Unbleached):—																												
Plain Grey:—																												
Chadars .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhutis, Saris, etc. ..	..	..	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills and Jeans	13	17	3	41	24	..	..	9	164	15	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannel and Flannelettes ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jaconets	2,942	2,748	718	..	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Longcloth .. .. .	..	1	58	19	44,071	70,175	63,50	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Printers .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sheetings .. .. .	..	..	2	..	..	341	247	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
T-cloth and Domestics ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Sorts	595	229	281	8	..	1	..	..	1	14	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL PLAIN GREY	3,551	3,054	1,003	44,122	70,541	63,755	9	165	30	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
BORDERED GREY:—																												
Chadars .. .. .	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhutis, etc.	860	650	196	554	230	164	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills and Jeans .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannels, etc. .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jaconets, etc. .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Longcloth, etc. .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Printers .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sheetings .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
T-cloth, etc. .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Sorts .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL BORDERED GREY ..	860	651	196	554	230	164	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL GREY	4,411	3,706	1,199	44,676	70,771	63,919	9	165	30	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
WHITE BLEACHED:—																												
Checks, etc.	608	421	142	236	58	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dhutis, etc.	42	465	567	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Drills and Jeans	2,794	894	1,684	12	43	35	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Embroidered All-Overs ..	461	369	67	235	253	169	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannels, etc.	2	7	3	28	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jaconets, etc.	3,132	2,161	1,814	1,178	706	451	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lawns	50	111	47	..	64	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Longcloth	5,490	3,226	2,632	13,967	14,252	13,280	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mulls	3,271	7,128	2,798	5,949	8,359	4,568	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Nainsooks	53	127	38	328	145	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sheetings	26	10	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
T-cloth, etc. .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Twill	2,018	1,439	1,236	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Sorts	81	71	120	41	3	35	3	10	27	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL WHITE BLEACHED ..	18,629	16,420	11,188	21,973	23,887	18,539	3	10	27	300	395	327	656	486	318	2,323	1,465	1,753	172	108	224	455	398	1,038	44,510	43,168	33,415	

TABLE No. 31.
EXPORTS OF COTTON PIECEGOODS OF INDIAN MANUFACTURE FROM BOMBAY.
(In thousands of yards.)

	European Countries.			China.			Egypt and North Africa.			Red Sea Ports.			East Africa.			Levant and Black Sea Ports.			Ceylon and Straits.			Persian Gulf.			South Africa.			Other Countries.			TOTAL.		
	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.			
GRAY (Unbleached):—																																	
Chadars and Dhutis .. ..	..	..	..	..	..	..	13	6	9	29	3	11	2,299	1,149	205	..	..	..	9	12	4	28	23	32	1	3	1	..	..	5	2,376	1,196	289
Drills and Jeans	55	9	1	..	8	..	14	..	..	38	..	..	842	570	597	..	..	..	241	216	355	..	30	3	16	17	19	81	..	59	1,288	864	1,035
T-Cloths and Domestics .. ..	..	..	..	..	..	..	83	15	..	..	..	..	4	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	97	..	..
Shirtings	62	200	362	34	156	12	4,635	256	10	419	429	139	206	66	32	13	..	..	1,501	2,992	1,544	212	154	89	940	221	44	2,139	2,782	1,090	11,162	8,227	3,320
Other Sorts	1,367	1,166	1,237	20	461	8	11,382	3,857	488	501	234	308	1,665	1,343	3,492	86	..	..	913	3,792	2,715	386	187	271	1,050	3,030	4,010	6,851	3,764	3,803	23,223	17,934	16,330
TOTAL GRAY ..	1,485	1,375	1,599	54	625	18	16,136	4,233	508	988	666	458	5,016	3,129	4,326	100	..	..	2,684	8,013	4,617	623	394	395	2,007	3,271	4,074	9,071	6,516	4,957	38,146	26,221	20,953
WHITE (Bleached):—																																	
Chadars and Dhutis .. ..	..	..	..	..	..	..	..	..	..	49	16	29	14	8	45	..	..	..	14	110	134	4	2	6	6	32	1	..	3	2	87	170	217
Drills and Jeans .. ..	..	9	2	..	6	..	40	17	12	..	..	..	41	15	27	..	..	..	38	54	17	34	1	11	4	..	..	201	38	1	359	129	71
T-Cloths and Domestics .. ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	..	..	..	..	..	..	..	1	..	..
Shirtings	65	61	66	11	33	22	2,690	1,440	1,325	236	95	13	46	15	46	..	..	..	2,557	2,295	713	1	2	1	83	2	..	667	1,062	291	6,357	5,006	2,478
Other Sorts	64	48	..	111	256	17	930	170	11	266	56	103	134	58	155	40	..	..	980	1,118	530	304	22	15	173	94	60	258	613	571	3,260	2,433	1,462
TOTAL WHITE ..	129	111	67	123	295	38	8,661	1,628	1,348	551	167	144	235	96	276	40	..	..	3,589	3,576	1,394	344	27	33	266	129	61	1,126	1,710	865	10,065	7,739	6,418
COLOURED, PRINTED OR DYED:—																																	
Lungis and Saris .. ..	..	..	..	..	26	..	1	..	..	1,409	749	820	8	43	54	..	..	..	134	100	287	11	4	35	108	312	124	20	..	6	1,691	1,234	1,325
Drills and Jeans	42	60	93	..	71	10	147	21	14	52	..	11	668	532	679	..	..	..	118	239	37	8,159	1,713	284	17	19	35	86	29	15	9,291	2,684	1,179
Other Sorts	399	547	589	1	145	18	4,798	265	43	1,829	1,514	950	7,364	6,653	5,918	13	..	..	13,681	9,909	8,100	16,295	10,368	7,812	1,441	1,306	1,299	5,164	3,623	2,990	50,984	34,380	26,919
TOTAL COLOURED, PRINTED OR DYED	441	607	682	1	242	28	4,946	286	57	3,290	2,263	1,781	8,039	7,726	6,651	13	..	..	13,933	10,249	8,423	24,466	12,085	7,932	1,566	1,638	1,458	5,270	3,652	2,410	61,966	38,249	29,423

See foot-note to Table 34.

TABLE No. 32.
RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM BRITISH INDIA.

	YARN (in thousand pounds).												PIECEGOODS (In thousand yards).														
	Twist & Yarn.			Rope.			Sewing Thread.			Total.			Grey.			White.			Coloured, etc.			Fents.			Total.		
	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.
European Countries ..	2	1	9	..	..	..	..	..	..	2	1	9	..	2	..	71	41	1	8	63	21	8	2	22	88	107	44
China & Hongkong ..	32	..	..	..	..	..	..	..	..	32	..	..	..	1	..	7	93	4	10	11	16	..	..	..	17	104	20
Egypt & North Africa ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	8	1	..	6	..	..	14	..	1
Red Sea Ports ..	1	..	..	..	..	..	..	..	..	1	..	..	3,223	3,357	1,113	304	692	158	196	304	1,024	14	..	..	3,737	4,353	2,294
East Africa ..	1	1	1	..	..	..	3	1	9	4	2	10	707	215	349	479	370	270	348	260	581	..	..	..	1,534	84	1,201
Levant & Black Sea Ports ..	3	14	95	..	..	..	..	..	..	3	14	95	..	..	22	..	..	..	1	..	..	..	..	..	1	..	22
Ceylon & Straits ..	2	6	2	..	..	..	1	1	1	3	7	3	134	3,019	4,085	123	309	74	80	163	37	1	..	..	339	3,491	4,197
Persian Gulf ..	14	17	18	..	..	..	2	2	2	16	19	21	1,071	894	631	1,688	1,196	1,223	1,482	1,422	2,914	22	12	2	4,264	3,524	4,770
South Africa ..	..	2	..	..	..	..	6	1	6	6	3	6	..	..	..	56	2	8	38	7	1	..	..	..	94	9	9
Other Countries ..	..	2	1	..	..	..	..	..	..	..	2	1	..	285	2	7	..	..	37	59	44	69	109	52	113	453	98
TOTAL ..	55	42	126	..	..	..	12	6	18	67	48	144	5,135	7,772	6,202	2,736	2,704	1,739	2,208	2,190	4,639	120	122	76	10,200	12,895	12,656

TABLE No. 33.
RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM BOMBAY.

Countries	YARN (in thousand pounds).												PIECEGOODS (In thousand yards).														
	Twist & Yarn.			Rope.			Sewing Thread.			TOTAL.			Grey.			White.			Coloured, etc.			Fents.			TOTAL.		
	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.	1937.	1938.	1939.
European Countries ..	2	1	..	..	..	..	..	..	..	2	1	..	..	..	..	2	..	..	2	32	19	8	1	19	13	33	38
China and Hongkong ..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	7	93	4	10	11	16	6	..	..	22	104	20
Egypt and North Africa ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	9	..	..	..	..	..	9	..	..
Red Sea Ports ..	1	..	..	..	..	..	..	..	..	1	..	..	3,223	3,357	1,113	304	692	158	196	304	1,024	14	..	..	3,737	4,353	2,294
East Africa ..	1	1	1	..	..	..	3	1	9	4	2	10	707	215	349	479	368	270	348	260	581	..	..	..	1,534	84	1,199
Levant and Black Sea Ports ..	2	14	95	..	..	..	..	..	..	2	14	95	..	..	22	..	..	..	..	..	..	..	..	..	..	..	22
Ceylon and Straits ..	2	6	2	..	..	..	1	1	1	3	7	3	134	3,018	4,085	70	307	64	55	158	35	..	..	..	260	3,478	4,184
Persian Gulf ..	14	17	18	..	..	..	2	2	2	16	19	21	1,012	886	609	1,659	1,091	1,220	1,407	1,221	2,853	23	7	..	4,102	3,206	4,682
South Africa ..	..	2	..	..	..	..	6	1	6	6	3	6	..	..	..	8	2	8	38	6	1	..	..	..	46	8	9
Other Countries ..	..	2	1	..	..	..	..	..	..	..	2	1	..	..	..	7	..	..	38	98	44	51	109	52	94	147	98
TOTAL ..	21	42	117	..	..	..	12	6	18	33	48	135	5,076	7,475	6,178	2,538	2,553	1,724	2,101	2,027	4,573	101	117	71	9,817	12,178	12,546

TABLE No. 34.
TABLE SHOWING THE APPROXIMATE YARDAGE OF PIECEGOODS AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of yards.)

	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	'26-27.	'27-28.	'28-29.	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.	'36-37.	'37-38.	'38-39.
Total Indian Mill Production	1,581	1,732	1,725	1,792	1,970	1,954	2,259	2,357	1,893	2,419	2,561	2,990	3,170	2,945	3,397	3,571	3,572	4,084	4,289
Less—Exports by Sea	148	161	157	165	181	165	197	169	149	133	98	105	66	56	58	71	102	147	90
Exports by Land	24	26	29	36	49	68*	83*†	88*†	95*†	86*†	90	103	103	113*	99	120	121	128	115
Balance	1,411	1,545	1,539	1,591	1,740	1,721	1,979	2,100	1,649	2,200	2,373	2,782	3,001	2,776	3,240	3,380	3,349	3,809	4,084
Imports	1,510	1,090	1,593	1,486	1,823	1,564	1,788	1,973	1,937	1,919	890	776	1,225	796	943	995	832	622	672
Total	2,921	2,635	3,132	3,077	3,563	3,285	3,767	4,073	3,586	4,119	3,263	3,558	4,226	3,572	4,183	4,375	4,181	4,431	4,736
Less—Exports by Sea	61	74	75	61	54	35	29	34	24	22	17	16	22	25	11	10	11	10	13
Exports by Land	44	36	51	51	59	116*	131*†	118*†	121	89	64	75	70	74	76	86	109	88	103
Total quantity of Piecegoods available for consumption in India	2,816	2,525	3,006	2,965	3,450	3,134	3,607	3,921	3,441	4,008	3,182	3,467	4,134	3,473	4,096	4,279	4,061	4,333	4,620

From 1919-20 to 1924-25 the figures in both the tables are taken *en bloc* from the "Notes on Hand Loom Weaving" by Mr. R. D. Bell.

NOTE :—With effect from 1st April 1925, the Government of India discontinued the publication of "Accounts relating to the trade by land of British India with other countries." Since then, the statistics in question are published in Special Supplements to the *Indian Trade Journal* in an abbreviated form. The revised form does not affect the above table materially but in Table 35 it has not been possible to separate the land export figures for Indian and foreign yarn. This, however, does not affect the approximate accuracy of the figure showing the balance of yarn available for consumption in India.

† Maunds converted into lbs. and lbs. converted into yds. : 1 Maund = 82½ lbs. ; 1 lb. = 4.27 yds.

TABLE No. 35.
TABLE SHOWING THE APPROXIMATE POUNDAGE OF YARN AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of Lbs.)

	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	'26-27.	'27-28.	'28-29.	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.	'36-37.	'37-38.	'38-39.
Total Indian Mill Production	660	693	706	617	719	686	807	809	648	833	867	906	1,016	921	1,001	1,058	1,054	1,159	1,303
Less—Exports by Sea	83	81	57	39	37	32	42	25	24	25	23	22	15	16	13	10	12	31	26
Exports by Land	6	7	7	7	9	7*	8*†	5*†	5*†	6*†	7*†	6*†	6*	8*	7*	8*	7*	5*	7*
Balance	571	605	642	571	673	647	757	779	619	802	837	938	995	897	981	1,040	1,035	1,123	1,270
Imports	47	57	59	45	56	52	49	52	44	44	29	32	45	32	34	45	29	22	36
Total	618	662	701	616	729	699	806	831	663	846	866	970	1,040	929	1,015	1,085	1,064	1,145	1,306
Less—Exports by Sea .. .. .	..	1	2	2	1	1	1	1	..	..	..	..	..	..	..	..	..	..	1
Exports by Land	3	3	5	4	4	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Quantity of Yarn available for consumption in India.	615	658	692	610	724	698	805	830	663	846	866	970	1,040	929	1,015	1,085	1,064	1,145	1,305
Cloth produced in India in millions of pounds ..	367	403	405	402	459	465	539	568	446	562	590	672	695	646	736	761	782	864	920
Approximate equivalent in Yarn (taking 100 lbs. of yarn = 112 lbs. of piecegoods)	328	360	362	359	410	415	481	507	384	502	527	600	621	577	657	679	698	771	821
Real balance of Yarn available for sale in India ..	287	298	335	251	314	283	324	323	279	344	339	370	419	352	358	406	366	374	484

* Includes re-exports also.

† Maunds converted into lbs. at the rate of 82½ lbs. = 1 Maund.

See foot-note to Table 12 regarding strikes in Bombay mills.

TABLE No. 36.

• PROGRESS OF JAPANESE COTTON MILLS DURING THE LAST 17 YEARS.

(The information is extracted from the half-yearly statistics published by the Japan Cotton Spinners' Association.)

Term.	No. of Companies.	Capital.		Reserve Funds.	No. of Mills.	Spindles.		Doubling Spindles.	Looms.
		Authorised.	Paid up.			Ring.	Mule.		
Half-year ending		Yen.	Yen.	Yen.					
June, 1923	62	468,427,650	321,654,393	209,984,818	235	4,618,946	48,470	635,212	62,205
December, 1923	70*	530,277,650	376,272,935	217,407,870	241	4,422,428	14,370	510,031	64,460
June, 1924	69*	559,750,000	396,081,600	213,411,662	245	4,832,552	17,340	581,583	66,283
December, 1924	69*	575,302,500	398,163,443	219,043,315	247	5,100,546	25,150	685,995	68,579
June, 1925	64*	570,612,500	394,567,318	223,098,069	242	5,266,000	26,040	723,824	71,702
December, 1925	64*	551,362,500	382,714,817	223,531,448	243	5,413,094	34,090	759,632	73,381
June, 1926	65*	558,416,650	394,488,167	228,827,952	247	5,551,607	34,420	780,404	74,193
December, 1926	64*	539,237,500	391,305,247	231,149,181	247	5,644,772	35,080	789,688	77,043
June, 1927	64*	539,527,500	390,703,307	233,953,175	247	5,892,620	36,994	788,916	76,163
December, 1927	64*	535,077,500	391,550,767	238,367,331	257	6,079,272	36,994	787,490	78,352
June, 1928	68*	562,902,500	426,376,017	243,987,627	258	6,230,512	41,674	792,138	79,777
December, 1928	72*	552,196,250	419,792,127	249,978,831	259	6,425,500	41,674	809,452	81,209
June, 1929	72*	558,696,250	428,098,852	257,406,526	259	6,487,720	41,674	807,100	78,870
December, 1929	70*	560,846,250	429,415,222	259,756,504	258	6,795,502	41,014	808,324	77,898
June, 1930	73*	567,596,250	433,048,087	258,259,496	262	7,047,832	41,464	801,184	77,850
December, 1930	74*	561,989,750	425,346,487	252,094,974	263	7,171,527	42,474	803,094	79,466
June, 1931	74*	560,664,750	421,327,167	243,860,512	262	7,269,120	42,474	810,294	79,173
December, 1931	72*	537,964,750	398,855,292	240,828,488	263	7,498,152	36,994	801,594	77,782
June, 1932	71*	545,114,750	397,903,277	242,704,877	265	7,762,448	35,320	798,420	77,528
December, 1932	71*	540,561,100	397,674,627	245,939,643	265	7,929,530	35,320	810,492	79,277
June, 1933	71*	540,261,100	397,974,777	249,828,487	267	8,173,994	35,320	833,016	81,552
December, 1933	69*	543,761,100	403,898,752	255,398,338	268	8,608,608	35,320	842,808	86,343
June, 1934	70*	555,282,600	413,338,448	261,998,722	272	9,090,344	35,320	849,870	89,766
December, 1934	72*	567,228,600	438,573,910	273,315,614	275	9,495,254	35,320	868,440	91,146
June, 1935	74*	606,802,600	455,985,565	279,359,885	276	9,925,680	35,320	906,844	93,260
December, 1935	74*	609,202,600	458,955,945	282,588,696	281	10,613,728	35,320	912,912	95,982
June, 1936	75*	621,377,600	467,590,453	285,684,455	285	10,970,128	19,780	988,697	98,080
December, 1936	74*	678,677,600	483,967,095	292,389,043	282	12,131,488	7,920	1,170,304	100,543
June, 1937	74*	702,477,600	524,138,071	299,116,323	282	12,182,896	7,920	1,283,286	104,666
December, 1937	82*	782,277,600	595,886,485	309,827,724	291	12,559,376	7,920	1,371,288	108,074
June, 1938	84*	799,657,600	617,934,150	316,465,524	296	12,766,980	9,240	1,435,052	114,332
December, 1938	82*	872,282,600	642,802,863	327,318,824	294	11,710,017	5,940	1,484,582	114,090
June, 1939	79*	885,332,600	658,264,150	333,903,290	246	11,596,973	5,940	1,554,752	104,153

* Including non-members of the Japan Cotton Spinners' Association.

TABLE No. 37.
JAPAN'S COTTON CONSUMPTION.

(Figures extracted from the half-yearly publication of the Japan Cotton Spinners' Association.)

Years.	Indian.	American.	Chinese.	Egyptian and African.	Annam and Saigon.	Korean.	Sundries.	Total.
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
1912	368,062,933	214,251,250	31,654,633	15,086,558	3,735,384	..	3,441,058	636,231,816
1913	434,685,666	202,441,016	46,621,309	16,699,942	7,547,250	..	4,143,508	712,138,691
1914	549,868,658	170,397,933	36,528,292	15,161,483	4,742,225	..	7,158,842	783,857,433
1915	559,320,525	209,035,492	18,389,108	13,436,266	2,641,083	..	4,998,742	807,821,216
1916	593,978,108	235,615,875	29,506,075	16,421,546	9,069,166	6,744,540	4,251,590	895,586,900
1917	590,521,080	242,144,925	42,305,808	14,717,091	3,715,905	8,194,558	4,344,308	905,943,675
1918	453,072,641	280,374,975	83,091,375	14,769,342	3,187,334	11,790,775	6,941,733	853,228,175
1919	376,648,588	355,589,221	130,970,193	15,588,908	2,265,292	11,454,470	5,037,182	897,553,824
1920	482,881,416	310,370,393	30,684,616	11,558,208	2,041,258	9,412,820	5,367,604	852,316,315
1921	521,998,441	304,763,617	3,037,340	14,600,500	3,923,158	8,744,408	3,479,358	860,546,824
1922	615,242,183	389,759,225	3,626,017	19,652,842	5,563,967	8,354,600	5,680,941	1,047,879,775
1923	652,798,508	296,423,592	25,836,858	22,140,542	2,519,492	12,054,233	7,929,408	1,019,702,633
1924	563,969,233	282,197,025	58,888,450	36,176,192	1,461,775	20,443,692	5,877,333	969,013,700
1925	637,749,440	378,526,322	47,050,425	34,567,864	2,712,025	18,994,691	9,742,440	1,129,343,210
1926	664,655,716	486,464,350	19,956,425	43,557,383	1,011,383	12,512,942	8,763,400	1,236,921,599
1927	551,571,275	562,091,700	15,841,558	39,414,575	2,958,633	9,768,591	7,474,050	1,189,120,382
1928	510,871,795	511,694,394	60,928,568	36,900,193	1,663,337	11,052,982	7,069,534	1,140,180,803
1929	643,388,869	565,561,191	29,004,654	42,942,636	572,363	14,876,498	7,260,005	1,303,606,216
1930	627,594,598	468,778,932	11,443,473	34,718,189	1,931,984	20,269,592	6,330,650	1,171,067,418
1931	580,912,185	562,947,021	2,600,976	34,950,377	1,218,158	14,086,629	4,837,025	1,201,552,371
1932	331,599,316	908,859,160	2,029,745	37,576,519	482,167	5,054,240	7,185,856	1,292,787,003
1933	461,207,207	870,256,491	7,857,146	51,725,839	575,257	16,659,397	10,823,516	1,419,104,853
1934	608,343,495	856,692,099	11,402,307	71,522,108	1,286,479	16,101,950	31,506,901	1,596,855,339
1935	672,895,959	838,550,421	4,362,554	76,672,190	286,537	22,164,430	40,612,537	1,655,544,628
1936	728,982,817	694,618,808	21,289,342	101,600,534	337,233	30,890,117	111,657,816	1,689,376,667
1937	810,996,633	698,501,983	33,305,867	122,630,267	94,800	15,066,308	165,469,992	1,846,065,850
1938	472,815,698	480,429,326	144,104,727	72,441,137	Nil.	7,973,909	140,796,600	1,318,561,397
1939								

NOTE.—Korean cotton before 1916 is totalled under "Sundries."

TABLE No. 38.

JAPAN'S COTTON YARN PRODUCTION AND EXPORTS.

YEAR.	Average Working Spindles.	Production. (Bales of 400 lbs.)				Exports. (Bales of 400 lbs.)							
		16s. warp.	20s. weft.	Others.	Total.	China.	Hongkong.	British India.	Philippine Islands.	Korea.	Other countries.	Total.	
1911	1,784,064	295,065	262,298	571,904	1,129,267	234,324	12,918	1,809	3,076	22,828	10,054	285,009	
1912	1,984,191	346,844	335,821	669,544	1,352,209	304,199	29,091	989	3,625	21,034	15,994	374,933	
1913	2,167,926	396,645	371,522	749,815	1,517,982	389,297	34,031	3,258	3,296	15,237	23,620	468,739	
1914	2,369,801	388,992	439,672	837,517	1,666,181	455,124	66,124	3,144	4,791	19,020	21,787	569,990	
1915	2,463,378	393,027	443,040	884,197	1,720,264	463,921	65,241	1,565	3,629	26,688	14,848	675,892	
1916	2,757,299	409,053	497,291	1,019,235	1,925,579	440,158	50,381	11,744	1,889	26,137	16,839	547,148	
1917	2,850,637	359,623	528,603	1,035,615	1,923,841	356,576	58,405	9,313	3,260	27,597	15,702	470,853	
1918	2,936,495	228,818	511,539	1,063,509	1,803,866	231,889	62,598	79,428	5,685	13,053	29,062	421,513	
1919	3,179,568	204,486	539,748	1,176,548	1,920,782	156,261	35,638	4,753	693	16,047	16,945	230,337	
1920	3,191,753	196,928	191,141	1,128,907	1,816,976	166,711	58,349	47,615	2,548	5,535	24,167	304,925	
1921	3,162,353	215,682	436,629	1,159,039	1,811,350	174,584	56,211	37,164	1,418	..	22,884	292,261	
1922	3,967,265	205,489	746,731	1,276,026	2,228,246	212,862	83,394	68,319	2,896	..	26,591	394,062	
1923	4,079,855	170,357	680,708	1,320,088	2,171,153	121,568	40,108	58,937	2,267	..	8,778	248,325	
1924	4,115,692	135,844	631,476	1,305,497	2,072,817	96,536	61,493	80,840	1,799	..	29,692	270,361	
1925	4,669,753	142,796	779,203	1,514,784	2,436,783	132,778	58,788	87,172	3,176	..	28,888	310,801	
1926	5,002,932	146,983	795,170	1,665,593	2,607,746	72,640	29,286	72,283	3,201	..	28,140	205,550	
1927	4,831,429	140,924	784,673	1,605,095	2,530,692	28,762	12,887	54,508	1,921	..	19,577	117,654	
		Under 20.	20s.	Medium Counts.	Fine Counts.	Total.							
1928	4,983,089	721,557	736,767	906,924	86,614	2,451,862	22,626	15,921	17,260	1,217	..	14,632	71,656
1929	6,149,365	827,363	878,405	984,992	101,826	2,792,586	17,637	6,988	27,514	1,826	..	13,436	67,401
1930	5,698,030	780,498	808,560	834,426	101,215	2,524,699	13,493	13,272	20,390	1,255	..	10,976	59,386
1931	5,904,342	809,822	803,442	814,398	139,471	2,567,133	3,839	2,349	16,094	1,367	..	7,793	31,442
1932	6,307,884	797,180	896,921	957,915	158,421	2,810,437	9,190	8,103	50,591	962	..	20,049	88,895
1933	6,771,692	877,043	941,139	1,145,009	136,665	3,099,856	428	1,133	18,286	638	(a) 13,260	14,178	47,923
1934	7,502,504	962,110	1,100,937	1,305,406	103,989	3,472,442	324	353	24,318	1,085	(a) 13,803	24,961	64,844
1935	8,197,422	999,282	1,026,007	1,412,900.5	122,643	3,560,832.5	419	3,518	44,880	2,509	(a) 18,979	26,277	96,582
1936	8,392,024	1,015,599	1,027,276	1,425,635	138,948	3,607,458	565	6,783	42,178	4,646	(a) 24,954	31,399	110,524
1937	8,972,671	1,101,887	1,166,956	1,549,246	148,111	3,966,201	1,989	10,419	36,885	5,975	(a) 27,575	46,885	129,728
1938	8,243,413	697,835	764,451	974,411	115,049	2,551,747	2,001	2,579	47,067	4,392	10,856	38,380	105,265
1939

(a) Manchuria.

TABLE No. 39.
JAPAN'S CLOTH PRODUCTION.

Year.	Average Working looms.*	Production of cotton piece-goods.*	Yarn consumed.*
		Yards.	lbs.
1910	14,911	226,313,958	71,197,654
1911	17,884	289,039,671	82,498,136
1912	20,208	342,584,684	93,562,721
1913	23,299	416,725,357	11,159,616
1914	24,911	454,901,674	126,863,966
1915	27,687	502,076,621	124,632,631
1916	30,110	560,181,108	136,413,408
1917	31,920	594,649,419	142,770,758
1918	36,365	656,935,420	160,301,569
1919	40,969	739,390,012	179,788,560
1920	44,635	762,037,360	189,651,320
1921	44,109	700,697,985	179,427,501
1922	51,033	869,327,652	214,327,505
1923	52,972	1,000,708,890	240,979,975
1924	56,351	1,030,905,658	241,310,095
1925	62,976	1,179,524,733	274,472,668
1926	65,699	1,277,726,954	294,334,545
1927	66,733	1,294,668,822	293,166,913
1928	70,606	1,382,034,413	303,008,225
1929	67,070	1,538,249,015	336,276,152
1930	62,767	1,388,423,325	296,592,495
1931	64,392	1,404,668,382	301,231,848
1932	68,028	1,532,850,514	325,907,959
1933	73,966	1,673,880,702	362,300,980
1934	79,606	1,793,845,440	384,958,215
1935	82,397	1,843,470,714	392,640,350
1936	85,974	1,802,400,624	384,296,367
1937	90,197	1,890,554,335	406,988,842
1938	73,277	1,461,649,275	317,181,564
1939			

*Sub-work by spinners only.

Sub-work by spinners means that the table in question was prepared from the reports of the weaving companies which are affiliated to the Japan Cotton Spinners' Association.

TABLE No. 40.
STATISTICS.

STATEMENT of Imports of Piecegoods of British Manufacture (Grey, Bleached, Coloured and Printed) and of Yarns (Grey and Dyed) from Great Britain into Bombay, Calcutta and Madras, from the years 1869 to 1939, both inclusive.

YEAR.	PIECEGOODS.			YARNS.		
	Bombay.	Calcutta.	Madras.	Bombay.	Calcutta.	Madras.
	Sq. Yards.	Sq. Yards.	Sq. Yards.	Lbs.	Lbs.	Lbs.
1869.....	296,158,439	518,741,346	29,683,469	7,981,949	11,858,210	7,773,636
1870.....	272,898,226	687,639,911	45,750,099	9,946,299	16,816,936	6,649,598
1871.....	305,416,233	684,926,367	47,560,133	6,097,531	12,041,848	8,876,841
1872.....	262,849,273	657,123,291	48,177,871	6,163,813	11,490,636	8,616,040
1873.....	349,631,830	664,987,114	57,666,809	8,667,090	11,192,248	8,918,841
1874.....	292,843,697	765,762,164	49,878,834	8,867,978	14,041,520	10,510,639
1875.....	305,917,934	744,439,224	44,683,288	6,863,763	12,945,102	10,104,020
1876.....	356,940,508	733,913,330	54,875,423	8,246,211	12,090,167	9,664,609
1877.....	354,779,192	885,688,850	39,106,318	10,624,710	14,364,841	8,683,595
1878.....	344,068,807	749,233,431	47,038,579	7,754,005	13,967,396	8,373,916
1879.....	343,811,233	788,759,250	61,375,691	7,469,113	10,580,436	9,581,363
1880.....	631,050,559	1,007,531,497	77,010,037	13,024,923	16,446,089	12,108,002
1881.....	544,890,697	947,329,460	82,451,852	12,326,706	13,597,371	11,099,762
1882.....	500,248,293	883,611,784	106,615,818	12,019,123	14,780,667	13,069,871
1883.....	572,738,196	878,949,353	107,868,579	16,220,463	13,478,764	11,033,824
1884.....	568,220,318	908,294,475	120,841,003	14,299,380	15,313,840	13,114,875
1885.....	547,773,459	911,987,148	93,757,204	14,132,372	13,473,067	99,597,197
1886.....	700,061,881	1,159,407,968	143,318,736	17,087,709	14,177,149	13,937,810
1887.....	585,502,258	988,370,500	117,502,619	14,990,151	14,040,137	13,432,638
1888.....	652,344,548	1,045,951,384	138,271,060	16,595,176	14,778,545	14,570,258
1889.....	634,608,171	1,031,000,980	144,140,943	13,011,348	11,836,681	13,393,848
1890.....	665,550,786	1,037,911,379	115,224,797	16,805,515	12,455,601	13,284,690
1891.....	572,065,309	961,686,226	108,083,576	15,526,869	12,484,617	14,666,189
1892.....	548,944,867	1,013,742,668	93,892,712	12,427,053	10,108,327	10,390,439
1893.....	604,439,138	1,009,441,511	106,086,291	10,466,233	13,124,097	11,367,889
1894.....	719,324,449	1,161,138,343	140,749,235	11,723,808	10,529,734	12,547,763
1895.....	484,780,087	925,203,136	99,427,366	10,857,586	10,689,066	10,188,466
1896.....	574,410,316	1,163,967,702	86,265,292	11,649,977	13,403,663	15,402,931
1897.....	472,597,133	932,328,974	121,396,515	11,788,246	13,299,211	13,650,022
1898.....	557,597,951	1,202,254,978	91,950,978	10,238,969	11,412,068	11,673,878
1899.....	611,556,220	1,266,926,546	93,492,746	10,441,484	10,729,842	11,532,812
1900.....	461,938,302	1,086,463,274	120,383,837	5,892,081	9,435,371	9,496,085
1901.....	629,976,200	1,127,753,500	129,392,500	7,911,750	11,050,890	9,564,200
1902.....	475,541,800	1,176,051,500	119,878,000	6,299,820	7,411,640	9,438,560
1903.....	520,373,400	1,119,542,300	129,898,800	5,300,460	6,442,050	6,699,580
1904.....	593,591,100	1,193,265,900	145,618,800	6,221,400	6,613,460	8,056,710
1905.....	637,039,600	1,292,516,900	119,829,700	11,368,420	11,443,550	10,175,810
1906.....	611,705,100	1,189,552,900	142,636,200	10,548,720	10,300,210	10,260,270
1907.....	646,598,400	1,298,662,500	131,107,800	10,419,750	9,921,670	7,601,280
1908.....	470,956,400	1,005,027,600	200,636,400	10,894,540	9,019,320	10,432,380
1909.....	481,389,100	1,180,686,000	108,497,400	16,251,580	8,448,010	6,169,190
1910.....	624,859,600	1,129,898,600	109,976,800	8,410,140	6,384,450	6,891,410
1911.....	622,516,400	1,226,065,400	138,414,300	12,842,440	9,179,460	8,364,340
1912.....	658,028,700	1,451,819,200	173,698,700	13,298,110	11,913,170	10,745,130
1913.....	804,333,100	1,547,872,400	210,797,700	13,628,700	7,519,860	9,497,740
1914.....	617,498,700	1,378,930,300	160,552,000	13,538,110	9,985,330	8,280,700
1915.....	354,966,900	1,052,246,400	106,332,200	15,423,650	8,974,950	10,801,200
1916.....	481,857,500	1,035,437,900	88,153,700	8,931,510	5,922,490	7,583,020
1917.....	851,853,300	898,872,200	78,886,500	5,185,900	5,646,600	6,295,900
1918.....	429,754,300	449,044,800	33,046,000	2,054,500	2,211,400	3,490,800
1919.....	275,575,100	423,299,200	37,684,300	3,217,300	2,401,100	3,201,100
1920.....	569,054,700	656,277,100	69,872,000	10,850,000	5,096,900	6,011,600
1921.....	265,737,000	744,049,100	50,486,100	18,383,900	7,573,200	7,257,800
1922.....	410,565,000	854,974,300	77,837,700	21,204,800	7,284,200	7,471,600
1923.....	476,873,200	797,622,700	89,096,800	9,024,500	5,154,800	5,978,300
1924.....	553,405,800	938,652,800	91,324,300	9,281,600	4,280,600	5,613,800
1925.....	524,457,900	767,338,700	72,441,200	6,244,300	4,184,500	4,465,500
1926.....	504,044,100	902,411,700	93,138,100	8,809,600	4,286,100	6,244,000
1927.....	576,045,900	924,941,700	84,499,100	8,681,600	5,262,900	6,660,400
1928.....	687,653,200	710,112,300	92,249,700	9,089,800	4,960,500	6,791,500
1929.....	511,977,900	687,826,200	108,049,200	8,318,800	4,031,000	8,447,700
1930.....	317,988,200	345,331,500	75,803,600	4,734,900	1,959,400	4,620,200
1931.....	231,407,000	77,021,300	59,272,200	3,407,400	2,608,000	4,785,400
1932.....	339,930,400	129,501,100	78,127,500	3,792,200	2,964,900	7,036,100
1933.....	258,655,100	131,375,900	66,094,000	2,416,400	3,088,000	4,740,800
1934.....	326,065,000	161,206,000	59,385,000	2,106,300	2,968,600	3,687,300
1935.....	306,200,000	138,804,000	56,439,000	2,569,000	3,744,600	3,896,000
1936.....	258,847,000	96,010,000	36,014,000	2,173,200	3,018,500	2,996,300
1937.....	224,494,000	67,800,000	30,900,000	1,477,700	2,095,800	3,497,400
1938.....	183,935,000	69,100,000	20,285,000	817,500	2,764,400	1,555,500
1939.....	Figures not available.					

Figures from "Accounts relating to Trade and Navigation of the United Kingdom."

Report for the year 1939.

Section VI.

RULES AND REGULATIONS.

**Rules for the Registration of Trade Marks, Trade Numbers,
Trade Names, Rules for Arbitration on Piecegoods, Standard
Contract Form, Etc., Etc.**

RULES AND REGULATIONS.

*Revised and adopted down to the Special General Meeting held on
7th August, 1939.*

1. The Association shall be called the Bombay Millowners' Association. Name.
2. The Office of the Association will be situate in Bombay.
3. The objects of the Association are :— Objects of the
Association.
 - (a) To encourage friendly feeling and unanimity amongst Millowners and users of steam, water and/or electric power on all subjects connected with their common good.
 - (b) To secure good relations between members of the Association.
 - (c) To promote and protect the trade, commerce and manufactures of India in general and of the cotton trade in particular.
 - (d) To consider questions connected with the trade, commerce and manufactures of its members.
 - (e) To collect and circulate statistics and to collect, classify and circulate information relating to the trade, commerce and manufactures of its members.
 - (f) To take all steps which may be necessary for promoting, supporting or opposing legislative and other measures affecting the trade, commerce or manufactures of its members.
 - (g) To make representations to Local, Central and Imperial authorities on any matter connected with the trade, commerce and manufactures of its members.
 - (h) To arbitrate in the settlement of disputes arising out of transactions in piece-goods and yarn between parties willing or agreeing to submit to arbitration in accordance with the arbitration rules of the Association.
 - (i) To advance and promote commercial and technical education connected with the trade and commerce of its members.
 - (j) To undertake special inquiries and initiate or support any action for securing the redress of legitimate grievances connected with the trade or commerce of its members.
 - (k) To take any action which may be conducive to the extension of the trade and commerce of its members or incidental to the attainment of this object.
 - (l) To subscribe, to become a member of and co-operate with any other Association whether incorporated or not whose objects are altogether or in part similar to those of this Association and to procure from or communicate to any such Association such information as may be likely to forward the objects of this Association.
 - (m) To establish or aid in the establishment of funds to benefit employees of the Association or the dependents of such persons and to subscribe, donate or guarantee money for charitable or benevolent purposes at the discretion of the Association.
 - (n) To regulate conditions of employment in the industry conducted or carried on by its members.
 - (o) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Association directly or indirectly.

Persons eligible for membership. 4. Any individual, firm or Company owning one or more mill or mills or one or more press or presses or one or more ginning or other factory or factories actuated by steam, water, electric and/or other power shall be eligible for membership of the Association.

Definition of the term "member." 5. The expression "Member" in these rules shall ordinarily mean the person, firm or Company, as the case may be, by whom or by which any such mill or mills, press or presses, or factory or factories as last aforesaid is or are actually owned, but shall where the context so requires or permits also mean and include the person or persons for the time being entitled or empowered in accordance with these rules to act and vote on behalf of any member of the Association.

Voting power of members. 6. At any General Meeting of members of the Association every member shall be entitled to one vote for every complete sum of Rs. 50 paid by him as annual subscription under Rule 35 hereof.

7. Each individual, who, as an individual, shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled either to act and vote on his own behalf or to empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign his name per procuracy, to act and vote on his behalf.

8. Every partner in any firm, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of his firm, and the firm may also empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign the name of the firm per procuracy, to act and vote on behalf of the firm.

9. Every Director of a Joint Stock Company, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company, and the Agent, Secretary or Manager, as the case may be, of such Company, and every partner in any firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, and likewise any one or more persons, who shall have been duly authorized by the Agent, Secretary or Manager, as the case may be, of such Company, or by the firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, to sign either the name of such Agent, Secretary or Manager or the name of such firm, per procuracy, shall also, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company.

10. The name of every person entitled or empowered to act and vote on behalf of any member of the Association, whether such person be the member himself or any other person, shall be notified in writing by such member to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, and if more than one person shall be entitled or empowered to act and vote on behalf of any member, such member shall notify in writing to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, the order of precedence in which such persons shall be entitled to act and vote on behalf of such member.

11. When any member shall notify to the Secretary of the Association that any one or more persons, other than the member himself, is entitled or empowered to act and vote on behalf of such member, such member shall, in such notification, state the capacity in which such person or each of such persons is so entitled or empowered to vote, that is to say, either as a member of a firm or as a Director or Agent or Secretary or Manager of a Company or as the holder of a power to sign per procuracy or otherwise as the case may be. °

12. If the name of any person shall be notified as a person empowered to act and vote on behalf of a member by virtue of being the holder of a power to sign per procuracy, the notification shall be accompanied by the document authorizing such person to sign per

procuration, in order that the same may be registered by the Secretary, and the Secretary shall, after registering the document, return it to the person who sent it.

13. The Association shall provide a Register, to be called "Register of members and of persons entitled to act and vote for members" (hereinafter in these rules referred to as "the said Register"), and the names of all members of the Association shall be entered in the said Register together with the name of each person entitled or empowered, in accordance with these rules, to act and vote for such members, so soon as the name of such persons and all particulars regarding him and all formalities shall have been duly notified and observed in accordance with these rules, and when the name of more than one person shall have been notified as entitled to act and vote for any one member of the Association, the names of such persons shall be numbered in the order of precedence in which such persons are entitled to act and vote for such member.

14. No person shall be entitled to act or vote on behalf of any member of the Association unless and until his name shall have been entered in the said Register as a person entitled to act and vote for such member.

15. If two or more persons, who shall be entitled to act and vote on behalf of one and the same member of the Association, shall be present at any meeting of the Association, that one, who takes priority in the order of precedence in the said Register, shall alone be entitled to vote at such meeting.

16. If any one person shall, according to these rules, be entitled to act and vote for more than one member of the Association, such person shall be entitled to act and to exercise the right of voting, according to these rules, for each member, on whose behalf he is entitled to act and vote.

17. Members of the Association shall be elected by ballot in the manner hereinafter ^{Mode of electing} mentioned. _{members.}

18. Every candidate for election as a member of the Association must be proposed by one member of the Association and seconded by another, and a letter of proposal signed by the proposer and seconder must be sent to the Managing Committee of the Association (hereinafter called "the Committee").

19. After the receipt by them of a proposal duly made and seconded according to these rules of a candidate for election as member of the Association, the Committee shall fix a day for the commencement of the ballot for the election of such candidate.

20. Not less than seven days before the day so fixed as aforesaid for the commencement of the ballot for the election of any candidate, notice in writing shall be given by the Committee to all members of the Association of the name of the candidate and of his proposer and seconder and of the date so fixed as aforesaid for the commencement of the ballot for the election of such candidate.

21. The Committee shall, before the day appointed for the commencement of the ballot for the election of a candidate for membership of the Association, appoint a scrutineer for such election.

22. The Association shall, for the purposes of all elections by ballot, provide a ballot-box with a lock and key and with an aperture sufficiently large to admit of the deposit therein of voting papers.

23. Before the time appointed under these rules for the commencement of the ballot for the election of any candidate for membership of the Association, the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same, and the same shall not be opened until after the expiration of the full time appointed for such ballot.

24. The Committee shall provide voting papers for the election of a member of the Association in such form as they shall, from time to time, think fit and shall send one of such voting papers to each member of the Association, not less than seven days before the day fixed according to these rules for the commencement of the ballot for the election of any candidate for membership of the Association.

25. If any person entitled or empowered to vote concerning the election of a candidate for membership of the Association shall desire to exercise his right of voting he shall fill up a voting paper in accordance with the directions contained therein stating whether he votes for or against the election of such candidate and shall sign the paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

26. Voting papers may be deposited in the ballot-box in accordance with these rules at any time between the hours of 10-30 a.m. and 4 p.m. on the day appointed for the commencement of the ballot or on any one of the six succeeding days, exclusive of Sundays or Gazetted Holidays.

27. The ballot-box shall, at 4 p.m. on the seventh of the days appointed for the election of any candidate for membership, be opened by the Secretary in the presence of the scrutineer, and the votes shall be counted and scrutinized by the scrutineer, and the scrutineer shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

28. No candidate for election as a member shall be deemed to have been elected unless the number of votes recorded is greater than one-fourth of the total number of the votes which would have been recorded if all members had voted. One adverse vote in every six votes recorded shall exclude. The result of every election shall be recorded in the Minutes of the Proceedings of the Committee.

29. If any candidate for election as a member of the Association shall not be elected, his proposer shall be informed of his non-election by the Secretary.

30. Particulars of the voting for the election of any candidate for election as a member of the Association shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

31. A candidate, who shall have been proposed for election as a member of the Association and shall not have been elected, shall not be again eligible for election as a member of the Association until after the expiration of six months from the date of the election at which he shall not have been elected.

32. If a candidate for election as a member of the Association be elected, his election shall be notified in writing by the Secretary to his proposer and likewise to the candidate himself, and a copy of the last annual report of the Association and also a copy of the Rules of the Association, together with a bill for the entrance fee payable by such member on election and the amount of the annual subscription payable in accordance with these rules shall be sent to him by the Secretary.

Membership sub-
scription.

33. Every member who shall after the date on which these rules shall come into force be elected a member of the Association shall pay on election an entrance fee of Rs. 100.

34. Every member who shall after the date on which these rules shall come into force be elected a member of the Association after the 1st January but before the 1st October in any year shall in addition to the entrance fee pay such proportion of the annual subscription for that year as shall be attributable to the period between the date of election and the 31st December of that year. Every member similarly elected after the 30th September in any year shall pay in addition to the entrance fee one-quarter of the annual subscription for that year.

35. Each member of the Association shall pay the annual subscription to the Association which may from time to time be determined by the Committee. Provided that the resolution of the Committee determining such annual subscription shall be passed by a majority of not less than two-thirds of the members of the Committee present at a special meeting called for the purpose of determining such subscription.

36. Annual subscriptions shall be payable in advance on the 1st January in each year in respect of the period from the 1st January to the 31st December in that year, and a member shall not be entitled to exercise any of the privileges of membership if his subscription is more than two calendar months in arrear.

37. The Committee of the Association shall, in the case of mills which remain entirely closed for one calendar year or more for causes not due to a strike or a lock-out, be empowered to remit the ordinary membership subscription, and to substitute therefor a subscription of Rs. 100 only for each calendar year during which the mills remain entirely closed.

38. A member who shall fail to pay his subscription for a period of three calendar months after it has become payable shall, *ipso facto*, cease to be a member of the Association and his name shall forthwith be removed from the said Register. Provided that the Committee may, for good cause shown for such non-payment of the subscription as to which the decision of the Committee shall be final and binding upon the member in default, and upon payment of the subscription in arrear, revoke the cancellation of membership and order the name of such member to be reinstated in the said Register. Subscriptions in arrear shall be treated as a debt due to and recoverable by the Association.

39. Each member shall, on election to the Association, sign a form of adherence to the rules of the Association in the form from time to time approved by the Committee and until such form shall have been signed a member shall not be entitled to exercise any of the privileges of membership. Form of adherence to be signed by members.

40. Every member of the Association shall have power to terminate his membership thereof by giving not less than three calendar months' previous notice in writing (expiring at any time) to the Secretary of the Association of his desire to terminate such membership and upon the expiration of any such notice such member shall cease to be a member of the Association and his name shall forthwith be removed from the said Register. Mode of resigning from membership.

41. The affairs and funds of the Association shall be managed by a Managing Committee hereinbefore and hereinafter called "the Committee" to be constituted as hereinafter mentioned. The Committee, its constitution and mode of election.

42. The members of the Association shall, in each year between the 1st and the 31st day of January, elect the Committee from amongst the list of persons whose names appear in the said Register as persons entitled to act and vote for members.

43. The Committee shall consist of a Chairman, a Deputy Chairman and not more than eighteen ordinary members, making a maximum of twenty members in all.

44. The Committee, holding office for the time being, shall appoint a day between the 1st and the 31st day of January in each year for the election of the Chairman, the Deputy Chairman and the eighteen ordinary members of the Committee for the ensuing year, and shall cause notice of the day so appointed for such election as aforesaid to be advertised in at least one English and one Vernacular newspaper published in Bombay.

45. The Secretary of the Association shall also give to each member of the Association not less than seven days' notice in writing of the day appointed for the said elections and of the names of all authorized representatives of members who are eligible for election as members of the Committee.

46. The members of the Committee shall be elected by ballot.

47. The Committee shall, before the day appointed for the said election, appoint a scrutineer for each of the said elections.

48. Before the time appointed under these rules for the commencement of the ballot upon the day appointed for the said elections the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same and the same shall not be opened until 4 p.m. upon that day.

49. The Committee shall provide separate voting papers for

- (a) the election of a Chairman of the Committee,
- (b) the election of a Deputy Chairman of the Committee,
- (c) the election of eighteen ordinary members of the Committee,

in such form as they shall, from time to time, think fit and shall send to each member of the Association not less than seven days before the day fixed for the said elections, one voting paper in respect of the election of the Chairman, one voting paper in respect of the election of the Deputy Chairman and one voting paper in respect of the election of the ordinary members of the Committee.

50. On the day appointed for the said elections voting shall commence at 10-30 a.m. and terminate at 4 p.m.

51. If any person entitled or empowered to vote concerning the election of the members of the Committee shall desire to exercise his right of voting, he shall, in the case of the election of a Chairman, write on a voting paper relative to the election of a Chairman the name of the person representing a member of the Association who he desires should be appointed such Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of a Deputy Chairman, write on a voting paper relative to the election of a Deputy Chairman the name of the person representing a member of the Association who he desires should be appointed such Deputy Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of the eighteen ordinary members of the Committee, write on a voting paper relative to the election of the ordinary members of the Committee, the names of the eighteen persons representing members of the Association who he desires should be appointed as ordinary members of the Committee as aforesaid and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

52. Voting papers regarding the elections of a Chairman, Deputy Chairman and the ordinary members of the Committee may be deposited in the ballot-box in accordance with these rules between the hours of 10-30 a.m. and 4 p.m. on the day which shall have been appointed under these rules for such elections.

53. At 4 p.m. on the day appointed for the said elections the ballot-box shall be opened by the Secretary of the Association in the presence of the scrutineer and the votes shall be counted and scrutinized by the scrutineer, who shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

54. Particulars of the voting for the election of the members of the Committee shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

55. Those persons in whose favour the largest number of votes shall have been cast for the respective appointments of Chairman, Deputy Chairman and ordinary members of the Committee shall be deemed to have been appointed Chairman, Deputy Chairman and ordinary members of the Committee respectively.

56. Two representatives of any one member entitled under Rule 6 to ten votes or less shall not be on the Committee at the same time, and if two representatives of any one such member shall be elected to serve on the Committee at the same time, the election of that representative who obtains the lesser number of votes shall be void. In case of an equality of votes, the Chairman of the retiring Committee shall have a casting vote.

57. No member of the Association shall vote for more than one Chairman, one Deputy Chairman and eighteen ordinary members of the Committee.

58. If any person who shall have been elected according to these rules either as Chairman of the Committee or as Deputy Chairman of the Committee shall decline to accept the appointment there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be.

59. If any person who shall have been elected in accordance with these rules as an ordinary member of the Committee shall decline to accept the appointment the person who shall have received the next largest number of votes shall be considered to have been elected, and if there shall be no such person then the vacancy shall be filled by the retiring Committee.

60. If in any ballot for a Chairman or Deputy Chairman of the Committee there shall be an equality of votes for the appointment, there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be. If in any ballot for the election of the eighteen ordinary members of the Committee there shall be an equality of votes for the eighteenth appointment, the Chairman of the retiring Committee shall have a casting vote.

61. The new Committee shall take office upon the conclusion of the first Annual General Meeting of the members of the Association held after their election, and shall continue to hold office until the conclusion of the next Annual General Meeting of the members of the Association, when they shall retire but shall be eligible for re-election.

62. If any member of the Committee shall be absent from the regular meetings of the Committee for more than three consecutive months he shall, unless he shall have previously obtained leave of absence from the Committee, be deemed to have vacated his office.

63. When any vacancy other than a vacancy in the office of Chairman or Deputy Chairman shall occur in the Committee, the members of the Committee shall have power to appoint any duly qualified person to fill such vacancy who shall hold office until the conclusion of the next Annual General Meeting of the members of the Association when he shall retire but shall be eligible for re-election. Similarly if any member of the Committee shall have previously obtained leave of absence from the General Meetings of the Committee, the members of the Committee shall have power to appoint any duly qualified person to act as a member of the Committee during the absence of such member.

64. If any vacancy other than a temporary vacancy shall occur in the office of Chairman or Deputy Chairman of the Committee, such vacancy shall be filled by the election according to these rules by the members of the Association of any duly qualified person. A temporary vacancy may be filled by the members of the Committee from their own number.

65. The Chairman of the Committee shall, if present, preside at all meetings of the Committee held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and failing both, the chair shall be taken by one of the members of the Committee who shall be appointed by the other members of the Committee present at such meeting. The procedure to be adopted by the Committee in conducting business.

66. In case of a tie in voting in Committee the Chairman for the time being shall have a casting vote in addition to his own vote.

67. Five members of the Committee shall constitute a quorum.

68. The Committee shall meet at least once in every month.

Power of the
Committee.

69. The Committee shall have power to require from any member an explanation as to any act done or conduct pursued by such member which in the opinion of the Committee shall be in contravention of the rules of the Association or to the detriment or discredit of the Association or shall be injurious to the welfare and interests of the Association. If any such explanation shall be refused or having been given shall be deemed unsatisfactory, the Committee shall cause a Special General Meeting of the Association to be convened to consider the acts and conduct of such member, and the Association shall have power if a quorum be present at such Special General Meeting to resolve by a majority of not less than two-thirds of the votes cast at the meeting to declare that such member is expelled from the Association.

70. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association and shall not be entitled to claim any refund on account of subscription which may have already been paid.

71. Previous to each Annual General Meeting of the members of the Association, the Committee shall prepare a report of the proceedings of the Association during the year prior to such General Meeting and shall cause the same to be printed and shall send at least one printed copy thereof to each member of the Association not less than seven days prior to the date fixed for the said Annual General Meeting. The Committee may also, if they see fit to do so, send any one or more copies of the said report to any individual or Corporation or Association to whom or to which they may think it desirable in the interests of the Association to send the same.

72. The Committee shall have authority to appoint Solicitors to the Association and the Committee may consult them whenever they deem it expedient to do so.

73. The Committee shall have authority at any time and from time to time, if for any reason they shall consider it advisable to do so, to attach to the office of the Chairman of the Committee a remuneration or honorarium of such amount, and to operate from such date and for such period as the Committee may determine, and such remuneration or honorarium shall be met from the revenues of the Association.

74. At the first meeting of the Committee held after the holding of the Annual General Meeting of the members of the Association in each year, the Committee shall appoint three or more of their number to form a Sub-Committee for the purpose of deciding questions other than arbitrations, arising under the rules of the Association relating to the registration of trade marks, and the decision of such Sub-Committee on such questions shall have the same effect as if given by the entire Committee. Any vacancy which may from time to time occur in any such Sub-Committee shall be filled by the Committee by the appointment thereto of another member of the Committee.

75. The Committee may from time to time appoint a Sub-Committee to investigate and to report upon any matter whatsoever and may invite any member of the Association not being a member of the Committee to serve on any such Sub-Committee, or may consult any outside authority if for any special reason such a course may seem to them advisable.

76. Sub-Committees other than a Sub-Committee appointed under Rule 74 shall have no executive or substantive power or authority, and the duty of every Sub-Committee shall be to report to the Committee the result of its investigations, deliberations or other proceedings.

Duties of Secretary and Assistant Secretary

77. A Secretary of the Association shall be appointed and his remuneration shall be fixed by the Committee. The Secretary shall devote himself entirely to the business and affairs of the Association except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Association and of funds connected with or in any way controlled by the

Association. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Association. He shall give notice as desired by the Chairman or Deputy Chairman of all meetings of the Association, of the Committee, of the Departmental Committees and Sub-Committees of the Association and of all Associations working in connection with the Association. He shall duly notify members of their election, collect all dues from members of the Association or from any Committee or any Association working in connection with the Association. He shall prepare the Annual Report of the Association and the reports of all Committees and of all Associations connected with the Association under the guidance of the Chairman and the Committee and generally shall perform all such duties as are incidental to his office and generally act under the orders of the Chairman or in his absence of the Deputy Chairman and the Committee. In all matters appertaining to the detailed duties of his office as above enumerated he shall follow the policy and instructions laid down by the Chairman or in the absence of the Chairman by the Deputy Chairman.

78. An Assistant Secretary of the Association may be appointed, and if so appointed, his remuneration shall be fixed by the Committee. The Assistant Secretary shall during any temporary absence of the Secretary owing to sickness or any other cause or during the absence of the Secretary on leave perform all or any of the duties of the Secretary as may be assigned to him.

79. Minutes of all proceedings of the Committee shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time. Minutes Book of
the Committee.

80. A general meeting of the Members of the Association to be called the Annual General Meeting shall be held in each year at such time as the Committee may appoint. General Meetings
of Members.

81. The Committee may also at any time call a General Meeting should it seem to them expedient to do so.

82. If any four members of the Association shall by a requisition in writing signed by the said four members respectively addressed to the Committee and containing a statement of their reasons for the requisition request the Committee to call a General Meeting of the members of the Association the Committee shall call such General Meeting to be held within fourteen days after the receipt by the Committee of the said requisition, and if the Committee shall refuse or neglect to call such General Meeting to be held within the time aforesaid, the said four members who shall have signed the said requisition, shall have power themselves to call such General Meeting to be held on such day as they themselves shall appoint.

83. Seven clear days' notice of every Annual General Meeting shall be given by advertisement in at least one English and one Vernacular newspaper published in Bombay and seven clear days' notice shall also be given to members of every Special General Meeting, except Urgent General Meetings specially convened by the Chairman or the Committee.

84. No business shall be transacted at any General Meeting unless a quorum according to these rules shall be present at such meeting.

85. At any General Meeting a quorum shall be constituted if the number of votes of the members represented at the meeting shall exceed 25 per cent. of the total number of votes of all the members for the time being of the Association.

86. If on the day originally appointed for holding a General Meeting a quorum according to these rules shall not, within thirty minutes of the time appointed for the commencement of the meeting, be present, the meeting shall be adjourned to such time on such day not being less than 10 days thereafter as the Committee may determine and if a quorum shall not, within fifteen minutes after the time appointed for the commencement of such adjourned meeting, be present, the members then present shall constitute a quorum and may transact the business for which the meeting was convened.

87. Whenever any meeting shall be adjourned under Rule 86 on the ground that a quorum was not present within the prescribed time, seven clear days' notice shall be given by the Committee by advertisement in at least one English and one Vernacular newspaper published in Bombay of the day and time to which such meeting shall have been adjourned.

88. The Chairman of the Committee shall, if present, preside at all General Meetings of the members of the Association held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and, failing both of these, the chair shall be taken by one of the members of the Committee, who shall be appointed by the other members of the Committee, present at such meeting.

89. The voting at any General Meeting shall be in the first instance, by show of hands, but this shall not preclude any member present from demanding a poll. If a poll is demanded the number of votes to which each member shall be entitled shall be calculated in accordance with Rule 6. The result of a poll shall supersede a vote taken by show of hands. In the case of a tie in voting at any General Meeting the Chairman for the time being of the meeting shall have a casting vote.

90. Minutes of all proceedings at every General Meeting of the members of the Association shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time.

91. Every resolution which shall have been duly passed according to these rules at any General Meeting of the members of the Association shall be binding upon all the members of the Association.

Special General Meeting for concerted general action.

92. All proposals or recommendations for concerted general action respecting the mills which the Committee of the Association may consider to be concerned in respect to a strike, lockout, short-time working or organized lessening of production, payment of bonus, increases or reductions in wages, or any other matter whatsoever, shall only be adopted if passed by a majority of not less than 85 per cent. of the votes cast at a Special General Meeting duly called for the purpose of considering such proposals or recommendations.

Expulsion of members for contravening resolutions adopted at the General Meeting.

93. Any member of the Association who shall contravene the terms of any proposal which has been approved and adopted by the members of the Association under Rule 92 hereof shall be liable to be summarily expelled from the Association by a resolution of the Committee declaring that such member is expelled; provided that such resolution shall be passed by a majority of not less than three-fourths of the members of the Committee present at a Special Meeting called for the purpose of considering such contravention.

94. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association, and shall not be entitled to claim from the Association any refund on account of subscription which may have already been paid.

95. A firm or Joint Stock Company or other Corporation which shall be expelled under the last preceding rule shall be eligible for re-election after the expiry of six months from the date of expulsion provided not less than three members in addition to the proposer and seconder concur in the proposal for re-election.

Funds and properties of the Association.

96. The control of the funds of the Association shall be vested in the Committee, who in addition to the powers expressly conferred on them by these rules may exercise all such powers, and do all such acts and things as may be exercised or done by the Association and are not hereby or by law expressly directed or required to be exercised or done by the Association in General Meeting, and in particular may from time to time at their discretion raise or borrow or secure the repayment of any sum or sums of money in all respects as they think fit.

97. If at any time during the year the funds at the disposal of the Committee are insufficient or are likely to be insufficient to defray the estimated expenditure for the remaining portion of the year, then the Committee shall, in such case, call a General Meeting of the members of the Association and lay the accounts of the Association before such meeting.

98. The Committee shall cause proper books of account to be kept of the transactions of the Association and of the assets, credits and liabilities thereof, which books of account shall be kept at the office of the Association or at such place or places, and in the charge of such person or persons as the Committee may from time to time direct.

99. At least seven days previous to each Annual General Meeting of members of the Association the Committee shall send to each member of the Association a duly audited income and expenditure account, and a balance sheet, containing a summary of the property and liabilities of the Association and made up to the 31st December of the year immediately preceding the meeting, and such account and balance sheet shall be laid before the members at the Annual General Meeting of the Association in each year.

100. The Committee for the time being shall have power to invest and deal with any of the moneys of the Association not immediately required for the purposes thereof in such securities and in such manner as they may think fit and from time to time to vary or realize such investments.

101. The Committee shall have the power to determine the manner in which bills, loans, receipts, acceptances, endorsements, cheques, releases, contracts and documents shall be signed or executed by and on behalf of the Association.

102. There shall be two Trustees of the Association and the first Trustees shall be Mr. H. P. (now Sir H. P.) Mody and Mr. Ratansi D. Morarji. Subsequent Trustees shall be appointed by resolution of the Committee. Any person for the time being entitled to act and vote for a member shall be eligible as a Trustee. Any Trustee who shall cease to be entitled to act and vote for a member shall *ipso facto* cease to be a Trustee. Any Trustee may be removed by a majority of three-fourths of the members of the Association present at a meeting duly convened for the purpose of considering such removal.

103. All the funds and properties of the Association shall be vested in the Trustees who shall have the custody of all securities and documents of title relating thereto and shall deal with and dispose of the same and the income thereof in accordance with the written directions from time to time given to them by the Committee for the time being.

104. Neither the Chairman, Deputy Chairman, nor any ordinary member of the Committee nor the Secretary nor any Trustee shall be answerable for anything other than his own acts or defaults, nor shall he be answerable for any act done by him for the sake of conformity only, nor for any moneys of the Association other than such as shall come into his own hands, nor for any collector or receiver of moneys appointed by the Committee, nor for any misfortune, loss or damage, happening to the Association by reason of any deed done or executed by him as a Chairman, Deputy Chairman or ordinary member of the Committee or as Secretary or Trustee, nor by reason of any error in judgment or mere indiscretion on his part in the performance of his duties, nor otherwise on any account, except for wilful negligence or fraud. Every person being Chairman, Deputy Chairman, or an ordinary member of the Committee or Secretary or Trustee of the Association, his heirs, executors or administrators shall at all times be indemnified and saved harmless out of the funds of the Association from and against all costs, losses, damages and expenses whatsoever incurred or sustained by him in the execution of his power or duties, and every person having been or being a Chairman, Deputy Chairman, or ordinary member of Committee or Secretary or Trustee of the Association, his heirs, executors and administrators shall be indemnified and saved harmless out of the funds of the Association against all actions, suits, claims and demands whatsoever brought or made against him or them in respect of any engagement of the Association save such as may be incurred by his own personal wilful neglect or default.

Responsibility of
the Chairman,
Deputy Chairman,
Secretary and
members of the
Committee.

The date when
the rules come into
force and the mode
of altering the
rules.

105. These rules shall come into force on the First day of March 1925 on which date the present rules shall stand cancelled. No alterations in these rules shall be made save and except by a majority of not less than three-fourths of the votes cast at a General Meeting of the members of the Association duly convened and held for the purpose of considering such alteration, the terms of which shall have been fully set forth in the notice convening the meeting.

RULES FOR THE REGISTRATION OF TRADE MARKS.

Revised and adopted down to the Annual General Meeting of the Association held on 3rd March 1927.

1. Throughout all these rules the following words shall bear and include the following meanings :— Interpretation.

- (a) 'The Association' means the Millowners' Association, Bombay.
- (b) 'Member' means a member of the Millowners' Association, Bombay.
- (c) 'The Secretary' means the Secretary of the Millowners' Association, Bombay.
- (d) 'The Managing Committee' means the Managing Committee of the Millowners' Association, Bombay.
- (e) 'Trade mark' includes 'ticket' and 'stamp.'
- (f) 'Colourable imitation' includes a trade mark, which is likely to become known by or to acquire the same name as that by which another trade mark is already known or which such other trade mark has already acquired.

2. For the purposes of these rules a registrable trade mark must consist of a distinctive mark device or design not being a name, signature or word or words (invented or otherwise) either alone or in combination with one or more of the following :— Essentials of a registrable trade mark.

- (a) The name of a Company, individual or firm represented in a special or particular manner.
- (b) An invented word or invented words.
- (c) A word or words having no direct reference to the character or quality of the goods and not being according to its ordinary signification a geographical name or surname.

Provided—

- (1) that any trade mark registered in the Permanent Register of the Association prior to the 31st March 1924 shall be registrable as a trade mark under this rule;
- (2) that no trade mark shall be accepted for registration which contains or consists of any scandalous design, or any matter the use of which would by reason of its being calculated to deceive or otherwise be disentitled to protection in a Court of Justice, or would be contrary to law or morality ;
- (3) that no trade mark shall be accepted for registration which contains or consists of a representation of the Royal Arms (or Arms so closely resembling the Royal Arms as to be calculated to deceive), or of a photograph or photographs of any member or members of the Royal Family.

3. All goods to which these rules apply shall be divided into the following classes :— Classification of goods.

Class 1.—Cotton yarns and threads being either grey or bleached.

Class 2.—Cotton yarns and threads being coloured either in whole or in part.

Class 3.—Cotton piecegoods of all kinds.

Registers. 4. The Association shall keep two registers, one of which shall be called 'The Permanent Register' and the other 'The Suspense Register.'

Duty of members to register trade marks and mode of applying to register same. 5. Every member shall send to the Secretary an application in writing addressed to the Secretary and signed by the member or by some person duly authorized to sign the same on behalf of the member, to register with the Association every trade mark, not already registered by such member with the Association, which is or is to be the property of such member and which such member desires to apply to any produce of the mill or mills, factory or factories, owned by such member.

6. Every such application shall specify the name by which the trade mark to which the application relates is intended to be known and the class or classes of goods to which the trade mark is intended to be applied and shall be accompanied by one copy of the trade mark for the use of the Association and also by such further number of copies thereof as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members.

7. Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.

Secretary to enter every trade mark which a member shall apply to register in the Suspense Register. 8. The Secretary shall forthwith on receipt of an application for registration of a trade mark with the Association made in conformity with these rules enter the said trade mark in the 'Suspense Register' for use on goods of the class or classes specified in the application.

Notice of every application to register a trade mark to be sent to every member. 9. The Secretary shall so soon as may be after any application shall have been made for the registration of any trade mark with the Association, send to every member a copy of such application with an intimation of the date when it was made and that such trade mark has been entered in the Suspense Register and shall also send with such intimation one copy of such trade mark, and also if the application shall have been accompanied by a notification in conformity with Rule 21 that the member, who shall have made the application, is not willing to refer to arbitration any matter relating to the application, one copy of such notification and shall after the expiration of three weeks from the date of the despatch of such intimation send a reminder to each member who shall not in the interval have acknowledged the receipt of such intimation or otherwise intimated that such intimation has been received by such member.

Effect of entry of trade mark in Suspense Register. 10. The entry of a trade mark in the Suspense Register shall not confer upon the member upon whose application the same shall have been so entered any right against any other member in respect of the trade mark so entered save and except a right to apply for the removal of any other trade mark from the Suspense Register as in Rule 11 hereinafter set forth.

Applications for removal of trade mark from the Suspense Register. 11. Any member may apply that any trade mark which has been entered in the Suspense Register may be removed therefrom on the ground that it is an imitation colourable or otherwise of another trade mark which at the time of the entry of the trade mark objected to was then already in the Suspense Register and had been entered therein on application of the member applying for such removal and was intended to be applied to the same class or classes of goods as the class or classes to which the trade mark objected to is intended to be applied.

12. Every application for removal of a trade mark from the Suspense Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the ground on which the same is made.

13. Every application for removal of a trade mark from the Suspense Register shall be determined in the manner hereinafter prescribed ; and if, when the same shall have been so determined, the application shall be upheld, the trade mark for the removal of which the application shall have been made, shall forthwith be removed from the Suspense Register.

14. Any member may object to any trade mark being entered in the Permanent Register on the ground that such trade mark is an imitation colourable or otherwise of a trade mark which has already, on the application of such objecting member, been entered in the Permanent Register for use on goods of a class or classes similar to the class or classes of goods to which the trade mark, in respect of which an application has been made, is intended to be applied, and that such trade mark so already entered, is habitually applied by such objecting member to such class or classes of goods.

Objections to entry of a trade mark in the Permanent Register.

15. Every such objection shall be made within one month after the application to register the trade mark objected to shall have been made and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorized to sign on behalf of the objecting member and shall set forth the grounds of objection.

16. Any member may within three calendar months from the date of his becoming a member for the first time apply that any trade mark which shall have been registered in the Permanent Register, at any time before the expiration of the said period of three months, shall be removed therefrom on the ground—

That the trade mark so already registered in the Permanent Register is an imitation colourable or otherwise of a trade mark for the registration of which such member has applied for use on goods of a class or classes similar to the class or classes of goods to which the trade mark so already registered in the Permanent Register is applied, and that such trade mark for the registration of which such newly joined member has so applied as aforesaid has been habitually applied by such newly joined member to the said class or classes of goods.

17. When any member being the owner of a mill shall have ceased to be a member for any reason, other than expulsion, and shall subsequently again become a member by virtue of the ownership of the same mill, or, when any mill, being the property of a member, shall have passed to a new owner and such new owner shall become a member by virtue of the ownership of the said mill, such member, who shall have again become a member, may at any time, within one month from the date of his having so again become a member or such new owner, who shall have become a member, may at any time within one month from the date of his becoming a member apply—

(a) That a trade mark which shall have been entered in the Permanent Register subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, shall be removed from the Permanent Register ; or

(b) That if any trade mark shall have been or shall be entered in the Permanent Register in compliance with an application for the registration of the same which has been made subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule, or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, the said trade mark shall be removed from the Permanent Register, on the ground either in the case (a) or in the case (b)—

That the said trade mark is an imitation colourable or otherwise of a trade mark previously registered with the Association by the member who shall have so ceased to be a member as aforesaid or by the member who was for the time being the owner of the mill which has so passed to a new owner as aforesaid for use on goods of a class or classes similar to the class or classes of goods for use on which the trade mark so objected to shall have been registered and that a fresh application for the registration of the mark so previously registered as aforesaid has been made by the applicant.

18. Every application for removal of a trade mark from the Permanent Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the grounds on which the same is made.

19. Every application under Rules 16 and 17 for removal of a trade mark from the Permanent Register shall be accompanied by twelve or such other number of copies as the Managing Committee may from time to time prescribe of the trade mark said by the applicant to have been previously registered with the Association.

20. If any member, being the owner of a trade mark which shall have been registered in the Permanent Register shall so alter the trade mark as in the opinion of a majority of the Trade Marks Sub-Committee to render it likely to deceive, or materially different, either in name or design, from the registered trade mark, and shall use the mark so altered on goods of a class or classes similar to the class or classes of goods for use on which registration of the original mark was obtained, the member concerned may be required to apply in the manner prescribed for registration of the altered trade mark as a new trade mark and in default of compliance with any such requisition within one month after receipt thereof by the member concerned, the altered trade mark shall be deemed an unregistered trade mark.

Liberty to refuse to refer to arbitration in certain cases.

21. Notwithstanding anything contained in these rules or in the Form of Adherence prescribed under Rule 39 of the Rules and Regulations of the Association any member who shall have become a member for the first time may send a notification in writing addressed to the Secretary with any application, made by such member, to register a trade mark, which shall be sent to the Secretary within one month from the date when such member shall have become a member notifying that he is not willing to refer to arbitration any matter relating to the application with which the notification is sent ; and whenever any such notification is sent as aforesaid no member shall in the matter to which the notification relates be bound by the rules relating to arbitration.

22. In like manner, notwithstanding anything contained in these rules or in the Form of Adherence in Rule 39 mentioned, if any member who shall have received notice of any application to register a trade mark, which shall have been sent to the Secretary, by a member who shall have become a member for the first time, within one month from the date when such member shall have become a member shall object, in the manner prescribed by these rules, to the said trade mark being entered in the Permanent Register on the ground specified in Rule 14, such objecting member may send with such objection, a notification in writing addressed to the Secretary notifying that he is not willing to refer to arbitration any matter relating to such objection to the application of which he shall have so received notice as aforesaid and specifying such application and objection ; and whenever any such notification is sent no member shall in the matter to which such notification relates be bound by the rules relating to arbitration.

Provided always that if a member who shall have become a member for the first time shall prove to the satisfaction of the Managing Committee that for a period of not less than five consecutive years immediately preceding the date when such member shall have become a member he has habitually applied the said trade mark to goods of a class or classes similar to the class or classes of goods to which such objecting member shall have habitually applied the trade mark of which the said trade mark is alleged by such objecting member to be an imitation colourable or otherwise, then such objecting member shall be deemed to have

sent to the Secretary such a notification in writing as above mentioned, and the provisions of Rules 37 to 43 (inclusive) so far as the same are applicable shall forthwith operate and have effect.

23. All questions in dispute between two members arising out of or incidental to any

- (a) application to register a trade mark,
- (b) application to remove a trade mark from the Suspense Register,
- (c) application to remove a trade mark from the Permanent Register,

Determination of questions relating to any application to register a trade mark or to any application to remove a trade mark from the Suspense Register or from the Permanent Register, as to which notice of refusal to refer to arbitration has not been given.

shall, if no such notice, as is permitted by these rules, of unwillingness to refer to arbitration shall have been given in connection with the same, be determined by arbitration in the manner prescribed by the following rules.

24. Either member may give the other member notice of the appointment of an arbitrator on behalf of the member giving such notice and may call upon such other member to appoint and to notify to the member who shall give the notice of the appointment of an arbitrator within seven days from the date of the giving of the notice ; and on receipt of such notice such other member must, if he should desire to appoint an arbitrator, appoint him within seven days from the receipt of such notice and notify such appointment within the same time to the member from whom he shall have received the notice to appoint an arbitrator.

25. If the member to whom such notice as in Rule 24 mentioned shall have been given fail to appoint and to notify to the member who shall have given the notice of the appointment of an arbitrator within seven days from the service of the notice upon him the matter in dispute shall stand referred to the arbitrator already appointed as sole arbitrator.

26. If a matter in dispute shall stand referred to an arbitrator as sole arbitrator he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him.

27. If two arbitrators shall be duly appointed in accordance with these rules, they shall within 3 days from the date when such one of them as was last appointed shall have been appointed and before proceeding with the reference appoint an umpire.

28. If two arbitrators and an umpire shall have been duly appointed, the two arbitrators shall, if they can agree upon their award, make their award within fourteen days after the appointment of the umpire.

29. If two arbitrators and an umpire shall have been duly appointed but the two arbitrators shall either fail to agree upon their award or fail to make it within fourteen days from the appointment of the umpire, the matter in dispute shall stand referred to the umpire.

30. When a matter in dispute shall stand referred to an umpire he shall make his award within fourteen days from the date when the matter in dispute shall stand referred to him.

31. If

- (a) a matter in dispute shall stand referred to a sole arbitrator but such arbitrator shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;
or
- (b) two arbitrators shall have been duly appointed but shall fail, from any cause whatever, to appoint an umpire within three days from the date of the appointment of such one of the arbitrators as shall have been last appointed ;
or

- (c) a matter in dispute shall stand referred to an umpire but such umpire shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;

the matter in dispute shall in any of such cases stand referred to a referee who shall be appointed by the Managing Committee.

32. When a matter in dispute shall stand referred to a referee he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him and it shall be deemed to stand referred to him so soon as he shall have been informed of his appointment by the Managing Committee.

33. The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall, when he or they make an award, reduce it into writing, sign it and forward it to the Managing Committee who shall file it in a separate file, in which such awards shall alone be filed.

34. Every award, whether made by a sole arbitrator, two arbitrators, an umpire or a referee, which shall be duly made under the authority of and in conformity with these rules, shall be conclusive and binding upon the parties to the arbitration in which the award was made and the Association shall give effect to it.

(a) No person shall be appointed an arbitrator, umpire or referee, under the foregoing rules, who shall not be either a member of the Association or a person entitled to act and vote on behalf of a member of the Association, and any appointment made in contravention of this rule shall be null and void.

Fees on arbitrations.

35. The following fees on arbitrations shall be chargeable by the Association to members :—

- (a) In cases where there is a sole arbitrator, Rs. 15, which shall be paid by the member who has failed to appoint an arbitrator within the time prescribed by these rules.
- (b) In cases where each party has appointed one arbitrator, the sum of Rs. 30, whereof each member, a party to the arbitration, shall pay Rs. 15.
- (c) In cases where an umpire is appointed, Rs. 15, whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.
- (d) In cases where a referee is appointed Rs. 15 whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.

The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall have power to direct by any award made by him or them under these rules that any fee paid by any member, a party to the arbitration in which such award shall have been made, shall be refunded to him by the other member, a party to the said arbitration.

36. The Association shall, whether the fees payable under these rules in connection with any arbitration shall have been duly paid to it or not, pay to each arbitrator, umpire and referee who shall have acted in such arbitration a fee of Rs. 15.

Procedure when any application made to register a trade mark, or any objection made to register a trade mark as to which notice of refusal to refer to arbitration has been given.

37. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, make

- (a) any application to register a trade mark,
or
(b) any objection to a trade mark being entered in the Permanent Register,

accompanied by a notification that the member is not willing to refer to arbitration any matter relating to the application or objection, as the case may be, with which the notifica-

tion is sent, no steps shall be taken by the Association in the matter of the application or objection specified in such notification for a period of two months from the receipt by the Secretary of such notification.

38. Any member, who shall have made any such application or objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, may, at any time during the said period of two months in the said Rule 37 mentioned, institute legal proceedings either to establish the right of such member to the trade mark to which such application or objection relates or to restrain any other member from using such trade mark or to procure the punishment of such member for using the same and such proceedings may be taken either in a Civil or a Criminal Court.

39. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such application as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the application relates, the said application shall be rejected and the said trade mark be removed from the Suspense Register and shall not be entered in the Permanent Register.

40. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the objection relates, the said objection shall be rejected, and the application to register the trade mark, to which such objection relates, shall be dealt with under these rules, as if no such notification had been given.

41. If, within the said period of two months in Rule 37 mentioned, such legal proceedings as in Rule 38 mentioned shall have been instituted, no steps shall be taken in the matter of the application or objection concerning the trade mark to which such legal proceedings relate until such legal proceedings shall have been finally determined.

42. When such legal proceedings as in Rule 38 mentioned shall have been finally determined, if it shall have been held by the Court—

- (a) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is an imitation colourable or otherwise of another trade mark, the trade mark so held to be an imitation colourable or otherwise shall not be registered ;

or, if it shall have been held by the Court—

- (b) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is not an imitation colourable or otherwise of another trade mark, the same shall, if it be in the opinion of the Managing Committee a proper mark to be registered as a trade mark, be entered therein.

43. The production to the Managing Committee of a certified copy of a decree passed by a Civil Court of competent jurisdiction in British India from which no appeal lies or in respect of which the time for appealing has expired or the production of a certified copy of a judgment of a Criminal Court from which no appeal lies, or in respect of which the time for appealing has expired, shall be conclusive evidence of everything therein appearing to have been held, decided or found, and the Managing Committee shall act in accordance therewith.

All trade marks registered with the Association on or before the First day of April 1912 to be entered in the Permanent Register. 44. All trade marks which shall have been registered with the Association on or before the First day of April 1912 either under the Rules for Primary Registration or under the Rules for Secondary Registration, which were in force prior and down to the said First day of April 1912, shall be entered in the Permanent Register and shall be deemed respectively to have been entered therein as of the respective dates on which the same were originally registered with the Association.

Effect of entry of trade mark in Permanent Register. 45. Registration of a trade mark in the Permanent Register under these rules for use on goods of the class or classes specified in the entry in such register shall, *prima facie*, be held to secure to the said member an exclusive right as against all other members to the use of the said trade mark on goods of the class or classes so specified.

46. These rules shall come into force on the First day of April 1924 on which date they shall supersede all other rules relating to the Registration of Trade Marks.

RULES FOR THE REGISTRATION OF TRADE NUMBERS.

*Adopted at the Special General Meeting of the Members of the Association
held on 10th October 1932.*

THE object of these Rules is to protect quality numbers used on cloth by member mills and registered with the Association, against all possible imitations and infringements. It has been recognised that this object can only be achieved by exercising systematic control over numbers introduced in future by members. The Rules will provide mills with a ready guide, which they can always consult before introducing a number, as to the minimum difference which has to be maintained between a number already registered and a number proposed for registration. It should be clearly understood, however, that the maintenance of the differences referred to in Rule 16 will not necessarily result in a member obtaining a certificate of registration from the Association. The real test of registrability will be whether a number is likely to become known by or acquire the same name, or be passed off as another number already registered with the Association.

1. These Rules shall be called the "Rules for the Registration of Trade Numbers" and shall come into force on the 1st day of January 1933.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely :— Definitions.

- (a) "The Association" means "The Millowners' Association, Bombay."
- (b) "Member" means a member of the Millowners' Association, Bombay.
- (c) "The Secretary" means "The Secretary of the Millowners' Association, Bombay."
- (d) "Number" means and includes :—
 - (i) ANY COMBINATION OF NUMBERS of not less than two nor more than six digits.
 - (ii) ANY COMBINATION OF LETTERS of not less than two nor more than six letters.
 - (iii) ANY COMBINATION OF NUMBERS AND LETTERS of not more than eight digits, a letter representing a digit.
 - (iv) ANY NUMBER FRACTION of not more than eight digits in the numerator and denominator together.
 - (v) ANY LETTER FRACTION of not more than eight letters in the numerator and denominator together.
 - (vi) ANY COMBINED LETTER AND NUMBER FRACTION of not more than eight digits (each letter representing a digit) in the numerator and denominator together.
 - (vii) ANY COMBINATION OF NUMBERS AND FRACTIONS of not more than six digits, each fraction representing a digit.
 - (viii) ANY COMBINATION OF NUMBERS, LETTERS AND FRACTIONS of not more than eight digits, each letter and fraction representing a digit.

3. The following combinations shall not be capable of registration, namely :—

- (a) A combination of numbers and letters ending with a fraction of more than one digit in the numerator and the denominator ;

Unregistra-
ble Numbers.

(b) A combination of numbers and/or letters representing cloth dimensions ;

(c) A combination of letters making a word.

Portion of Number relating to design, etc.

4. Where a portion of a number submitted for registration relates to the design, colour or border of the cloth on which it is used, or indicates that the cloth on which it is used is dyed, bleached, calendered, etc., that portion of the number shall not be capable of registration, but will be recorded against the number in the Exclusive Register.

Registers.

5. The Association shall keep two Registers, one of which shall be called the "Exclusive Register" and the other the "Suspense Register."

Suspense Register.

6. There shall forthwith be entered in the Suspense Register all numbers which prior to the 1st April 1930, were being used by more than one member on the same class or classes of goods, together with the names of the members by whom and the class or classes of goods on which such numbers were being so used.

Effect of entry in Suspense Register.

7. The entry of a number in the Suspense Register shall not confer upon the members whose names shall be entered therein as the users of such number prior to the 1st April 1930, any right against any other member in respect of the number so entered.

Agreement as to user of numbers in Suspense Register.

8. If and when the members whose names shall be entered in the Suspense Register as the users of a number on the same class or classes of goods prior to the 1st April 1930, shall agree that the number in question shall henceforth be the exclusive property of one of them for use on a particular class of goods, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the number in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the number on the particular class of goods on which it is to be used.

Exclusive Register (Old Numbers).

9. There shall forthwith be entered in the Exclusive Register every number which, prior to the 1st April 1930, was being used exclusively by a member on a particular class or particular classes of goods together with the name of the member by whom and the class or classes of goods on which such number was being used.

Exclusive Register (Intermediate Numbers).

10. Every number introduced by a member for use on any class of goods after the 1st April 1930, but before the date on which these Rules shall come into force, shall, provided such number differs in any respect from any number, already registered in the Suspense Register or the Exclusive Register, forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Exclusive Register (New Numbers).

11. Every number which shall, after the date on which these Rules shall come into force, be certified for registration under these Rules shall forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Effect of entry in Exclusive Register.

12. Registration of an old or new number in the Exclusive Register under these Rules for use on goods of the class or classes specified in the entry in such register shall *prima facie* be held to secure to the said member an exclusive right as against all other members to the use of the said number on goods of the class or classes so specified.

Use of New Number.

13. A new number shall not be used by any member after the date on which these Rules shall come into force until he shall have obtained from the Secretary a certificate of registration of the number under these Rules.

Form of Application for Registration.

14. An application for the registration of a new number shall be signed by a Director, or the Secretary or other principal officer of the applicant member, and shall be addressed and

sent to the Secretary at the office of the Association for the time being, accompanied by a sample of the cloth upon which the number is intended to be used. The application shall specify :—

- (i) The number to be registered ;
- (ii) The class of cloth on which the number is intended to be used ;
- (iii) The dimensional particulars of the cloth on which the number is intended to be used ; and
- (iv) Whether any, and if so, which portion of the number submitted for registration refers to the design, border or width of the cloth, or indicates that it is bleached, dyed or calendered.

A separate application must be made for each class of goods.

15. Upon receipt of an application for registration of a new number, the Secretary, if satisfied that the number is capable of registration under these Rules, shall cause a search to be made amongst the numbers registered in the Suspense Register and the Exclusive Register for the purpose of ascertaining whether there are on record any numbers for the same goods or description of goods identical with the number applied for or so nearly resembling it as to be calculated to deceive. Search by Secretary.

16. A number shall be deemed to be so nearly resembling a registered number as to be calculated to deceive if it does not differ from the registered number :— What is calculated to deceive.

- (i) in the case of a number not exceeding four digits, in at least one corresponding digit ;
- (ii) in the case of a number of five digits, in at least two corresponding digits ;
- (iii) in the case of a number of six digits, in at least three corresponding digits ;
- (iv) in the case of a letter number of two letter digits, in at least one corresponding letter digit ;
- (v) in the case of a letter number of three or four letter digits, in at least two corresponding letter digits ;
- (vi) in the case of a letter number of five or six letter digits, in at least three corresponding letter digits ;
- (vii) in the case of a number consisting of one letter digit and one number digit, in at least one corresponding digit ;
- (viii) in the case of a number consisting of one letter digit and two or three number digits, in at least one corresponding number digit ;
- (ix) in the case of a number consisting of one letter digit and four or more number digits, in at least two corresponding digits ;
- (x) in the case of a number consisting of two or more letter digits and one or more number digits, in at least one corresponding letter digit and one corresponding number digit ;
- (xi) in the case of a number fraction, in which the total number of digits in the numerator and denominator is three or four, in at least one digit from either the numerator or denominator ;

- (xii) in the case of a number fraction in which the total number of digits in the numerator and denominator is five or more, in at least one corresponding digit in the numerator and one corresponding digit in the denominator, or two corresponding digits in either the numerator or the denominator ;

PROVIDED that no fractions of less than three digits in the numerator and denominator together will be accepted for registration.

Sub-rule (xi) applies also to letter fractions and letter and number fractions where the total number of letters is three or four ; and sub-rule (xii) applies where the total number of digits in the numerator and denominator is five or more.

- (xiii) in the case of a combination consisting of a number and fraction :—

- (a) where the number portion consists of not more than four digits, in at least one corresponding digit ;
- (b) where the number portion consists of five or more digits, in at least two corresponding digits ;

PROVIDED always that a combination of a number and a fraction shall not be capable of registration if the number portion is already registered.

- (xiv) in combinations of letters, numbers and fractions :—

- (a) where the total number of digits, excluding the fractional digit, is not more than three, in one corresponding digit ;
- (b) where the total number of digits excluding the fractional digit is four or more, in at least two corresponding digits ;

PROVIDED that the restrictions mentioned in this rule are not applicable to "BALANCED NUMBERS."

17. *The standards set forth in Rule 16 shall constitute the minimum requirements in each case, and the Trade Marks Sub-Committee or the Arbitrators as the case may be, shall, in the event of an appeal or arbitration, take into consideration such other factors or possibilities directly bearing on the question as may appear to them feasible. They shall in all cases consider whether the number which forms the subject of appeal or arbitration is likely to become known by or acquire the same name, or is likely to be passed off as another number already registered with the Association.*

Temporary
certificate.

18. (a) After such search as aforesaid, the Secretary shall either reject the application, if he shall be satisfied that the number in question is not capable of registration under these Rules, or, if he shall be satisfied that the number in question is capable of registration under these Rules, he shall issue to the applicant a Temporary Certificate intimating that the number has been accepted by the Association as registrable under these Rules.

(b) The Secretary shall publish at the end of every week a list of the numbers in respect of which temporary certificates have been issued since the last publication together with the names of the members to whom such certificates have been issued and the classes of cloth on which it is intended that such numbers shall be used.

Certificate
registration.

(c) If no objection to the registration of any such number on the ground that apart from these Rules, the number is likely to lead to deception in the market shall be received by the Secretary in writing within ten days after such publication, the Secretary shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him a certificate of registration which shall be conclusive evidence of the fact that the use of the number in question has been authorised. If any such objection as aforesaid shall be received by the Secretary within the prescribed period, he shall reject the application.

19. If as the result of such search or any objection as aforesaid an application is rejected, the Secretary shall send to the applicant a statement in writing of the reasons for such rejection, and if within two weeks from the date of the communication notifying such rejection, the applicant does not give notice of appeal he shall be deemed to have withdrawn his application. Notice of rejection to be given to applicant.

20. (a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the use of the number has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the rules for the registration of Trade Marks. Appeal.

(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the number is likely to be passed off as a number already registered by another member shall lie to the Trade Marks Sub-Committee of the Association.

21. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for temporary certificates and certificates of registration. Fees for Registration.

22. A "Balanced Number" means a number consisting of not less than three nor more than seven identical digits (numbers or letters). A "Balanced Number" shall not be capable of registration under these Rules unless it comprises at least 2 more or 2 less digits than a "Balanced Number" of the same series already registered either in the Suspense Register or the Exclusive Register. Balanced Numbers.

23. It shall be lawful for the Secretary, subject to appeal to the Trade Marks Sub-Committee, to reject an application for registration of a number which would otherwise be capable of registration under these Rules, if, in his opinion, it is likely to lead to deception in the market in regard to a number already registered. Rejection of Number likely to bear same name as a registered number.

24. (a) These Rules shall not apply to numbers introduced by members prior to their becoming members, if they shall become members for the first time after the date on which these Rules shall come into force. Such numbers shall be capable of registration provided they differ from numbers already registered and are submitted for registration within one month after the date on which the member became a member. Numbers excluded from operation of Rules.

(b) Where a number submitted by a member within one month after the date on which he became a member corresponds exactly with a number already registered in the Exclusive Register or the Suspense Register, the fact will be communicated to such member with a request to settle the rights in respect of that number by direct negotiation with the member or members interested in the registered number.

(c) An application for the registration of a number submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

RULES FOR THE REGISTRATION OF TRADE NAMES.

1. These Rules shall be called the " Rules for the Registration of Trade Names " and shall come into force on such day as may be fixed by the Committee of the Association in this behalf.

Definitions.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely :—

- (a) " The Association " means " The Millowners' Association, Bombay."
- (b) " Member " means a member of the Millowners' Association, Bombay.
- (c) " The Secretary " means " The Secretary of the Millowners' Association, Bombay."

Registrable Trade Names.

3. For the purposes of these Rules a registrable trade name shall be :

- (a) An invented word or words printed or written in English characters ; or
- (b) An English Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used; or
- (c) An Indian vernacular Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used.

PROVIDED that such vernacular word or words shall only be used in the vernacular or vernaculars from which it/they is/are taken and shall be recorded in the Trade Names Registers of the Association (phonetic spelling) in English characters.

Unregistrable Trade Names.

4. Notwithstanding anything contained in the foregoing Rules, the following types of words shall not be registrable :—

- (a) Personal Names.
- (b) Geographical Names.
- (c) Mis-spelt Words.
- (d) Names of Gods and Goddesses.
- (e) Names of mythological persons.
- (f) Word or words describing scenes from scriptures, or mythology of any religion whatsoever.
- (g) Word or words likely to offend religious susceptibilities.
- (h) Indecent or obscene word or words.
- (i) Trade names known to be current on imported goods.
- (j) Recognized textile terms, for example, African Domestics, Alhambra Quiltings, etc.
- (k) Word or words already registered with the Association as the name of a trade mark.

(l) Monograms.

(m) Names or colourable imitations of names of Indian Mills.

(n) Colourable imitations of letter combinations already registered with the Association as trade numbers.

5. These Rules shall be applicable only to cotton mill members of the Association. Application.

6. On and after the introduction of these Rules, the Association shall keep two Registers, one of which shall be called the " Exclusive Register " and the other the " Suspense Register."

7. There shall forthwith be entered in the Exclusive Register all trade names which comply with the requirements set forth in Rules 3 and 4, and which on the date of the introduction of these Rules are being used exclusively by one member together with the names of the members by whom such trade names are being used.

8. There shall forthwith be entered in the Suspense Register all trade names which comply with the requirements set forth in Rules 3 and 4 together with the names of the members by whom such trade names are used and which on the date of the introduction of these Rules are being used by two or more members.

9. If and when the members whose names shall be entered in the Suspense Register as the users of a trade name prior to the introduction of these Rules, shall agree that the trade name in question shall henceforth be the exclusive property of one of them, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the trade name in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the trade name. Agreement as to user of names in Suspense Register.

10. A trade name entered in the Exclusive Register shall preclude any member other than the member whose name is set opposite such trade name and a trade name entered in the Suspense Register shall preclude any member other than those whose names are set opposite such trade names from using such trade name. Effect of an entry in the Suspense Register or Exclusive Register.

11. Every trade name which shall after the date of the introduction of these Rules be certified for registration under these Rules, shall forthwith be entered in the Exclusive Register together with the name of the member by whom such trade name is entitled to be exclusively used. Exclusive Register (New Trade Names).

12. A trade name which is registrable under these Rules shall not be used by any member until he shall have obtained from the Secretary a certificate of registration of the trade name as provided in these Rules. Use of a new Trade Name.

13. An application for the registration of a new trade name shall be made in writing and shall be signed by a Director or the Secretary or other principal officer of the applicant member, and shall be sent to the Secretary at the office of the Association for the time being. Form of application for Registration.

The applicant shall write in his application in English characters the trade name for which registration has been applied and shall state whether it falls under Rule 3(a), 3(b) or 3(c).

In case the trade name applied for registration falls under Rule 3(c), the applicant shall clearly state the Indian vernacular or vernaculars from which the word has been taken, the Indian vernacular or vernaculars in which it is to be used and its English meaning.

14. A separate application shall be sent in respect of each trade name.

15. Upon receipt of an application for the registration of a new trade name, the Secretary, if satisfied that the trade name is capable of registration under these rules, shall cause a search to be made amongst the trade names already registered in the Exclusive Register and Suspense Register, for the purpose of ascertaining whether there are on record Search by Secretary.

any trade name or names identical in spelling or pronunciation with the trade name for which registration is applied, or so nearly resembling it as to be calculated to deceive.

Temporary Certificates. 16(a) If the Secretary shall be satisfied that the trade name in question is not capable of registration under these Rules, or if after such search as aforesaid he is satisfied that there is in the Exclusive or the Suspense Register a name identical in spelling or pronunciation with the trade name for which registration is applied or so nearly resembling it as to be calculated to deceive he shall reject the application. Otherwise he shall issue to the applicant member a Temporary Certificate intimating that the trade name has been accepted by the Association as registrable under these Rules.

16(b) The Secretary shall circulate to all members of the Association a description of every trade name for which a Temporary Certificate has been issued together with the name of the member to whom such Certificate has been issued.

Certificate Registration. of 16(c) If no objection by a member to the registration of such trade name is received by the Secretary in writing within 10 *days*, he shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him, a Certificate of Registration which shall be conclusive evidence of the fact that the trade name in question has been entered in the Exclusive Register and its use by the member concerned has been authorized.

17. If any objection or objections to the registration of a trade name is/are received by the Secretary within the prescribed period, he shall reject the application for registration.

Notice of Rejection to be given to Applicant. 18. When an application is rejected, whether under Rule 16 or 17, the Secretary shall forthwith send to the applicant a statement in writing of the reasons for such rejection, and in the case of a rejection under Rule 17, the name or names of the member or members objecting, and if within 14 *days* from the date of the communication notifying such rejection, the applicant does not give notice of appeal, he shall be deemed to have withdrawn his application.

APPEALS. 19(a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the trade name does not comply with the conditions laid down under these rules or so nearly resembling a trade name already registered by another member in the Exclusive or the Suspense Register as to be calculated to deceive shall lie to the Trade Marks Sub-Committee of the Association.

19(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the registration of such trade name has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the Association's Rules for the Registration of Trade Marks.

20. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for Temporary Certificates and Certificates of Registration.

21(a) These Rules shall not apply to names introduced by members prior to their becoming members if they shall become members for the first time after the date on which these Rules shall come into force. Such names shall be capable of registration provided they differ from trade names already registered and are *prima facie* capable of registration under Rules 3 and 4 and are submitted for registration within one month after the date on which the member became a member.

21(b) Where a trade name submitted by a new member within one month after the date on which he became a member corresponds exactly with a trade name already registered in the Exclusive Register or entered in the Suspense Register, the fact will be communicated to the parties concerned with the request that they should settle the rights in respect of such trade name by direct negotiation.

21(c) An application from a new member for the registration of a trade name submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

RULES FOR ARBITRATIONS ON INDIAN PIECEGOODS AND YARN.

(Revised and adopted down to the 1st July 1940.)

PREAMBLE.—Whereas it is desirable that disputes and differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn which it is desired to submit to arbitration in accordance with the Rules of the Millowners' Association, Bombay, shall be speedily and economically decided by competent practical authorities on Indian piecegoods; and with that end in view the following Rules have been framed for the conduct of such arbitrations.

1. In these rules unless the context otherwise requires :—

“ The Association ” means The Millowners' Association, Bombay.

“ The Committee ” means the Committee for the time being of the Association.

“ Member ” means a member of the Association.

“ The Secretary ” means the Secretary or Acting Secretary for the time being of the Association.

Words importing the singular number only shall include the plural, and the converse shall also apply.

2. These Rules shall apply to any dispute or differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn entered into between members and merchants and between the selling agents of members and merchants, and between any other parties which specifically provide for arbitration in accordance with these Rules.

3. The Committee shall select triennially a panel of Arbitrators consisting of 30 persons, of whom fifteen shall be selected from representatives of members and fifteen shall be selected in consultation with the Bombay Country Fancy and Grey Piecegoods Merchants' Association, from dealers in Indian-made piecegoods. Panel of Arbitrators.

4. The Committee shall also select triennially from the panel of Arbitrators selected in accordance with Rule 3, a panel of ten persons to act as Umpires. Panel of Umpires.

5. If a member of the Arbitrators' or Umpires' panel shall resign or refuse to act or become incapable of acting or shall die, the Committee shall forthwith select in accordance with Rule 3 or Rule 4 as the case may be some other person to fill the vacancy so caused.

6. The Secretary shall keep a record, in the form, from time to time prescribed by the Committee, of all arbitrations conducted by the Association and of the awards made therein, and shall collect all fees in connection therewith and do all such things as are prescribed by or are necessary under these rules.

7. (a) The parties to a dispute may appoint an arbitrator selected from the panel of arbitrators to act as sole arbitrator or Appointment of Arbitrators.

(b) Either party to the dispute may appoint an arbitrator selected as aforesaid to act on his behalf and the Secretary shall immediately upon receipt of notice of such appointment give written notice thereof to the other party and shall call upon the other party to appoint within 10 days of the receipt of such notice an arbitrator selected as aforesaid to act on his behalf, and if such other party shall fail to make such appointment within the prescribed period the dispute shall stand referred to the arbitrator appointed by the first party as sole arbitrator. Reference to sole arbitrator if second arbitrator not appointed within 10 days.

Arbitrators not to be appointed without previous consent.

(c) No person shall be appointed to act as arbitrator under these rules whose consent to so act shall not previously have been obtained.

Appointment of arbitrators to be made on the form prescribed by the Association.

(d) The appointment of an arbitrator under these rules shall be made on the form prescribed by the Association, which form shall be signed by the person making the appointment, and submitted to the Secretary for necessary action.

(e) All applications for appointment of an arbitrator or arbitrators shall be accompanied by a deposit of Rs. 100, or such other sum as the Committee may direct, as a cover against the expenses of the arbitration.

Where the expenses of an arbitration remain unpaid by the party liable thereto for a period of 10 days after the award is made, the Secretary shall appropriate the deposit or a portion thereof towards the amount recoverable from the party. A refund of the amount of the deposit shall be made to the parties concerned on payment of all expenses of the arbitration in accordance with the terms of the award.

Arbitrators to be disinterested.

8. No party to a dispute shall appoint an arbitrator, and no person shall consent to act as arbitrator, who is or whose employers are interested directly or indirectly, in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

Appointment of Umpire by arbitrators.

9. When two arbitrators are appointed they shall, before proceeding with the reference, select from the panel of Umpires an umpire, who is willing to act, and communicate his name to the Secretary.

10. If the arbitrators are unable to agree as to the umpire they shall proceed with the reference and notify the Secretary of their disagreement, and the Committee shall thereupon select a person from the panel of Umpires to act as umpire. No person shall be appointed to act as umpire either by the arbitrators or the Committee who is or whose employers are interested either directly or indirectly in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

11. The arbitrators shall fix a time and place for the hearing of the reference and notify the Secretary thereof. The date so fixed shall be not later than 10 days after their appointment. The Secretary shall forthwith notify the parties of the time and place appointed.

Submission of statements.

12. Parties to the reference shall attend at the time and place appointed for the hearing of the reference, either in person, or (subject to the provisions of Rule 18) by any person duly authorised by them acquainted with all matters in dispute and they shall if so required by the arbitrators submit written statements of their respective cases to the arbitrators and answer all material questions relating to the dispute.

13. Parties to the reference shall, if required, submit to be examined by the arbitrators on oath or solemn affirmation or otherwise in relation to the matters in dispute.

Samples for inspection.

14. At the time appointed for the reference the parties shall have ready at the rooms of the Association or elsewhere as directed the sale samples duly attested, and if required sample packages or complete bales. Samples, packages or bales so sent will be at the sender's risk and must be accompanied by a peon in charge and by a cooper to open the packages.

15. The parties to the reference and all persons claiming through them respectively shall produce before the arbitrators all books, deeds, papers, accounts, writings and documents within their possession or power which may be required or called for and do all other things which during the proceedings on the reference the arbitrators may require.

16. The arbitrators shall have general authority to require from either or both of the parties to the reference such further statements, explanations, and other information, evidence and materials as they may consider necessary for the adjudication of the dispute

and may, in such a case with the consent of all the parties, by endorsement on the reference paper, extend the time for making an award by a period not exceeding one English calendar month.

17. The arbitrators shall proceed with the reference and make an award *ex-parte* in the absence of any party who shall after due notice refuse or neglect to attend without having satisfied the arbitrators that good and sufficient reason exists for such neglect or refusal.

18. No party to a reference shall, without the express permission of the arbitrators be entitled to appear by counsel, attorney, advocate or pleader, or insist on or require the arbitrators to hear or examine witnesses or receive oral or documentary evidence other than what is deemed necessary by the arbitrators.

19. The arbitrators may, before making an award, and at the joint expense of the parties to the reference, consult counsel or solicitors to be selected by them on any question of law, evidence, practice or procedure arising in the course of the reference. In such cases the time for making an award may, with the consent of all the parties, be extended for a period not exceeding 28 days.

20. The arbitrators when called upon to do so by either party may, if they think fit to do so, make an interim award.

21. If the arbitrators fail to make an interim award or to agree upon an interim award within seven days after they shall have been called upon to do so, the Secretary shall forthwith call upon the umpire to enter upon the reference to the extent of the matters in respect of which the arbitrators were called upon to make an interim award and to make an interim award within seven days of the matter being referred to him and the umpire shall within such time make an interim award.

22. The arbitrators shall, notwithstanding that the umpire shall have made an interim award have power to make an award upon the matters in dispute still outstanding between the parties.

23. The arbitrators shall make an award in writing in the form prescribed by the Association or notify their disagreement to the Secretary as early as possible and in any case within 28 days from the date of the first hearing of the reference or within the period of any permitted extension of time.

24. If the arbitrators fail to make an award or to agree upon their award (not being an interim award under Rule 20 hereof) within the prescribed period or any permitted extension thereof, the Secretary shall forthwith call upon the umpire to enter upon the reference and the umpire shall thereupon proceed with the reference.

25. The arbitrators shall furnish the umpire with a brief statement of the facts of the case and their reasons for such failure to make an award or to agree upon their award or interim award as the case may be.

26. The foregoing rules as to the practice and procedure before the arbitrators shall apply *mutatis mutandis* to the proceedings before the umpire.

27. If an arbitrator duly appointed neglects or refuses to act or is otherwise incapable of acting, or dies, a new arbitrator shall be appointed in accordance with the foregoing rules.

If an umpire duly appointed neglects or refuses to act or is otherwise incapable of acting or dies, the Committee shall proceed to appoint a new umpire.

28. Parties to the reference shall do all acts necessary to enable the arbitrators or umpire to make a just and expeditious award, and shall not wilfully do or omit to do, or cause to be done or be omitted to be done, any act to delay or prevent the arbitrators or umpire in

or from making an award. If either party shall be guilty of any such act or omission which delays the proceedings in any manner, the arbitrators or the umpire shall direct him to pay to the other party such costs as they or he may deem reasonable and may proceed with the hearing of the reference.

29. When a dispute stands referred to an umpire, he may proceed to adjudicate in the matter on the basis of the statement furnished to him by the arbitrators as provided by Rule 25 and shall make his award thereon within 14 days of his first entering on the reference or within the period of any permitted extension of time.

30. The arbitrators or umpire shall by their or his award determine exactly what they or he shall think fit to be done by either of the said parties, respecting the matters referred and shall direct to and by whom and in what manner and in what proportion the total costs of the reference and the award, including the fees payable to the arbitrators and umpire and the Association shall be paid.

31. All references in these rules to an award shall unless repugnant to the meaning or context include references to an interim award.

32. All awards under these rules shall be made in the forms prescribed therefor bearing stamps of the value laid down under the Indian Stamp Act or any other law for the time being in force and shall be lodged with the Secretary who shall send copies thereof to the parties.

33. Every award made under or in pursuance of these rules shall be final and binding on the parties to the reference and on their respective representatives notwithstanding death or legal disability occurring to any party, before or after the making of the award, and so that death or legal disability shall not operate as a revocation of the award.

34. Whenever an award directs that a certain act or thing shall be done by one party to the reference and such party fails to comply with the award, the party in whose favour the award was made may make an application for a further award determining the amount of damages or compensation payable by reason of such failure, and the Committee on receipt of such application shall proceed to appoint a sole arbitrator or two arbitrators and an umpire who may or may not be the same person or persons who made the first award. The arbitration on the said application shall then proceed in accordance with these rules and the award thereon may be filed separately or together with the original award.

35. Neither party to a dispute which has been submitted to arbitration under these rules shall bring or prosecute any suit or proceeding on any ground whatsoever against the arbitrators or the umpire, or the Secretary.

36. In respect of arbitrations conducted under these rules the following fees shall be paid by the parties to the reference or by those claiming under them, namely :—

- (a) To a sole arbitrator a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (b) To each of two arbitrators a fee at the rate of Rs. 15 per hour or part thereof, subject to a maximum of Rs. 60 for each arbitrator.
- (c) To an umpire a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (d) To the Association in every case a fee of Rs. 10.

37. If the parties to a reference shall take the reference out of the cognizance of the arbitrators or umpire, after the commencement of proceedings and before the publication of the award, they shall nevertheless be liable to pay fees to the arbitrators, umpire and Association at the rates specified in Rule 36 hereof:

Provided that if the reference is so taken out of the cognizance of the arbitrators or umpire before the commencement of proceedings, the amount deposited under Rule 7(e) shall, with the exception of the fees payable to the Association, be refunded to the party or parties as the case may be.

38. A bill showing the amount due in respect of fees, stamp duties, etc., to the arbitrators, umpire and Association by each party to the dispute shall accompany any copy of the award sent in accordance with Rule 32, and shall be paid within seven days of the receipt thereof.

39. In addition to the fees mentioned in Rule 36, the parties to the dispute shall pay as and when demanded by the Secretary and as set out in the award, all other fees or charges incurred during the arbitration in accordance with Rule 19.

40. All notices required by these rules to be given shall be given in writing in the form proscribed by the Association and shall be sufficiently given if left at the last known place of abode or business of the party to whom the notice is addressed, or if sent by post prepaid addressed to him by name at such place of abode or business and not returned through the post as undelivered before the completion of the award and shall if sent by post be considered to have been given at the time at which the letter would, in the ordinary course, be delivered.

41. The provisions of the Arbitration Act, 1940, or any modification or amendment thereof, or any other relevant Act for the time being in force, in so far as they are not inconsistent with these rules, shall apply to all arbitrations conducted by the Association.

42. These rules shall come into force on the First day of July 1940, on which date they shall supersede all previous rules relating to Arbitrations on Piecegoods and Yarn.

STANDARD CONTRACT.

No. _____

Bombay, _____

We, the undersigned (hereinafter called "the Buyers"), hereby agree to purchase from _____

(hereinafter called "the Company"), the undermentioned goods upon the following terms and conditions, that is to say :—

Quality No.	Description.	Seasonal or non-seasonal.	Dimensions.			No. of Bales. Pieces in each Bale. Total pieces.	Total lbs.	Rate ex-mills.			Per lb./piece/yard.	Quality as.	Discount.	Brokerage.	Sahi.	Border.	Headings.	Designs.	Assortment of designs in each Bale	Tickets or Stamps.	
			In.	yds.	lbs.			Rs.	a.	p.											

Delivery of the said goods shall be taken by the Buyers as follows :—

(Please turn over.)

THE TERMS AND CONDITIONS OF THE STANDARD
CONTRACT FORM.

1. The quality of the goods shall, except in the case of a sale by sample, accord with the recognized standard quality cloth manufactured by the Company.

In the case of a sale by sample the buyers shall be deemed to have approved the sample furnished by the Company, unless the buyers shall within 4 days after the receipt of the sample intimate in writing to the contrary to the Company.

2. The Company does not guarantee, except where a particular assortment is specially stipulated, any fixed assortment in the deliveries of goods of various dimensions and patterns and bearing different numbers, and in such cases the buyers shall take delivery of and pay as herein agreed for all bales (not exceeding the contract quantity) from time to time ready for delivery regardless of the assortment.

3. Where the contract is for 100 bales or more, the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 10 per cent. more or less than the contract quantity, and where the contract is for less than 100 bales the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 5 per cent. more or less than the contract quantity, but as regards such limits the buyers shall not be obliged to take up more than 5 bales more or less of each sort, including any loose pieces of each sort.

4. In the case of goods sold at a fixed rate per pound the buyers shall not raise any objection or claim compensation for short weight so long as the average weight per bale in each lot delivered does not vary from the invoice weight by more than 2 per cent. per bale. The Company does not guarantee the weight of any goods sold by the piece.

5. The buyers shall not be entitled to any allowance or compensation for any deficiency in the width of dyed, bleached and/or calendered goods when such deficiency does not exceed one inch.

6. In the case of a sale of ready goods payment therefor shall be made and delivery thereof taken by the buyers within 8 days of sale.

7. In the case of a sale of goods for future delivery, when the period of delivery extends to two months or more and the quantity deliverable per month is not specified, the Company shall supply the goods in approximately equal lots per month, and the buyers shall on the last day of each English calendar month take delivery and pay for in cash against delivery of as many bales, approximating to the quantities specified in the contract, as shall have been made ready during that month, and either at the mill premises or at the godowns of the Company as the Company may direct: Provided that in the case of bales of which delivery is required in Bombay, the Company will ordinarily be willing to give delivery through the Selling Agents of the Company in the market, but giving delivery in the market shall not render the Company liable to a claim by the buyers for late delivery if the bales were ready for delivery at the mill premises or the godowns of the Company on the last day of the aforesaid calendar month.

8. The Company shall as far as possible, but without being under any obligation to do so, notify the buyers of the number and particulars of the bales ready for delivery at the end of each calendar month, and shall also furnish to the buyers if requested by the buyers in writing so to do the number and particulars of the bales ready for delivery from time to time during the month. Any such notification or furnishing of particulars by the Company as aforesaid shall not imply or be deemed to imply an obligation or undertaking on the part of the Company to give any further notification, or to furnish any further particulars, except upon the written request of the buyers, it being the duty of the buyers to ascertain the number and particulars of the bales ready for delivery from time to time and to pay for and take delivery thereof.

9. In the event of the buyers requesting the Company to despatch the goods either by rail, road or sea and the Company acceding to such request the goods shall be at the risk in all respects of the buyers from the time they leave the mill premises or the godowns of the Company as the case may be, including the risk of delay in delivery due to the non-booking of the goods by the Railway or Shipping Company for which the Company takes no responsibility.

10. Where the goods are to be delivered in lots or by instalments this contract shall be deemed and construed as a separate contract in respect of each lot or instalment, and the rights and liabilities of the Company and the buyers respectively shall be the same as though a separate contract had been made in respect of each lot or instalment.

11. All goods of which delivery shall not be taken by the buyers in accordance with the terms of this contract shall, as from the date on which delivery thereof ought to have been taken, be deemed to have been appropriated to this contract and the buyers shall be deemed to have assented to such appropriation without any further consent on their part than is evidenced by their being parties to and signing this contract. From the date of such appropriation the said goods shall be held by the Company for the account of the buyers and at their sole risk as regards loss, damage, deterioration or otherwise and the price of the goods *plus* all charges shall carry interest in favour of the Company from due date at the rate of 9 per cent. per annum and the Company shall be entitled at its sole discretion and after giving not less than seven days' written notice to the buyers, which shall be deemed to have been duly given if delivered at or sent by registered post to the last known place of business or residence of the buyers, to sell the said goods on account and at the risk of the buyers either by public auction and/or private sale and either together or in lots and at such time or times and on such terms and conditions as the Company may think fit. If the net sale proceeds of the goods shall be less than the amount due to the Company for the price of the goods *plus* interest and all charges, the buyers shall pay the difference to the Company on demand.

12. The Company shall have a general lien on all goods of the buyers for the time being in the possession of the Company (including goods already paid for but of which delivery may not have been taken by the buyers) for the total amount due to the Company for the time being under this contract and also for any amount due to the Company under any other contract with the buyers either alone or jointly with another or others.

13. In respect of all goods of which delivery shall not be taken by the buyers within 14 days after the due date the buyers agree to pay to the Company on demand annas eight per bale per month or any part of a month for godown rent and annas four per bale per month or any part of a month for insurance calculated from the expiry of such period of 14 days to the date on which actual delivery shall be taken by the buyers.

14. If any goods while in the possession of the Company shall be destroyed and/or damaged from any cause whatsoever after the due date for delivery thereof to the buyers, any sum recovered from the insurance of such goods against such destruction and/or damage may be applied by the Company in satisfaction in whole or in part as the case may be of the price of the said goods *plus* interest and all charges and if the sum so recovered shall be less than the price of the said goods *plus* interest at 9 per cent. and all charges the buyers shall pay the difference to the Company on demand, and on the other hand if the sum so recovered shall be greater than the price of the said goods *plus* interest at 9 per cent. and all charges the Company shall pay the excess to the buyers on demand.

15. If the Company shall be unable to deliver the whole or any part of any goods sold for future delivery by the time specified for delivery thereof by reason of the mills working short time or its being expedient to stop the mills temporarily or by reason of fire, war, stoppage or hindrance in the supply of raw materials or fuel, explosion, accident, strike, riot, lock-out or other disorganization of labour or transport, breakdown of machinery, or any inevitable or unforeseen event beyond human control directly or indirectly interfering with the working or the full working of the mills, the buyers shall take delivery of such bales as the Company may be in a position to deliver (if any) and the time for completing the contract

shall, as regards the bales not ready by the specified time, be extended for such time as the Company may reasonably require to make up for the delay caused by stoppage, hindrance to or interference with the working of the mills or any other events or circumstances before mentioned PROVIDED ALWAYS that should the inability to deliver in the case of non-seasonal goods be continuous during the period of three consecutive English calendar months, and in the case of seasonal goods during the period of one English calendar month, then the buyers shall be entitled by notice in writing of their intention to do so, to cancel the contract in respect of any bales then remaining to be manufactured.

16. If for any reasons other than those mentioned in the last preceding clause any portion of the contract goods is not ready by the specified time it shall be lawful for the buyers at their option either to cancel the contract in so far as it relates to the balance of the goods not then ready for delivery, or to extend the time of delivery for such period as the Company may reasonably require, not exceeding one month, PROVIDED ALWAYS that if the buyers shall elect to cancel the contract it shall be incumbent upon them to give to the Company within 7 days after the due date for delivery of the goods not then ready notice in writing of their intention to cancel, and in default of such notice within the time aforesaid the buyers shall be precluded from cancelling the contract and the time for delivery shall be deemed to have been extended for such period as the Company may reasonably require, not exceeding one month, to make ready for delivery the balance of the goods then undelivered.

17. In any of the cases provided for in the last two preceding clauses the buyers shall not be entitled to make any claim for damages, allowance, compensation or otherwise in respect of such non-delivery or late delivery and shall pay for the goods delivered at contract rates, and in the event of the time for delivery being or being deemed to have been extended all the provisions of this contract shall apply equally to the extended time as the time originally specified including therein the remedies reserved to the Company for failure on the part of the buyers to pay for and take delivery of the goods when ready within the extended period and including the liability of the buyers for interest.

18. The buyers shall not be entitled to make any claim for an allowance or otherwise in regard to the condition of the goods when once the goods have left the mill premises or the godown, as the case may be of the Company, unless the buyers prove that the damage was done at the mills, and the claim is lodged within 14 days of the delivery of the goods.

19. The buyers shall not be entitled to make any claim for an allowance or otherwise on the ground that the goods delivered are not in accordance with the contract unless notice in writing of their intention to make such claim shall have been given to the Company within one calendar month after the date of actual delivery of the goods to the buyers or to a carrier or other agent on behalf of the buyers. In default of any such notice the goods delivered shall be deemed to be in all respects in accordance with the contract.

20. In the event of any goods the subject of this contract or any portion thereof being destroyed or so damaged by fire, water or other cause beyond the control of the Company as to render them unmerchable while stored at the mills or godowns of the Company pending due date of delivery, the contract in respect of such goods shall be deemed to have been cancelled by mutual consent and the buyers shall have no claim whatsoever against the Company in respect of such goods, but if the price of such goods shall have been then paid the buyers shall be entitled to a refund thereof.

21. All disputes and questions whatsoever which shall arise between the parties hereto out of or in connection with this agreement or as to the construction or application thereof or the respective rights and obligations of the parties hereunder or as to any clause or thing herein contained or any account or valuation to be made hereunder or as to any other matter in any way relating to these presents shall be referred to arbitration in accordance with the rules of the Millowners' Association, Bombay, for the time being in force regulating arbitrations with respect to piecegoods.

9. In the event of the buyers requesting the Company to despatch the goods either by rail, road or sea and the Company acceding to such request the goods shall be at the risk in all respects of the buyers from the time they leave the mill premises or the godowns of the Company as the case may be, including the risk of delay in delivery due to the non-booking of the goods by the Railway or Shipping Company for which the Company takes no responsibility.

10. Where the goods are to be delivered in lots or by instalments this contract shall be deemed and construed as a separate contract in respect of each lot or instalment, and the rights and liabilities of the Company and the buyers respectively shall be the same as though a separate contract had been made in respect of each lot or instalment.

11. All goods of which delivery shall not be taken by the buyers in accordance with the terms of this contract shall, as from the date on which delivery thereof ought to have been taken, be deemed to have been appropriated to this contract and the buyers shall be deemed to have assented to such appropriation without any further consent on their part than is evidenced by their being parties to and signing this contract. From the date of such appropriation the said goods shall be held by the Company for the account of the buyers and at their sole risk as regards loss, damage, deterioration or otherwise and the price of the goods *plus* all charges shall carry interest in favour of the Company from due date at the rate of 9 per cent. per annum and the Company shall be entitled at its sole discretion and after giving not less than seven days' written notice to the buyers, which shall be deemed to have been duly given if delivered at or sent by registered post to the last known place of business or residence of the buyers, to sell the said goods on account and at the risk of the buyers either by public auction and/or private sale and either together or in lots and at such time or times and on such terms and conditions as the Company may think fit. If the net sale proceeds of the goods shall be less than the amount due to the Company for the price of the goods *plus* interest and all charges, the buyers shall pay the difference to the Company on demand.

12. The Company shall have a general lien on all goods of the buyers for the time being in the possession of the Company (including goods already paid for but of which delivery may not have been taken by the buyers) for the total amount due to the Company for the time being under this contract and also for any amount due to the Company under any other contract with the buyers either alone or jointly with another or others.

13. In respect of all goods of which delivery shall not be taken by the buyers within 14 days after the due date the buyers agree to pay to the Company on demand annas eight per bale per month or any part of a month for godown rent and annas four per bale per month or any part of a month for insurance calculated from the expiry of such period of 14 days to the date on which actual delivery shall be taken by the buyers.

14. If any goods while in the possession of the Company shall be destroyed and/or damaged from any cause whatsoever after the due date for delivery thereof to the buyers, any sum recovered from the insurance of such goods against such destruction and/or damage may be applied by the Company in satisfaction in whole or in part as the case may be of the price of the said goods *plus* interest and all charges and if the sum so recovered shall be less than the price of the said goods *plus* interest at 9 per cent. and all charges the buyers shall pay the difference to the Company on demand, and on the other hand if the sum so recovered shall be greater than the price of the said goods *plus* interest at 9 per cent. and all charges the Company shall pay the excess to the buyers on demand.

15. If the Company shall be unable to deliver the whole or any part of any goods sold for future delivery by the time specified for delivery thereof by reason of the mills working short time or its being expedient to stop the mills temporarily or by reason of fire, war, stoppage or hindrance in the supply of raw materials or fuel, explosion, accident, strike, riot, lock-out or other disorganization of labour or transport, breakdown of machinery, or any inevitable or unforeseen event beyond human control directly or indirectly interfering with the working or the full working of the mills, the buyers shall take delivery of such bales as the Company may be in a position to deliver (if any) and the time for completing the contract

shall, as regards the bales not ready by the specified time, be extended for such time as the Company may reasonably require to make up for the delay caused by stoppage, hindrance to or interference with the working of the mills or any other events or circumstances before mentioned PROVIDED ALWAYS that should the inability to deliver in the case of non-seasonal goods be continuous during the period of three consecutive English calendar months, and in the case of seasonal goods during the period of one English calendar month, then the buyers shall be entitled by notice in writing of their intention to do so, to cancel the contract in respect of any bales then remaining to be manufactured.

16. If for any reasons other than those mentioned in the last preceding clause any portion of the contract goods is not ready by the specified time it shall be lawful for the buyers at their option either to cancel the contract in so far as it relates to the balance of the goods not then ready for delivery, or to extend the time of delivery for such period as the Company may reasonably require, not exceeding one month, PROVIDED ALWAYS that if the buyers shall elect to cancel the contract it shall be incumbent upon them to give to the Company within 7 days after the due date for delivery of the goods not then ready notice in writing of their intention to cancel, and in default of such notice within the time aforesaid the buyers shall be precluded from cancelling the contract and the time for delivery shall be deemed to have been extended for such period as the Company may reasonably require, not exceeding one month, to make ready for delivery the balance of the goods then undelivered.

17. In any of the cases provided for in the last two preceding clauses the buyers shall not be entitled to make any claim for damages, allowance, compensation or otherwise in respect of such non-delivery or late delivery and shall pay for the goods delivered at contract rates, and in the event of the time for delivery being or being deemed to have been extended all the provisions of this contract shall apply equally to the extended time as the time originally specified including therein the remedies reserved to the Company for failure on the part of the buyers to pay for and take delivery of the goods when ready within the extended period and including the liability of the buyers for interest.

18. The buyers shall not be entitled to make any claim for an allowance or otherwise in regard to the condition of the goods when once the goods have left the mill premises or the godown, as the case may be of the Company, unless the buyers prove that the damage was done at the mills, and the claim is lodged within 14 days of the delivery of the goods.

19. The buyers shall not be entitled to make any claim for an allowance or otherwise on the ground that the goods delivered are not in accordance with the contract unless notice in writing of their intention to make such claim shall have been given to the Company within one calendar month after the date of actual delivery of the goods to the buyers or to a carrier or other agent on behalf of the buyers. In default of any such notice the goods delivered shall be deemed to be in all respects in accordance with the contract.

20. In the event of any goods the subject of this contract or any portion thereof being destroyed or so damaged by fire, water or other cause beyond the control of the Company as to render them unmerchantable while stored at the mills or godowns of the Company pending due date of delivery, the contract in respect of such goods shall be deemed to have been cancelled by mutual consent and the buyers shall have no claim whatsoever against the Company in respect of such goods, but if the price of such goods shall have been then paid the buyers shall be entitled to a refund thereof.

21. All disputes and questions whatsoever which shall arise between the parties hereto out of or in connection with this agreement or as to the construction or application thereof or the respective rights and obligations of the parties hereunder or as to any clause or thing herein contained or any account or valuation to be made hereunder or as to any other matter in any way relating to these presents shall be referred to arbitration in accordance with the rules of the Millowners' Association, Bombay, for the time being in force regulating arbitrations with respect to piecegoods.

22. Notwithstanding any such reference to arbitration as aforesaid the buyers shall take delivery of the goods the subject of the reference and pay for the same as herein agreed and unless the arbitration award is to the effect that the goods under dispute are "no tender" the buyers shall be bound to accept the said goods on payment by the Company of the allowance (if any) awarded to the buyers. If, however, the arbitration award is to the effect that the goods are "no tender" the buyers shall be entitled to invoice back the said goods with any penalty the arbitrators may award.

23. Nothing appearing in the contract in any vernacular language, save only the name or signature of the buyer or his agent, shall be binding upon the Company.

**RULES FOR THE ELECTION OF REPRESENTATIVES OF THE
ASSOCIATION ON THE BOARD OF THE VICTORIA JUBILEE
TECHNICAL INSTITUTE.**

The Association is entitled to elect two members on the Board of the Victoria Jubilee Technical Institute so long as it continues to contribute not less than Rs. 2,000 per annum for the maintenance of the Institute.

1. Any member of the Association shall be eligible to act as Representative of the Association on the Board of the Victoria Jubilee Technical Institute.

2. The period of office of any elected Representative of the Association on the Board of the said Institute shall be one of three years. At the end of such period he shall retire but may be re-elected.

3. The appointment of the Association's Representatives shall be made at a general meeting of the Association and such Representatives shall *ex-officio* be members of the Committee of the Association.

4. In the event of the disqualification of any of the Association's Representatives under Section 9 or 10 of the Rules and Regulations of the said Institute, or in the event of the decease or resignation of such Representative, or in the event of his ceasing for any reason to be a member of the Association, the Committee shall appoint a successor, who shall hold office up to that date at which the Representative whom he succeeds would, under Rule 2, have retired.

5. In the event of the absence of any of the Association's Representatives from three or more consecutive meetings of the Board, or in the event of any of the Association's Representatives applying for leave of absence, the Committee may, if they think fit and with the consent of the Board of the said Institute, appoint a substitute who shall hold office until the Representative whom he replaces resumes attendance or up to that date at which the Representative whom he replaces would, under Rule 2, have retired.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOARD OF TRUSTEES OF THE PORT OF BOMBAY.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.

2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.

3. The Committee shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot-box shall be open from 10-30 A.M. till 5 P.M. on that day.

4. Votes may be given either in person or through any one duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees fifty paid by him as annual subscription to the Association.

5. The Committee shall appoint two scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.

6. The candidate who has the largest number of votes shall be declared duly elected.

7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.

8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.

9. In the event of a casual vacancy the above course shall be followed in the appointment of a substitute.

10. In the event of the temporary absence of a Representative of the Association on the Board of Trustees, necessitating the appointment of a substitute, such appointment shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOMBAY MUNICIPAL CORPORATION.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.

2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.

3. The Committee, in consultation with the Municipal Commissioner, shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot box shall be open from 11 A.M. till 5 P.M. on that day.

4. Votes may be given either in person or through anyone duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees Fifty paid by him as annual subscription to the Association.

5. The Committee shall appoint two Scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.

6. The candidate who has the largest number of votes shall be declared duly elected.

7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.

8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.

9. In the event of a casual vacancy, an appointment to fill such vacancy shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

*Sections of the City of Bombay Municipal Act, III of 1888, as subsequently amended,
pertaining to the Election of Councillors by the Bombay Millowners' Association.*

(1) The Corporation shall consist of one hundred and seventeen Councillors, as follows :— Section 5.

(i) Elected Councillors —

(a) One hundred and six Councillors elected at ward elections ;

(b) Four Councillors elected as follows :—

One by the Bombay Chamber of Commerce,

One by the Indian Merchants' Chamber and Bureau,

One by the Bombay Millowners' Association,

One by Fellows ;

(c) Four Councillors elected by delegates.

(ii) Three *ex-officio* Councillors, namely :—

The Police Commissioner;

The Executive Engineer, Presidency Division, Public Works
Department, Bombay;

The Chairman of the Board of Trustees of the Port of Bombay.

Section 6. (1) [Repealed by Act XVI of 1895.]
(2) Councillors elected to succeed retiring Councillors shall come into office on the day for the retirement of the Councillors whom they are to succeed.

Section 7. (1) All elected Councillors shall retire from office at noon on the first day of April, three years after they take office, which day is in this Act referred to as the day for retirement.

(2) The term of office of an *ex-officio* Councillor shall continue so long as he holds the office by virtue of which he is such Councillor.

Section 8. Any person who ceases to be a Councillor shall, unless disqualified, be re-eligible.

Section 15. A person shall not be qualified to be elected to be a Councillor at an election by a Chamber or Association mentioned in sub-section (1) of Section 5 or at a Fellows' election, unless he is at the time of the election a member of that Chamber or Association or a person entitled to exercise the rights and privileges of membership on behalf and in the name of any firm, company or corporation registered as a member of such Chamber or Association or a Fellow, as the case may be, and unless, in the case of a Fellow, he has resided in the city for six months immediately preceding the date of the election.

Section 22. (1) General Elections of Councillors shall be fixed by the Commissioner, subject to the provisions of Section 23, to take place triennially on such days in the months of January and February as he shall think fit.

(2) [Repealed by Act XVI of 1895.]

(3) Elections to fill casual vacancies shall be fixed by the Commissioner to take place on such days as he shall think fit, as soon as conveniently may be after the occurrence of the vacancies.

Section 23. The dates for all General Elections shall be fixed in the following order, and with the following intervals, namely :—

Firstly.—The Ward elections shall be fixed to take place simultaneously for all the Wards.

Secondly.—The day for the election by the Chamber or Association mentioned in sub-section (1) of Section 5 shall be fixed at an interval not exceeding twenty-one days after the day fixed for the Ward elections.

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Section 31. (1) An election of a Councillor by a Chamber or Association mentioned in sub-section (1) of Section 5 shall be made by the members for the time being of the said Chamber or Association, as the case may be, subject to the provisions of Section 15, in accordance with the rules made by the said Chamber or Association in this behalf.

(2) The Secretary to the said Chamber or Association shall make a return in duplicate to the Commissioner setting forth the name in full of every person so elected.

Section 32. (1) The result of every election shall be declared by fixing, as soon as may be after the election, in some conspicuous place in the Chief Municipal Office, a notice certifying the names of the persons, if any, elected, and in the case of a contested election the number of votes recorded for each candidate.

(2) The said notice shall be signed in the case of a Ward election, and in the case of an election by Councillors, by the Commissioner, and in the case of an election by a Chamber or Association mentioned in sub-section (1) of Section 5, by the Secretary of such Chamber or Association, and in the case of a Fellows' election by the Registrar of the University of Bombay.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

LIST SHOWING THE VARIOUS STATISTICAL RETURNS PUBLISHED BY THE ASSOCIATION, THEIR RESPECTIVE SUBSCRIPTIONS, ETC.

	MEMBERS.		NON-MEMBERS.		POSTAGE.	
	Yearly.	Charge per copy.	Yearly.	Charge per copy.	Yearly.	Per copy.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Yarn and Piecegoods Trade Statistics of Bombay	1 copy free, additional copies @ Rs. 2-8-0 each.		24 0 0	2 8 0	Free	Free
Yarn and Piecegoods Trade Statistics of British India	Do.		24 0 0	2 8 0	Do.	Do.
Current Quotations of Local-made Piecegoods and Yarns— Issued fortnightly .. .. .	....	....	6 0 0	0 6 0	0 12 0	0 0 6
Rules and Regulations of the Association .. .. .	....	0 8 0	....	1 0 0	....	{ 0-2-0 Inland. 0-4-0 Foreign
Rules for Registration of Trade Marks .. .. .	....	0 8 0	....	1 0 0	....	Do.
Rules for Registration of Trade Numbers .. .. .	....	0 8 0	....	1 0 0	....	Do.
Rules for Registration of Trade Names .. .. .	....	0 8 0	....	1 0 0	....	Do.
Rules for Arbitrations on Indian Piecegoods and Yarn .. .. .	....	0 8 0	....	1 0 0	....	Do.
Annual Report of the Association.	1 copy free and for additional copies each Rs. 12-8-0.		....	{ 12 8 0 for current issues 15 0 0 for back numbers.	....	{ 1-8-0 Inland. 3-0-0 Foreign.
Mill Statement showing Cotton Spinning and Weaving Mills working and in course of erection in India on 31st August each year issued yearly.	2 paper and 1 cloth copies free and for additional copies each— Paper .. 3 0 0 Cloth .. 4 0 0		Paper .. 3 0 0 Cloth .. 4 0 0		Free Do.	Free Do.
List of Mill Holidays and Pay-days	Free		0 4 0 per copy.			
Special Warranty Labels: Cloth: large size small size Yarn:	Rs. 1-2-0 per 1000 } " 0-13-0 " } " 0-13-0 " }					Issued to members only.
Standing Orders for Mill operatives			0 8 0	per copy		